John laing

making infrastructure happen

JOHN LAING GROUP PLC

2016

Annual Report & Accounts

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OUR MARKETS

Infrastructure can be defined as the physical assets and systems that support a country or community. Infrastructure assets typically support services such as transportation, utilities and communications and also cater to social needs such as housing, health and education.

PPP projects
typically a consortium enters into a long-term concession contract with a public sector body to design, build, finance and operate/maintain an infrastructure asset in accordance with agreed service standards.

The infrastructure asset usually reverts back to the public sector body at the end of the concession.

Renewable energy projects
typically involve electricity generation assets which produce green energy and benefit from long-term governmental support mechanisms alongside income for the amount of power produced.

Opportunities in other infrastructure markets
in sectors closely linked to PPP and renewable energy. These include areas such as high speed broadband, water resource management and large scale battery storage of electricity.

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John Laing Group plc (John Laing or the Company or the Group) is an international originator, active investor and manager of greenfield infrastructure projects.

The Group aims to create value for shareholders through originating, investing in and managing infrastructure assets internationally.

We are focused on major transport, energy, social and environmental infrastructure projects in regions of the world where we have expertise and where there is a legal and commercial environment supportive of long-term investment. We hold a portfolio of investments in projects awarded under government backed Public-Private Partnership (PPP) programmes and renewable energy projects and have developed capabilities in other closely linked sectors which have similar operational and financial characteristics.

We typically invest in infrastructure projects at the greenfield, pre-construction stage. We apply our management, engineering and technical expertise and invest equity and subordinated debt into special purpose companies which have rights to the underlying infrastructure asset. These special purpose companies are typically also financed with ring-fenced medium to long-term senior debt.

We are a leading name in our core international markets and chosen sectors.

- Since making our first infrastructure investment in 1969, we have committed to invest in 126 projects.
- As at 31 December 2016, we held a portfolio of 42 investments in infrastructure projects in 11 countries with a book value of £1,166 million.
- plus a shareholding in JLEN (a listed environmental asset investment fund) valued at £10 million, making an overall investment portfolio of £1,176 million.

KEY PERFORMANCE INDICATORS (KPIs) AND HIGHLIGHTS

WE AIM TO DELIVER PREDICTABLE RETURNS AND TO ACTIVELY MANAGE AND REDUCE RISK ACROSS OUR PRIMARY AND SECONDARY INVESTMENT PORTFOLIOS.

KPIs

£ million (unless otherwise stated)	2016	2015[1]
Net asset value (NAV)	**1,016.8**	889.6
NAV per share	**277p**	242p
Profit before tax[3]	**192.1**	106.6
Earnings per share (EPS)[4]	**51.9p**	27.6p
Total dividend per share	**8.15p**	6.9p
Portfolio valuation	**1,175.9**	841.4
Cash yield from investments	**34.8**	38.9
New investment committed	**181.9**	180.5
External Assets under Management (AuM)[5]	**1,472.3**	1,135.6

HIGHLIGHTS

- 14.3% increase in Net Asset Value (NAV), from £889.6 million at 31 December 2015 to £1,016.8 million
- NAV per share at 31 December 2016 of 277p (31 December 2015 – 242p)
- New investment commitments of £181.9 million (2015 – £180.5 million)
- Realisations of £146.6[2] million from the sale of investments
- Profit before tax of £192.1 million compared to £106.6 million (pro forma) in 2015[3]
- Earnings per share of 51.9p (2015 – 27.6p pro forma)[4]
- 30% increase in external Assets under Management (AuM) to £1,472 million[5]
- Cash yield from investment portfolio of £34.8 million (2015 – £38.9 million)
- Continuing international growth including the Group's first offshore wind farm investment and first renewable energy investment in the US
- Final dividend of 6.3p per share (including a special dividend of 2.6p per share), giving a total 2016 dividend of 8.15p (2015 – total dividend of 6.9p)

1 Pro forma financial information.

2 Realisations include £19.5 million in respect of British Transport Police and Oldham Housing transactions which counted towards guidance for 2015.

3 Profit before tax from continuing operations of £192.1 million (2015 – £100.9 million) and from discontinued operations of £nil (2015 – £5.7million).

4 Basic EPS from continuing operations.

5 External AuM based on published portfolio values of JLIF and JLEN at 30 September 2016.

OUR BUSINESS MODEL

OUR BUSINESS IS ORGANISED ACROSS THREE KEY AREAS OF ACTIVITY:

- **Primary Investment:** we source, originate, bid for and win greenfield infrastructure projects, typically as part of a consortium in the case of PPP projects. Our Primary Investment portfolio comprises interests in infrastructure projects which are in the construction phase.

- **Secondary Investment:** we own a substantial portfolio of investments in operational infrastructure projects, almost all of which were previously part of our Primary Investment portfolio.

- **Asset Management:** we actively manage our own Primary and Secondary Investment portfolios and provide investment advice and asset management services to two external funds, John Laing Infrastructure Fund (JLIF) and John Laing Environmental Assets Group (JLEN), through John Laing Capital Management Limited (JLCM), which is regulated by the Financial Conduct Authority (FCA), as well as in respect of a small number of PPP assets held by John Laing Pension Fund (JLPF).

We create value by originating and investing in new greenfield infrastructure investments

Post-construction, these investments are designed to produce long-term predictable cash flows that meet our rate of return targets.

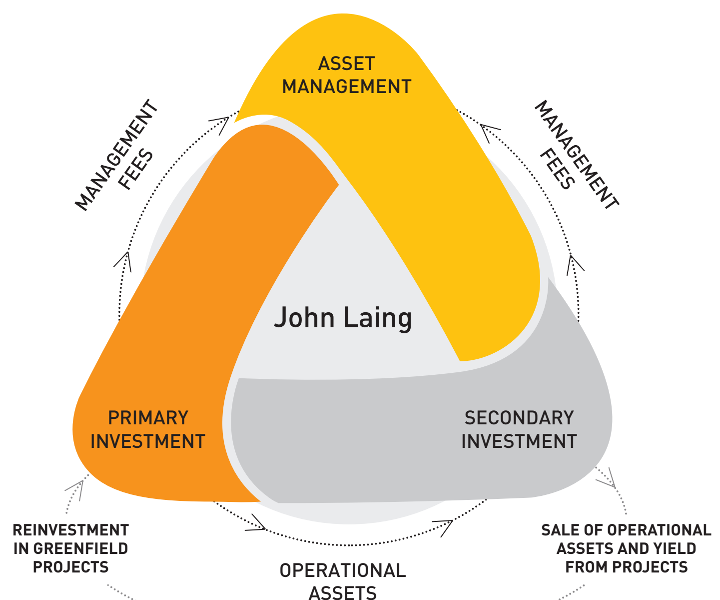
Once operational, investments move from our Primary Investment portfolio to our Secondary Investment portfolio.

Operational investments can be sold to secondary market investors who target a lower rate of return consistent with the reduction in risk for assets that have completed construction.

These realisations release capital to recycle into primary investment opportunities.

Alternatively, investments can be retained in the portfolio after construction to generate a cash yield and also offer potential for further value enhancement from changes that improve project cashflow.

Our asset management activities focus on management and reduction of project risks, especially during the construction phase, and enhancement of project cash flows.



OUR BUSINESS MODEL

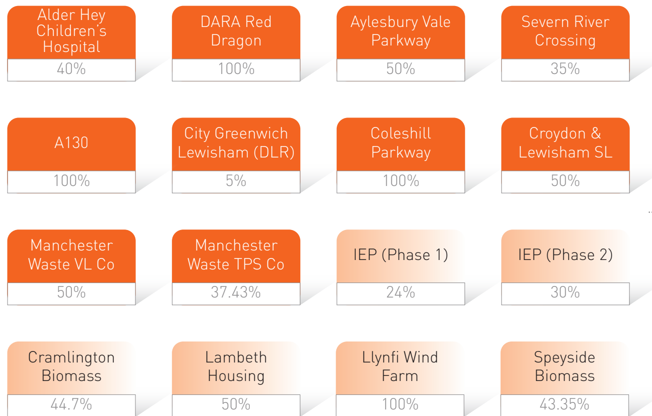
The John Laing business model is based on strong investment and asset management capabilities

and is supported by the current strong demand in secondary markets for operational infrastructure assets.

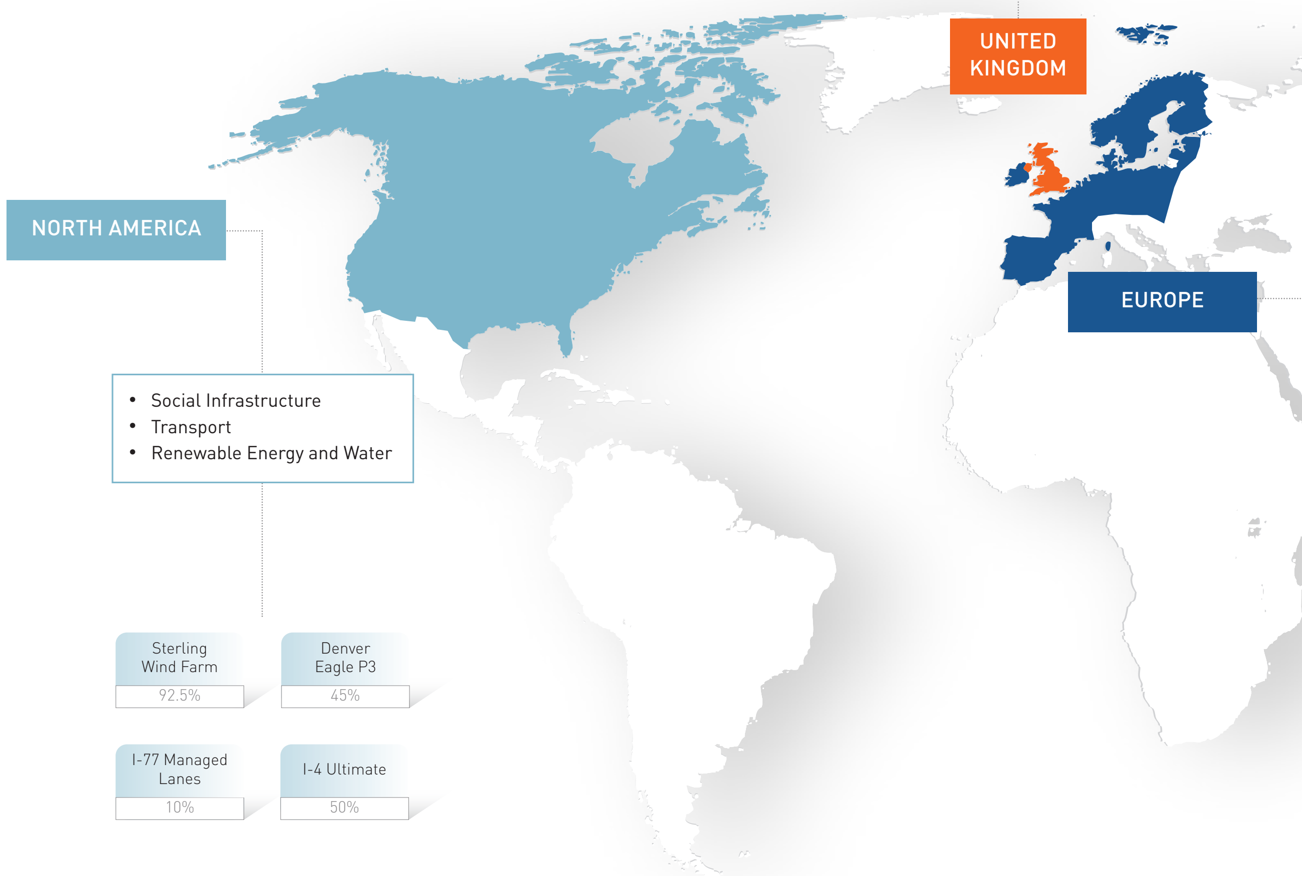
OUR INTERNATIONAL REACH

JOHN LAING HAS A WELL-ESTABLISHED PRESENCE IN EACH OF ITS CHOSEN OVERSEAS MARKETS: ASIA PACIFIC, NORTH AMERICA AND EUROPE, INCLUDING THE UK.

When selecting target regions, we look for an identifiable pipeline of projects coming to market, a trusted legal system, returns that meet our risk-adjusted hurdle rates, strong political will to utilise private investment and the existence of a market for operational investments or a strong expectation that one will develop. It is also a precondition that we are able to develop partnerships with strong contractors and ones that have an established local presence.



- Social Infrastructure
- Transport
- Environmental, including Renewable Energy and Waste



- Social Infrastructure
- Transport
- Renewable Energy and Water

Project	Holding
Sterling Wind Farm	92.5%
Denver Eagle P3	45%
I-77 Managed Lanes	10%
I-4 Ultimate	50%

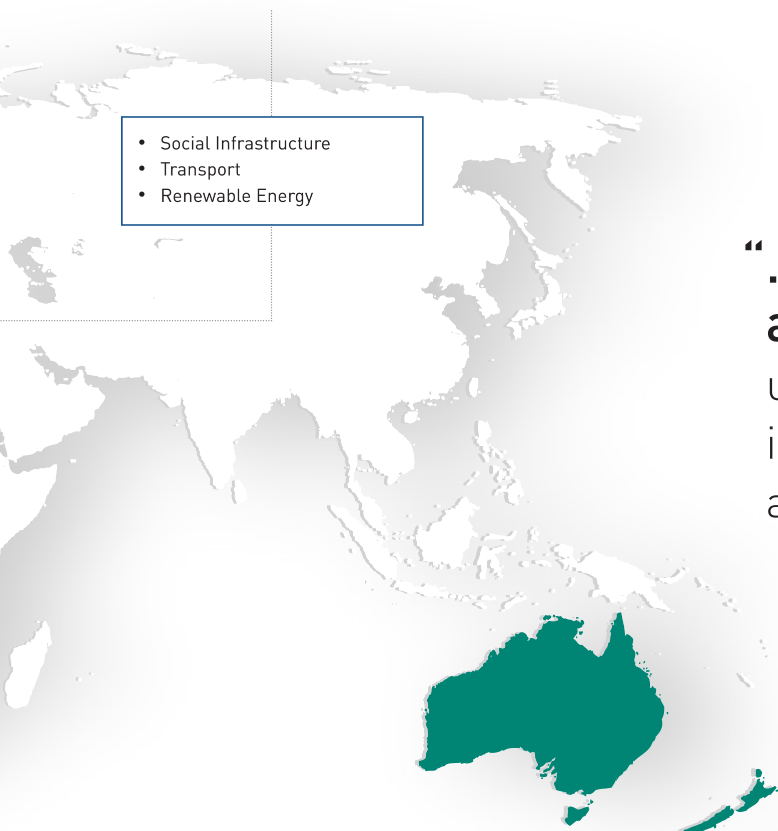
* Conditional sale agreed as of 31 December 2016.

Primary

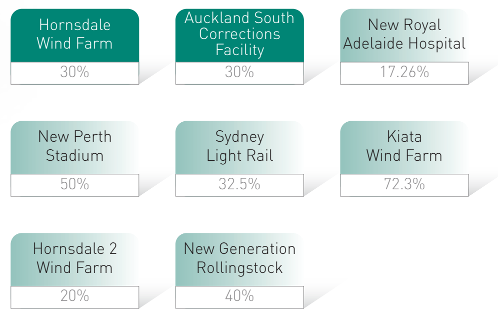
Secondary

"The business has a strong pipeline of future investment opportunities spread across multiple sectors and geographies..."

- Social Infrastructure
- Transport
- Renewable Energy



ASIA PACIFIC



- Social Infrastructure
- Transport
- Renewable Energy

OUR SECTORS

Our activities are focused on the following infrastructure sectors:

Transport
Rail (including rolling stock), roads, street lighting and highways maintenance

Environmental
Renewable energy (including wind power, solar power, energy storage and biomass), water treatment and waste management

Social
Healthcare, education, justice, stadiums, public sector accommodation and social housing

"...we maintain a disciplined approach to new investments using detailed financial analysis and investment appraisal processes to assess specific risk profiles."

CHAIRMAN'S STATEMENT

LAST YEAR, WE STATED THAT "LOOKING FORWARD, WE HAVE CONFIDENCE IN THE ROBUSTNESS OF OUR BUSINESS MODEL AND THE DELIVERABILITY OF OUR STRATEGY". OUR RESULTS FOR 2016 CONFIRM THAT CONFIDENCE, IN WHAT HAS BEEN A YEAR OF POLITICAL AND ECONOMIC TURBULENCE.

When facing an uncertain environment, we believe in keeping our strategy simple, focused and flexible. In 2016, we simplified our business through the disposal of our non-core Project Management Services (PMS) activities in the UK. This allows management to concentrate on the core tasks of origination of greenfield projects, active management of construction and operational risk and timely realisations in order to monetise value. Our focus remains on PPP infrastructure and renewable energy in Asia Pacific, Europe and North America. Our pipeline is strong and diversified by sector and geography, which gives us flexibility in origination, and the funds we manage and the active secondary market give us flexibility in distribution.

Our performance in 2016 was strong:

- Net Asset Value (NAV) grew by 14.3% to £1,016.8 million or 277p per share at 31 December 2016, from £889.6 million or 242p per share at 31 December 2015;
- Investment commitments reached £182 million, in line with our guidance;
- Realisations of investments for dividend purposes were £127 million, ahead of our guidance for 2016 of approximately £100 million;
- Our total external Assets under Management grew to £1,472 million, an increase of 30%; and
- We are proposing a final dividend for 2016 of 6.3p per share made up of a base dividend of 3.7p per share and a special dividend of 2.6p per share.

Our three core markets all saw continued strong demand for new privately-financed infrastructure projects. Using our experienced teams, sector specialists and working with local partners, we have committed capital to both PPP and renewable energy in all three regions, and increasingly also see prospects in related infrastructure sectors, for instance in the water or broadband sectors.

During the year, the markets in which we are active continued to be affected by significant movements in macro-economic factors. In particular, the Brexit vote in June 2016 precipitated a prolonged weakening of Sterling versus the major currencies we invest in. While this has been positive for the value of our overseas investment portfolio in Sterling terms, our preference would be for a more stable foreign exchange environment. At a governmental level, there are signs that a number of countries are moving towards fiscal rather than monetary policy in order to stimulate economic growth. We would agree that increased infrastructure expenditure is a good way to provide such fiscal stimulus and in some of the jurisdictions we operate in, notably Australia and Canada, we see it already happening. Other countries – including the UK and the US – look as if they could follow suit.

No changes to the Board took place during the year. At a senior management level, Derek Potts, Group Managing Director of Primary Investment, has decided to retire, and will leave us at the end of March 2017. Derek originally joined John Laing in 2001. He has had responsibility for all the Group's bidding and primary investment activities and has been instrumental in leading the Group's expansion into international markets and new sectors. During his time with the Group, he has made an exceptional contribution and we are very sorry to see him go.

During the year under review, the Board complied with all applicable provisions of the UK Corporate Governance Code (the Code). We have a balanced group of directors who worked well as a board during the year. With the impending retirement of Derek Potts, we reviewed our succession plans and I was encouraged to see much promise among our senior management team. As well as regular Board meetings, we held reviews in June and in October 2016 to address the future strategy and direction of the business. These reconfirmed our commitment to creating further shareholder value through the continued application of our current business model.

As Chairman, I interact regularly with many members of staff both from overseas and the UK and, on behalf of the Board, I would like to thank all of them for their contribution to these results. I would also like to extend the Board's thanks to all the Group's stakeholders for their continued support.

Our dividend policy has two parts:

- a base dividend of £20 million (starting from 2015) growing at least in line with inflation; the Board is recommending a final base dividend for 2016 of 3.7p per share; and
- a special dividend of approximately 5% – 10% of gross proceeds from the sale of investments on an annual basis, subject to specific investment requirements in any one year. The Board is recommending a special dividend for 2016 of 2.6p per share. This has been arrived at by applying 7.5% to realisations for dividend purposes of £127 million achieved in 2016, which exclude the combined proceeds of £19.5 million from the disposals of our shareholdings in British Transport Police and Oldham Housing.

"**When facing an uncertain environment,** we believe in keeping our strategy simple, focused and flexible."

The total final dividend therefore amounts to 6.3p per share, which, together with the interim dividend of 1.85p paid in October 2016, makes a total dividend for 2016 of 8.15p per share, an increase of 7% over 2015, after taking into account the timing of the IPO in February 2015. The final dividend will be put to shareholders for their approval at the Company's Annual General Meeting (AGM) which will be held on 11 May 2017. At the Company's AGM on 12 May 2016, all resolutions were approved by shareholders.

There are positive signs in each of our core infrastructure markets of a strong level of deal flow over the coming years. With our flexible business model and our strong geographical presence, we believe we are well positioned to take advantage of the opportunities this will create.

Phil Nolan
CHAIRMAN

→ **NAV**
£1,016.8 million

→ **Profit before tax**
£192.1 million

→ **Portfolio valuation**
£1,175.9 million

→ **New investment committed**
£181.9 million

CHIEF EXECUTIVE OFFICER'S REVIEW

2016 WAS OUR FIRST FULL YEAR SINCE OUR IPO IN FEBRUARY 2015 AND I AM DELIGHTED TO REPORT THAT WE CONTINUED TO DELIVER STRONG RESULTS.

The highlights included:

- 14.3% increase in NAV, from £889.6 million at 31 December 2015 to £1,016.8 million;
- NAV per share at 31 December 2016 of 277p (31 December 2015 – 242p);
- New investment commitments of £181.9 million in six different countries;
- Realisations of £146.6 million from the sale of assets;
- Profit before tax of £192.1 million compared to £106.6 million in 2015;
- 30% increase in external Assets under Management (AuM) to £1,472 million;
- Cash yield from investment portfolio of £34.8 million (2015 – £38.9 million); and
- Sale of UK activities of Project Management Services (PMS).

Outlook for our markets

As I have said before, we operate in an international market for new infrastructure primarily driven by population growth, urbanisation and climate change. Population growth and urbanisation create the need for new infrastructure, particularly in transport and in social infrastructure such as healthcare. Equally, climate change is the catalyst behind new infrastructure in the renewable energy, waste management and water sectors.

In addition, there are strong drivers for public sector authorities to involve the private sector in the procurement of new infrastructure, including risk transfer, funding and access to the best international contractors and investors. As a recognised international greenfield infrastructure expert, we target all the above sectors and therefore benefit from the overall growth in public-private infrastructure.

In Primary Investment, we continue to see a robust and diverse pipeline of future opportunities in each of the three regions where we currently operate: Asia Pacific (Australia and New Zealand); North America (Canada and the US); and Europe. We entered 2017 with an increased level of activity and strong positions in eight short-listed PPP consortia and with a number of exclusive renewable energy opportunities.

- Asia Pacific: we remain very active in the PPP markets in both Australia and New Zealand. In Australia, the renewable energy sector continues to grow and gain momentum following resolution of the Federal Renewable Energy Target in 2015 and our team is taking advantage of this.
- Europe: even if the overall PPP market remains subdued, we focus our attention on those countries which are bringing projects to market, such as the Netherlands, the Republic of Ireland, Germany, Norway, the Czech Republic and potentially the UK where we believe the current government will announce new PPP projects. Many of the opportunities are in the transport sector, which fits well with our credentials. In renewable energy, the level of activity remains high, with attractive risk-return profiles. We concentrate on selected countries with governmental support mechanisms in order to reduce energy price exposure.
- North America: four of our eight shortlisted PPP positions are for potential investments in North America. In Canada, we see a strong commitment to PPP from federal and local authorities, especially in Ontario and British Columbia, mainly in the transport sector. In the US, we concentrate on those states where we see a growing pipeline of PPP opportunities particularly in the transport sector and potentially the water sector. During the year, we made our first investment in renewable energy, a wind farm project in New Mexico.

"**During the year,** we demonstrated again why we believe it is essential for us to be an active investor."

Overall, our reputation in North America is growing, leading to more opportunities to join consortia for new projects. This bodes well for the future, especially when considering the obvious needs in the US for new infrastructure.

Beyond the PPP and renewable energy markets, we continue to research other asset classes that look as if they could fit our business model in order to feed future growth. The due diligence we carry out before investing in new markets follows a rigorous process that eventually rules out many opportunities. Currently, we are reviewing: broadband, driven in Europe by the EU directive to see 100% high speed coverage by 2025; water resource management, driven by climate change; and energy storage, driven by the changing way in which electricity is generated across transmission and distribution networks. We expect these sectors to offer a number of investment opportunities in the future.

Active management

During the year, we demonstrated again why we believe it is essential for us to be an active investor. For us, it means not only participating actively in consortia at the bidding stage, but also being actively involved in project companies during the construction phase in order to protect our investment and help when delays occur or problems arise:

- In South Australia, our team has been particularly active in helping the New Royal Adelaide Hospital project company to resolve the sometimes competing priorities of the Government of South Australia, the bank lending consortium and the construction contractor. This situation has arisen principally because technical completion of the hospital has been delayed, having been scheduled for April 2016. Following mediation discussions in late 2016 and early 2017, the parties are now working towards technical completion later this month (March 2017) followed by commercial acceptance three months later; it is intended that remaining disputes will be dealt with through a process of arbitration. The Government of South Australia is making the necessary preparations for the hospital to be ready to open for patients before the peak of the winter flu season.
- At Manchester Waste VL Co, the project's operational performance is good; it has been achieving diversion of waste from landfill ahead of contractual requirements. The Greater Manchester Waste Disposal Authority (GMWDA) has indicated it wants to achieve cost savings and efficiencies. While the project company had proposed that such savings could be achieved within the existing contractual structure, this has not been accepted by the GMWDA. Separately, the GMWDA has challenged aspects of the operational service levels provided by the project company and the operator; this is strongly refuted by the project company and the matter is being addressed through an independent third party under the procedures in the project agreement with a decision due at the end of March 2017. The project company believes there will be a resolution with the GMWDA. If, as part of this, the GMWDA were to seek to take the project into public ownership, this would only be acceptable to the project company if it resulted in appropriate compensation for all stakeholders. The project company is working with its shareholders, John Laing and Viridor, to protect the value of the equity in the project and also to minimise any impact on Manchester Waste TPS Co which is contractually linked to Manchester Waste VL Co.

For both investments, we have taken account of current developments in our portfolio valuation at 31 December 2016. Taken together, the investments in New Royal Adelaide Hospital and Manchester Waste VL Co which are not linked, make up approximately 8% of our investment portfolio of £1,176 million.

Wherever we operate, we believe our investing, contracting and banking partners appreciate and value the investment experience and active management we provide. We continue to make good use of this expertise to monitor and guide our investments through construction while protecting the investment base cases and where appropriate seeking to find additional value.

Business model

Our business model has three key areas of activity:

- *Primary Investment:* we source, originate, bid for and win greenfield infrastructure projects, typically as part of a consortium in the case of PPP projects. Our Primary Investment portfolio comprises interests in infrastructure projects which are in the construction phase.
- *Secondary Investment:* we own a substantial portfolio of investments in operational infrastructure projects, almost all of which were previously part of our Primary Investment portfolio.
- *Asset Management:* we actively manage our own Primary and Secondary Investment portfolios and provide investment advice and asset management services to two external funds, John Laing Infrastructure Fund (JLIF) and John Laing Environmental Assets Group (JLEN), through John Laing Capital Management Limited (JLCM), which is regulated by the Financial Conduct Authority (FCA), as well as in respect of a small number of PPP assets held by John Laing Pension Fund (JLPF).

CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Our business model is based on our specialist infrastructure investment and asset management capabilities and the increasing recognition of operational infrastructure assets as an attractive investment class.

We aim to invest in new greenfield infrastructure projects which, post-construction, produce long-term predictable cash flows that meet our rate of return targets. The projects we invest in are held within special purpose vehicles (SPVs) which we (often in conjunction with other investors) fund with equity, and which are structured so that providers of third party debt finance have no contractual recourse to equity investors beyond their equity commitment.

When investments become part of our Primary Investment portfolio, their value should grow progressively with a relatively high degree of predictability as the underlying assets move through the construction phase and their risk correspondingly reduces. Once the projects reach the operational stage, investments move from our Primary to our Secondary Investment portfolio where they can be held to maturity or sold to secondary market investors, who are targeting a lower rate of return consistent with the reduction in risk.

Our asset management activities focus on management and reduction of project risks, especially during the construction phase, and enhancement of project cash flows. The latter involves identifying and implementing value enhancement initiatives that can increase future cash flows to investors compared to those originally forecast at the start of the project. We look at a wide range of such value enhancements. Opportunities may arise at any time during a project's life and may vary significantly from one investment to another.

Objectives and outcomes

Our overall strategy is to create value for shareholders by originating, investing in and managing infrastructure assets internationally. In that respect, we see NAV growth and dividends as key measures of our success. In 2016, our NAV grew by 14.3% from £889.6 million at 31 December 2015 to £1,016.8 million at 31 December 2016. We are proposing dividends of 8.15p per share in total for 2016 compared to dividends of 6.9p per share for 2015. This represents growth of 7% over 2015, once the 2015 base dividend is adjusted to reflect the timing of our IPO in February 2015.

To deliver our strategy, we have set ourselves the core objectives below, while maintaining the discipline and analysis required to mitigate against the delivery, revenue and operational risks associated with infrastructure projects:

- growth in primary investment volumes (new investment capital committed to greenfield infrastructure projects) over the medium term;
- growth in the value of external Assets under Management (AuM) and related fee income; and
- management and enhancement of our investment portfolio, with a clear focus on active management during construction, accompanied by realisations of investments which, combined with our corporate banking facilities and operational cash flows, enable us to finance new investment commitments.

Growth in primary investment volumes over the medium term

We operate in a broad market for new infrastructure with a strong pipeline of future opportunities.

Throughout the year, we maintained a disciplined approach to making new investments. Using detailed financial analysis and investment appraisal processes, we assess the specific risk profiles for each prospective investment with the aim of optimising risk-adjusted returns and securing only those new investments which are likely to meet the investment appetites of secondary market investors when the underlying assets become operational.

Our resources are concentrated on countries or geographical regions carefully selected against five key criteria:

- a stable political and legal framework;
- a commitment to the development of privately-financed infrastructure;
- the ability to form relationships with strong supply chain partners;
- the likelihood of target financial returns, on a risk-adjusted basis, being realised; and
- the existence of a market for operational investments or a strong expectation that such a market will develop.

Our total commitment to new investments in 2016 was £181.9 million, made up of £134.8 million in renewable energy and £47.1 million in PPP assets, at a similar level to investment commitments of £180.5 million in 2015. Our international growth continued with investment commitments in six different countries, including the following projects:

- A6 Parkway (Netherlands) – £9.0 million
- Kiata wind farm (Australia) – £20.4 million
- Nordergründe offshore wind farm (Germany) – £36.7 million
- Sommette wind farm (France) – £11.7 million
- Sterling wind farm (US) – £15.7 million.

Growth in the value of external AuM and related fee income

Our strategy to grow the value of our external AuM is linked to our activities as an investment adviser to JLIF and JLEN. The Group not only advises and provides management services to the portfolios of JLIF and JLEN, but also sources new investments on their behalf. During the year, both JLIF and JLEN successfully undertook secondary equity issues and made acquisitions both from John Laing and from third parties. Both funds have the benefit of a right of first offer over certain investments should they be offered for sale by the Group.

We made good progress during the year, with the value of external AuM growing from £1,136 million to £1,472 million, an increase of 30%. Fee income from external AuM was £15.8 million for 2016, up from £12.0 million in 2015.

Investment portfolio and realisations

At 31 December 2016, our portfolio comprised investments in 42 infrastructure projects and our shareholding in JLEN (31 December 2015 – 39 projects). Our year end portfolio value, including the shareholding in JLEN, was £1,175.9 million (31 December 2015 – £841.4 million). The increase was primarily due to cash injections into projects, favourable foreign exchange movements and growth in the retained portfolio, offset by investment realisations.

The portfolio valuation represents our assessment of the fair value of investments in projects on the basis that each asset is held to maturity, other than shares in JLEN which are held at market value. The 2016 year end valuation reflected underlying growth of 22.3% after adjusting for acquisitions, realisations, cash invested and cash yield. This growth is analysed further in the Portfolio Valuation section.

The cash yield in 2016 was £34.8 million (2015 – £38.9 million), a yield of 7.6% (2015 – 9.8%) on the average Secondary Investment portfolio, in line with our guidance of a 6.5% to 8.5% yield. Cash yield represents cash receipts in the form of dividends, interest and shareholder loan repayments from project companies and listed investments.

During the year, we agreed a number of realisations:

- sale of our investments in the British Transport Police and Oldham Housing PPP projects to JLIF for £19.5 million which, as previously explained, counted towards our 2015 year end guidance and special dividend;
- proceeds from a further four completed transactions of £127.1 million, which form the basis for our special dividend calculation for 2016;
- agreed sale of our 29.69% shareholding in the A1 motorway, Poland. Proceeds of €137.3 million (adjusted for distributions received in late 2016) were received on 2 March 2017; and
- agreed sale of our 30% shareholding in the M6 road project in Hungary for €26.6 million which is expected to complete in the second quarter of 2017.

We were particularly pleased to achieve prices in line with portfolio valuation for our investments in the A1 motorway in Poland and the M6 road project in Hungary, both in jurisdictions where there is a less developed secondary market.

Profit before tax

Our total profit before tax was £192.1 million in 2016, compared to £106.6 million in 2015. Profit before tax is primarily driven by the fair value movement in our investment portfolio, which in 2016 benefited significantly from favourable foreign exchange movements.

Funding

In February 2015, we entered into a five-year £350.0 million committed corporate banking facility and associated ancillary facilities, all of which expire in March 2020. These revolving facilities enable us to issue letters of credit and/or put up cash collateral to back investment commitments. We finance new investments through a combination of cash flow from existing assets, the above corporate banking facilities and realisations of investments in operational projects.

In June 2016, the above facilities were increased to £400.0 million. In addition, in November 2016, we entered into additional £50.0 million liquidity facilities, which together with surety financing entered into earlier in the year, had the effect of increasing our committed facilities to £450.0 million until March 2018.

Organisation and staff

In June 2016, we announced the sale of the business and assets of our PMS activities in the UK to HCP Management Services Limited (HCP). The reason for the sale was to concentrate our resources and attention on our greenfield activities where we create most value. As part of the sale, 81 staff roles and 52 Management Services Agreements (MSAs) transferred to HCP. The sale completed on 30 November 2016 for total proceeds of £4.0 million, £1.9 million of which was received on completion and £2.1 million of which was received in January 2017 once all consents were obtained. Principally as a result of the sale, our staff numbers fell from 252 at 31 December 2015 to 160 at the end of 2016.

We now have 36% of staff located outside the UK (2015 – 22%). This growing internationalisation is consistent with where our future opportunities lie.

Reflecting Derek Potts' retirement in early 2017, we have re-organised our Primary Investment management teams so that the heads in each of our three geographical regions now report directly to me. We will miss Derek's enthusiasm and experience but I am very pleased that he has agreed to continue to assist our Investment Committee on a consultancy basis.

I visited our offices around the world several times during 2016. We have strong individuals and great teams in each region and I want to extend my heartfelt thanks to all staff for their contribution during the year. As I have said before, the success of our business depends on them.

Current trading and guidance

Our total investment pipeline at 31 December 2016 was £1,859 million and includes £1,408 million of PPP opportunities looking out three years or so as well as nearer term renewable energy opportunities of £451 million. The current pipeline does not include potential opportunities that may come from additional public-private infrastructure in the UK post Brexit or in the US under the new administration. We will aim to maintain a majority of availability-based cash flows in our portfolio. At 31 December 2016, the balance was 73% availability-based versus 27% volume-based.

As our investment pipeline continues to grow, our aim is to increase our investment commitments for 2017 by approximately 10% compared to 2016. We expect realisations to be at a broadly similar level to our investment commitments, consistent with our self-funding model.

We have a proven business model and we believe we are in a good position to take advantage of opportunities for investment in greenfield infrastructure in a growing market. In the two years since we have been listed, we have delivered steady growth despite changing governmental policies and macro-economic environments. Against this background, we have confidence in the future.

Olivier Brousse
CHIEF EXECUTIVE OFFICER

PRIMARY INVESTMENT

OUR PRIMARY INVESTMENT ACTIVITIES ARE FOCUSED ON GREENFIELD INFRASTRUCTURE PROJECTS.

These are principally those awarded under PPP programmes as well as renewable energy assets and may also include similar long-term projects which have a strong private-sector (rather than governmental) counterparty. Asset management services in respect of the Primary Investment portfolio during the construction period are provided by John Laing's Asset Management division. When underlying projects reach the end of construction, the investments transfer into our Secondary Investment portfolio.

The Primary Investment portfolio comprises the Group's shareholdings in 11 PPP projects, and in ten renewable energy projects, which are in the construction phase. The Group's Primary Investment portfolio was valued at £696.3 million at 31 December 2016 (31 December 2015 – £405.9 million).

NEW INVESTMENT COMMITMENTS

During 2016, the Primary Investment team successfully secured ten new investments, and made additional commitments to one existing investment, resulting in total commitments of £181.9 million:

- Asia Pacific – the Hornsdale 2 wind farm project in South Australia reached financial close in June 2016 and we closed the Kiata wind farm project in Victoria in November 2016, further strengthening the Group's presence in the renewable energy market in the region.
- North America – we continued to increase our activities in the market. During the year, we secured a stake in the Sterling wind farm project in New Mexico, our first investment in renewable energy in this region, and we made a small additional investment in the I-77 Managed Lanes project in North Carolina.
- Europe –
  - We made a £9.0 million commitment to the A6 Parkway PPP project in the Netherlands;
  - We acquired an additional 6% stake in the IEP (Phase 1) project in the UK from a co-investor;
  - We committed to four on-shore wind farm investments, one in each of the UK and Germany, and two in France; and
  - We also secured and closed the Group's first investment in the offshore wind sector, acquiring a 30% stake in the Nordergründe wind farm project in Germany.

Our investment commitments for 2016 are summarised in the table below:

Investment commitments	Region	PPP £ million	RE* £ million	Total £ million
Intercity Express Programme (IEP) (Phase 1)	UK	37.0	–	37.0
Llynfi wind farm	UK	–	24.9	24.9
A6 Parkway	Europe	9.0	–	9.0
Nordergründe offshore wind farm	Europe	–	36.7	36.7
Sommette wind farm	Europe	–	11.7	11.7
Horath wind farm	Europe	–	14.3	14.3
Saint-Martin-L'Ars wind farm	Europe	–	5.1	5.1
I-77 Managed Lanes	North America	1.1	–	1.1
Sterling wind farm	North America	–	15.7	15.7
Hornsdale wind farm (Phase 2)	Asia Pacific	–	6.0	6.0
Kiata wind farm	Asia Pacific	–	20.4	20.4
Totals		**47.1**	**134.8**	**181.9**

* RE = renewable energy

Since 31 December 2016, we have committed £10.0 million for a 20% shareholding in the Hornsdale wind farm (Phase 3) in Australia.

ACTIVITIES

The Primary Investment team is responsible for all the Group's bid development activities. The team takes responsibility for developing and managing a pipeline of opportunities, including market research, project selection, bid co-ordination and negotiations with public sector authorities, vendors and lenders. In each of our target markets of Asia Pacific, North America and Europe, we work with strong delivery partners. For instance, in the Asia Pacific and North American regions, the Group is currently working with leading international and domestic contractors and service providers, including Acciona, ACS Group, Aecom, Alstom, Bombardier, Bouygues, Brookfield Multiplex, Cintra, Cubic, Downer, Fluor, Fulton Hogan, John Holland, Laing O'Rourke, Leighton/CIMIC, Lend Lease, Serco, SNC, Spotless and Vinci.

We target a wide range of infrastructure sectors:

- Transport – rail (including rolling stock), roads, street lighting and highways maintenance;
- Environmental – renewable energy (including wind power, solar power, energy storage and biomass), water treatment and waste management;
- Social infrastructure – healthcare, education, justice, stadiums, public sector accommodation and social housing.

We are also assessing opportunities in new infrastructure sectors such as the emerging energy storage programmes to support electricity grid performance, and broadband infrastructure upgrades, where we believe our business model could be successfully applied.

→ **Project:**
Intercity Express Programme

- **Location:**
  United Kingdom
- **Partners:**
  Hitachi Rail Europe
- **Description:**
  The IEP is an innovative scheme covering the finance, design, manufacture, delivery into daily service and maintenance of a fleet of 122 state-of-the-art Hitachi Super Express trains over a guaranteed minimum usage period of 26 years for the Great Western Main Line (Phase 1) and the East Coast Main Line (Phase 2) in the UK.

  Construction of the Phase 1 (Great Western) depots completed in early 2016 and development of the Phase 2 (East Coast) depots is progressing well. During 2016, trains commenced testing on the UK rail network for Phase 1 and remain scheduled to become operational during 2017.

The project is one of the largest PPP's globally, raising a total of £4.7 billion of funding. John Laing has a 24% interest in Phase 1 and a 30% interest in Phase 2.

Location: United Kingdom

→ Project:
I-4 Ultimate, Florida

This availability-based road project involves reconstructing 15 major interchanges, building more than 140 bridges and adding four variable toll Express Lanes.

Location: US

- **Location:**
  Orlando, Florida, USA
- **Partners:**
  Skanska Infrastructure Development
- **Description:**
  This availability-based road project has total capital expenditure of US$2.3 billion and involves reconstructing 15 major interchanges, building more than 140 bridges, adding four variable toll Express Lanes, and completely rebuilding the general use lanes of 21 miles of the existing I-4 interstate in central Florida. Construction commenced in 2015 and is anticipated to finish in 2021.

PRIMARY INVESTMENT (CONTINUED)

PROJECT FINANCE

Pricing of project finance facilities remained broadly stable during 2016, although the trend of falling prices and improving terms experienced in recent years appears to have levelled off. We were able to secure financing for projects where required. Institutional sources of long-term project finance were available in Europe, although commercial bank debt was typically more competitively priced. In Australia and New Zealand, medium-term bank debt and refinancing requirements are well established, with a large number of international banks being active in these markets. In Canada and the US, projects tend to be financed in the debt capital markets rather than with bank financing. Overall, financial markets in the regions in which the Group is active supported our growing levels of investment and we expect this to continue in 2017.

PIPELINE

At 31 December 2016, our overall investment pipeline of £1,859 million was higher than the pipeline of £1,494 million at 31 December 2015. The pipeline comprises opportunities to invest equity in PPP projects with the potential to reach financial close over the next three years, while the renewable energy pipeline relates to the next two years. The growth compared to 2015 reflects an increase in renewable energy pipelines in Asia Pacific and North America, as well as some impact from the devaluation of Sterling.

Our overall pipeline is constantly evolving as new opportunities are added and other opportunities drop out. We budget a win rate of 30% for PPP bids.

Our total pipeline broken down by bidding stage is as follows:

Pipeline at 31 December 2016 by bidding stage	Number of projects	PPP £ million	RE* £ million	Total £ million
Shortlisted/exclusive	18	234	173	407
Other active bids	4	185	–	185
Other pipeline	49	989	278	1,267
Totals	**71**	**1,408**	**451**	**1,859**

* RE = renewable energy

The shortlisted PPP projects at 31 December 2016 comprised a prison project in Australia, a broadband upgrade project in Ireland, and six availability-based transportation and schools projects, spread across the US, Canada and Australia.

In terms of geography, our pipeline is well spread across our target markets:

Pipeline at 31 December 2016 by target market	PPP £ million	RE* £ million	Total £ million
Asia Pacific	491	142	633
North America	449	97	546
Europe (including the UK)	468	212	680
Totals	**1,408**	**451**	**1,859**

* RE = renewable energy

Some 34% of our pipeline relates to the Asia Pacific region which continues to offer substantial opportunities. In this region, the Group's current bidding activities are focused on Australia and New Zealand, where the Group has built up a strong base. Our growing presence in the renewable energy sector in Australia offers significant potential in the coming years.

In North America (the US and Canada), which makes up 29% of the pipeline, our focus is on what is becoming a very substantial PPP market, whilst continuing to progress our presence in the renewable energy market, following our first US wind farm investment in 2016. We continue to explore PPP opportunities primarily in the transportation sector and also the growing water and social infrastructure sectors. The Canadian market continues to demonstrate strong PPP deal flow, which we are actively pursuing. At the end of 2016, we were shortlisted on four large PPP projects.

The balance of our pipeline is in Europe, where PPP activity remains at a satisfactory level in countries such as the Netherlands. However, in 2017 we expect to increase our activities in markets such as Germany, Norway and the Czech Republic. There is also a significant PPP programme in Turkey, but we have deferred further work on this market following the challenges in that country in 2016. The UK government has given indications of a new pipeline of privately financed projects, and we are waiting for the programme to become more clearly defined.

Selected countries in Europe, Asia Pacific and North America will provide our main focus for renewable energy opportunities in 2017. Our pipeline includes many potential wind and solar projects as well as investment opportunities in biomass plant.

Our overall renewable energy pipeline was £451 million at 31 December 2016, higher than at 31 December 2015. In the main, we target investments where a substantial proportion of revenue is supported by governmental support mechanisms which leads to reduced exposure to energy price fluctuations. During the year, we closed our first offshore wind farm investment, and this sector offers strong potential in the coming years, though our pipeline does not currently include any offshore wind opportunities.

In addition to the above, the Group continues to monitor new geographic markets which offer potential in the medium to long term. These include countries in South America, such as Chile and Colombia, and other Asia Pacific markets such as Singapore.

I will be retiring at the end of March 2017 but I am confident in the ability and experience of our teams within Primary Investment and the strength of our pipeline. Following my retirement, the heads of Primary Investment in each of our three geographical regions will report directly to the Chief Executive Officer.

Derek Potts
GROUP MANAGING DIRECTOR, PRIMARY INVESTMENT

The stadium will predominantly be used for Australian-rules football but will be able to readily accommodate other sports, as well as entertainment events, through the use of drop-in seats.

Location: Australia

Project:
New Perth Stadium

- Location:
  Perth, Australia
- Partners:
  Brookfield Multiplex
  Brookfield Global Integrated Services
- Description:
  The New Perth Stadium will be a major sporting and entertainment venue with an initial 60,000 seat capacity, capable of staging national and international events. The stadium will predominantly be used for Australian-rules football but will be able to readily accommodate other sports, as well as entertainment events, through the use of drop-in seats. Construction works are on track for completion in advance of the 2018 Australian Football League season.

Project:
Nordergründe offshore wind farm

- Location:
  North Sea north of Wilhelmshaven, Germany
- Partners:
  wpd AG and Gothaer Leben Renewables GmbH
- Description:
  Nordergründe, in which John Laing has a 30% stake, is John Laing's second German wind investment and its first investment in offshore wind. Electricity generation will come from 18 Senvion 6.2 M126 turbines with total capacity of 110.7MW.

  The project will benefit from the German feed in tariff mechanism and operations are due to start in late 2017.

Electricity generation will come from 18 turbines with total capacity of 110.7MW.

Location: Germany

SECONDARY INVESTMENT

AT 31 DECEMBER 2016, THE SECONDARY INVESTMENT PORTFOLIO COMPRISED 15 PPP PROJECTS AND SIX RENEWABLE ENERGY PROJECTS WITH A BOOK VALUE OF £479.6 MILLION (31 DECEMBER 2015 – £419.4 MILLION).

The Secondary Investment portfolio also included a 3.3% shareholding in JLEN valued at £10.0 million at 31 December 2016 (31 December 2015 – 7.0% shareholding valued at £16.1 million).

Asset management services in respect of the Secondary Investment portfolio are provided by John Laing's Asset Management division.

INVESTMENT REALISATIONS

During the year, we achieved proceeds of £146.6 million from the realisation of investments:

- Our investments in two PPP projects, British Transport Police and Oldham Housing, were sold to JLIF for £19.5 million;
- Our investments in Dungavel Wind Farm (100%) and New Albion Wind Farm (100%) were sold to JLEN for a total of £50.0 million;
- Our investment in the A55 project and 20% of our interest in IEP (Phase 1) were sold to JLIF in the second half of the year; and
- We sold a 2.2% shareholding in JLEN for £6.4 million.

Taking realisations for the year as a whole, prices were in line with the most recent portfolio valuation.

Realisations completed	Shareholding	Purchaser	Total £ million
British Transport Police* Oldham Housing*	54.17% 95%	JLIF	19.5*
Dungavel Wind Farm New Albion Wind Farm	100% 100%	JLEN	38.2 11.8
Shareholding in JLEN	2.2%	Market placing	6.4
A55 IEP (Phase 1)	100% 6%	JLIF	28.3 42.4
Total			**146.6**

* counted towards guidance for 2015

Excluding the sales of our investments in British Transport Police and Oldham Housing, we achieved disposals for dividend purposes of £127.1 million, ahead of our guidance of approximately £100 million.

We also agreed two further disposals:

- Sale of our 29.69% shareholding in Gdansk Transport Company S.A (GTC), the owner and operator of part of the A1 motorway in Poland, for €137.3 million (adjusted for distributions received in November and December 2016), subject to certain reductions and adjustments. A sale and purchase agreement was originally entered into with FS Amber Holdings BV, an entity managed by First State Investments, in late 2016. However, as the result of the exercise of pre-emption rights by NDI Autostrada SP.2.0.0 (NDIA), a co-shareholder in GTC, a new sale and purchase agreement was entered into with NDIA in January 2017. Completion of the disposal was subject to certain consents and conditions and occurred on 2 March 2017.
- Sale of our 30% shareholding in the M6 road, Hungary for €26.6 million. This sale was originally agreed in December 2016. However, following the exercise of pre-emption rights by co-shareholders in the project company, Strabag AG and Intertoll-Europe ZRT (Intertoll), new sale and purchase agreements were entered into on 1 February 2017. Completion of the disposal is subject to obtaining certain consents and satisfying certain conditions and is expected to take place in the second quarter of 2017.

TRANSFERS FROM THE PRIMARY INVESTMENT PORTFOLIO

During the year, six investments became part of the Secondary Investment portfolio as the underlying projects moved into the operational stage:

Croydon & Lewisham Street Lighting, UK (50% interest)

The final milestone for the construction and installation of more than 23,000 street lights was completed in late November 2016, resulting in the project moving to a fully operational status.

Rammeldalsberget Wind Farm, Sweden (100% interest)

Located near Kramfors in central Sweden, the project comprises six wind turbines of 2.5MW each. Operations commenced in June 2016 and revenue is supported by a fixed price power purchasing agreement for 50% of production until the end of 2019.

New Albion Wind Farm, UK (100% interest, disposed in July 2016)

Located in Northamptonshire, UK, the project comprises seven Senvion turbines, each with 2.05MW capacity. Following commencement of operations in January 2016, this project was sold to JLEN in July 2016 for £11.8 million.

Pasilly Wind Farm, France (100% interest)

Located in the Yonne region of Burgundy, this was our first renewable energy project in France. The wind farm comprises ten Gamesa G97 turbines of 2MW each. Full operation commenced in December 2016, with revenue supported by a feed-in-tariff for the first 15 years.

Hornsdale Wind Farm Phase One, Australia (30% interest)

The project comprises a 32 turbine wind farm in South Australia with an installed capacity of 102.4MW and represents our first renewable energy project in the Asia Pacific region. The project benefits from a 20 year offtake from a government counterparty (Australian Capital Territory).

A15, Netherlands (28% interest)

This availability-based road project comprises the expansion of two intersections and the provision of maintenance along a 37km motorway section in the Rotterdam region of the Netherlands for a period of 20 years after completion of construction. The scope of the project included widening the motorway and rebuilding many of the structures and junctions connecting the motorway with the road network.

Chris Waples
GROUP MANAGING DIRECTOR, ASSET MANAGEMENT

Project:
Speyside Biomass

- **Location:**
  Speyside, Scotland
- **Partners:**
  Estover Energy Ltd
  UK Green Investment Bank
- **Description:**
  This 15MW combined heat and power plant supplies the adjacent Macallan whisky distillery with renewable heat and exports power to the grid. Its fuel is virgin wood sourced from the local region supplied by a consortium of local growers and forest industry suppliers.

This 15MW combined heat and power plant supplies the adjacent whisky distillery with renewable heat and exports power to the grid.

Location: Scotland

ASSET MANAGEMENT

THE ASSET MANAGEMENT DIVISION'S ACTIVITIES COMPRISE INVESTMENT MANAGEMENT SERVICES AND PROJECT MANAGEMENT SERVICES.

INVESTMENT MANAGEMENT SERVICES

Investment Management Services (IMS) are provided to both JLIF and JLEN and also to our own investment portfolio.

External IMS JLCM provides advisory services to JLIF and JLEN under investment advisory agreements. As at 30 September 2016, JLIF and JLEN had published portfolio values of £1,113.8 million and £320.7 million respectively. JLCM has an independent chairman and two separate dedicated fund management teams whose senior staff are authorised and regulated by the FCA. The teams focus their advice primarily on sourcing new investments for and arranging capital raisings by the two funds. They operate behind information barriers in view of the market sensitive nature of their activities and to ensure the separation of "buy-side" and "sell-side" teams when John Laing is selling investments to either fund. Both funds have a right of first offer over certain investments should they be offered for sale by the Group, and both are stand-alone entities separate from the Group. Each fund maintains an independent board of directors and is independently owned.

At 31 December 2016, the Group also managed two PPP investments valued at £37.8 million held by JLPF.

Fee income from external IMS grew from £12.0 million in 2015 to £15.8 million in 2016.

Internal IMS John Laing actively manages its own Primary and Secondary Investment portfolios. Our objective is to deliver the base case returns on our investments as a minimum and additionally to enhance those returns through active asset management. There are two main strategies, value protection and value enhancement:

Value protection – examples

- To target PPP projects which have revenue streams based on availability of the underlying infrastructure asset rather than revenues based on patronage or volume.
- To ensure construction risks associated with design, workmanship, cost overruns and delays lie with our construction supply chain partners who are best able to manage them.
- To ensure project operational performance and cost risks lie principally with our service supply chain partners.
- To eliminate the risk of increased interest costs on third party project debt finance over the life of an infrastructure project by swapping variable interest rates to fixed interest rates.
- To reduce the impact of short-term volatility on revenues in our renewable energy projects by entering into short or medium term power purchase agreements with electricity suppliers.

Value enhancement – examples

- To promote a culture of continuous improvement with public sector counter-parties: responding to their need for changes over the life of PPP infrastructure projects, reducing the public sector burden and, where possible, to generate incremental revenues therefrom.
- To optimise SPV management costs and project insurance premiums through bulk purchasing or efficiency gains, thereby increasing investor returns.
- To optimise major maintenance and asset renewal costs over the life of an infrastructure project and thereby increase investor returns.
- To maximise working capital efficiency within project companies.
- To ensure projects are efficiently financed over their concessions or useful lives.

The total IMS income for the year ended 31 December 2016 of £17.8 million (2015 – £13.4 million) includes £2.0 million (2015 – £1.4 million) of fee income for the provision of directors on project company boards.

PROJECT MANAGEMENT SERVICES

The Group also provides Project Management Services (PMS), largely of a financial or administrative nature, to project companies in which John Laing, JLIF or JLEN are investors. These services are provided under Management Services Agreements (MSAs).

On 30 November 2016, the Group completed the divestment of its PMS activities in the UK to HCP Management Services Limited (HCP). As part of the sale, 81 staff roles and 52 MSAs transferred to HCP. The activities sold contributed £7.9 million of the total PMS revenues of £14.9 million.

The remaining PMS activities are principally focused on MSAs relating to projects outside the UK. At 31 December 2016, the Group held 19 MSAs (31 December 2015 – 75 MSAs).

PROJECTS UNDER CONSTRUCTION

John Laing's investments in projects are managed by the Asset Management division. An update on significant projects under construction is set out below.

Intercity Express Programme (IEP)

John Laing is in partnership with Hitachi to manage the contracts that cover the design, manufacture, finance and delivery into daily service and maintenance of a fleet of 122 Super Express trains for the UK's Great Western Main Line (Phase 1 – 24% interest) and the East Coast Main Line (Phase 2 – 30% interest). With a total capital expenditure across the two phases of £3.4 billion, it is one of the largest PPP projects to be awarded. Construction of the Phase 1 (Great Western) depots completed in early 2016 and development of the Phase 2 (East Coast) depots is progressing well. During 2016, trains commenced testing on the UK rail network for Phase 1 and remain scheduled to become operational during 2017.

In November 2016, it was announced that electrification of certain parts of the Great Western Route being undertaken by Network Rail on behalf of the Department for Transport would be further delayed. The Department for Transport has asked the Phase 1 project company to convert all trains for use as bi-mode which can be powered by diesel or electricity. We are not expecting any negative impact on our investments from these delays.

New Royal Adelaide Hospital (NRAH), South Australia (17.3% interest)

This project is currently one of the largest building construction projects in Australia. Containing 700 single bedrooms and 100 same-day beds, NRAH will have the capacity to admit over 80,000 patients per year. Delays relating to this project are addressed in the Chief Executive Officer's Review on page 8. Technical completion is now expected to occur in March 2017 followed by commercial acceptance three months later.

Denver Eagle P3, Colorado, US (45% interest)

This project is to design, build, finance, maintain and operate two commuter rail lines and a section of a third in the Denver Metropolitan area. The fleet of rolling stock has been completed. The first line (A Line, East Corridor) became operational in the second quarter of 2016, and the second line (B Line, North West Corridor electrified segment) in the third quarter. The third line (G Line) is scheduled to become operational in the first quarter of 2017.

I-4 Ultimate, Florida, US (50% interest)

This availability-based road project has total capital expenditure of US$2.3 billion and involves reconstructing 15 major interchanges, building more than 140 bridges, adding four variable toll Express Lanes, and completely rebuilding the general use lanes of 21 miles of the existing I-4 interstate in central Florida. Construction commenced in 2015 and is anticipated to finish in 2021.

New Perth Stadium, Western Australia (50% interest)

The New Perth Stadium will be a major sporting and entertainment venue, capable of staging national and international events. The stadium will predominantly be used for Australian-rules football but will be able to readily accommodate other sports, as well as entertainment events through the use of drop-in seats. Construction works are on track for completion in advance of the 2018 Australian Football League season.

New Generation Rollingstock, Queensland, Australia (40% interest)

The project involves the provision and maintenance of 75 new six-car trains for Queensland Rail. The first train is now being tested with progress slower than expected in part due to reduced availability of train drivers.

Nordergründe offshore wind farm, Germany (30% interest)

The final turbine (of 18) for this offshore wind farm was installed in December 2016. In September 2016, the sub-contractor responsible for provision of the offshore electrical sub-station went into administration and this caused some delays to the project. The project company, with the support of its lenders, has entered into an agreement with the administrator and work on the sub-station has resumed. Operations are due to start in late 2017.

Sydney Light Rail, New South Wales, Australia (32.5% interest)

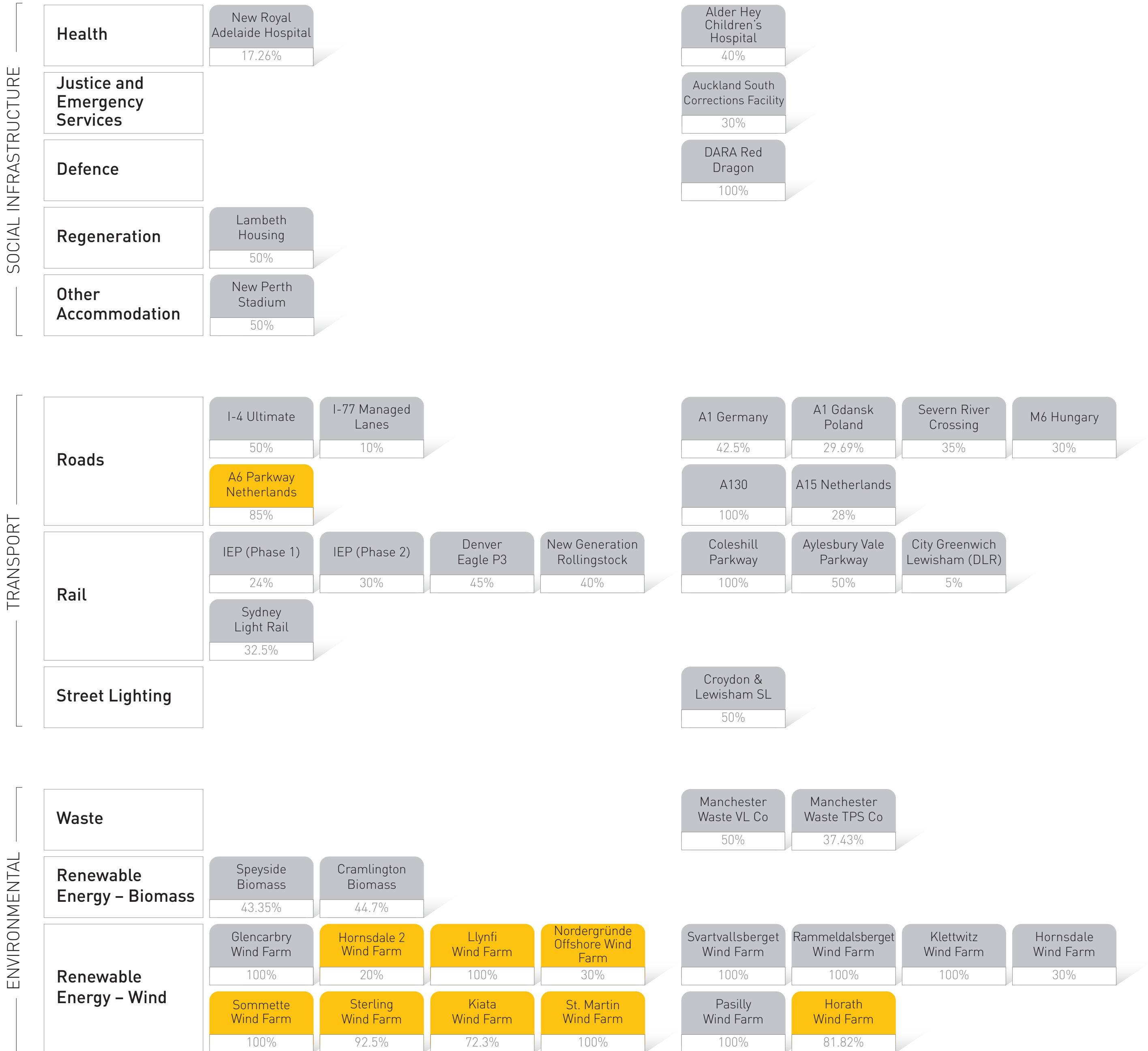
This light rail project will form an integral part of Sydney's public transport infrastructure network and pedestrianise one of its busiest streets, providing a commuter route into the Central Business District and access to the south east of the city. Services are scheduled to begin in the first half of 2019.

Speyside Biomass, UK (43.35% equity interest)

This 15MW combined heat and power plant supplies the adjacent Macallan whisky distillery with heat and exports power to the grid. Its fuel is virgin wood sourced from the local region. In January 2017, the plant achieved functional take-over.

Chris Waples
GROUP MANAGING DIRECTOR, ASSET MANAGEMENT

PORTFOLIO VALUATION



The portfolio valuation at 31 December 2016 was £1,175.9 million compared to £841.4 million at 31 December 2015. After adjusting for realisations, cash yield and cash invested, this represented a positive movement in fair value of £214.4 million (22.3%):

	Investments in projects £ million	Listed investment £ million	Total £ million
Portfolio valuation at 1 January 2016	825.3	16.1	841.4
– Cash invested	301.5	–	301.5
– Cash yield	(33.9)	(0.9)	(34.8)
– Proceeds from realisations	(140.2)	(6.4)	(146.6)
Rebased valuation	**952.7**	**8.8**	**961.5**
– Movement in fair value	213.2	1.2	214.4
Portfolio valuation at 31 December 2016	**1,165.9**	**10.0**	**1,175.9**

Cash investment in respect of eight new projects (one PPP and seven renewable energy) entered into during 2016 totalled £109.3 million. We committed to an additional stake in one existing PPP project during the year for £37.0 million. In addition, equity and loan note subscriptions of £155.2 million were injected into existing projects in the portfolio as they progressed through, or completed, construction.

During 2016, the Group completed the realisation of five investments for a total consideration of £146.6 million. Cash yield received from projects during the year totalled £34.8 million.

The movement in fair value of £214.4 million is analysed in the table below. The fair value movement includes a net benefit of £27.5 million from the amendment of benchmark discount rates for certain investments in response to our understanding and experience of the secondary market.

	Year ended 31 December 2016 Total £ million	Year ended 31 December 2015 Total £ million
Unwinding of discount	**77.1**	61.0
Reduction of construction risk premia	**52.7**	22.8
Impact of foreign exchange movements	**74.7**	(9.2)
Change in macroeconomic assumptions	**(13.8)**	(9.4)
Change in power and gas price forecasts	**(17.6)**	(10.7)
Change in operational benchmark discount rates	**27.5**	19.5
Uplift on financial closes	**31.0**	27.1
Value enhancements and other changes	**(17.2)**	31.0
Movement in fair value	**214.4**	132.1

The net movement in fair value comprised unwinding of discounting (£77.1 million), the reduction of construction risk premia (£52.7 million), the reduction in operational benchmark discount rates (£27.5 million), favourable foreign exchange movements (£74.7 million) and uplift on financial closes (£31.0 million), offset by adverse movements from lower power and gas price forecasts (£17.6 million), adverse movements in macroeconomic forecasts (£13.8 million) and a net adverse movement from value enhancements and other changes (£17.2 million). Foreign exchange movements are addressed further in the Financial Review section.

The adverse fair value movement of £17.2 million relating to value enhancements and other changes arose partly due to the matters described in the Chief Executive Officer's Review in relation to the Group's investments in New Royal Adelaide Hospital and Manchester Waste VL Co. There were also value reductions on some other investments, offset by value enhancements.

The split between primary and secondary investments is shown in the table below:

	31 December 2016		31 December 2015	
	£ million	**%**	£ million	%
Primary Investment	**696.3**	**59.2**	405.9	48.2
Secondary Investment	**479.6**	**40.8**	435.5	51.8
Portfolio valuation	**1,175.9**	**100.0**	841.4	100.0

The increase in the Primary Investment portfolio is due to a movement in fair value of £136.5 million, including value enhancements and financial closes achieved during the period, and cash invested of £287.1 million, offset by transfers to the Secondary Investment portfolio of £89.6 million, cash from investment realisation of £42.4 million and cash yield of £1.2 million.

PORTFOLIO VALUATION (CONTINUED)

	Primary Investment £ million
Portfolio valuation at 1 January 2016	405.9
– Cash invested	287.1
– Cash yield	(1.2)
– Proceeds from realisations	(42.4)
– Transfers to Secondary Investment	(89.6)
Rebased valuation	**559.8**
– Movement in fair value	136.5
Portfolio valuation at 31 December 2016	**696.3**

The increase in the Secondary Investment portfolio is due to transfers from the Primary Investment portfolio of £89.6 million, cash investment of £14.4 million and a movement in fair value of £77.9 million, offset by investment realisations during the year of £104.2 million and cash yield of £33.6 million.

	Secondary Investment £ million
Portfolio valuation at 1 January 2016	435.5
– Cash invested	14.4
– Cash yield	(33.6)
– Proceeds from realisations	(104.2)
– Transfers from Primary Investment	89.6
Rebased valuation	**401.7**
– Movement in fair value	77.9
Portfolio valuation at 31 December 2016	**479.6**

METHODOLOGY

A full valuation of the investment portfolio is prepared every six months, at 30 June and 31 December, with a review at 31 March and 30 September, principally using a discounted cash flow methodology. The valuation is carried out on a fair value basis assuming that forecast cash flows from investments are received until maturity of the underlying assets.

Under the Group's valuation methodology, a base case discount rate for an operational project is derived from secondary market information and other available data points. The base case discount rate is then adjusted to reflect additional project-specific risks. In addition, risk premia are added to reflect the additional risk during the construction phase. The construction risk premia reduce over time as the project progresses through its construction programme, reflecting the significant reduction in risk once the project reaches the operational stage.

The discounted cash flow valuation is based on future cash distributions from projects forecast as at 31 December 2016, derived from detailed financial models for each underlying project. These incorporate the Group's expectations of likely future cash flows, including value enhancements.

For the 31 December 2016 valuation, the overall weighted average discount rate was 8.9% compared to the weighted average discount rate at 31 December 2015 of 9.5%. The decrease was primarily due to changes in operational discount rates for certain investments as referred to earlier. The weighted average discount rate at 31 December 2016 was made up of 9.1% (31 December 2015 – 9.7%) for the Primary Investment portfolio and 8.4% (31 December 2015 – 8.9%) for the Secondary Investment portfolio.

The overall weighted average discount rate of 8.9% reflects the fact that project cash flows for investments in the Primary Investment portfolio tend to have a longer duration than for investments in the Secondary Investment portfolio.

Compared to other market benchmarks, the weighted average discount rate of 8.4% for the Secondary Investment portfolio reflects (i) the impact of renewable energy projects which tend to have higher discount rates than PPP projects and (ii) a few PPP projects with above average discount rates because of location or an element of volume/technology risk.

The discount rate ranges used in the portfolio valuation at 31 December 2016 were as set out below:

Sector	Primary Investment %	Secondary Investment %
PPP projects	7.3 – 11.3	7.0 – 10.0
Renewable energy projects	7.6 – 11.6	7.0 – 9.3

The shareholding in JLEN was valued at its closing market price on 31 December 2016 of 106p per share (31 December 2015 – 103p per share).

The Directors have obtained an independent opinion from a third party, which has considerable expertise in valuing the type of investments held by the Group, that the investment portfolio valuation represented a fair market value in the market conditions prevailing at 31 December 2016.

MACRO-ECONOMIC ASSUMPTIONS

During 2016, lower than previously forecast inflation and deposit rates receivable on cash balances within projects had a negative impact on the majority of forecast project cash flows within the portfolio. Deposit rates are anticipated to remain at low levels in the short-term. As mentioned above, strengthening of foreign currencies against Sterling over the year to 31 December 2016 resulted in favourable foreign exchange movements of £74.7 million (excluding the effect of foreign exchange hedges as described in the Financial Review section).

The table below summarises the main macro-economic assumptions used in the portfolio valuation:

Assumption			31 December 2016	31 December 2015
Long term inflation	UK	RPI & RPIX	**2.75%**	2.75%
	Europe	CPI	**1.60%-2.00%**	2.00%
	US	CPI	**2.25%-2.50%**	2.25%-2.50%
	Asia Pacific	CPI	**2.00%-2.75%**	2.00%-2.75%
Foreign exchange rates	GBP/EUR		**1.1708**	1.3592
	GBP/AUD		**1.7094**	2.0340
	GBP/USD		**1.2329**	1.4833
	GBP/NZD		**1.7754**	2.1692

Investments in overseas projects are fair valued based on the spot exchange rate on the balance sheet date. As at 31 December 2016, a 5% movement of each relevant currency against Sterling would decrease or increase the value of investments in overseas projects by c.£27 million.

At 31 December 2016, based on a sample of seven of the larger PPP investments by value, a 0.25% increase in inflation is estimated to increase the value of PPP investments by £14 million and a 0.25% decrease in inflation is estimated to decrease the value of PPP investments by £13 million. Certain of the underlying project companies incorporate some inflation hedging.

DISCOUNT RATE SENSITIVITY

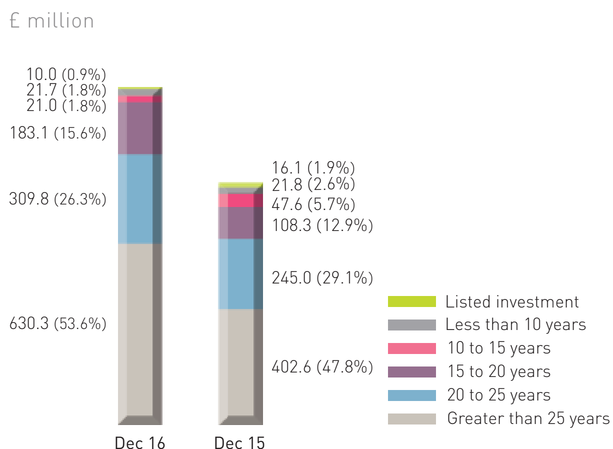
The weighted average discount rate applied at 31 December 2016 was 8.9% (31 December 2015 – 9.5%). The table below shows the sensitivity of each 0.25% change in this rate of up to plus or minus 0.75%.

Discount rate sensitivity	Portfolio valuation £ million	Increase/ decrease in valuation £ million
+0.75%	1,083.6	(92.3)
+0.50%	1,113.0	(62.9)
+0.25%	1,143.8	(32.1)
–	1,175.9	–
-0.25%	1,209.5	33.6
-0.50%	1,244.7	68.8
-0.75%	1,281.6	105.7

Further analysis of the portfolio valuation is shown in the following tables:

BY TIME REMAINING ON PROJECT CONCESSION/ OPERATIONAL LIFE

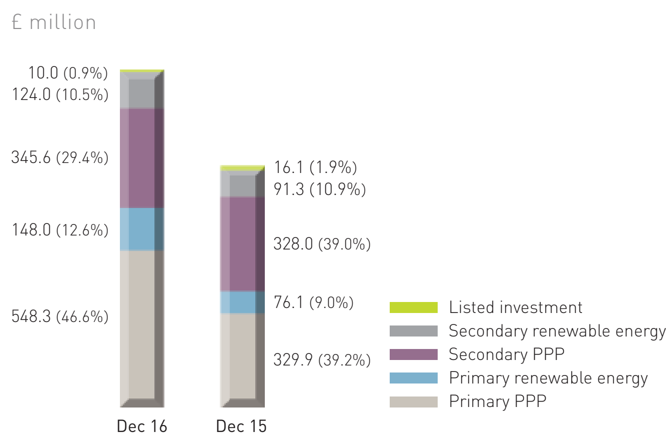
£ million



PPP projects are based on long-term concessions and renewable energy assets have long-term useful economic lives. As demonstrated in the table above, 53.6% of the portfolio by value had a greater than 25-year unexpired concession term or useful economic life remaining at 31 December 2016, compared to 47.8% at 31 December 2015. The investment in JLEN, which represented 0.9% (31 December 2015 – 1.9%) of the portfolio valuation, is shown separately.

SPLIT BETWEEN PPP AND RENEWABLE ENERGY

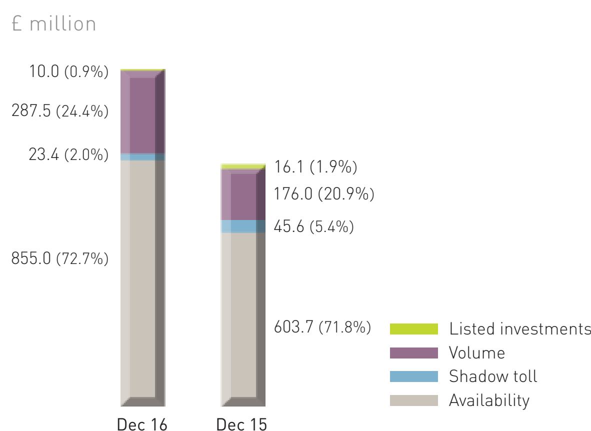
£ million



Primary PPP investments made up the largest part of the portfolio, representing 46.6% of the portfolio valuation at 31 December 2016, with Secondary PPP investments representing a further 29.4%.

BY REVENUE TYPE

£ million

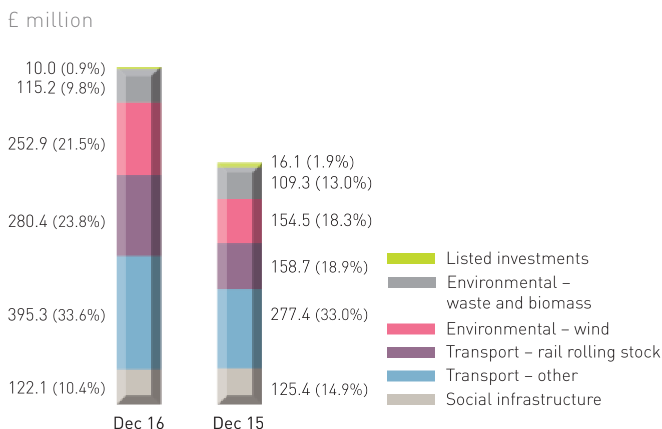


Availability-based investments continued to make up the majority of the portfolio, representing 72.7% of the portfolio valuation at 31 December 2016. Renewable energy investments comprised the majority of the volume-based investments. The investment in JLEN, which holds investments in PPP and renewable energy projects, is shown separately.

PORTFOLIO VALUATION (CONTINUED)

BY SECTOR

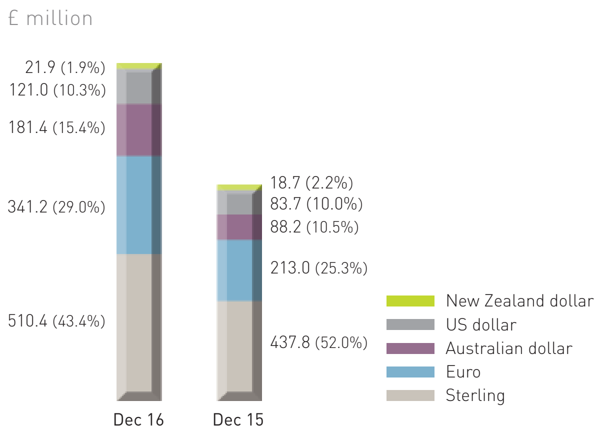
£ million



Investments in the transport sector (excluding rail rolling stock) continued to make up the largest proportion of the portfolio valuation, representing 33.6% of the portfolio at 31 December 2016, with rail rolling stock investments accounting for a further 23.8%. Wind investments made up 21.5% of the portfolio by value, social infrastructure investments – 10.4% and waste and biomass investments – 9.8%. The portfolio underlying the JLEN shareholding consists of a mix of renewable energy and environmental projects.

BY CURRENCY

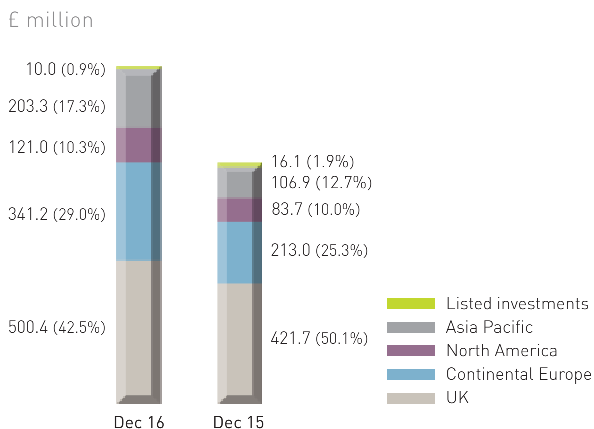
£ million



The percentage of investments denominated in foreign currencies increased from 48.0% to 56.6%. This was partly caused by the weakness of Sterling during 2016 but is also consistent with our pipeline and the overseas jurisdictions we target.

BY GEOGRAPHICAL REGION

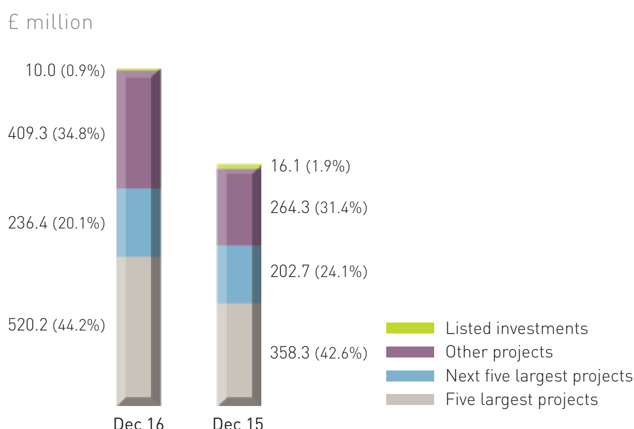
£ million



Investments in the UK continued to make up the largest single region in the portfolio valuation, representing 42.5% of the portfolio at 31 December 2016. Continental Europe remained the next largest category with 29.0%. Investments in projects located in the Asia Pacific region made up 17.3% and investments in North America 10.3%. A substantial majority of the JLEN portfolio consists of investments in UK based projects.

BY INVESTMENT SIZE

£ million



The top five investments in the portfolio made up 44.2% of the portfolio at 31 December 2016. The next five largest investments made up a further 20.1%, with the remaining investments in the portfolio comprising 34.8%. The shareholding in JLEN made up 0.9% of the portfolio.

FINANCIAL REVIEW

BASIS OF PREPARATION

Statutory financial information for the year ended 31 December 2016 is presented in the Group Income Statement, the Group Statement of Comprehensive Income and the Group Statement of Changes in Equity alongside comparative statutory and pro forma financial information for the year ended 31 December 2015. Both the Group Balance Sheet at 31 December 2016 and at 31 December 2015 are presented on a statutory basis. The comparative pro forma financial information was prepared on the basis that the restructuring associated with the Company's admission to listing in February 2015, as described in more detail in the Financial Review section of the 2015 Annual Report, had been in place throughout the year ended 31 December 2015. In the opinion of the Directors, presenting pro forma information for 2015 was necessary in order to give a true and fair view of the state of the Company's affairs for that year.

The statutory and pro forma financial information has been prepared on the historical cost basis except for the revaluation of the investment portfolio and financial instruments that are measured at fair value at the end of each reporting period. The Company meets the definition of an Investment Entity set out in IFRS 10. Investment Entities are required to account for all investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss (FVTPL), except for those directly-owned subsidiaries that provide investment-related services or engage in permitted investment-related activities with investees (Service Companies). Service Companies are consolidated rather than recorded at FVTPL.

Project companies in which the Group invests are described as "non-recourse", which means that providers of debt to such project companies do not have recourse to John Laing beyond its equity commitments in the underlying projects. Subsidiaries through which the Company holds its investments in project companies, which are held at FVTPL, and subsidiaries that are Service Companies, which are consolidated, are described as "recourse".

RE-PRESENTED FINANCIAL RESULTS

As described above, the Company meets the criteria for being an Investment Entity under IFRS 10 and accordingly the Company is required to fair value its investments in all subsidiaries except for those directly-owned subsidiaries that provide investment-related services, and do not themselves qualify as Investment Entities; it consolidates such subsidiaries on a line by line basis.

Included within the subsidiaries that the Company fair values in its financial statements are recourse subsidiaries through which the Company holds its investments in non-recourse project companies. These recourse subsidiaries have, in addition to investments in non-recourse project companies, other assets and liabilities, including recourse cash balances, which are included within the Company's investments at FVTPL. For management reporting purposes, these other assets and liabilities are reported separately from the investments in non-recourse project companies as are certain income and costs that do not arise directly from these investments in project companies. Under management reporting, it is the investments in non-recourse project companies that are considered as investments of the Group.

The Directors of the Company use the management reporting basis, including when reviewing the level of financial resources and deciding where these resources should be utilised, when making business decisions. Therefore, the Directors believe it is helpful to readers of the Company's financial statements to set out in this Financial Review the Group Income Statement, the Group Balance Sheet and the Group Cash Flow Statement on the management reporting basis. When set out on the management reporting basis, these statements are described as "re-presented".

RE-PRESENTED INCOME STATEMENT

Preparing the re-presented income statement involves a reclassification of certain amounts within the Group Income Statement principally in relation to the net gain on investments at FVTPL. The net gain on investments at FVTPL in the Group Income Statement includes fair value movements from the portfolio of investments in non-recourse project companies but also comprises income and costs that do not arise directly from investments in this portfolio, including investment fees earned from project companies.

FINANCIAL REVIEW (CONTINUED)

	2016			2015[d]	
	IFRS Group Income Statement £ million	Adjustments £ million	**Re-presented income statement £ million**	Re-presented income statement £ million	**Re-presented income statement line items**
Fair value movements – investment portfolio	214.4	–	214.4	132.1	Fair value movements – investment portfolio
Fair value movements – other	(2.6)	(0.6)[a]	(3.2)	(7.5)	Fair value movements – other
Investment fees from projects	7.0	–	7.0	7.7	Investment fees from projects
Net gain on investments at fair value through profit or loss	**218.8**	**(0.6)**	**218.2**	132.3	
IMS revenue	17.8	–	17.8	13.4	IMS revenue
PMS revenue	14.9	–	14.9	17.0	PMS revenue
Recoveries on financial close	7.5	–	7.5	3.4	Recoveries on financial close
Other income	1.8	(1.8)[b]	–	–	
Other income	**42.0**	**(1.8)**	**40.2**	33.8	
Total income	**260.8**	**(2.4)**	**258.4**	166.1	
Third party costs	(7.7)	–	(7.7)	(6.6)	Third party costs
Staff costs	(34.1)	–	(34.1)	(32.5)	Staff costs
General overheads	(13.2)	–	(13.2)	(11.7)	General overheads
Other net costs	(1.8)	1.1[a,b]	(0.7)	(3.6)	Other net costs
Pension and other charges	(1.6)	1.6[c]	–	–	
Administrative expenses	**(58.4)**	**2.7**	**(55.7)**	(54.4)	
EBIT	**202.4**	**0.3**	**202.7**	111.7	
Finance costs	(10.3)	2.6[a,c]	(7.7)	(6.6)	Finance costs
Pension and other charges	–	(2.9)[c]	(2.9)	(4.2)	Pension and other charges
Profit before tax	**192.1**	**–**	**192.1**	100.9	

Notes:

a Adjustments primarily comprise a £1.5 million provision offset by a £0.8 million release of other provisions reclassified from 'fair value movements – other' to 'other net costs'; as well as £1.3 million interest income reclassified from 'fair value movements – other' to 'finance costs'.

b Adjustments primarily comprise £1.6 million part proceeds received from the sale of the PMS UK business reclassified from 'other income' to 'other net costs' and £0.2 million of other income from projects reclassified from 'other income' to 'other net costs'.

c Under IAS 19, the costs of the pension schemes comprise a service cost of £1.6 million (2015 – £1.5 million), included in administrative expenses in the Group Income Statement, and a finance charge of £1.3 million (2015 – £2.7 million), included in finance costs in the Group Income Statement. These amounts are combined together under management reporting.

d For a reconciliation between the IFRS Group Income Statement and re-presented income statement for the year ended 31 December 2015, please see the Additional Financial Information on page 125.

The results for the year are also shown by operating segment in the table below.

Year ended 31 December	**Primary Investment 2016 £ million**	Primary Investment 2015 £ million	**Secondary Investment 2016 £ million**	Secondary Investment 2015 £ million	**Asset Management 2016 £ million**	Asset Management 2015 £ million	**Total 2016 £ million**	Total 2015 £ million
Profit before tax for reportable segments	**113.1**	50.7	**57.1**	43.0	**19.9**	15.5	**190.1**	109.2
Post retirement charges							**(2.9)**	(4.2)
Other net gain/(loss)							**4.9**	(4.1)
Profit before tax							**192.1**	100.9

Profit before tax from continuing operations for the year ended 31 December 2016 was £192.1 million (2015 – £100.9 million). The main reason for the higher profit before tax was a higher fair value movement compared to 2015, which in turn was principally as a result of favourable foreign exchange rate movements.

- The main profit contributor in 2016 was the Primary Investment division. Its contribution was higher than last year primarily because of a higher fair value movement, which in turn was principally as a result of favourable foreign exchange rate movements and a higher value uplift from the reduction of construction risk premia offset by an adverse fair value movement relating to value enhancements and other changes referred to in the Portfolio Valuation section.
- The higher contribution in 2016 from the Secondary Investment division was also primarily as a result of foreign exchange gains on the portfolio as well as higher value enhancements offset by adverse other changes referred to in the Portfolio Valuation section.
- The higher contribution in 2016 from the Asset Management division was principally due to higher fee income from IMS as a result of increased external Assets under Management.

The movement in fair value on the portfolio for the year ended 31 December 2016, after adjusting for the impact of investments, cash yield and realisations, was a £214.4 million gain (2015 – £132.1 million gain). The higher value uplift is primarily due to favourable foreign exchange movements in 2016 compared to the previous year. For further details of the movement in fair value on the portfolio, see the Portfolio Valuation section on page 22.

There were other fair value movements for the year ended 31 December 2016 of a £3.2 million loss which comprised net foreign exchange losses of £11.2 million, (principally comprising £11.9 million losses on foreign exchange hedges held by the Group during the year and at 31 December 2016 – see the foreign currency exposure section in this review for further details) offset by fair value gains of £0.9 million in respect of non-portfolio investments in small joint ventures, £6.6 million of tax income and a partial release of £0.5 million of a provision created in the year ended 31 December 2015. For the year ended 31 December 2015, other fair value movements primarily comprised a loss of £8.2 million from providing against a loan to a project company in the UK healthcare sector.

The Group earned IMS revenue of £17.8 million (2015 – £13.4 million) for investment advisory and asset management services primarily to the external funds JLIF and JLEN, with the increase from last year due to the higher level of external Assets under Management.

The Group also earned PMS revenue of £14.9 million (2015 – £17.0 million). As mentioned in the Chief Executive Officer's Review, on 30 November 2016, the Group completed the sale of the business and assets of its PMS activities in the UK to HCP. As part of the sale, 81 staff roles and 52 MSAs transferred to HCP. The activities sold contributed approximately £7.9 million of the £14.9 million PMS revenues for the year ended 31 December 2016 referred to above and had attributable costs of c.£6.0 million.

The Group achieved recoveries of bidding costs on financial closes of £7.5 million in the year ended 31 December 2016 (2015 – £3.4 million), in line with third party bid costs incurred in the year.

Staff costs by division are shown below:

	Primary Investment		Secondary Investment		Asset Management		Central		Total	
	2016 £ million	2015 £ million	**2016 £ million**	2015 £ million	**2016 £ million**	2015 £ million	**2016 £ million**	2015 £ million	**2016 £ million**	2015 £ million
Staff costs	**9.6**	9.0	**–**	–	**17.1**	17.0	**7.4**	6.5	**34.1**	32.5

Included within Asset Management staff costs are costs relating to:

	Investment Management Services		Project Management Services		Total Asset Management	
	2016 £ million	2015 £ million	**2016 £ million**	2015 £ million	**2016 £ million**	2015 £ million
Staff costs	**9.0**	8.1	**8.1**	8.9	**17.1**	17.0

The overall increase in staff costs is principally due to the higher costs under IFRS 2 of share-based incentive schemes with costs in the year ended 31 December 2016 of £2.0 million compared to £0.7 million in the prior year. See note 5 of the Group financial statements for further details on the share-based incentive schemes.

Other net costs of £3.6 million in 2015 primarily comprised staff incentive costs in relation to the Company's listing in February 2015.

Finance costs of £7.7 million (2015 – £6.6 million) include costs arising on the corporate banking facilities net of any interest income, with the increase from last year primarily due to higher average usage of the corporate banking facilities.

The Group's overall tax credit on profit on continuing activities for 2016 was £4.8 million (2015 – charge of £0.1 million). This comprised a tax charge of £1.8 million (2015 – £2.1 million) in recourse group subsidiary entities that are consolidated (shown in the 'Tax' line of the Group Income Statement), primarily in relation to group relief payable to entities held at FVTPL, and a tax credit of £6.6 million (2015 – £2.0 million) in recourse group subsidiary entities that are held at FVTPL (included within 'net gain on investments at fair value through profit or loss' on the Group Income Statement), including group relief receivable from recourse group subsidiary entities that are consolidated together with group and consortium relief received from project companies.

The contributions made to JLPF are tax deductible when paid and, as a result, there is minimal tax payable by the UK holding and asset management activities of the Group. Capital gains from the realisation of investments in projects are generally exempt from tax under the UK's Substantial Shareholding Exemption for shares in trading companies or under the overseas equivalent. To the extent this exemption is not available, gains may be sheltered using current year losses or losses brought forward within the Group's holding companies. There are no losses in the Company but there are tax losses in recourse group subsidiary entities that are held at FVTPL.

In November 2016 and January 2017, HM Treasury issued draft provisions for the Finance Bill 2017, which included new proposed legislation to restrict tax deductible interest to 30% of a company's earnings before interest, tax, depreciation and amortisation (EBITDA) with effect from 1 April 2017. This followed the publication by HM Treasury of a consultation in May 2016 on Base Erosion and Profit Shifting (BEPS) to which the Company responded as part of industry representative forums. The Company holds a provision as at 31 December 2016 for the estimated impact of the new proposed legislation on the basis that the proposed new legislation had been enacted at that date; this provision is not material in the context of the Company's net asset value at this date.

FINANCIAL REVIEW (CONTINUED)

RE-PRESENTED BALANCE SHEET

The re-presented balance sheet is reconciled to the Group Balance Sheet at 31 December 2016 below. The re-presented balance sheet involves the reclassification of certain amounts within the Group Balance Sheet principally in relation to assets and liabilities of £76.6 million (31 December 2015 – £123.4 million) within certain of the Company's recourse subsidiaries that are included in investments at FVTPL in the Group Balance sheet as a result of the requirement under IFRS 10 to fair value investments in these subsidiaries.

31 December	2016			2015[g]	
	IFRS Group Balance Sheet £ million	Adjustments £ million	Re-presented balance sheet £ million	Re-presented balance sheet £ million	Re-presented balance sheet line items
Non-current assets					
Plant and equipment	0.3	(0.3)[c]	**–**	–	
Investments at FVTPL	1,257.5	(81.6)[a]	**1,175.9**	841.4	Portfolio book value
	–	23.7[b]	**23.7**	123.9	Cash collateral balances
	–	0.3[a]	**0.3**	0.5	Non-portfolio investments
Deferred tax assets	1.0	(1.0)[c]	**–**	–	
	–	3.7[c,e]	**3.7**	5.6	Other long term assets
	1,258.8	(55.2)	**1,203.6**	971.4	
Current assets					
Trade and other receivables	7.4	(7.4)[d]	**–**	–	
Cash and cash equivalents	1.6	51.5[a]	**53.1**	5.5	Cash and cash equivalents
	9.0	44.1	**53.1**	5.5	
Total assets	1,267.8	(11.1)	**1,256.7**	976.9	
Current liabilities					
	–	(5.6)[b,d,e]	**(5.6)**	(22.1)	Working capital and other balances
Current tax liabilities	(4.1)	4.1[d]	**–**	–	
Borrowings	(161.4)	(3.6)[e]	**(165.0)**	(19.0)	Cash borrowings
Trade and other payables	(14.7)	14.7[d]	**–**	–	
	(180.2)	9.6	**(170.6)**	(41.1)	
Net current liabilities	(171.2)	53.7	**(117.5)**	(35.6)	
Non-current liabilities					
Retirement benefit obligations	(69.3)	8.0[f]	**(61.3)**	(38.9)	Pension deficit (IAS 19)
	–	(8.0)[f]	**(8.0)**	(7.3)	Other retirement benefit obligations
Provisions	(1.5)	1.5[d]	**–**	–	
	(70.8)	1.5	**(69.3)**	(46.2)	
Total liabilities	(251.0)	11.1	**(239.9)**	(87.3)	
Net assets	1,016.8	–	**1,016.8**	889.6	

Notes:

a Investments at fair value through profit or loss (FVTPL) comprise: portfolio valuation of £1,175.9 million (31 December 2015 – £841.4 million), other investments not included in the portfolio valuation of £0.3 million (31 December 2015 – £0.5 million) and other assets and liabilities within recourse investment entity subsidiaries of £81.3 million (31 December 2015 – £123.4 million) (see note 11 to the Group financial statements). Re-presented cash and cash equivalents increased from £1.6 million (31 December 2015 – £1.1 million) on the Group Balance Sheet because of the inclusion of available cash balances in recourse group investment subsidiaries of £51.5 million (31 December 2015 – £4.4 million) excluding cash collateral balances of £23.7 million (31 December 2015 – £123.9 million); see the Financial Resources section on page 32.

b Other assets and liabilities within recourse investment entity subsidiaries of £81.3 million (31 December 2015 – £123.4 million) referred to in note (a) include (i) cash and cash equivalents of £75.2 million (31 December 2015 – £128.3 million), of which £23.7 million (31 December 2015 – £123.9 million) is held to collateralise future investment commitments, and (ii) positive working capital and other balances of £6.1 million (31 December 2015 – £4.9 million).

c Plant and equipment and deferred tax assets are combined as other long term assets.

d Trade and other receivables, current tax liabilities, trade and other payables and provisions are combined as working capital and other balances.

e Borrowings comprise cash borrowings of £165.0 million (31 December 2015 – £19.0 million) net of unamortised financing costs of £3.6 million (31 December 2015 – £4.1 million), with the non-current portion of £2.4 million (31 December 2015 – £3.0 million) re-presented as other long term assets and the current portion of £1.2 million (31 December 2015 – £1.1 million) re-presented as working capital and other balances.

f Total retirement benefit obligations are shown in their separate components as in note 18 to the Group financial statements.

g For a reconciliation between the IFRS Group Balance Sheet and re-presented balance sheet as at 31 December 2015, please see the Additional Financial Information on page 126.

Net assets are also shown by operating segment in the table below.

As at 31 December	Primary Investment 2016 £ million	Primary Investment 2015 £ million	Secondary Investment 2016 £ million	Secondary Investment 2015 £ million	Asset Management 2016 £ million	Asset Management 2015 £ million	Total 2016 £ million	Total 2015 £ million
Portfolio valuation	696.3	405.9	**479.6**	435.5	**–**	–	**1,175.9**	841.4
Other net current liabilities							**(1.6)**	(16.0)
Group net (borrowings)/cash[1]							**(88.2)**	110.4
Post-retirement obligations							**(69.3)**	(46.2)
Group net assets							**1,016.8**	889.6

Notes:

1 Short-term cash borrowings of £165.0 million (31 December 2015 – £19.0 million) net of cash balances of £76.8 million (31 December 2015 – £129.4 million), of which £23.7 million was held to collateralise future investment commitments (31 December 2015 – £123.9 million).

Net asset value increased from £889.6 million at 31 December 2015 to £1,016.8 million at 31 December 2016.

The Group's portfolio of investments in project companies and listed investments was valued at £1,175.9 million at 31 December 2016 (31 December 2015 – £841.4 million). The valuation methodology and details of the portfolio value are provided in the Portfolio Valuation section.

The Group held cash balances of £76.8 million at 31 December 2016 (31 December 2015 – £129.4 million) of which £23.7 million (31 December 2015 – £123.9 million) was held to collateralise future investment commitments (see the Financial Resources section below for more details).

Working capital and other balances (a negative amount) were lower primarily because of lower provisions at 31 December 2016, higher accruals at 31 December 2015 relating to IPO incentive payments and a net positive fair value at 31 December 2016 on foreign exchange hedges.

The combined accounting deficit in the Group's defined benefit pension and post-retirement medical schemes at 31 December 2016 was £69.3 million (31 December 2015 – £46.2 million). The Group operates two defined benefit schemes in the UK – the John Laing Pension Fund (JLPF) and the John Laing Pension Plan (the Plan). Both schemes are closed to new members and future accrual. Under IAS 19, at 31 December 2016, the JLPF had a deficit of £64.2 million (31 December 2015 – £38.9 million) whilst the Plan had a surplus of £2.9 million (31 December 2015 – £2.7 million; this surplus was not recognised at 31 December 2015). The liability at 31 December 2016 under the post-retirement medical scheme was £8.0 million (31 December 2015 – £7.3 million).

The pension deficit in JLPF is based on a discount rate applied to pension liabilities of 2.80% (31 December 2015 – 3.75%) and long term RPI of 3.2% (31 December 2015 – 3.0%). The amount of the deficit is dependent on key assumptions, principally: inflation; the discount rate used; and the anticipated longevity of members. The discount rate, as prescribed by IAS 19, is based on yields from high quality corporate bonds. The deficit (under IAS 19) has increased from last year primarily due to an increase in JLPF's liabilities, as a result of the lower discount rate and higher long term RPI, partly offset by cash contributions to JLPF of £18.1 million.

Following a triennial actuarial review of the JLPF as at 31 March 2016, a seven-year deficit repayment plan has been agreed with the JLPF Trustee. The actuarial deficit of £171 million at 31 March 2016 is to be repaid as follows:

By 31 March	£ million
2017	**24.5**
2018	**26.5**
2019	**29.1**
2020	**24.9**
2021	**25.7**
2022	**26.4**
2023	**24.6**

FINANCIAL REVIEW (CONTINUED)

RE-PRESENTED CASH FLOW STATEMENT

The Group Cash Flow Statement includes the cash flows of the Company and certain recourse subsidiaries that are consolidated (Service Companies). The Group's recourse investment entity subsidiaries, through which the Company holds its investments in non-recourse project companies, are held at fair value in the financial statements and accordingly cash flows relating to investments in the portfolio are not included in the Group Cash Flow Statement. Investment-related cash flows are disclosed in note 11 to the financial statements.

The re-presented cash flow statement shows all recourse cash flows that arise in both the consolidated group (the Company and its consolidated subsidiaries) and in the recourse investment entity subsidiaries.

Year ended 31 December	2016 Re-presented cash flows £ million	2015 Re-presented cash flows £ million
Cash yield	**36.8**	44.3
Operating cash flow	**(10.9)**	(15.9)
Net foreign currency exchange impact	**(18.2)**	2.8
Total operating cash flow	**7.7**	31.2
Cash contributions to JLPF (including PPF levy)	**(18.4)**	(47.5)
Cash investment in projects	**(301.5)**	(142.9)
Proceeds from realisations	**146.6**	85.9
Net investing cash flows	**(154.9)**	(57.0)
Finance charges	**(6.8)**	(13.4)
Capital raise (net of costs)	**–**	123.0
Dividend payments	**(26.2)**	(5.9)
Net cash (outflow)/inflow from financing activities	**(33.0)**	103.7
Recourse group cash (outflow)/inflow	**(198.6)**	30.4
Recourse group opening net cash balances	**110.4**	80.0
Recourse group closing net (debt)/cash balances	**(88.2)**	110.4
Reconciliation to line items on re-represented Group Balance Sheet		
Cash collateral balances	**23.7**	123.9
Other cash balances	**53.1**	5.5
Total cash and cash equivalents	**76.8**	129.4
Cash borrowings	**(165.0)**	(19.0)
Net (debt)/cash	**(88.2)**	110.4

Cash yield comprises £34.8 million (2015 – £38.9 million) from the investment portfolio and £2.0 million (2015 – £5.4 million) from non-portfolio investments.

Operating cash flow in the year ended 31 December 2016 was less adverse than in 2015 primarily due to higher recoveries of costs on financial closes and as a result of amounts paid in the prior year in relation to the Company's IPO in 2015.

Total operating cash flows are net of an adverse foreign exchange impact of £18.2 million (2015 – favourable impact of £2.8 million), principally arising on foreign exchange hedges as a result of the weakening of Sterling against relevant currencies during the year.

In the year, in addition to the payment of the PPF levy, the Group made a cash contribution to JLPF of £18.1 million (2015 – regular cash contributions of £27.0 million, special cash contributions of £20.0 million).

During the year, cash of £301.5 million (31 December 2015 – £142.9 million) was invested in project companies. In the same period, investments in six projects were realised (including four investments to JLIF and two investments to JLEN) for total proceeds of £140.2 million (2015 – £85.9 million from the realisation of seven investments for total proceeds of £86.3 million net of a £0.4 million price adjustment for a project disposed of in 2014). Additionally, a 2.2% shareholding in JLEN was sold for £6.4 million (2015 – £nil).

Finance charges were higher in 2015 due to the payment of upfront costs in relation to the committed corporate banking facilities entered into at the time of IPO.

The capital raise, net of costs, from the Company's IPO in 2015 was £123.0 million.

Dividend payments of £26.2 million in the year ended 31 December 2016 comprise the final dividend for 2015 of £19.4 million and the interim dividend for 2016 of £6.8 million (2015 – interim dividend for 2015 of £5.9 million).

FINANCIAL RESOURCES

At 31 December 2016, the Group had principal committed corporate banking facilities of £400.0 million, expiring in March 2020 (31 December 2015 – £350.0 million), which are primarily used to back investment commitments. These facilities were increased by £50.0 million in June 2016. The Group also had surety facilities of £50.0 million backed by committed liquidity facilities both expiring in March 2018. Net available financial resources at 31 December 2016 were £168.1 million (31 December 2015 – £180.1 million).

Analysis of Group financial resources

	31 December 2016 £ million	31 December 2015 £ million
Total committed facilities	**450.0**	350.0
Letters of credit issued under corporate banking facilities (see below)	**(112.6)**	(154.2)
Letters of credit issued under surety facilities (see below)	**(50.0)**	–
Other guarantees and commitments	**(6.5)**	(1.1)
Short term cash borrowings	**(165.0)**	(19.0)
Utilisation of facilities	**(334.1)**	(174.3)
Headroom	**115.9**	175.7
Cash and bank deposits[1]	**53.1**	5.5
Less unavailable cash	**(0.9)**	(1.1)
Net available financial resources	**168.1**	180.1

Notes:

1 Cash and bank deposits excluding cash collateral balances

Letters of credit issued under the committed corporate banking facilities of £112.6 million (31 December 2015 – £154.2 million) and under additional surety facilities of £50.0 million (31 December 2015 – £nil) together with cash collateral represent future cash investment by the Group into underlying projects in the Primary Investment portfolio.

	31 December 2016 £ million	31 December 2015 £ million
Letters of credit issued	**162.6**	154.2
Cash collateral	**23.7**	123.9
Future cash investment into projects	**186.3**	278.1

The table below shows the letters of credit issued analysed by investment and the date or dates when cash is expected to be invested into the underlying project at which point the letter of credit would expire:

Project	Letter of credit issued £ million	Expected date of cash investment
New Generation Rollingstock, Australia	**24.3**	January 2017 to October 2017
Cramlington Biomass, UK	**27.0**	October 2017
IEP (Phase 2), UK	**72.7**	March 2018
Sterling Wind Farm, US	**18.1**	May 2017 to September 2017
Kiata Wind Farm, Australia	**16.0**	January 2017 to October 2017
New Royal Adelaide Hospital, Australia	**4.5**	June 2017
Total	**162.6**	

The table below shows the cash collateral balances at 31 December 2016 analysed by investment and the date when the cash collateral is expected to be invested into the underlying project:

Project	Cash collateral amount £ million	Expected date of cash investment
New Perth Stadium, Australia	**3.3**	January 2017 to December 2017
I-77 Managed Lanes, US	**20.1**	October 2017 to November 2018
IEP (Phase 1), UK	**0.3**	July 2017
Total	**23.7**	

Cash collateral is included within 'investments at fair value through profit or loss' in the Group Balance Sheet.

There are significant non-recourse borrowings within the project companies in which the Group invests. The interest rate exposure on the debt of such project companies is, in most circumstances, fixed on financial close, through a long-dated bond or fixed rate debt, or through the fixing of floating rate bank debt via interest rate swaps. Given this, the impact on the Group's returns from investments in project companies of changes in interest rates on project borrowings is minimal. There is an impact from changes in interest rates on the investment income from monies held on deposit both at Group level and within project companies but such an effect is not material in the context of the Group Balance Sheet.

FOREIGN CURRENCY EXPOSURE

The Group regularly reviews the sensitivity of its balance sheet to changes in exchange rates relative to Sterling and to the timing and amount of forecast foreign currency denominated cash flows. As set out in the Portfolio Valuation section, the Group's portfolio comprises investments denominated in Sterling, Euro, and Australian, US and New Zealand Dollars. As a result of foreign exchange movements in the year ended 31 December 2016, there was a favourable fair value movement of £74.7 million in the portfolio valuation between 31 December 2015 and 31 December 2016. This positive impact was partly offset by net losses, both realised and unrealised of £11.9 million from foreign exchange hedges held by the Group during 2016 on part of its Euro-denominated investments (£152.5 million) and on part of its New Zealand Dollar-denominated investment (£10.9 million). The net losses on other hedges held by the Group against cash collateral balances currencies were offset by foreign exchange translation gains on those and other balances.

The Group may apply an appropriate hedge to a specific currency transaction exposure, which could include borrowing in that currency or entering into forward foreign exchange contracts. An analysis of the portfolio value by currency is set out in the Portfolio Valuation section.

Letters of credit in issue at 31 December 2016 of £162.6 million (31 December 2015 – £154.2 million) are analysed by currency as follows:

Letters of credit by currency	31 December 2016 £ million	31 December 2015 £ million
Sterling	**99.7**	122.1
US dollar	**18.1**	11.7
Australian dollar	**44.8**	20.4
	162.6	154.2

Cash collateral at 31 December 2016 of £23.7 million (31 December 2015 – £123.9 million) is analysed by currency as follows:

Cash collateral by currency	31 December 2016 £ million	31 December 2015 £ million
Sterling	**0.3**	58.7
US dollar	**20.1**	16.7
Australian dollar	**3.3**	48.5
	23.7	123.9

GOING CONCERN

The Group has committed corporate banking facilities until March 2020 and has sufficient resources available to meet its committed capital requirements, investments and operating costs for the foreseeable future. Accordingly, the Group has adopted the going concern basis in the preparation of its financial statements for the year ended 31 December 2016.

Patrick O'D Bourke
GROUP FINANCE DIRECTOR

VIABILITY STATEMENT

In accordance with the revised UK Corporate Governance Code, the Directors have assessed the viability of the Group over the three year period to 31 December 2019, taking into account the Group's current position and the principal risks set out on pages 35 to 40. The assessment carried out supports the Directors' statements both on viability, as set out below, and also in respect of going concern, as set out in the accounting policies section.

The Directors selected a period of three years for their assessment because this is the longest timescale over which the Group usually has visibility over the future investment opportunities which make up its pipeline. It is also the key period of focus in the Group's budget and planning process which is updated each year and looks forward up to four years.

The particular factors and/or assumptions the Directors considered in making their assessment were as follows:

- The Group makes primarily long-term investments which are not publicly traded. The minimum holding period for an investment is likely to extend beyond the construction time for the underlying asset (which for a PPP asset may be as long as 5-6 years), and some assets may be held to maturity;
- New investments in greenfield projects are funded through a combination of cash flow from existing assets, the Group's corporate banking facilities and realisations of investments in operational projects. Realisations are dependent on continuing demand in a currently active secondary market;
- Availability of debt finance continues at Group level through the corporate banking facilities and at project level through non-recourse project finance facilities specific to each project; it is assumed that the £400.0 million corporate banking facilities which mature in March 2020 will be renewed or refinanced before that date;
- The Group is exposed to potential increases in pension cash contributions as well as volatility in the JLPF pension deficit reported as part of NAV, principally because of movements in the main risks (discount rate, inflation rate and life expectancy) which impact the value of pension liabilities. The next triennial actuarial valuation of JLPF is due as at 31 March 2019; and
- The value of the Group's investment portfolio is dependent on a number of key assumptions including: discount rates derived from the secondary market; macro-economic factors such as exchange rates, taxation rates, inflation and deposit rates; the construction stage and operational performance of underlying assets; forecast project cash flows; volumes (where project revenue is linked to project usage); and forward energy prices and energy yields.

The Directors' assessment has been undertaken using a detailed financial model, which the Group uses consistently for forecasting purposes and to monitor compliance with the covenants in its corporate banking facilities. Key output from this model is reviewed at monthly treasury meetings and by the Group's Executive Committee, Audit & Risk Committee and Board. Where appropriate, the model has been subjected to robust sensitivity analysis to stress test the resilience of the Group's forecasts to severe but plausible scenarios. These included (i) a scenario under which the Group is unable to make further investment realisations over an extended time period and accordingly materially reduces new investment activity as well as its costs and (ii) a scenario where the Group experiences a combination of a significant write down in one or more of its largest investments, a six month delay in forecast disposal proceeds and material strengthening of Sterling versus the currencies the Group invests in.

The Company has a strong risk management culture, supported by a Management Risk Committee and an Internal Audit function, which helps to ensure that key risks to the business are identified, assessed and monitored appropriately.

Based on the above assessment, the Directors have formed a reasonable expectation that the Group will be able to continue its operations and meet its liabilities as they fall due over the next three years from 31 December 2016.

PRINCIPAL RISKS AND RISK MANAGEMENT

The effective management of risks within the Group is essential to the successful delivery of the Group's objectives. The Board is responsible for ensuring that risks are identified and appropriately managed across the Group and has delegated to the Audit & Risk Committee responsibility for reviewing the effectiveness of the Group's internal controls, including the systems established to identify, assess, manage and monitor risks. The Group's risk appetite when making decisions on investment commitments or potential realisations is assessed by reference to the expected impact on NAV.

During the year, the previous Audit Committee was renamed the Audit & Risk Committee and its remit was expanded. Under its new remit, the Committee has a greater involvement in overseeing the effective management of risks within the Group.

The principal internal controls that operated throughout 2016 and up to the date of this Annual Report include:

- an organisational structure which provides adequate segregation of responsibilities, clearly defined lines of accountability, delegated authority to trained and experienced staff and extensive reporting;
- clear business objectives aligned with the Group's risk appetite;
- risk reporting, including identification of risks through Group-wide risk registers, that is embedded in the regular management reporting of business units and is communicated to the Board; and
- an independent internal audit function, which reports to the Audit & Risk Committee. The external auditor also reports to the Audit & Risk Committee on the effectiveness of financial controls relevant to the audit.

The Group's Internal Audit function has several objectives, in particular:

- to provide independent assurance to the Board, through the Audit & Risk Committee, that internal control processes, including those related to risk management, are relevant, fit for purpose, effective and operating throughout the business;
- to provide a deterrent to fraud and to provide another layer of assurance that the Group is meeting its FCA regulatory requirements; and
- to provide advice on efficiency improvements to internal control processes.

Internal Audit is independent of the business and reports functionally to the Group Finance Director and directly to the Chairman of the Audit & Risk Committee. The Group Head of Internal Audit meets regularly with senior management and the Audit & Risk Committee to discuss key findings and management actions undertaken.

The Group Head of Internal Audit can call a meeting with the Chairman of the Audit & Risk Committee at any time and meets privately with the Audit & Risk Committee, without senior management present, as and when required, but at least annually.

A Management Risk Committee, comprising senior members of management and chaired by the Group Finance Director, assists the Board, Audit & Risk Committee, and Executive Committee in formulating and enforcing the Group's risk management policy. The Head of Internal Audit attends each meeting of the Management Risk Committee. It reports formally to the Audit & Risk Committee.

The Directors confirm that they have monitored throughout the year and carried out (i) a review of the effectiveness of the Group's risk management and internal control systems and (ii) a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. No material weaknesses were identified from the review of the Group's risk management and internal control systems. The Group risk register is reviewed at every meeting of the Audit & Risk Committee and Management Risk Committee and every six months by the Board.

The above controls and procedures are underpinned by a culture of openness of communication between operational and executive management. All investment decisions are scrutinised in detail by the Investment Committee and, if outside the Investment Committee's terms of reference, also by the Board.

The Directors' assessment of the principal risks applying to the Group is set out below, including the way in which risks are linked to the three strategic objectives set out in the Chief Executive Officer's Review. Additional risks and uncertainties not presently known to the Directors, or which they currently consider not to be material, may also have an adverse effect on the Group:

PRINCIPAL RISKS AND RISK MANAGEMENT (CONTINUED)

Risk	Link to strategic objectives (note)	Mitigation	Change in risk since 31 December 2015
Governmental policy Changes to legislation or public policy in the jurisdictions in which the Group operates or may wish to operate could negatively impact the volume of potential opportunities available to the Group and the returns from existing opportunities. The use of PPP programmes by governmental entities may be delayed or may decrease thereby limiting opportunities for private sector infrastructure investors in the future, or be structured such that returns to private sector infrastructure investors are reduced. Governmental entities may in the future seek to terminate or renegotiate existing projects for example to introduce new policies or legislation that result in higher tax obligations on existing PPP or renewable energy projects or otherwise affect existing or future projects. Changes to legislation or public policy relating to renewable energy could negatively impact the economic returns on the Group's investments in renewable energy projects, which would adversely affect the demand for and attractiveness of such projects. Compliance with the public tender regulations which apply to PPP projects is complex and the outcomes may be subject to third party challenge and reversed.	1, 2, 3	The Board limits its exposure to any single jurisdiction. Thorough due diligence is carried out in order to assess a specific country's risk (for example economic and political stability, tax policy and local practices) before any investment is made. Where possible the Group seeks specific contractual protection from changes in government policy and law for the projects it invests in. General change of law is considered to be a normal business risk. During the bidding process for a project, the Group takes a view on an appropriate level of return to cover the risk of non-discriminatory changes in law. During the bidding process for a project, the Group assesses the sensitivity of the project's forecast returns to changes in factors such as tax rates and/or, for renewable energy projects, governmental support mechanisms. The Group targets jurisdictions which have a track record of support for renewable energy investments and which continue to demonstrate such support. Through its track record of more than 120 investment commitments, the Group has developed significant expertise in compliance with public tender regulations.	→ No change
Macroeconomic factors To the extent such factors cannot be hedged, inflation, interest rates and foreign exchange all potentially impact the return generated from an investment and its valuation. Weakness in factors which affect energy prices, such as the oil price, could negatively impact the economic returns on the Group's investments in renewable energy. Weakness in the political and economic climate in a particular jurisdiction could impact the value of, or the return generated from, any or all of the Group's investments located in that jurisdiction.	1, 2, 3	Factors which have the potential to impact adversely the underlying cash flows of an investment, and hence its valuation, are hedged wherever possible at a project level and sensitivities are considered during the investment appraisal process. Systemic risks, such as potential deflation, or appreciation/depreciation of Sterling versus the currency in which an investment is made, are assessed in the context of the portfolio as a whole. The Group seeks to reduce the extent to which its renewable energy investments are exposed to energy prices through governmental support mechanisms and/or off-take arrangements. The Group monitors closely the level of investments it has exposed to foreign currencies, including regularly testing the sensitivity of the financial covenants in its corporate banking facilities to a significant change in the value of individual currencies. Where possible, specific clauses relating to potential currency change within a particular jurisdiction are incorporated in project documentation.	↑ Increased
Liquidity in the secondary market Weakness in the secondary markets for investments in PPP or renewable energy, for example as the result of a lack of economic growth in relevant markets, regulatory changes in the banking sector, liquidity in financial markets, changes in interest and exchange rates and project finance market conditions, and the recent difficulties in parts of the Eurozone, may affect the Group's ability to realise full value from its divestments. The secondary market for investments in renewable energy projects may be affected by, inter alia, changes in energy prices, in governmental policy, in the value of governmental support mechanisms and in project finance market conditions. The ability of JLIF and JLEN to raise finance for further investments may have an impact on both the Group's ability to sell investments in PPP and renewable energy projects and on the Group's asset management business more generally.	1, 2, 3	Projects are appraised on a number of bases, including being held to maturity. Projects are also carefully structured so that they are capable of being divested, if appropriate, before maturity. Over recent years, the secondary markets for both PPP and renewable energy investments have grown. In particular, several new environmental funds have been launched. While JLIF and JLEN are natural buyers of the Group's PPP and renewable energy investments respectively, the size and breadth of secondary markets provide the Group with confidence that it can sell investments to other purchasers.	→ No change

Risk	Link to strategic objectives (note)	Mitigation	Change in risk since 31 December 2015
Financial resources Any shortfall in the financial resources that are available to the Group to satisfy its financial obligations may make it necessary for the Group to constrain its business development, refinance its outstanding obligations, forego investment opportunities and/or sell existing investments. Inability to secure project finance could hinder the ability of the Group to make a bid for an investment opportunity, or where the Group has a preferred bidder position, could negatively impact whether an underlying project reaches financial close. The inability of a project company to satisfactorily refinance existing maturing medium-term project finance facilities periodically during the life of a project could affect the Group's projected future returns from investments in such projects and hence their valuation in the Group's balance sheet. Adverse financial performance by a project company which affects the financial covenants in its project finance loan documents may result in the project company being unable to make distributions to the Group and other investors, which would impact the valuation of the Group's investment in such project company, and may enable project finance debt providers to declare default on the financing terms and exercise their security.	1, 3	In February 2015, the Group entered into corporate banking facilities totalling £350.0 million which mature in March 2020. In June 2016, these facilities were increased to £400.0 million and in December 2016 additional surety facilities (£50.0 million) became committed until March 2018. Available headroom is carefully monitored and compliance with the financial covenants and other terms of these facilities is closely observed. The Group also monitors its working capital, cash collateral and letter of credit requirements and maintains an active dialogue with its banks. It operates a policy of ensuring that sufficient financial resources are maintained to satisfy committed and likely future investment requirements. The Group believes that there is currently sufficient depth and breadth in project finance markets to meet the financing needs of the projects it invests in. The Group works closely with a wide range of project finance providers, including banks and other financial institutions. Projects in which the Group has invested in PPP markets such as Australia and New Zealand, where the tenor of project finance facilities at financial close tends to be medium term, will need to be refinanced in due course. Prior to financial close, all proposed investments are scrutinised by the Investment Committee. This scrutiny includes a review of sensitivities to adverse performance of investment returns and financial ratio tests as well as an assessment of a project's ability to be refinanced if the tenor of its debt is less than the term of the concession or the project's useful life. The Group maintains an active dialogue with the banks and other financial institutions which provide project finance to the projects in which it invests. Monitoring of compliance with financial covenant ratios and other terms of loan documents continues throughout the term of the project finance loan.	→ No change
Pensions The amount of the deficit in the Group's main defined benefit pension scheme (JLPF) can vary significantly due to gains or losses on scheme investments and movements in the assumptions used to value scheme liabilities (in particular life expectancy, discount rate and inflation rate). Consequently the Group is exposed to the risk of increases in cash contributions payable, volatility in the deficit reported in the Group Balance Sheet, and gains/losses recorded in the Group Statement of Comprehensive Income.	1, 3	The Group's two defined benefit pension schemes are overseen by corporate trustees, the directors of which include independent and professionally qualified individuals. The Group works closely with the trustees on the appropriate funding strategy for the schemes and takes independent actuarial advice as appropriate. Both schemes are closed to future accrual and accordingly have no active members, only deferred members and pensioners. A significant proportion of the liabilities of JLPF is matched by a bulk annuity buy-in agreement with Aviva. Other hedging is also in place. The actuarial valuation of JLPF as at 31 March 2016 was finalised in December 2016. The next actuarial valuation is due as at 31 March 2019.	→ No change
Competition The Group operates in competitive markets and may not be able to compete effectively or profitably.	1	The Group believes that its experience and expertise as an active investor and asset manager accumulated over more than 20 years, together with its flexibility and ability to respond to market conditions will continue to enable it to compete effectively and secure attractive investments.	→ No change

PRINCIPAL RISKS AND RISK MANAGEMENT (CONTINUED)

Risk	Link to strategic objectives (note)	Mitigation	Change in risk since 31 December 2015
Valuation The valuation of an investment in a project may not reflect its ultimate realisable value. In circumstances where the revenue derived from a project is related to patronage (i.e. customer usage), actual revenues may vary materially from assumptions made at the time the investment commitment is made. In addition, to the extent that a project company's actual costs incurred differ from forecast costs, for example, because of late construction, and cannot be passed on to sub-contractors or other third parties, investment returns and valuations may be adversely affected. Revenues from renewable energy projects may be affected by the volume of power production (e.g. from changes in wind or solar yield), the availability of fuel (in the case of biomass projects), restrictions on the electricity network, the reliability of electrical connections or other factors such as noise and other environmental restrictions, as well as by changes in energy prices and to governmental support mechanisms. The valuation of the Group's investment portfolio is affected by movements in foreign exchange rates, which are reflected through the Group's financial statements. In addition, there are foreign exchange risks associated with conversion of foreign currency cash flows relating to an investment into and out of Sterling. The valuation of the Group's investment portfolio could be affected by changes in tax legislation, for instance changes to limit tax-deductible interest (see Taxation section). During the construction phase of an infrastructure project, there are risks that either the works are not completed within the agreed time-frame or that construction costs overrun. Where such risks are not borne by sub-contractors, or sub-contractors fail to meet their contractual obligations, this can result in delays or cost overruns, which may adversely affect the valuation of and return on the Group's investments. If construction or other long stop dates are exceeded, this may enable public sector counter-parties and/or project finance debt providers to declare a default and, in the case of the latter, to exercise their security. The Group is reliant on the performance of third parties in constructing an asset to an appropriate standard as well as operating it in a manner consistent with contractual requirements. Poor performance by, or failure of, such third parties may result in the impairment or loss of an investment.	3	The discount rates used to value investments are derived from publicly available market data and other market evidence and are updated regularly. The Group has a good track record of realising investments at prices consistent with the fair values at which they are held. The Group's investments are in projects which are principally availability-based (where the revenue does not generally depend on the level of use of the project asset). Where patronage or volume risk is taken, the Directors review revenue assumptions and their sensitivities in detail prior to any investment commitment. The Group's intention is to maintain a majority of availability – based investments by value in its portfolio. Where the revenue from investments is related to patronage or volume (e.g. with regard to investments in renewable energy projects), risks are mitigated through a combination of factors, including (i) the use of independent forecasts of future volumes (ii) lower gearing versus that of availability-based projects (iii) stress-testing the robustness of project returns against significant falls in forecast volumes. The Group typically hedges cash flows arising from investment realisations or significant distributions in currencies other than Sterling. The intention is that projects are structured such that (i) day-to-day service provision is sub-contracted to qualified sub-contractors supported by appropriate security packages (ii) cost and price inflation risk in relation to the provision of services lies with sub-contractors (iii) performance deductions in relation to non-availability lie with sub-contractors (iv) future major maintenance costs and ongoing project company costs are reviewed annually and cost mitigation strategies adopted as appropriate. The Group has procedures in place to ensure that project companies in which it invests appoint competent sub-contractors with relevant experience and financial strength. If project construction is delayed, sub-contracting arrangements contain terms enabling the project company to recover liquidated damages, additional costs and lost revenue, subject to limits. In addition, the project company may terminate its agreement with a sub-contractor if the latter is in default and seek an alternative sub-contractor. The terms of the sub-contracts into which project companies enter provide some protections for investment returns from the poor performance of third parties. The ability to replace defaulting third parties is supported by security packages to protect against price movement on re-tendering. If long stop dates are exceeded, the Group has significant experience as an active manager in protecting its investments by working with all parties to a project to agree revised timetables and/or other restructuring arrangements.	↑ Increased

Risk	Link to strategic objectives (note)	Mitigation	Change in risk since 31 December 2015
Counterparty risk The Group is exposed to counterparty credit risk with regards to (i) governmental entities, sub-contractors, lenders and suppliers at a project level and (ii) consortium partners, financial institutions and suppliers at a Group level. Public sector counter-parties to PPP projects may seek to renegotiate contract terms and/or terminate contracts in a way which impacts the valuation of one or more of the Group's investments. In overseas jurisdictions, the Group's investments backed by governmental entities may ultimately be subject to sovereign risk.	3	The Group works with multiple clients, joint venture partners, sub-contractors and institutional investors so as to reduce the probability of systemic counterparty risk in its investment portfolio. In establishing project contractual arrangements prior to making an investment, the credit standing and relevant experience of a sub-contractor are considered. Post contract award, the financial standing of key counterparties is monitored to provide an early warning of possible financial distress. PPP projects are normally structured so as to provide significant contractual protection for equity investors. Such protection may include "termination for convenience" clauses which enable public sector counter-parties to terminate projects subject to payment of compensation, including equity investors. PPP projects are normally supported by central and local government covenants, which significantly reduce the Group's risk. Risk is further reduced by the increasing geographical spread of the Group's investments. Counterparties for deposits at a Group level, project debt swaps and deposits within project companies are required to be banks with a suitable credit rating and are monitored on an ongoing basis. Entry into new geographical areas which have a different legal framework and/or different financial market characteristics is considered by the Board separately from individual investment decisions. Typically, a substantial proportion of the revenue generated by renewable energy projects is backed by governmental support mechanisms.	↑ Increased
Major incident A major incident at any of the Group's main locations or any of the projects invested in by the Group, such as a terrorist attack, war or significant cyber-attack, could lead to a loss of crucial business data, technology, buildings and reputation and harm to the public, all of which could collectively or individually result in a loss of value for the Group.	2, 3	At financial close, projects benefit from comprehensive insurance arrangements, either directly or through contractors' insurance policies. Detailed business continuity plans have been designed and are tested at frequent/regular intervals. Business continuity procedures are also regularly updated in order to maintain their relevance. John Laing operates to independent, third party-certified management systems in respect of health and safety (OHSAS 18001:2007). In addition, it routinely monitors health, safety and environmental issues in the projects it invests in or manages. Cyber risk is addressed through (i) the Group's organisational structure which includes segregation of responsibilities, delegated lines of accountability, delegated authorities and outsourced IT arrangements, as well as (ii) specific controls, including controls over payments and access to IT systems.	→ No change
Investment adviser agreements with JLIF and JLEN A loss of JLCM's investment adviser agreements with JLIF and/or JLEN respectively would be detrimental to the Group's Asset Management business.	2	Through JLCM, and supported by other parts of the Asset Management division, the Group focuses on delivering a high quality service to both funds.	→ No change
Future returns from investments The Group's historical returns and cash yields from investments may not be indicative of future returns. The Group's expected hold-to-maturity internal rates of return from investments are based on a variety of assumptions which may not be correct at the time they are made and may not be achieved in the future.	1, 2, 3	In bidding for new projects, the Group sets a target internal rate of return taking account of historical experience, current market conditions and expected returns once the project becomes operational. The Group continually looks for value enhancement opportunities which would improve the target rate of return. At the investment appraisal stage, projects are tested for their sensitivity to changes in key assumptions.	→ No change

PRINCIPAL RISKS AND RISK MANAGEMENT (CONTINUED)

Risk	Link to strategic objectives (note)	Mitigation	Change in risk since 31 December 2015
Taxation The Group may be exposed to changes in taxation in the jurisdictions in which it operates, or it may cease to satisfy the conditions for relevant reliefs. Tax authorities may disagree with the positions that the Group has taken or intends to take. Project companies may be exposed to changes in taxation in the jurisdictions in which they operate. In October 2015, the OECD published its recommendations for tackling BEPS by international companies. It identified the use of tax deductible interest as one of the key areas where there is opportunity for BEPS by international companies. It is up to the governments of OECD countries to decide how to implement the OECD's recommendations into their domestic law. To the extent that one or more of the jurisdictions in which the Group operates changes its rules to limit tax deductible interest, this could significantly impact (i) the tax payable by subsidiaries of the Group (ii) the valuation of existing investments (iii) the way in which future project-financed infrastructure investments are structured, in each case in such jurisdictions.	1, 3	Tax positions taken by the Group are based on industry practice and/or external tax advice. At the investment appraisal stage, projects are tested for their sensitivity to changes in tax rates. Project valuations are regularly updated for changes in tax rates. In March 2016, in response to the OECD recommendations, the UK Government announced proposals for the introduction of a Fixed Ratio Rule to cap the amount of tax deductible net interest to 30% of a company's UK EBITDA. This was followed by a detailed consultation paper in May 2016 and detailed legislation in November 2016 and January 2017 (for further information, see the Financial Review section). The Group's understanding is that not all governments will implement the OECD recommendations in the same way. Some believe their existing rules are adequate to limit the scope for BEPS. Others may take advantage of grandfathering provisions or the potential for exemptions for projects with a public benefit. The Group's effective tax rate tends to be lower than the standard rate of UK corporation tax principally because the contributions the Group makes to JLPF are deductible for tax purposes.	↑ Increased
Personnel The Group may fail to recruit or retain key senior management and skilled personnel in, or relocate high-quality personnel to, the jurisdictions in which it operates or seeks to expand. As a result of the outcome of the UK referendum on membership of the EU, there is some uncertainty as to the position of certain EU nationals living and working in the UK. This uncertainty could impact the Group's ability to recruit and retain EU nationals in the UK.	1, 2, 3	The Group regularly reviews pay and benefits to ensure they remain competitive. The Group's senior managers participate in long term incentive plans. The Group plans its human resources needs carefully, including appropriate local recruitment, when it bids for overseas projects. The Group has the ability to recruit EU nationals in its Amsterdam office or could open further offices in other EU jurisdictions if necessary.	→ No change

Notes:

The Group's three strategic objectives, as set out in the Chief Executive Officer's Review, are:

1 Growth in primary investment volumes (new capital committed to greenfield infrastructure projects) over the medium term.

2 Growth in the value of external AuM and related fee income.

3 Management and enhancement of the Group's investment portfolio, with a clear focus on active management during construction, accompanied by realisations of investments which, combined with the Group's corporate banking facilities and operational cash flows, enable it to finance new investment commitments.

CORPORATE RESPONSIBILITY

"THE JOHN LAING GROUP REMAINS COMMITTED FOR THE LONG TERM TO ITS CORPORATE RESPONSIBILITY AGENDA. Our community investment strategy is based on supporting the efforts of our employees with the worthy causes they select to make a significant positive impact. At the company level we believe it is most effective to support and encourage our employees to contribute positively in their own capacities to good causes where they live and work. Our policies and procedures in general reflect our values as a responsible employer which operates with integrity, and in a manner that is both ethical and transparent."

Olivier Brousse
CHIEF EXECUTIVE OFFICER

COMMUNITY INVESTMENT

Our community investment strategy is based on delivery through our employees and a number of partners.

Since 2006 we have been an active Patron of the Prince's Trust, which has allowed us to support disadvantaged and vulnerable young people across the UK, to help them move into work, education or training. In September 2016, a team of 25 John Laing staff and members of their families undertook a mountain challenge in the UK's Lake District which contributed to raising £9,424 for the Prince's Trust.

The Group encourages its staff across each of the different markets where it operates to involve themselves in activities that benefit local communities, both related and unrelated to projects John Laing is working on.

During the year, John Laing employees helped in the fundraising, design and management of the renovation of a run-down community playground in East London and supported a high school programme in Perth, Australia providing leadership opportunities for indigenous Australian youths, using different activities to build leadership, self-esteem and overall well-being.

THE JOHN LAING CHARITABLE TRUST (JLCT)

JLCT supports the valuable work of welfare visitors who look after the needs of former employees and their surviving partners. Its trustees also provide considerable funds each year to those in need of financial help and assistance.

All John Laing employees or members of their immediate family directly involved in a charity are able to apply to JLCT for a grant of £1,000 to support a good cause; additionally, JLCT is able to match charitable donations raised by employees, up to a value of £1,500 per employee. In total 61 employees received funds for charities under these schemes during the year. Through JLCT, the Company rewarded the loyalty of long serving staff and recognised their contribution to the business through the annual Star Awards (see Workplace section). In 2016, employees who received such awards were given the opportunity to donate up to £1,000 towards a charity of their choice.

During 2016, JLCT made combined donations of over £88,000 to charities and other activities supported by John Laing staff. These included the Brunswick Surf Lifesaving Club in New South Wales, Australia, Parkinsons UK and the Michael J Fox Foundation for Parkinsons Research in the US.

HEALTH AND SAFETY

John Laing operates a management system that is compliant with the requirements of the internationally-recognised occupational health and safety management system BS OHSAS 18001:2007 and conducts its undertakings in accordance with the Health and Safety at Work Act 1974 and all other applicable legislation. As an international organisation, we adhere to all relevant UK legislated standards and work to country specific standards, where these are higher.

These arrangements demonstrate our ongoing commitment to maintaining the highest standards of health and safety for our staff and those who may be directly or indirectly affected by our activities. We strive to deliver continual improvement in all areas of our health and safety performance and regularly engage with our employees.

ENVIRONMENT

We seek to reduce the impact on the environment from infrastructure projects in which we invest through engagement with both projects' public sector clients and contractors alike. Wherever possible, we develop joint strategies to reduce both greenhouse gas emissions and the volume of 'waste to landfill' produced by such projects.

John Laing captures energy data covering head office and business travel activities in order to determine and, where feasible, reduce our direct consumption and associated carbon footprint. The majority of our office accommodation is fitted with energy efficient technology to ensure our operations do not cause unnecessary detriment to the environment.

In order to comply with the Energy Savings Opportunity Scheme Regulations 2014 (ESOS Regulations), John Laing issued a qualifying and independently audited submission to the Environment Agency during November 2015. Organisations that qualify for the ESOS scheme must carry out ESOS assessments every four years.

Greenhouse Gas Emissions report

Since John Laing Group plc became a listed company in February 2015, we have had a regulatory obligation to report greenhouse gas (GHG) emissions pursuant to Section 7 of The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Methodology

We quantify and report our GHG emissions according to the Greenhouse Gas Protocol and have utilised the UK Government 2016 Conversion Factors for Company Reporting and European Residual Mixes 2014 (RE-DISS II) in order to calculate CO_2 equivalent emissions from corresponding activity data.

CORPORATE RESPONSIBILITY (CONTINUED)

Supplier specific emission factors were supplied in CO_2 tonnes (tCO_2) by N.V. Nuon Energy, Momentum, EDF Energy and Opus Energy Limited.

The information disclosed has been prepared in accordance with the recent amendments to the Greenhouse Gas Protocol's Scope 2 Guidance and therefore includes both location-based and market-based Scope 2 emission figures. When quantifying emissions using the market-based approach John Laing uses a supplier specific emission factor where possible. If this is unavailable, a residual mix emissions factor is then used, and as a last option the location-based grid emissions factor is used.

Greenhouse Gas Emissions

In 2016, John Laing emitted a total of 82 tonnes of CO_2 equivalent ("tCO_2e") Scope 1 direct emissions from fuel combustion and operation of our facilities. This tCO_2e figure includes the estimated CO_2 equivalent emissions of GHG such as methane or nitrous oxide, in addition to CO_2.

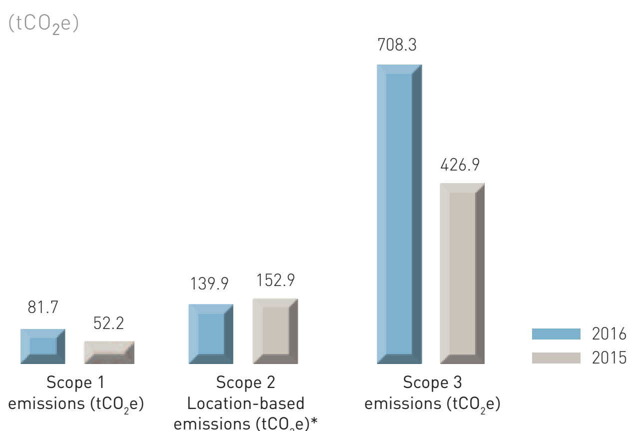
Through electricity purchased for our own use (Scope 2 indirect), we emitted a total of 140 tCO_2e when taking the location-based approach and 97 tCO_2e when taking the market-based approach. We have also chosen to voluntarily report Scope 3 emissions arising from our business travel and water consumption where information is available.

The table below shows our tCO_2e emissions by scope for the past two years. Emissions from the consumption of electricity outside the UK are reported in tCO_2 rather than tCO_2e. Scope 2 emissions were calculated using the market-based approach with supplier specific emission factors and residual mix emission factors.

Greenhouse gas emissions in tonnes of carbon dioxide equivalent (tCO_2e)	2016	2015
Combustion of fuel and operation of facilities (Scope 1)	**81.7 tCO_2e**	52.2 tCO_2e
Electricity, heat, steam and cooling purchased for our own use (Scope 2: location-based)	**139.9 tCO_2e**	152.9 tCO_2e
Electricity, heat, steam and cooling purchased for our own use (Scope 2: market-based)	**97.0 tCO_2**	105.9 tCO_2
Other indirect emissions (Scope 3)	**708.3 tCO_2e**	426.9 tCO_2e

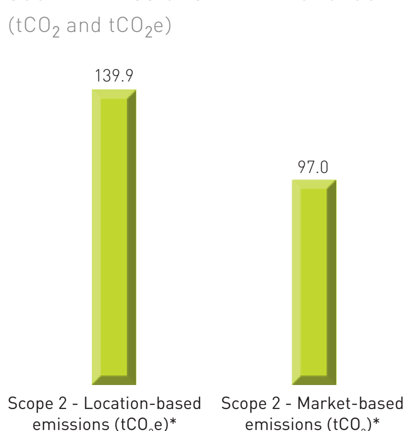
TOTAL EMISSIONS 2016 AND 2015

(tCO_2e)



SCOPE 2 EMISSIONS BY METHODOLOGY

(tCO_2 and tCO_2e)



* Emission factors for electricity consumption outside the UK are reported in tCO_2, not tCO_2e, due to the lack of available emission factors.

The table below shows our emissions for the years ended 31 December 2016 and 2015 using the two different Scope 2 methodologies. These calculations are based on a figure of approximately 240 full-time equivalent (FTE) employees during 2016.

	Location-based approach		Market-based approach	
	2016	2015	2016	2015
Scope 1 & 2 emissions	**221.6 tCO_2e**	205.1 tCO_2e	**178.7 tCO_2e**	158.1 tCO_2
Scope 1 & 2 emissions per full-time equivalent (FTE) employee	**0.92 tCO_2e**	0.82 tCO_2e	**0.75 tCO_2e**	0.63 tCO_2
Scope 1, 2 & 3 emissions	**929.9 tCO_2e**	632.0 tCO_2e	**886.9 tCO_2e**	585.0 tCO_2

Emissions increased between 2015 and 2016 mainly due to an increase in business travel and actual data replacing estimated data, offset by a reduction in electricity usage.

Reporting Boundaries and Limitations

Our organisational reporting boundary is based on operational control and we have adopted a materiality threshold of 10% for GHG reporting purposes. The GHG sources that fall within our organisational reporting boundary for 2016 are:

- Scope 1: Natural gas combustion within boilers and fuel combustion within leased vehicles
- Scope 2: Purchased electricity consumption for our own use within buildings and leased electric vehicles
- Scope 3: Business travel and the supply and treatment of water.

Assumptions and Estimations

In some cases, missing data has been estimated using either extrapolation of available data from the reporting period or data from 2015 as a proxy. No data was available for the New York, Auckland or Toronto offices, because energy consumption is not separately measured for each of these offices, and therefore an average annual consumption figure per square metre of floor area was used to estimate electricity consumption at these sites.

WORKPLACE

Our People

John Laing aims to attract and retain, develop and reward high quality employees. We support our people through learning and development so they can maximise their career potential and their value as an employee, and we encourage them to achieve an appropriate work-life balance. We recognise that investing in our people is critical to the success of our business.

We are committed to a positive working environment which is free from any discrimination or unfair treatment and which provides all employees with equal opportunities to develop within the Group.

Employment

At 31 December 2016, the Group employed 160 people in the UK and overseas (2015 – 252). The decrease from 2015 was largely due to the sale of our PMS activities in the UK on 30 November 2016. Partly as a result, the percentage of staff located outside the UK has increased to 36% at 31 December 2016 from 22% at the end of last year.

Employee Engagement

Employees are regularly informed of progress and updates in the business through conference calls conducted by senior management as well as through other briefings on topical and relevant business issues. The Group's 15-20 most senior managers met on three occasions in 2016 over one to two days to address specific business issues and future strategy.

Recognition and Reward

We review our pay and benefits structure on an annual basis to ensure that we remain competitive within the market, are attractive to potential new employees, and provide the right link between performance and reward. As well as a competitive pay and benefits structure, we recognise and reward employee performance through bonuses and long-term incentive plans.

We conduct annual staff awards (the Star Awards) which provide for recognition of the achievements and contributions employees make to both the business and the community.

Work-Life Balance Policies

We recognise the importance of a working environment which enables employees to achieve a balance between their work and personal life to the mutual benefit of the individual, the business and society. Our aim is to create an environment that supports staff and their general wellbeing, maintains effective working practices and enables a productive and positive balance between work and life outside work. The Group has a number of work-life balance policies and practices in place which support flexible working, working parents and periods of absence from the work place. The Group seeks to exceed statutory minimum requirements where it can. For example, we offer enhanced maternity, paternity and adoption pay arrangements.

The Group also provides an employee assistance programme which is available to all employees, their partners and their immediate family. This is an independent service which offers support and counselling on a wide range of work, personal and family issues.

Modern Slavery Act

The UK Modern Slavery Act addresses the role of businesses in preventing modern slavery within their organisations and down into their supply chain. Our first statement is being prepared and will be published in due course on our Group website. The statement will set out the steps the Group has taken to ensure slavery and human trafficking is not taking place in any part of our business or supply chains.

Learning and Development

We aim to enhance the skills, development and learning of all our employees through external courses and seminars, sponsorship for undertaking professional qualifications, secondments, development assessments and coaching and mentoring.

Retention of our employees through effective development is key to the success of the business. Throughout 2016, we also focused on the development requirements of individuals and teams, supported where necessary with external facilitation, to ensure teams were operating effectively.

We continue to focus on the development of our people through a bi-annual Performance Development Review. This encourages a two-way discussion on performance and objectives between individuals and their managers. It also allows individuals to discuss their career aspirations and identify with their manager development opportunities.

Staff numbers at 31 December 2016, broken down by certain remuneration and gender criteria, were:

	Total Number		Male Number		Male %		Female Number		Female %	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Total Group	**160**	252	**107**	153	**67**	67	**53**	99	**33**	33
Senior managers earning above £70,000 per annum	**96**	103	**84**	91	**88**	88	**12**	12	**12**	12
Executive Directors	**2**	2	**2**	2	**100**	100	**–**	–	**–**	–

DIRECTORS AND COMPANY SECRETARY

* EXECUTIVE DIRECTORS
** NON-EXECUTIVE DIRECTORS

**Dr Phil Nolan BSc PHD MBA

Chairman

Phil has been Chairman since joining John Laing in January 2010. He has a wealth of experience on the boards of many companies, private and public and in both an executive and non-executive capacity. He is non-executive Chairman of Affinity Water Limited, Chairman of Ulster Bank Ireland Limited and a non-executive director of EnQuest PLC. He was Chairman of Infinis, a then privately held, leading renewable energy generator between 2007 and 2010, Chairman of Sepura plc, a listed, global supplier of TETRA radios between 2007 and 2010 and CEO of Eircom, Ireland's national telecommunications supplier from 2002 to 2006. Prior to that, he served as an Executive Director of BG Group plc and CEO of Transco plc from 1998 and in 2000, led the demerger of Transco as CEO of the Lattice Group. Age 63

*Patrick O'D Bourke MA, ACA

Group Finance Director

Patrick joined John Laing in 2011 as Group Finance Director. He graduated from Cambridge University and qualified as a chartered accountant with Peat Marwick (now KPMG) before spending nine years in investment banking with first Hill Samuel and then with Barclays de Zoete Wedd. In 1995, he joined Powergen plc where he was responsible for mergers and acquisitions before becoming Group Treasurer. From 2000 to 2006, he was Group Finance Director of Viridian Group PLC, the Northern Ireland based energy group, becoming Group Chief Executive in 2007 after Viridian was taken private. He joined the Board of Affinity Water Limited in 2013 as a non-executive director. Age 59

**Dr Jeremy Beeton CB, BSc, CEng, FICE

Independent Non-Executive Director

Jeremy joined John Laing in December 2014 as a non-executive director. He is a Fellow of the Institution of Civil Engineers with 40 years of international experience in project and programme management over very large multi-site, multiple project operations portfolios for and within government, public companies and private companies. He is also currently an independent non-executive director of SSE plc, an independent non-executive director of WYG plc, an Advisory Board member of PricewaterhouseCoopers LLP and Chairman of Merseylink Ltd. He has also been appointed as an independent non-executive director of OPG Power Ventures Plc. Additionally, Jeremy sits on the governing Court of Strathclyde University. He was Director General of the London 2012 Olympic and Paralympic Games from 2007 until the Olympic Baton was passed on to Rio de Janeiro in 2012. For eight years prior to this, he was a Principal Vice President with Bechtel, responsible for their worldwide civil operations and has lived and worked extensively in the Middle East and Asia Pacific. He was awarded CB in the 2013 New Year Honours and holds an honorary Doctorate of Engineering from Napier University. Age 63

**David Rough BSc Hons

Senior Independent Director

David joined John Laing in December 2014 as a non-executive director. He has spent his life working in the financial services sector predominantly in the investment management business. He joined Legal and General in 1988 and was made head of securities in 1989. In 1991, David was appointed to the group board as Group Director (Investments) responsible for the group's investment operations. He retired from the business in 2002. During that time he also served as chairman of the Association of British Insurers' Investment Committee. David has been a non-executive and senior independent director on a number of boards, including Land Securities, London Metal Exchange, Friends Provident and Xstrata. Since 2003, David is a non-executive director of Brown Shipley, a wealth management business and he was appointed as a non-executive director of Hansteen Holdings plc in October 2015. Age 66

*Olivier Brousse EP, ENPC

Chief Executive Officer

Olivier joined John Laing in March 2014 as Chief Executive Officer. Following graduation from École Polytechnique and École Nationale des Ponts et Chaussées in France, he became Commercial Director of Unic Systems and then Chief of Staff to the Chairman and CEO of Compagnie Générale des Eaux in 1994, both in France. In 1998, he moved to London as CEO of Connex Trains and then moved to Washington DC in 2003 as CEO of Veolia Transportation Inc. He came back to France in 2007 as Deputy CEO of Veolia Transport Group, responsible for French and US businesses. From 2008 to 2014, he served as CEO and then Executive Chairman of Saur SA in France. In 2016, he was awarded the Légion d'Honneur by the French President François Hollande. Age 52

**Anne Wade BA, MSc

Independent Non-Executive Director

Anne joined John Laing in December 2014 as a non-executive director. An asset manager by background, Anne has extensive experience in capital markets. From 1995 to 2012, she was Senior Vice President and Director of Capital International. Throughout her 17 year career with Capital, she was responsible for infrastructure-related investments. Anne is a Director and member of the Audit Committee of Summit Materials Inc in the US, of the Heron Foundation in New York, and of Big Society Capital in London. She is also a Partner with Leader's Quest. Anne was previously a non-executive director and member of the Governance and Strategy Committee of Holcim, based in Switzerland. Anne has a BA from Harvard and an MSc from the London School of Economics. Age 44

**Toby Hiscock MA (Oxon), FCA

Independent Non-Executive Director

Toby joined John Laing in June 2009 as a non-executive director. He is a qualified chartered accountant with 35 years' experience as a finance professional. He was the Chief Financial Officer and an Executive Director of Henderson Group plc from 2003 until his retirement in 2009, and was responsible for all aspects of financial stewardship of the Henderson Group. Before Henderson, he was a senior manager at Midland Bank Group in London and from 1981 to 1988 worked for Binder Hamlyn, Chartered Accountants after graduating from Oxford University. Toby is also a non-executive director of and consultant to a number of other public and private institutions. Age 57

COMPANY SECRETARY

Carolyn Cattermole LLB

Group General Counsel and Company Secretary

Carolyn joined John Laing in September 2012 as Group General Counsel and Company Secretary. Her previous roles were General Counsel and Company Secretary of DS Smith Plc, the international supplier of recycled packaging, for ten years, and Company Secretary of Courtaulds Textiles plc for three years. Prior to that, she was a senior legal adviser with Courtaulds plc, having qualified as a solicitor with Norton Rose. Age 56

DIRECTORS' REPORT

The Directors submit their Annual Report and the audited Group and Company financial statements of John Laing Group plc for the year ended 31 December 2016. The Group financial statements are set out on pages 76 to 110 and the Company financial statements on pages 111 to 124. Disclosures made elsewhere in this Annual Report are cross-referenced (and thereby deemed disclosed) in this Directors' Report as appropriate.

GROUP ACTIVITIES

John Laing is an originator, active investor and manager of international infrastructure projects. John Laing Group plc is a company incorporated in England and Wales with company number 05975300.

A list of the Company's investments at 31 December 2016 can be found in note 13 to the Company financial statements on page 119 of this Annual Report.

On 30 November 2016, John Laing sold its UK PMS activities to HCP Management Services Limited. The Directors are not aware, at the date of this report, of any major changes in the Group's activities in the coming year.

The Group's GHG emissions for 2016 are presented in the Corporate Responsibility section.

RESULTS AND DIVIDENDS FROM CONTINUING OPERATIONS

The John Laing Group statutory profit before taxation from continuing operations for the year ended 31 December 2016 was £192.1 million (2015 – £97.5 million; pro forma profit before tax of £100.9 million).

The Company-only statutory profit for the year was £138.4 million (see page 112) (2015 – £170.7 million).

An interim dividend of 1.85 pence per ordinary share was paid on 28 October 2016 and the Directors are recommending a final dividend of 6.30 pence per ordinary share which, together with the interim dividend, makes a total dividend for the year of 8.15 pence. Subject to the approval of shareholders at the AGM to be held on 11 May 2017, the final dividend will be paid on 19 May 2017 to shareholders on the register at the close of business on 21 April 2017.

FINANCIAL INSTRUMENTS

The Group's financial risk management objectives and policies and its exposure to the following risks – market, credit, price, liquidity and capital – are detailed in note 16 to the Group financial statements.

POST BALANCE SHEET EVENTS

Post balance sheet events are detailed in note 25 to the Group financial statements.

KEY EVENTS AND FUTURE DEVELOPMENTS

The key events during the year and the development of the business of the John Laing group of companies are set out in the Strategic Report on pages 8 to 43. The Strategic Report includes the Financial Review on pages 27 to 33, the viability statement on page 34 and the principal risks facing the Group on pages 35 to 40.

GOVERNANCE ARRANGEMENTS

Information regarding the Company's governance arrangements is set out in the Corporate Governance Report on pages 48 to 51. These pages are incorporated by reference into the Directors' Report.

SHARE CAPITAL

Details of the Company's issued share capital and the rights and restrictions attached to the shares, together with details of movements in the issued share capital during the year, are shown in note 20 to the Group financial statements on page 107 of this Annual Report. The Company has not utilised its authority to make market purchases of shares granted to it at the 2016 AGM but, in line with market practice, will be seeking to renew such authority at this year's AGM.

MAJOR INTERESTS IN ORDINARY SHARES

Notifications of the following major voting interests in the Company's ordinary share capital (notifiable in accordance with Rule 5 of the FCA's Disclosure and Transparency Rules or section 793 of the Companies Act 2006) had been received by the Company as at 31 December 2016 and 1 March 2017:

	As at 31 December 2016	**% of issued share capital**	**As at 1 March 2017**	**% of issued share capital**
Blackrock Investment Management	36,651,411	9.99	36,657,411	9.99
Schroder Investment Management	32,900,941	8.97	32,246,434	8.79
Standard Life (Holdings) Limited	24,605,308	6.71	23,850,000	6.50
Henderson Global Investors	15,946,819	4.35	15,946,759	4.35
Morgan Stanley Investment Management	18,135,078	4.94	15,311,394	4.17
Universities Superannuation Scheme	16,060,000	4.38	15,150,000	4.13

The processes by which the Company seeks to understand the views of its major shareholders are described on page 51.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a Director at the date of approval of this report confirms that:

- as far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with section 418 of the Companies Act 2006.

BOARD OF DIRECTORS

The following Directors served on the Board during the year.

P M G Nolan
O Brousse
P O'D Bourke
N T Hiscock
J J Beeton
D Rough
A K Wade

Biographical details of the current Directors can be found on page 45 of this Annual Report.

In accordance with best practice, all Directors will retire at each AGM and offer themselves for re-election.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has purchased and maintains appropriate insurance cover in respect of Directors' and Officers' liabilities. The Company has also entered into qualifying third party indemnity arrangements for the benefit of its Directors, in a form and scope which comply with the requirements of the Companies Act 2006.

MATERIAL CONTRACTS

The Group's £400.0 million committed corporate banking facilities dated 19 January 2015, as amended and restated on 21 June 2016, terminate on 9 March 2020 and include a change of control clause. In the event of a change of control occurring, it would be expected that new financing arrangements to fund the outstanding utilisations would need to be made by the incoming owners. Separately, the Group entered into liquidity facilities in November 2016 to back surety facilities of £50.0 million which extend until March 2018. These facilities contain change of control provisions similar to the main facilities.

EMPLOYEES

The Group seeks to ensure employee commitment to its objectives in a number of ways. Strategic changes are communicated directly to all staff and resultant queries are handled by the relevant business head or Executive Committee member as appropriate. Regular team briefings at local level provide employees with information about the performance of, and initiatives in, their part of the business. A wide range of information is also communicated across the Group's intranet.

The framework within which decisions about people are made is set out in the Group's personnel policies which are available to all staff. It is part of those policies to employ and train disabled people whenever their skills and qualifications allow and when suitable vacancies arise. If existing employees become disabled, every effort is made to find them appropriate work and training is provided if necessary.

Further details relating to the employees of the Group (including details of certain of the Group's employment policies) can be found on page 43 of the Corporate Responsibility section of this Annual Report.

The Directors' Report, the Strategic Report, the Corporate Governance Report and the Directors' Remuneration Report were approved by the Board on 6 March 2017.

MANAGEMENT REPORT

Together, the Strategic Report and the Directors' Report comprise the 'management report' for the purposes of the FCA's Disclosure & Transparency Rules (DTR 4.1.5R).

On behalf of the Board

Carolyn Cattermole
GROUP GENERAL COUNSEL AND COMPANY SECRETARY
6 March 2017

CORPORATE GOVERNANCE REPORT

The Board has resolved that the disclosures to be made in the Annual Report regarding the operation of the Board and its sub-committees should comply with the requirements of the UK Corporate Governance Code (the Code) and best practice generally. The Company complied with the requirements of the Code throughout 2016. The Code is published by the Financial Reporting Council and the full text is available on its website at www.frc.org.uk. The following section describes how the Board applies the main principles of the Code.

DIRECTORS

The Directors were appointed to the Board in the early part of 2015 in anticipation of the admission of the Company's ordinary shares to the premium listing segment of the FCA and to trading on the London Stock Exchange's main market of listed securities. The Board believes it has an appropriate balance of skills and experience.

The Board met on a regular basis throughout the year and as needed to deal with special business. The Board has appointed an Audit & Risk Committee, a Nomination Committee and a Remuneration Committee which consider issues relevant to their specific terms of reference. The offices of the Chairman and the Chief Executive Officer are held separately.

Board meetings follow a formal agenda of matters reserved for decision and approval by the Board and also address any special business. Matters reserved for the Board include the review of strategy and organisational change, the review and monitoring of internal controls and risk management processes, the approval of significant investments and disposals, the approval of budgets and the regular review of current trading and the financial position of the Group. A schedule of matters reserved for the Board is published on the Company's website at www.laing.com. The Board receives regular reports on current trading and the financial position and forecasts of the Group prior to its meetings. In addition, the Board receives relevant information on business, corporate and strategic issues. Formal procedures exist to ensure that the Board is made aware of any significant health and safety issues and non-compliance with statutory regulations. Olivier Brousse is the Board member responsible for health and safety issues. Further details of the Company's approach to health and safety are set out in the Corporate Responsibility section of the Strategic Report on page 41 of this Annual Report.

The Company maintains a register of Directors' conflicts. At the end of each year, all Directors make a declaration concerning any conflicts they or their connected persons may have. In addition, at the start of each Board meeting, as a routine item, Directors are asked to declare any interests that might conflict with the agenda items under discussion. Directors may also notify the Company, via the Company Secretary, at any time, of any potential or future conflicts that may arise. Any such notifications are reviewed at the next Board meeting and, if considered appropriate, authorised. Directors do not participate in the discussion or vote regarding their own conflicts. If authorised, any conflicts are entered in the register of Directors' conflicts.

All Directors may take independent professional advice at the Group's expense in the furtherance of their duties and have full access to the Group General Counsel and Company Secretary.

Upon appointment, non-executive directors undertake an induction process to familiarise themselves with the Group's activities, policies and key issues. During their appointment they are expected to dedicate adequate time to carry out their role effectively and to challenge management in a constructive way.

The Chairman meets regularly with the other non-executive directors to discuss the performance of the Board and the Board sub-committees. The performance of Executive Directors is measured against predetermined objectives that are agreed with each Executive Director at the start of the financial year.

The Chairman has no executive responsibilities but leads and sets the agenda for the Board. The Chairman also acts as an interface between the Executive Directors and non-executive directors.

EFFECTIVENESS

In 2016, the Chairman and the Group General Counsel and Company Secretary appointed Colin Mayer, an independent external facilitator, to conduct a Board evaluation review. The process consisted of structured interviews with each Director, selected senior management, the external and internal auditors, the Company's corporate brokers, two shareholders and two equity analysts, as well as attendance at several Board and Committee meetings.

The conclusions of the review were that John Laing is a well governed and well regarded company that conforms to the requirements of the Code. The Company has a high calibre Board. Proceedings are well run, with a strong collegiate approach, which encourages open and frank discussions.

A number of agreed action points from the 2016 Board evaluation review are set out below:

- Following good progress since the Company's listing in February 2015, the Board now needs to focus on the future development of the business. This should include devoting sufficient time and attention to strategy and its implementation;
- As the business becomes more international, so the Board's governance may need to become more international;
- The Board should give careful consideration to its risk appetite when adopting its expansion plans;
- There needs to be more opportunity for engagement of the non-executive Directors with management below the senior management level; and
- There should be more structured Board succession planning.

In addition, the Senior Independent Director led a review of the Chairman, in conjunction with the other Board members. The review recognised that the Chairman brings a deep knowledge of the business, together with extensive experience and expertise. Certain areas of focus were identified to optimise the operation of the Board in the future, and these areas will be considered at the following year's review.

BOARD AND COMMITTEE ATTENDANCE

	Board	Nomination Committee	Audit & Risk Committee	Remuneration Committee
Total number of meetings in 2016	9	1	5	4

Total number of meetings attended in 2016

	Independent	Board	Nomination Committee	Audit & Risk Committee	Remuneration Committee
Executive Directors					
Olivier Brousse	No	9	1	n/a	n/a
Patrick O'D Bourke	No	9	n/a	n/a	n/a
Non-Executive Directors					
Phil Nolan	On appointment	9	1	n/a	n/a
Jeremy Beeton	Yes	9	1	5	4
Toby Hiscock	Yes	9	1	5	4
David Rough	Yes	9	1	5	4
Anne Wade	Yes	9	1	n/a	4

BOARD SUB-COMMITTEES

Sub-committees of the Board have been constituted to consider and make recommendations to the Board regarding matters relating to external and internal audit, internal control and risk management processes, the selection of appropriate accounting policies, the presentation of the half year and full year accounts, investment performance, acquisitions and disposals and the appointment of Directors and Directors' remuneration. Membership is determined by the Board and the duties of the Board sub-committees are set out in the following sections of this report.

All the sub-committees of the Board operate within clearly defined terms of reference which are reviewed and updated to reflect best practice and the Code as far as is commercially practicable. The terms of reference of the sub-committees are available on request from the Group General Counsel and Company Secretary and are published on the Company's website at www.laing.com.

AUDIT & RISK COMMITTEE

The Audit & Risk Committee, formerly the Audit Committee, is chaired by Toby Hiscock, a non-executive director, who has up to date relevant financial experience. The other members are David Rough and Jeremy Beeton.

During the year, the Committee met five times. Its terms of reference were widened following the meeting in February 2016. It now considers in more detail risk management processes in addition to reviewing internal control procedures, including internal audit plans, and the interim and full year results, including external audit plans. Regular reviews of significant risks are undertaken at meetings of the Committee and its observations are reported to the Board. The Group's system of internal control is designed to manage and mitigate rather than eliminate altogether the risk of failure to meet business objectives and can only provide reasonable, but not absolute, assurance against material financial misstatement or loss.

The Internal Audit function provides independent assurance to the Board, through the Audit & Risk Committee, that internal control processes, including those related to risk management, are relevant, effective and have operated across the business throughout the year.

The Group Finance Director is normally invited to attend meetings, along with other members of management as appropriate. The external auditor and Head of Internal Audit are also invited to attend meetings and meet with the Audit & Risk Committee privately, without management present, at least once a year.

The Committee considers and approves the external audit approach with the external auditor. The Committee reviews the independence of the external auditor and the procedures in place to ensure that its independence is not compromised. The Committee's specific approval is required for non-audit services performed by the external auditor where the fee is expected to exceed £20,000 in accordance with the Company's charter of statutory auditor independence (a copy of which can be found on the Company's website at www.laing.com).

Audit & Risk Committee meetings are minuted and copies of the minutes are provided to the Directors and the external auditor.

The Committee reports to the Board, through the Chairman of the Committee.

CORPORATE GOVERNANCE REPORT (CONTINUED)

NOMINATION COMMITTEE

The Committee met once during the year. Phil Nolan is the Chairman of the Committee. The other members of the Committee are the four non-executive directors (Anne Wade, David Rough, Jeremy Beeton and Toby Hiscock) and the Chief Executive Officer.

The purpose of the Nomination Committee is to consider and make recommendations to the Board concerning all new Board appointments and the retirement of Directors and to make recommendations to the Board relating to the policy for the ongoing education and development of Directors. The Committee uses external search consultants or open advertising for recruitment purposes as deemed most appropriate. When nominating candidates for non-executive directorships, the Committee takes account of the need for diversity and independence.

The Committee keeps under review and evaluates the composition of the Board and its Committees to maintain the most appropriate balance of skills, knowledge, experience and independence and to ensure their continued effectiveness.

REMUNERATION COMMITTEE

The Remuneration Committee has four scheduled meetings each year and meets additionally as circumstances require. The Committee met four times during the year. Anne Wade is the Chairman of the Committee. The other members are Jeremy Beeton, Toby Hiscock and David Rough.

The Remuneration Committee sets and monitors the overall remuneration policy for the Executive Directors and other senior executives. The Company has adopted the FCA's Remuneration Code which is applied to those staff involved in regulated activities. The Committee reviews, but does not limit itself to, the following key areas and makes recommendations to the Board accordingly:

- total remuneration (including base pay, bonus and incentive arrangements);
- method of remuneration;
- service contracts;
- terms and conditions and any material changes to the standard terms of employment; and
- approval of financial arrangements proposed by the Chief Executive Officer relating to the termination of Executive Directors' service contracts.

The activities, recommendations and approvals of the Committee are reported to the next routinely scheduled Board meeting.

MANAGEMENT COMMITTEES

EXECUTIVE COMMITTEE

The Executive Committee comprises the Executive Directors, the Group Managing Director of Primary Investment, the Group Managing Director of Asset Management and the Group General Counsel and Company Secretary. The Executive Committee deals with the day-to-day business of the Group and also considers Group-wide initiatives and priorities. It reviews the implementation of strategy, discusses the development of new investments and progress on existing investments. It also reviews the disposal of investments and proposals before they are presented to the Board and monitors progress against the budget.

INVESTMENT COMMITTEE

The purpose of the Investment Committee is to make recommendations to the Board, or to approve proposals within its delegated authority, in relation to the Group's investments in infrastructure projects. The Committee also reviews the Group's portfolio valuation and monitors the balance of risk across the portfolio. The activities, recommendations and approvals of the Committee are reported to the Board. The Committee's delegated authorities are reviewed annually by the Board.

Members of the Committee are appointed by the Board and comprise the Executive Directors, the Group Managing Director of Primary Investment, the Group Managing Director of Asset Management, the Group General Counsel and Company Secretary and up to five other persons as the Board shall nominate from time to time. The Committee is currently chaired by the Group Managing Director of Asset Management and usually meets at least fortnightly.

The role of the Investment Committee has recently been reviewed with the help of external consultants. A number of changes are in the process of being implemented including the recruitment of a dedicated resource in order to improve the quality of risk analysis.

MANAGEMENT RISK COMMITTEE

The Management Risk Committee's role is to assist the Audit & Risk Committee and Board in monitoring financial, legal and regulatory risks, by reviewing the internal control and risk management systems of the Group. The Committee normally meets six times a year.

Members of the Committee are appointed by the senior management and comprise at least three members of the senior management team, including the Group Finance Director. The Committee is chaired by the Group Finance Director and its other members are currently the Group General Counsel and Company Secretary, the Group Managing Director of Asset Management and three other senior managers.

ENGAGEMENT WITH SHAREHOLDERS

The Board is committed to providing shareholders with timely announcements of significant events or transactions affecting the Company, including its financial performance and any changes to strategy as well as material investment commitments and realisations. As part of this, the Company's brokers provide regular market feedback to the Board and senior management. In addition, the Chairman and Senior Independent Director are available to shareholders to discuss governance, strategy or any concern they may have. In the second quarter of 2016, the Chairman wrote to the 20 largest investors and met with those who responded to his offer of a meeting.

The Chief Executive Officer and the Group Finance Director are responsible for the Company's interaction with existing shareholders, potential new shareholders and analysts. To ensure its financial and operational performance and strategic objectives are properly communicated, the Company operates a dedicated investor relations programme. This includes formal events along with other meetings outside the financial reporting calendar. In October 2016, the Chief Executive Officer, together with other members of the senior management team, hosted the Company's first investor day since its IPO; this focused on risk management, value creation and origination of new investments.

AUDIT & RISK COMMITTEE REPORT

INTRODUCTION FROM CHAIRMAN

2016 was a busy and challenging period for the Audit & Risk Committee (the Committee). The remit of the Committee was broadened during the year to assist the Board with its governance of risks across the Group. We are now responsible to the Board for oversight of risk management as well as for audit. In addition, and as flagged in last year's Annual Report, we tendered the external audit. Details of these and other relevant matters are given below. I hope you find the report both informative and helpful.

ROLE OF THE COMMITTEE

Further to an internal Board effectiveness review in late 2015, the Directors decided to bolster their oversight of risk management by reconstituting the Audit Committee as the Audit & Risk Committee.

The Committee's main responsibilities are to:

1. Scrutinise the Group and Company financial statements, preliminary announcements, trading updates and other public statements of financial performance and position;
2. Review the content of the annual and interim report and accounts and advise the Board on whether, as a whole, it is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group and the Company's financial affairs, business model and strategy;
3. Monitor the efficacy of the Group's internal financial and operational controls, including compliance with FCA requirements, insurance cover, data protection and cyber security, business continuity and disaster recovery plans;
4. Monitor the effectiveness of the Internal Audit function;
5. Consider and recommend to the Board the appointment, reappointment, resignation or removal of the Group's external auditor, subject to approval by the Company's shareholders at the AGM;
6. Negotiate and agree on behalf of the Board the external auditor's remuneration, including fees for any non-audit services performed;
7. Assess the external auditor's independence and objectivity, the overall effectiveness of the external audit process and the quality of its work;
8. Advise the Board on the Group's overall risk appetite and tolerance and monitor the confluence of risks affecting the Group's markets and projects;
9. Review the results of regular stress testing of the major financial exposures of the Group;
10. Advise the Board on any proposed strategic transactions, including acquisitions and disposals of recourse business entities; and
11. Advise the Remuneration Committee on any risk weightings applied to performance objectives in executive remuneration.

COMPOSITION OF THE COMMITTEE

There were no changes to the membership of the Committee during the year. It continues to be entirely made up of independent non-executive directors as follows:

Toby Hiscock (Chairman)
Jeremy Beeton
David Rough.

The Committee Chairman is deemed to have up to date relevant financial experience and competence in accounting. The Committee as a whole has extensive experience of investing in international infrastructure, which is at the heart of the Group's business. Further details of the qualifications and experience of Committee members are given on pages 44 to 45 of this Annual Report.

COMMITTEE MEETINGS

The Committee met four times during the year on regular business and once on the external audit tender (see page 54). Going forward, the Committee will meet at least five times a year in order to discharge its enhanced responsibilities. The Group Finance Director and other management representatives attend regular meetings, together with the Head of Internal Audit and the external auditor. In addition, both internal and external auditors met privately with the Committee during the year without management present.

The Committee Chairman attends each AGM of the Company and is prepared to answer any questions from shareholders on matters falling within the Committee's responsibilities.

SIGNIFICANT MATTERS CONSIDERED BY THE COMMITTEE IN RESPECT OF THE 2016 GROUP AND COMPANY FINANCIAL STATEMENTS

1. Fair value of investments. The portfolio valuation is at the core of the Group's financial reporting and the Committee has a particular responsibility to ensure it is comprehensively reported in a fair, balanced and understandable manner.

   A full valuation of the Group's investment portfolio is prepared every six months, at 30 June and 31 December each year, with a review at 31 March and 30 September each year, principally using a discounted cash flow methodology. The valuation assumes that investments and their related cash flows are held until maturity. Changes in the fair value of investments are recognised in the Group Income Statement in net gains on investments at fair value through profit or loss.

   In preparing the valuation, the key assumptions made by management include the:

   i) forecast cash flows accruing to each investment;

   ii) macro-economic factors affecting forecast cash flows, such as long term inflation, interest, foreign exchange and taxation rates; and

   iii) discount factors applied to each investment to reflect market and operational risks.

   The fair value of investments is sensitive to changes in these assumptions and, in order to aid shareholders, a number of the sensitivities are illustrated in the Portfolio Valuation section on pages 22 to 26 of this Annual Report.

   During the year the Committee reviewed and challenged the valuations and disclosures prepared by management as well as the work performed by the Group's independent valuer, a professionally qualified third party, and the procedures carried out by the external auditor. In particular, on the valuation of the Group's investments in New Royal Adelaide Hospital and Manchester Waste VL Co, we scrutinised the latest available information on construction completion plans and operational progress together with the status of dispute resolution with the counterparties concerned. We are satisfied that the Group's portfolio investments as a whole have been reflected in the 2016 accounts at their prevailing fair value.

2. Retirement benefit obligations. An actuarial valuation as at 31 March 2016 of the Group's main defined benefit pension scheme was completed during the year. The combined deficit in the Group's two defined benefit and post-retirement medical schemes is reflected in the Group Balance Sheet in accordance with IAS 19. The deficit is sensitive to movements in future price inflation, discount rates and life expectancy and can, therefore, be volatile. Again to assist shareholders, a table showing the sensitivity of liabilities to movements in assumptions is included in note 18 of the Group financial statements on page 102 of this Annual Report.

   The IAS 19 deficit calculation is prepared by the Company with input from the Group's actuarial adviser. Following detailed review and challenge of the underlying assumptions, in addition to assessing the procedures performed by the external auditor, the Committee is satisfied that the deficit shown as at 31 December 2016 is properly disclosed and fairly reflects the Group's net retirement benefit obligations outstanding at that date as prescribed by IAS 19. Furthermore, the Committee is satisfied that, based on legal advice, there is no minimum funding requirement and consequently no additional pension liability arising under IFRIC 14.

3. Principal risks and uncertainties. As part of its broader remit the Committee received various presentations and reports from senior management during the year on, for example, bidding activities, portfolio management, major financial exposures and provisions, and taxation risks. We looked at markets, business growth and organisational risks, the aggregated exposures to contractors that we partner with, taxation exposures including the Group's preparedness for the new BEPS regime, Brexit and other key risks set out in the Group's risk register, such as IT security and cyber risks even though the Group does not manage large volumes of customer and employee data.

   Our examination cannot give absolute assurance that the Group's internal control system is operating effectively, nevertheless in summary we are satisfied that the control and compliance culture of the Group is strong and the risk base is well diversified, which helps to provide reasonable assurance that the financial statements are free from material error and/or misstatement.

AUDIT & RISK COMMITTEE REPORT (CONTINUED)

INTERNAL AUDIT

The Head of Internal Audit reports directly to the Committee and has access to the Group and Committee Chairmen.

During the year the Committee reviewed and challenged the efficacy of the Internal Audit function by scrutinising its:

1. Terms of reference, together with its budget and resourcing;
2. Programme of work and, where the expertise does not exist internally, its outsource providers; and
3. Reports and the adequacy of responses and quality of feedback from management to the findings in them.

Internal Audit achieved its coverage plan for the year under review and a large majority of the audits completed were rated as satisfactory or good. The Committee examined in detail a small minority of audits assessed as weak together with the remedial actions undertaken by management. The Committee also looked at emerging trends and theme audits. In summary, it is satisfied with the performance of the Internal Audit function.

EXTERNAL AUDIT

Following detailed consideration of the areas below, the Committee was satisfied with the external auditor's independence and quality of its audit in respect of 2016.

The key considerations were:

1. Deloitte's planned approach to both the interim and annual accounts, which is risk-based and thorough, and also incorporates an assessment of key financial controls relevant to the audit;
2. Deloitte's execution of the above approach, including its assessment of key accounting and audit judgements – principally the fair value of the Group's investment portfolio and retirement benefit obligations;
3. Deloitte's arrangements to identify, manage and report any of its own conflicts of interest – there were none;
4. Deloitte's safeguards over its audit independence and objectivity, including the periodic rotation of its lead engagement and other partners;
5. The extent and quality of non-audit services provided by Deloitte during the year; and
6. The arrangements for day to day management of the audit relationship by the Group Finance Director and his team.

In addition, the Committee reviewed and approved on behalf of the Board the external auditor's remuneration and terms of engagement.

Fees for audit services to the Company and recourse group during the year amounted to £185,806 (2015 – £216,742). Fees for audit services to non-recourse subsidiaries during the year amounted to £62,129 (2015 – £84,904). Following the recent audit tender (see below), audit fees are expected to remain close to the 2016 levels, subject to future price inflation.

The only non-audit work performed by Deloitte in 2016 was in relation to the review of the Group and Company's interim financial statements and the annual review of the Group's FCA regulated subsidiary. Fees for non-audit work amounted to £44,800 (2015 – £44,700). This is expected to remain the case for the foreseeable future and contrasts with the exceptional level of non-audit fees paid to Deloitte in 2015 in relation to the Company's successful IPO.

The Company publishes on its website a charter of statutory auditor independence, which sets out the means to ensure the external auditor remains independent throughout its term. In particular the external auditor is required to rotate its engagement partner every five years and the audit is subject to an open market tender at least every ten years (see below). In addition, no work by the external auditor is permitted in the following areas: outsourcing or partnering of business; tax structuring advice; and the valuation of acquisition targets and related due diligence other than transaction support (namely a review of a target's financial statements and internal control systems). All potential non-audit work by the external auditor is considered case by case by the Committee and is usually awarded on a competitive basis.

The Company is required to tender its audit every ten years in accordance with UK Competition and Market Authority regulations, effective from when the external auditor was first appointed. As Deloitte was first appointed in 2007, 2016 was the last year in which it could audit the Group and Company's accounts before a tender was due.

The Committee on behalf of the Board undertook a tender of the audit during the year. Four firms, including Deloitte, were invited to participate. A shortlist of two firms, including Deloitte, resulted and, after careful consideration, the Committee decided to recommend to the Board the reappointment of Deloitte. This reappointment is predicated on a fresh perspective from Deloitte, including: a new lead engagement partner (Claire Faulkner); new tax and pensions partners; more controls (rather than pure transaction) testing; and further deployment of computer-assisted audit techniques. The Group has complied with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

The recommendation to reappoint Deloitte was supported unanimously by the Board and will be subject to shareholder approval at the Company's forthcoming AGM.

OTHER MATTERS

Other matters considered by the Committee during 2016 included, but were not limited to:

1. The lookout period and forecast assumptions, such as funding capacity, underlying the viability statement and the adoption of the going concern basis in the financial statements;
2. The Group's compliance with financial regulation, including anti bribery, anti-money laundering and whistle blowing arrangements; and
3. The Group's policies and procedures for preventing and detecting fraud.

After detailed consideration and enquiry, including testing of evidence provided by management, each of these matters was deemed satisfactory by the Committee.

Toby Hiscock
AUDIT & RISK COMMITTEE CHAIRMAN
6 March 2017

DIRECTORS' REMUNERATION REPORT

Dear Shareholder,

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2016.

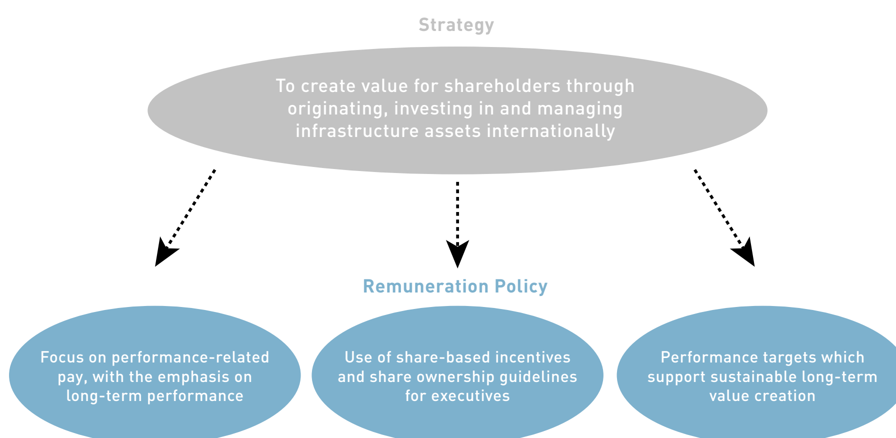
This report is split into two sections:

- Annual Report on Remuneration – this sets out in detail how the remuneration policy has been applied in 2016, the remuneration received by Directors for the year and how the policy will be applied in 2017. The Annual Report on Remuneration will be subject to an advisory shareholder vote at the AGM in May 2017.
- Directors' Remuneration Policy – this sets out the remuneration policy for the Executive Directors, Chairman and non-executive directors. The Directors' Remuneration Policy is subject to approval by shareholders every three years. The Policy was approved by shareholders at our 2016 AGM and therefore will not be subject to a shareholder vote this year.

REMUNERATION AT A GLANCE

How the remuneration policy supports our business strategy

Our remuneration policy is designed to support the Group's strategy as summarised below:



SUMMARY OF THE CURRENT REMUNERATION ARRANGEMENTS FOR EXECUTIVE DIRECTORS

	Element	Description	Opportunity
Fixed	Base pay	Salaries are set taking into account the experience of the Director, his/her role and responsibilities.	Current salaries are £434,300 for the Chief Executive Officer and £336,300 for the Group Finance Director.
Fixed	Benefits	Private medical insurance, life insurance, permanent health insurance and, for Patrick O'D Bourke, a car allowance.	Market competitive.
Fixed	Pension	Cash allowance in lieu of pension.	15% of salary.
Variable	Bonus	Annual bonus is determined by reference to corporate and individual performance*. Any bonus above target (60% of salary) is deferred into shares vesting in equal tranches over one, two and three years subject to continued employment.	Up to 100% of salary (60% of salary at target).
Variable	LTIP	Shares vest after three years subject to continued employment and the achievement of NAV per share and Total Shareholder Return (TSR) targets (with 50% of the award on each measure). Executive Directors are required to retain the net of tax number of any shares vesting under the LTIP for a further two years post-vesting.	Current award levels are 175% of salary per annum for the Chief Executive Officer and 150% of salary per annum for the Group Finance Director (within a policy maximum of 200% of salary per annum).

* The performance measures for the 2016 Bonus are set out in the Annual Report on Remuneration on page 59.

REMUNERATION RECEIVED BY THE EXECUTIVE DIRECTORS FOR 2016

£'000	Salary	Benefits	Pension[1]	Bonus[2]	Long-Term Incentives	Total
Olivier Brousse	430	2	56	271	nil	759
Patrick O'D Bourke	333	12	43	210	nil	598

1 Cash allowance in lieu of pension is paid net of employer's national insurance.

2 Bonuses were based on an assessment of corporate and individual performance objectives (see page 57 for further details).

In addition to the overall Company targets, the Executive Directors were given specific individual objectives.

The Chief Executive Officer, in addition to oversight of all Group objectives, he was individually tasked specifically with:

- Working with investors for them to better understand the John Laing investment premise to result in a reduction in the share price discount to Net Asset Value – positive results have been seen and we are pleased with the evolution in the investor understanding and appreciation of the Company since its IPO.
- Restructuring of the Company's European operations – this was initiated in the second half of 2016 with early benefits already seen.
- A comprehensive review of the business and the operating structures within each business and making changes to the management structure – a detailed review has been completed and the first round of changes to the operating structure are being implemented.

The Board is pleased with progress that has been made by the Chief Executive Officer during the year and accordingly awarded him 60% of the maximum potential for performance against his individual objectives.

For the Group Finance Director, there were specific objectives around:

- Increasing the analyst research and coverage of John Laing in 2016 – there has been a one-third increase in coverage year-on-year which is good progress with more opportunity to come.
- Developing and agreeing with the Board a funding strategy to secure growth and dividend cover – this was done successfully for 2016 and 2017 and work is taking place to ensure this is taken forward over the next few years.
- Managing the triennial pension review and developing and agreeing with the Board a funding strategy for the deficit, including an updated deficit recovery plan – this has been successfully completed.

The Board believes the Group Finance Director showed strong performance against all three of these objectives and awarded him 60% of the maximum for this part of the bonus.

REMUNERATION FOR 2017

In terms of application of the policy for 2017:

- Salaries have been increased by 1.0% in line with the increase for other UK employees
- The structure and operation of the bonus scheme remain unchanged. The bonus maximum remains 100% of salary. Bonuses will continue to be based on corporate and individual performance. The measures used to assess corporate performance for 2017 will be:
  - NAV
  - Distributions (excluding from non-portfolio assets)
  - Disposals
  - New investments
  - Value enhancements
  - Profit before tax.

  The detailed targets and how we have performed against them will be set out retrospectively in next year's Annual Report on Remuneration.
- Annual LTIP awards will be granted at 175% of salary for the Chief Executive Officer and 150% of salary for the Group Finance Director as in 2016. The awards will continue to be based 50% on relative TSR and 50% on growth in NAV per share. Details of the relative TSR targets to be applied to the 2017 awards, which are consistent with those applying to the 2016 awards, are shown on page 60. The NAV targets for the 2017 awards will require 10% to 16% p.a. growth for 25% to 100% vesting of this part of the award. The target growth range is lower than that applying to the 2016 awards (12% to 18% p.a.) but nevertheless reflects a challenging level of growth. The Committee considers that the targets for the 2017 awards are equally challenging to those applying to previous LTIP awards.
- Annual fees for the Chairman and the non-executive directors are the same as those applying for 2016.

SUMMARY

The aim of this report is to communicate details of Executive Director compensation and how this is clearly linked to performance. We are committed to maintaining an open and transparent dialogue with shareholders and I welcome any comments you may have.

I very much hope that you will support the resolution to approve the Annual Report on Remuneration at the forthcoming AGM. We firmly believe that our remuneration policy is right for the Company and that it will continue to motivate and incentivise our senior team to deliver the Company's strategy.

Anne Wade
CHAIRMAN, REMUNERATION COMMITTEE
6 March 2017

DIRECTORS' REMUNERATION REPORT (CONTINUED)

ANNUAL REPORT ON REMUNERATION

This part of the report has been prepared in accordance with Part 3 of the revised Schedule 8 set out in The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, and 9.8.6R of the Listing Rules. The Annual Report on Remuneration will be put to an advisory shareholder vote at the forthcoming AGM.

Remuneration Committee members

Anne Wade (Chairman)
Jeremy Beeton
Toby Hiscock
David Rough

All members of the Committee are independent non-executive directors. Further details on the members of the Committee can be found on pages 44 and 45 of this Annual Report.

Responsibilities

The Committee recommends the Group's policy on executive remuneration, determines the levels of remuneration for the Executive Directors, the Chairman and other senior executives and prepares an Annual Report on Remuneration for approval by shareholders at the AGM. The Committee's terms of reference can be viewed on our website at www.laing.com/investor-relations/corporate-governance. Details of the number of meetings held during the year are shown in the Corporate Governance Report on page 49.

Advisors

The Committee receives information and takes advice from inside and outside the Group. Internal support is provided by the Group HR Director and the Group General Counsel and Company Secretary. The Chairman and Chief Executive Officer are invited to attend meetings where appropriate. No individual is present when matters relating to his/her own remuneration are discussed.

New Bridge Street (NBS) was appointed in early 2015 to act as the independent adviser to the Committee. NBS is a trading name of Aon Hewitt Limited, which is a subsidiary of Aon plc. Fees are normally charged on a time spent basis, with estimates provided in advance for particular projects. The total fees paid to NBS in respect of its services to the Committee during the year were £38,986 plus VAT (2015 – £34,532 plus VAT). NBS also provided advice to the Company during the year in relation to the implementation of the Company's share plans. NBS is a signatory to the Remuneration Consultants' Code of Conduct and reports directly to the Chairman of the Committee. The Committee is satisfied that the advice that it receives from NBS is objective and independent.

Directors' single total figure of remuneration for 2016 (audited)

The table below provides a breakdown of the various elements of Director pay for the year ended 31 December 2016 and for the prior year. This comprises the total remuneration earned in respect of the period from 1 January 2016 to 31 December 2016, and the prior period from 1 January 2015 to 31 December 2015.

	Salary/Fees		Benefits[1]		Pension[2]		Bonus[3]		LTIP[4]		Other		Total	
£'000	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Olivier Brousse	430	429	2	2	56	54	271	300	nil	nil	n/a	750[5]	759	1,535
Patrick O'D Bourke	333	333	12	12	43	43	210	233	nil	nil	n/a	800[5]	598	1,421
Dr Phil Nolan	180	173	–	–	–	–	–	–	–	–	–	–	180	173
David Rough	55	55	–	–	–	–	–	–	–	–	–	–	55	55
Jeremy Beeton	45	45	–	–	–	–	–	–	–	–	–	–	45	45
Toby Hiscock	60	60	–	–	–	–	–	–	–	–	–	–	60	60
Anne Wade	55	55	–	–	–	–	–	–	–	–	–	–	55	55

1 This relates to private health insurance. The figure for Patrick O'D Bourke also includes a car allowance of £10,200.

2 Paid as a cash supplement in lieu of pension.

3 In accordance with the Deferred Share Bonus Plan (DSBP), any amount over 60% of salary awarded in bonus is deferred in shares. Awards under the DSBP vest in equal tranches on the first, second and third anniversary of grant, subject to continued employment.

4 The first award under the LTIP will vest in April 2018 subject to performance over the three years to 31 December 2017.

5 This relates to the vesting of pre-IPO incentive plans.

ANNUAL REPORT ON REMUNERATION (CONTINUED)

Details of variable pay earned in the year (audited)

Annual Bonus

The bonus payable for 2016 (excluding JLCM employees) was assessed by the Committee taking into account performance against the following scorecard of metrics:

£ million	Threshold	Target	Stretch	Actual	Narrative
NAV	972	1,023	1,125	1,017	Between threshold and target
Value enhancements	40	42	46	44	Between target and stretch
Distributions (excluding from non-portfolio assets)	27	29	32	35	Above stretch
Disposals	110	116	127	127	Stretch
New investments	192	202	222	182	Below threshold
Profit before tax	154	163	179	192	Above stretch

In addition to the overall Company targets, the Executive Directors were given specific individual objectives. For the Group Finance Director these included increasing the analyst research and coverage of John Laing in 2016, developing and agreeing with the Board a funding strategy to secure growth and dividend cover and managing the triennial pension review and developing and agreeing with the Board a funding strategy for the deficit, including an updated deficit recovery plan. For the Chief Executive Officer, in addition to oversight of all Group objectives, working with investors for them to better understand the John Laing investment premise to result in a reduction in the share price discount to Net Asset Value, restructuring of the Company's European operations and a comprehensive review of the business and the operating structures within each business and making changes to the management structure.

For the Executive Directors, the allocation between corporate and individual objectives was as follows:

	Olivier Brousse	Patrick O'D Bourke	
Corporate (maximum 60% of salary)	**39%**	**39%**	Based on the achievement of the above scorecard of metrics, the Committee determined that the overall bonus payable for corporate performance was 65% of the maximum (i.e. equivalent to 39% of salary for the Executive Directors).
Individual (maximum 40% of salary)	**24%**	**24%**	Taking into account achievement against their specific individual objectives and the overall performance of the Group in the year, the Committee awarded individual bonuses of 24% of salary to both Executive Directors (out of a maximum of 40% for this element of the bonus).
Total (% of maximum)	**63%**	**63%**	
Total (£000)	**£271**	**£210**	

Bonuses up to 60% of salary are paid in cash with any bonus above this level awarded in the form of deferred shares, vesting in equal tranches over one, two and three years, normally subject to continued employment. Any deferred shares due will be normally awarded as soon as practicable following the announcement of annual results in March.

Details of share awards granted in the year (audited)

The following LTIP awards were granted to the Executive Directors during the financial year:

	Type of award	Award size	Face value	Number of shares[1]	Grant date	Performance period	Performance targets
Olivier Brousse	LTIP (nil cost option)	175% salary	£752,500	330,330	15 April 2016	1 January 2016 to 31 December 2018	50% based on relative TSR and 50% based on NAV per share
Patrick O'D Bourke	LTIP (nil cost option)	150% salary	£499,500	219,270			

1 Calculated using the middle market share price on the day preceding the date of grant which was 227.8 pence.

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DIRECTORS' REMUNERATION REPORT (CONTINUED)

ANNUAL REPORT ON REMUNERATION (CONTINUED)

The performance conditions attached to the awards are:

- 50% is based on TSR performance against a comparator group comprising the members of the FTSE 250 index. 25% of the shares in this tranche will vest for median performance with full vesting for upper quartile performance or above (straight line vesting between these points).
- 50% is based on the annual compound growth in the Company's NAV per share. NAV will be based on the figures reported in the Company's annual financial statements but adjusted to include the value of any dividends paid to or approved by shareholders during the three year performance period. The NAV figures may also be adjusted at the discretion of the Committee to reflect any regulatory or accounting changes or any changes to the Company's share capital. 25% of the shares in this tranche will vest for 12% per annum growth, with full vesting for 18% per annum growth or above (straight line vesting between these points).

The awards are structured as nil cost options and will normally vest on the later of the third anniversary of grant and the determination of the performance conditions, and will then normally remain exercisable until the day before the tenth anniversary of the date of grant provided the individual remains an employee or officer of the Group. The Executive Directors may not sell shares vesting under the LTIP (other than for tax) within two years of vesting.

The following were granted to the Executive Directors under the DSBP during the financial year. These related to the deferred element of the 2015 bonus.

	Type of award	Award size	Face value	Number of shares[1]	Grant date
Olivier Brousse	DSBP (nil cost option)	Bonus earned over 60% of salary	£42,100	18,845	15 March 2016
Patrick O'D Bourke	DSBP (nil cost option)	Bonus earned over 60% of salary	£33,300	14,905	15 March 2016

1 Calculated using the closing middle market share price on the day preceding the date of grant which was 223 pence.

The awards will vest in three equal tranches on each of the first three anniversaries of the date of grant and will then remain exercisable until the day before the tenth anniversary of the date of grant provided the individual remains an employee or officer of the Group.

Chairman and non-executive director fees

The current fees for the Chairman and the non-executive directors are set out below:

	Fee
Chairman	£180,000
Non-executive directors:	
Base fee	£45,000
Additional fees for:	
– Chairing the Audit & Risk Committee	£15,000
– Chairing the Remuneration Committee	£10,000
– Senior Independent Director	£10,000

In addition, the Chairman and the non-executive directors are entitled to reimbursement of reasonable expenses.

Directors' shareholdings (audited)

The following table sets out a summary of the Directors' interests in shares (including any interests held by connected persons).

	No. of shares owned on 31 December 2015	No. of shares owned on 31 December 2016	Other interests in shares as at 31 December 2016		Total interest in shares as at 31 December 2016
			Outstanding LTIP awards	Outstanding Deferred Share Bonus Plan awards	
Olivier Brousse	96,282	155,604	673,150	18,845	847,599
Patrick O'D Bourke	76,282	136,282	446,830	14,905	598,017
Dr Phil Nolan	110,256	110,256	N/A	N/A	110,256
David Rough	35,256	35,256	N/A	N/A	35,256
Jeremy Beeton	10,256	16,256	N/A	N/A	16,256
Toby Hiscock	10,256	20,500	N/A	N/A	20,500
Anne Wade	10,256	20,256	N/A	N/A	20,256

Between 31 December 2016 and the date of this report there have been no changes in the Directors' shareholdings.

The guideline shareholding for Executive Directors is 100% of salary. At 31 December 2016, Olivier Brousse and Patrick O'D Bourke held shares worth 98% and 111% of salary respectively.

ANNUAL REPORT ON REMUNERATION (CONTINUED)

Payments to past Directors (audited)

There were no payments to past Directors during the year.

Payments for loss of office (audited)

No payments have been made for loss of office in the year.

Relative importance of the spend on pay

The table below shows the Group's spend on pay compared with distributions to shareholders.

£ million	2016	2015
Remuneration paid to or receivable by all employees	**34.6**	36.5
Distributions to shareholders by way of dividends	**26.2**	5.9
Distributions to shareholders by way of share buy-backs	**Nil**	Nil

Percentage change in the remuneration of the Director undertaking the role of Chief Executive Officer compared to the average for other employees

The table below shows the percentage change in salary, benefits and bonus earned between 31 December 2015 and 31 December 2016 for the Chief Executive Officer compared to the average for other UK-based employees. This comparator group was used because the Committee believe it gives the best understanding of underlying increases, while avoiding distortions from currency fluctuation and different economic conditions in other countries.

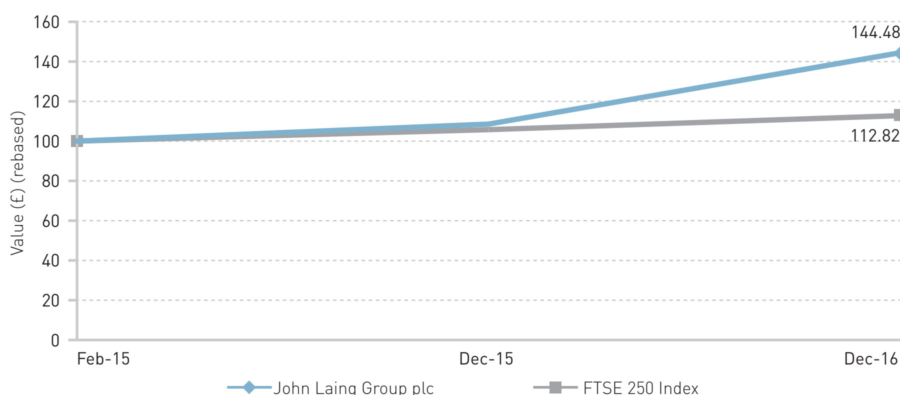
	Salary	Benefits	Bonus
CEO	Nil	3.4%	–9.7%
Average for other UK employees	4.2%	0.5%	–9.0%

Performance graph and total remuneration history for Chief Executive Officer

The graph below shows the Company's performance, measured by TSR, compared with the performance of the FTSE 250 Index for the period from the Company's IPO in February 2015 to 31 December 2016. This comparator has been chosen as it is a broad equity index of which the Company is a constituent and it is also the one used in assessing relative TSR performance under the LTIP.

Total shareholder return

Source: Datastream (Thomson Reuters)



The graph shows the value (as at 31 December 2016) of £100 invested in John Laing Group plc on the date of Admission (17 February 2015) compared to £100 invested in the FTSE 250.

The total remuneration figures for the Chief Executive Officer for 2016 and 2015 are shown in the table below. The annual bonus and long-term incentive award vesting level as a percentage of the maximum opportunity are also disclosed.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

ANNUAL REPORT ON REMUNERATION (CONTINUED)

	2016	2015
Total remuneration (£'000)	**759**	1,535
Annual bonus (% of maximum)	**63%**	70%
LTIP (% of maximum)	**Nil**	Nil

Voting outcome at the 2016 AGM

The following votes were received at the 2016 AGM:

	Votes For	Votes Against	Votes Withheld
Resolution to approve the Annual Report on Remuneration	257,631,859 (99.29%)	1,838,380 (0.71%)	10,455,021
Resolution to approve the Directors' Remuneration Policy	258,873,852 (95.86%)	11,182,710 (4.14%)	5,337

Application of the Remuneration Policy for 2017

A summary of how the remuneration policy will be applied during the forthcoming year is set out below:

Salaries for Executive Directors	Olivier Brousse – £434,300 Patrick O'D Bourke – £336,300
Benefits and Pension	No change
2017 Bonus	The only change to the structure of the bonus for 2017 is that the allocation between corporate and individual objectives will be 80% corporate and 20% individual (previously 60% and 40% respectively). Bonuses will be awarded based on a mix of corporate and individual performance. Corporate performance will be assessed taking into account NAV, distributions (excluding from non-portfolio assets), disposals, new investments, value enhancements and profit before tax. The performance targets for 2017 are deemed to be commercially sensitive and will be disclosed in next year's Annual Report on Remuneration.
2017 LTIP	LTIP awards granted to the Chief Executive Officer and Group Finance Director in 2017 will be over shares worth 175% and 150% of salary respectively (the same as 2016). Performance will be measured over three years subject to the following conditions (with an equal weighting on each measure):

Performance condition	Threshold (25% vesting)	Maximum (100% vesting)
Growth in NAV per share	10% p.a.	16% p.a.
TSR relative to the constituents of the FTSE 250 Index	Median performance	Upper quartile performance

There will be straight-line vesting between these points.

Chairman and non-executive director fees	The Chairman and non-executive director fees have not been increased for 2017. A summary of the current fee policy is set out on page 68.

By order of the Board

Anne Wade
CHAIRMAN OF THE REMUNERATION COMMITTEE
6 March 2017

DIRECTORS' REMUNERATION POLICY

This report sets out the Remuneration Policy for the Directors. The report was subject to a binding vote by shareholders at our AGM on 12 May 2016 and is intended to remain in place for three years. Shown below is the Policy in full, as approved by shareholders, updated where appropriate to reference how the Policy will be applied in 2017.

Remuneration Policy Table

The table below sets out the remuneration policy for the Executive Directors.

Element	Purpose and link to strategy	Operation	Link to performance	Maximum opportunity
Base salary	To provide a core reward for the role at a sufficient level to recruit and retain individuals of the necessary calibre to execute the Company's business strategy.	Reviewed annually by the Committee (with effect from 1 January) or, if appropriate, following a change in an individual's position or responsibilities. Benchmarked periodically against relevant market comparators, including companies of a similar size and complexity and other broadly comparable companies.	Base salary levels are set at a level to reflect the experience, skills and responsibilities of the individual as well as the scope and scale of their role. Increases to base salary will reflect individual performance and contribution as well as the pay and conditions for other employees of the Group.	While there is no maximum salary, increases will normally be in line with the typical level of increase awarded to other employees of the Group. However, increases above this level may be offered in certain circumstances such as where an Executive Director has been promoted, has had a change in responsibilities, to reflect increased experience in the role, or where there has been a significant change in the size and/or scope of the business. For details of salary levels from 1 January 2017 see the Annual Report on Remuneration on page 62.
Benefits	To operate a competitive benefits structure for Executive Directors that aids in their recruitment and retention.	Provision of benefits such as private medical insurance, life insurance, permanent health insurance, company sick pay and a car allowance. Executive Directors are also eligible to participate in any all-employee share plans operated by the Company, in line with HMRC guidelines currently prevailing, on the same basis as other eligible employees. Additional benefits may be provided from time to time if the Committee decides payment of such benefits is appropriate, for example, if this is in line with emerging market practice or to facilitate the relocation of an Executive Director. Each Executive Director is entitled to reimbursement of reasonable expenses incurred by him in the performance of his duties (including any tax payable thereon).	Not applicable	The cost of the benefit provision varies from year-to-year and there is no prescribed maximum limit. The Committee monitors annually the overall cost of the benefits provided to ensure that it remains appropriate.
Pension	To offer market competitive levels of pension and to recognise long-term commitment to the Group.	The Company may provide a cash allowance in lieu of a contribution to a pension scheme, contribute an amount to a money purchase pension scheme or provide for a combination of the two depending on the circumstances of the individual.	Not applicable	15% of salary

DIRECTORS' REMUNERATION REPORT (CONTINUED)

DIRECTORS' REMUNERATION POLICY (CONTINUED)

Element	Purpose and link to strategy	Operation	Link to performance	Maximum opportunity
Annual bonus	To recognise and reward the delivery of short-term strategic and financial objectives which contribute towards long-term sustainable growth.	The Executive Directors participate in the same overall bonus structure as other Group employees (except for those employees within John Laing Capital Management (JLCM)). The size of the overall Group bonus is determined based on performance against a range of metrics linked to the Group's strategy. The overall bonus is then allocated partly based on Company performance with the remainder based on individual performance. To the extent any bonus exceeds the target amount (60% of salary), the full amount of any excess will be deferred in shares under the Deferred Share Bonus Plan (DSBP). Awards under the DSBP vest in equal tranches on the first, second and third anniversary of grant, normally subject to continued employment. Dividends that accrue on the DSBP shares during the vesting period may be paid in cash and/or shares at the time of vesting. Clawback and, in the case of deferred share awards, malus provisions will apply.	The size of the bonus is assessed by the Committee taking into account performance against a scorecard of corporate metrics. The choice of metrics is reviewed by the Committee at the start of each financial year, with a target range set for each measure. Details of the metrics used to determine the 2016 bonus are set out in the Annual Report on Remuneration on page 57 and the metrics to be used for the 2017 bonus are set out in the Annual Report on Remuneration on page 62. There is no pre-determined weighting between metrics. The Committee uses the scorecard as a guide to help it consider the overall performance of the business and the appropriate size of the overall bonus. The Committee will, in its absolute discretion, take into account all relevant circumstances when determining the size of the overall Group bonus, recognising that, given the long-term nature of the business, timescales on particular projects may be outside management's control. The Committee also has the discretion to reduce the size of the overall Group bonus if it feels that the level of bonus is not supported by the underlying financial and operational performance of the business. Once performance against the corporate metrics has been determined, the calculation of an individual's allocation will be subject to an assessment by the Committee of both Group performance and individual performance. The amount allocated based on individual performance cannot exceed 40% of salary. For 2017, this will change to 20% of salary. The Committee may reduce a participant's bonus (including to zero) to reflect adverse events, e.g. health and safety breaches or poor individual performance.	100% of salary (60% of salary for target performance). No more than 25% of salary will be payable for threshold performance.
Long Term Incentive Plan (LTIP)	To incentivise and reward the creation of long-term shareholder value.	At the discretion of the Committee, Executive Directors will receive annual awards of shares in the form of nil (or nominal) cost options or conditional awards which will usually vest on the third anniversary of grant (or, if later, when the Committee determines that the performance conditions have been satisfied). The awards are subject to the achievement of performance and service conditions. Executive Directors are required to retain the net of tax number of any shares vesting under an LTIP award for a further two years post-vesting. Dividends that accrue on the shares during the vesting period may be paid in cash and/or shares at the time of vesting. Clawback and malus provisions apply.	Awards are subject to the achievement of performance targets linked to the long-term success of the Company. These are currently based 50% on growth in NAV per share and 50% on TSR. However, different performance metrics/weightings may be set for future awards to ensure that the LTIP remains aligned to the Company's strategy. A sliding scale of targets is applied for each performance metric, with no more than 25% of that part of the award vesting for achievement of the threshold target.	Up to 200% of salary. It is intended that awards for 2017 will be limited to 175% and 150% of salary for the Chief Executive Officer and Group Finance Director respectively.

DIRECTORS' REMUNERATION POLICY (CONTINUED)

Shareholding guidelines

The Executive Directors are required to build and maintain a shareholding in the Company equivalent to 100% of their salary and are expected to retain all shares vesting under the DSBP and LTIP (net of tax) until such time as the guideline shareholding has been achieved.

Annual bonus performance metrics

The size of the overall Group bonus is assessed by the Committee taking into account performance against a scorecard of metrics which reflect the growth of the business. The choice of metrics may change for future award cycles, but was based on the following for 2016:

Metric	Link to strategy
NAV	This measures growth in the value of the Group's net assets.
Distributions	This reflects the Group's ability to realise cash distributions from its investments.
Disposals	Disposals of existing investments provide additional funding for new investments. Special dividends payable to shareholders are based on disposal proceeds.
New investments	New investments are designed to contribute to future NAV growth.
Value enhancements	Value enhancements increase the investment portfolio valuation and therefore contribute to future NAV growth.
Profit before tax	This is linked to growth in NAV in any given year and in addition provides an appropriate focus on cost control.

LTIP metrics

Awards under the LTIP vest subject to delivering against metrics which are aligned to long-term shareholder value creation. The choice of metric may change for future award cycles, but is currently based on the following:

Metric	Link to strategy
TSR	This measures the total return to shareholders provided through share price appreciation and dividends. TSR is measured relative to performance against a comparative group comprising the members of the FTSE 250 index. TSR provides a clear alignment between the value created for shareholders and the reward earned by executives.
NAV per share	This measures the overall value of the Group's net assets (adjusted for dividends paid or approved) divided by the number of shares in issue and provides an assessment of the growth of the business over time.

Incentive plan operation

The Committee operates the Company's incentive plans according to their respective rules and consistent with normal market practice, the Listing Rules and HMRC rules where relevant, including flexibility in a number of regards. This includes dealing with leavers and making adjustments to awards following acquisitions, disposals, changes in share capital and other merger and acquisition activity.

The Committee also retains the ability to adjust the targets and/or set different metrics for the annual bonus plan and outstanding LTIP awards if events occur which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy.

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

Clawback and malus

The Company has the right to reduce the number of shares over which an award was granted under the DSBP or LTIP where it is discovered that the award was granted over too many shares as a result of a material misstatement in the Company's accounts, when there has been an error or reliance on misleading information when assessing the size of the award that was granted, and/or it is discovered that the participant could reasonably have been dismissed as a result of his/her misconduct.

The Company may also clawback cash bonus awards or previously vested DSBP and LTIP awards in accordance with the principles set out above to ensure that the full value of any overpayment is recouped. In these circumstances the Committee may apply clawback within three years of the payment of the cash bonus, date of grant of a DSBP award or the vesting of an LTIP award.

Shareholder views

The Remuneration Committee values the views of the Company's shareholders and guidance from shareholder representative bodies. Shareholder feedback received in relation to the AGM, as well as any additional feedback received during the year, will be considered as part of the Company's annual remuneration review. The Committee will consult with major shareholders in advance of making any significant changes to remuneration arrangements.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

DIRECTORS' REMUNERATION POLICY (CONTINUED)

Link to the remuneration policy for all employees

The remuneration policy for the Executive Directors is similar to the policy for employees across the Group, although the Committee does not formally consult with employees in respect of the design of the Directors' remuneration policy.

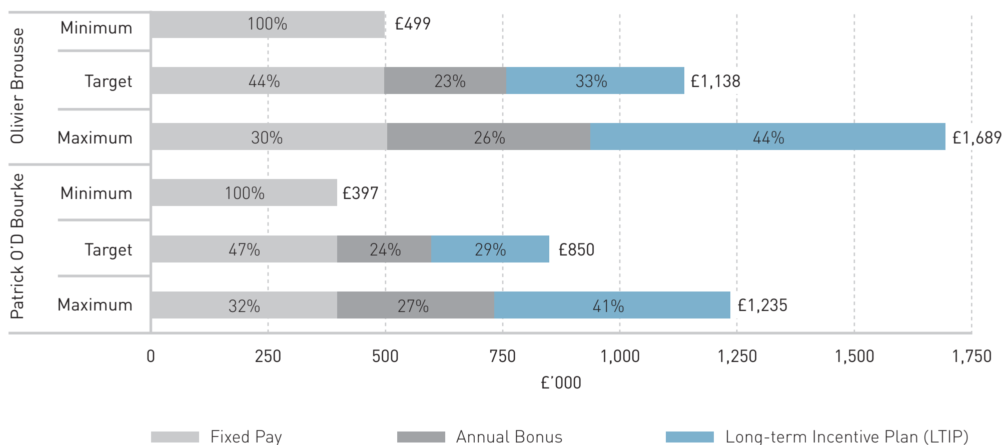
A consistent approach to remuneration is applied across the Group – with the same overarching principle that reward should be sufficient to attract and retain high calibre talent and that reward should support the delivery of the business strategy.

The same approach to salary reviews is applied to all employees and the Executive Directors participate in the same overall bonus structure as other Group employees (except those employees within JLCM). However only the most senior employees are subject to deferral arrangements and some other employees may have a higher weighting on individual performance. The Executive Directors also participate in the same LTIP as other senior executives.

However, there are some differences in the structure of the remuneration policy for the Executive Directors compared to other senior employees, which the Committee believes are necessary to reflect the different levels of responsibility. The two main differences are the increased emphasis on performance-related pay for Executive Directors (through a higher variable pay opportunity) and a greater focus on long-term alignment (through bonus deferral, additional holding periods for LTIP awards and minimum shareholding guidelines).

Remuneration reward scenarios

The total remuneration for each of the Executive Directors that could result from the remuneration policy in 2017 is shown below:



Notes:

1 Fixed pay consists of salary, benefits and pension. Salary is the amount to be paid in 2017 and benefits are based on the value shown in the single total figure of remuneration for 2016 on page 56. Pension is shown as 15% of salary.

2 The maximum bonus opportunity is 100% of salary with 60% of salary earned at target performance. Any bonus earned for above target performance is deferred in shares, which vest subject to continued employment over one, two and three years.

3 The maximum LTIP award for 2017 is 175% of salary for the Chief Executive Officer and 150% of salary for the Group Finance Director. An award of 50% of the maximum is assumed for target performance. LTIP awards are subject to a three year performance period and the net of tax number of any shares received must be held for a further two years post vesting.

4 No assumptions are made as to future share price movements which will impact on the actual values to be received under the DSBP and LTIP.

DIRECTORS' REMUNERATION POLICY (CONTINUED)

Executive Director Recruitment and Promotions

Remuneration arrangements for a new appointment will be set in accordance with the policy for the existing Executive Directors, except as noted below:

- If it is considered appropriate to set the salary for a new Executive Director at a level which is below market, his or her salary may be increased in future periods to achieve the desired market positioning by way of a series of phased above inflation increases, subject to his or her continued development in the role.
- Any bonus payment for the year of joining will normally be pro-rated to reflect the proportion of the period worked and the Committee may set different performance measures and targets, depending on the timing and nature of the appointment.
- In the case of an Executive Director being recruited overseas, being recruited by the Company to relocate overseas or an existing Executive Director being asked to relocate overseas, expatriate benefits may be provided on an ongoing basis. The Committee may also approve the payment of one-off relocation-related expenses and legal fees.
- The Committee may offer cash and/or share-based elements to compensate an individual for remuneration forfeited on leaving a former employer, if it considers these to be in the best interests of the Company (and therefore its shareholders). Such payments would take account of remuneration relinquished and would mirror (as far as possible) the delivery mechanism, time horizons and performance requirement attached to that remuneration. Where possible any such payments would be facilitated through the Company's existing share plans, but, if not, the awards may be granted outside these plans as permitted under the Listing Rules which allow for the grant of awards to facilitate the recruitment of an Executive Director.
- In the case of an internal appointment, any variable pay element awarded in respect of the prior role will be allowed to pay out according to its original terms or adjusted as considered appropriate to reflect the new role.

Executive Directors' service agreements and payments for loss of office

The Executive Directors entered into new service agreements with the Company on 16 January 2015. There is no fixed term and the contracts continue until terminated by either party giving 12 months' notice.

The Company is also entitled to terminate the Executive Directors' employment by payment of a cash sum in lieu of notice equal to salary and the cost to the Company of providing contractual benefits (including pension but excluding bonus) during what would otherwise have been the notice period. A payment in lieu of notice can, at the Company's discretion, be paid as a lump sum or in equal monthly instalments over the notice period. There is a mechanism in the agreement to reduce the instalments where the Executive Director commences alternative employment during the notice period. Outplacement services and reimbursement of legal costs may also be provided.

The Company may also terminate the Executive Directors' employment with immediate effect and with no liability to make any further payments in certain prescribed circumstances (e.g. in the case of a serious or repeated breach of the Executive Directors' obligations).

The Committee may pay any statutory entitlements or settle or compromise claims in connection with a termination of employment, where considered in the best interest of the Company.

The table below sets out the general position in respect of incentive arrangements for departing Executive Directors. In accordance with the terms of the relevant incentive plan rules, and based on the circumstances of any departure, the Committee has discretion to determine how an Executive Director should be categorised for each element and determine the relevant vesting levels:

	Bad Leaver[1]	**Good Leaver[2]**
Annual Bonus	No entitlement.	Bonus may be payable subject to performance. Awards normally pro-rated based on the period worked during the financial year.
DSBP	Unvested awards will lapse.	Unvested awards will vest on the date of cessation with no pro-rata reduction.
LTIP	Unvested awards will lapse.	Awards will vest on the normal vesting date, subject to performance and a time pro-rata reduction (based on the number of complete months served from the date of grant to cessation of employment). The Committee may, in its absolute discretion, determine that awards can vest, subject to performance, earlier than the normal vesting date and, if a participant dies, the award will ordinarily vest, subject to performance, on the date of death unless the Committee decides it should vest on the normal vesting date. In any of the circumstances described above, the Committee may determine that the pro-rata reduction should not apply at all or should apply to a lesser extent if it considers that exceptional circumstances justify such treatment.

1 e.g. termination for cause etc.

2 e.g. death, injury, disability, redundancy, retirement with the agreement of the participant's employer, the sale of the participant's employer or the business in which he or she is employed out of the Group or any other reason at the Remuneration Committee's discretion.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

DIRECTORS' REMUNERATION POLICY (CONTINUED)

Other

In the event of a change of control or voluntary winding-up, unvested LTIP awards will vest at the time of the relevant event subject to performance and a time-based pro-rata reduction (although the Committee may determine that the pro-rata reduction should not apply at all or should apply to a lesser extent if it considers that exceptional circumstances justify such a treatment). Unvested DSBP awards will vest early and in full. The Committee may require LTIP and DSBP awards to be exchanged for equivalent awards over shares in a new holding company if the change of control is part of an internal reorganisation.

In the event that a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the price of a share to a material extent, the Committee may decide that unvested LTIP and DSBP wards will vest on the same basis as described above.

External Board appointments

The Committee recognises that Executive Directors may be invited to become non-executive directors in other companies and that these appointments can enhance their knowledge and experience to the benefit of the Company. It is the Company's policy that Board approval is required before any external appointment may be accepted by an Executive Director. The Executive Director is permitted to retain any fees paid for such services.

Olivier Brousse is a non-executive director of 1001 Fontaines and of Brive Rugby Club. He does not receive any fees for these appointments. Patrick O'D Bourke is a non-executive director of Affinity Water Limited and received fees of £47,000 in 2016 (£47,000 in 2015).

Remuneration for the Chairman and non-executive directors

	Operation
Fee policy	The Chairman is paid an all-inclusive fee for all Board responsibilities. The other non-executive directors receive a basic Board fee, with supplementary fees payable for additional Board responsibilities (e.g. for Chairmanship of the Audit & Risk or Remuneration Committee or the role of Senior Independent Director). The non-executive directors do not participate in any of the Company's incentive arrangements. The maximum aggregate fee is set at £750,000 in the Company's Articles of Association. Current fee levels are set out in the Annual Report on Remuneration on page 57. Fee levels are reviewed on a periodic basis, and may be increased taking into account factors such as the time commitment of the role and market levels in companies of comparable size and complexity and other broadly comparable companies.
Expenses	The Chairman and the non-executive directors are entitled to reimbursement of reasonable expenses (and any tax payable thereon).
Letters of appointment and policy on termination	The letter of appointment for the Chairman states that his appointment is expected to last for at least three years but will be subject to annual re-election at the AGM. The appointment is terminable by either party giving to the other six months' written notice or at any time in accordance with the Articles of Association of the Company (without prejudice to the Chairman's right to receive six months' payment in lieu of notice unless the removal is as a result of a serious default on his part). The appointments of the other non-executive directors are for initial terms of three years. The non-executive directors are subject to annual re-election by the Company's shareholders. Their appointments may be terminated at any time upon written notice or in accordance with the Articles of Association of the Company or upon their resignation. The non-executive directors are not entitled to receive any compensation on termination of their appointment.

Director	Date of letter of appointment*	Unexpired term at 31 December 2016
Dr Phil Nolan	16 January 2015	13 months
Jeremy Beeton	18 December 2014	13 months
Toby Hiscock	16 January 2015	13 months
David Rough	17 December 2014	13 months
Anne Wade	17 December 2014	13 months

*The agreements were conditional on and did not become effective until the Company's admission to the Official List on 17 February 2015.

Recruitment policy	For the appointment of a new Chairman or non-executive director, the fee arrangement would be set in accordance with the approved Remuneration Policy in force at that time.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law 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 (EU) and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements under IFRS as adopted by the EU. 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 the 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 is 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 enable them to ensure that the financial statements comply with the Companies Act 2006. 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 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 as adopted by the EU, 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 business and the position 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 it 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.

This responsibility statement was approved by the Board of Directors on 6 March 2017 and is signed on its behalf by:

Olivier Brousse
CHIEF EXECUTIVE OFFICER
6 March 2017

Patrick O'D Bourke
GROUP FINANCE DIRECTOR
6 March 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN LAING GROUP PLC

OPINION ON FINANCIAL STATEMENTS OF JOHN LAING GROUP PLC

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements that we have audited comprise:

- the Group Income Statement;
- the Group Statement of Comprehensive Income;
- the Group and Parent Company Balance Sheets;
- the Group and Parent Company Statements of Changes in Equity;
- the Group and Parent Company Cash Flow Statements; and
- the related notes 1 to 25 of the Group financial statements and the related notes 1 to 13 of the Parent Company financial statements.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

SUMMARY OF OUR AUDIT APPROACH

Key risks	The key risks that we identified in the current year were: • Valuation of investments • Valuation of defined benefit pension schemes. The above risks are consistent with the prior year. As part of the valuation of investments, we have paid particular attention to the valuation of investments in the New Royal Adelaide Hospital and Manchester Waste projects (being the Group's investment in Manchester VL Co and Manchester TPS Co).
Materiality	The materiality that we used in the current year was £19 million which is below 2% (2015 – 2%) of shareholders' equity. We selected shareholders' equity as net asset value is a key performance indicator for the Group.
Scoping	Our audit scope primarily focused on the fair value of those PPP and Renewable Energy investments which are significant to the Group. Specific audit procedures were performed on a sample of investments which comprised 78% (2015 – 85%) of the total valuation of investments. Other investments were subject to review procedures.
Significant changes in our approach	There have been no significant changes in our audit approach in the current year.

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

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 2d to the Group financial statements and the directors' statement on the longer-term viability of the Group contained within the strategic report on page 34.

We are required to state whether we have anything material to add or draw attention to in relation to:

- the directors' confirmation on page 35 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 35 to 40 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in note 2d to the Group 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 Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the directors' explanation on page 34 as to how they have assessed the prospects of the Group, 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 Group 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 confirm that we have nothing material to add or draw attention to in respect of these matters.

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 Group'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 confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards.

We confirm that we are independent of the Group 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN LAING GROUP PLC (CONTINUED)

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.

There have been no changes to the risks identified in the current year. However, we have paid particular attention to the valuation of investments in the New Royal Adelaide Hospital and Manchester Waste projects (being the Group's investment in Manchester VL Co and Manchester Waste TPS Co).

VALUATION OF INVESTMENTS

Risk description	The Group holds a range of investments which primarily include PPP and renewable energy assets. The total value of these assets at 31 December 2016 was £1,176 million (31 December 2015 – £841 million) as disclosed in note 11 to the Group financial statements. These underlying assets are held across a range of different sectors comprising Transport, Environmental (including Renewable Energy) and Social Infrastructure, and a range of geographies including the UK, Europe, North America and Asia Pacific. The valuation of investments is a significant judgement underpinned by a number of key assumptions and estimates. These judgements include discount rates, forecast project cash-flows and macro-economic assumptions such as future inflation and deposit rates. Many of these assumptions differ depending on both the sector and geography of the project. A full internal valuation is prepared at June and December each year and this valuation is incorporated into the financial statements. An independent opinion is obtained from an external valuer that the portfolio as a whole represents fair value. As disclosed on page 9 and of the strategic report and in note 2 to the Group financial statements, the New Royal Adelaide Hospital project is experiencing construction delays and the Manchester Waste VL Co project is experiencing increased counterparty risk. Consequently, there is increased judgement to be made around the valuation of the investment in each project including the completion date of New Royal Adelaide Hospital and the outcome of discussions with the Greater Manchester Waste Disposal Authority (GMWDA) on the future of the Manchester Waste VL Co project. More information on the valuation and valuation methodology (including the judgements associated with the valuation of the investments in New Royal Adelaide Hospital and Manchester Waste) can be found on page 53 of the Audit & Risk Committee report and note 2 to the Group financial statements.
How the scope of our audit responded to the risk	• We assessed the design and implementation of the controls in place when valuing the Group's investments. • We obtained evidence, including external market data, to substantiate key assumptions, including project discount rate(s) and macro-economic assumptions such as forecast inflation and deposit rates. • We benchmarked management's discount rates against market transaction data, including the Group's disposals in the current and previous period. We performed this work in conjunction with our own valuation specialists. • On the valuation of the New Royal Adelaide Hospital and Manchester Waste investments we reviewed, where relevant, the legal advice obtained and held discussions with the Group's external legal counsel, reviewed contractual documentation and held discussions with the directors of each project company to understand and challenge the key judgements in valuing each project. • We met with the Group's external valuer to understand and challenge the process undertaken by them in arriving at their opinion that the portfolio as a whole represents fair value. We also assessed the competency and independence of the external valuer. • We checked that the disclosures in the financial statements were appropriate particularly in respect of the judgements taken.
Key observations	No material matters were identified arising from our audit work. We consider the judgements adopted in valuing the Group's investments to be appropriate. We also consider the disclosures around the valuation of investments to be appropriate.

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT (CONTINUED)

VALUATION OF DEFINED BENEFIT PENSION SCHEMES

Risk description	The Group has two defined benefit pension schemes (The John Laing Pension Fund and The John Laing Pension Plan) which had a combined deficit of £61 million at 31 December 2016 (£39 million at 31 December 2015). The valuation of the deficit is subject to a number of judgements including the adoption of the appropriate (i) discount rates (ii) inflation rates and (iii) mortality rate assumptions. There is also a judgement concerning the Group's ability to recover a surplus under the scheme rules and consequently the consideration of minimum funding requirements under IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'. See note 18 to the Group financial statements for further information and page 53 of the Audit & Risk Committee report.
How the scope of our audit responded to the risk	• We assessed the design and implementation of the controls in place when valuing the Group's defined benefit pension schemes including the setting of actuarial assumptions. • In conjunction with our internal actuarial specialists, we compared the Group's key assumptions, including the discount rate, mortality rate assumptions and the inflation rates against our own benchmarks and those adopted by other companies in the market. • We audited the scheme assets via agreement to external confirmations from the custodian and also agreed a sample of scheme assets back to independent market data. We also obtained and reviewed the AAF 01/06/ISAE 3402 assurance report on internal controls for each custodian to assess if there were any matters which impact our work. • In assessing the impact of IFRIC 14, we examined the nature of the Group's funding commitments to the schemes and reviewed the scheme rules, the external legal advice obtained by management and the actuarial schedule of contributions. • We checked that the disclosure requirements of IAS 19R Employee Benefits had been fulfilled.
Key observations	No material matters were identified arising from our audit work. We consider the judgements adopted by the Group in valuing the pension scheme liabilities to be appropriate and concur that the Group has the ability to recover any surplus under the rules of the John Laing Pension Fund and consequently is not subject to a minimum funding requirement under IFRIC 14. We also consider the disclosures around the valuation of the defined benefit pension schemes to be appropriate.

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

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality	£19 million (2015 – £16 million)
Basis for determining materiality	Below 2% of shareholders' equity
Rationale for the benchmark applied	Shareholders' equity was selected as net asset value is a key performance indicator for the Group. This is consistent with the prior year.

We agreed with the Audit & Risk Committee that we would report to the Committee all audit differences in excess of £500,000 (2015 – £320,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit & Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN LAING GROUP PLC (CONTINUED)

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit scope primarily focused on the fair value of those PPP and Renewable Energy investments which are significant to the Group. Audit work was performed on a sample of investments which comprised 78% (2015 – 85%) of the total valuation of investments. Other investments were subject to review procedures.

We made enquiries of the auditors of a sample of investments as to whether they were aware of any matters which may impact the fair value of those investments.

Our audit work on those subsidiaries which provide asset management services and which are consolidated in the Group financial statements was executed at a materiality lower than Group materiality.

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining subsidiaries not subject to audit or audit of specified account balances.

The Group audit team has initiated a programme of planned visits that has been designed so that it visits a sample of the Group's investments each year with a specific focus on visiting the Group's largest investments by value. This year the Group audit team visited one of the Group's investments. The Group audit team visited four of the Group's investments in the prior year.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of explanations received and accounting records

Under the Companies Act 2006 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report arising from 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 these matters.

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 Group 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 & Risk 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 Chapter 3 of Part 16 of the Companies Act 2006. 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 Group's and the Parent 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.

Claire Faulkner FCA (Senior statutory auditor)
FOR AND ON BEHALF OF DELOITTE LLP
CHARTERED ACCOUNTANTS AND STATUTORY AUDITOR
LONDON, UNITED KINGDOM
6 March 2017

GROUP INCOME STATEMENT

for the year ended 31 December 2016

	Notes	**Year ended 31 December 2016 Statutory £ million**	Year ended 31 December 2015 Pro forma £ million	Year ended 31 December 2015 Statutory £ million
Continuing operations				
Net gain on investments at fair value through profit or loss	11	**218.8**	133.1	129.7
Other income	6	**42.0**	34.5	31.5
Operating income	3	**260.8**	167.6	161.2
Cost of sales		**–**	(0.1)	(0.1)
Gross profit		**260.8**	167.5	161.1
Administrative expenses		**(58.4)**	(55.3)	(52.3)
Profit from operations	7	**202.4**	112.2	108.8
Finance costs	9	**(10.3)**	(11.3)	(11.3)
Profit before tax	3	**192.1**	100.9	97.5
Tax charge	10	**(1.8)**	(2.1)	(2.1)
Profit from continuing operations		**190.3**	98.8	95.4
Discontinued operations				
Profit from discontinued operations (after tax)		**–**	5.7	5.7
Profit for the year attributable to the Shareholders of the Company		**190.3**	104.5	101.1
Earnings per share (pence)				
From continuing operations				
Basic	4	**51.9**	27.6	28.3
Diluted	4	**51.4**	27.5	28.2
From continuing and discontinued operations				
Basic	4	**51.9**	29.2	30.0
Diluted	4	**51.4**	29.1	29.9

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Notes	**Year ended 31 December 2016 Statutory £ million**	Year ended 31 December 2015 Pro forma £ million	Year ended 31 December 2015 Statutory £ million
Profit for the year		**190.3**	104.5	101.1
Exchange differences on translation of overseas operations		**0.3**	–	–
Actuarial (loss)/gain on retirement benefit obligations	18	**(39.2)**	15.8	39.0
Other comprehensive (loss)/income for the year		**(38.9)**	15.8	39.0
Total comprehensive income for the year		**151.4**	120.3	140.1

The only movement which could subsequently be recycled to the Group Income Statement is the exchange difference on translation of overseas operations.

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

STATUTORY

	Notes	**Share capital £ million**	**Share premium £ million**	**Other reserves £ million**	**Retained earnings £ million**	**Total equity £ million**
Balance at 1 January 2016		**36.7**	**218.0**	**0.7**	**634.2**	**889.6**
Profit for the year		**–**	**–**	**–**	**190.3**	**190.3**
Other comprehensive loss for the year		**–**	**–**	**–**	**(38.9)**	**(38.9)**
Total comprehensive income for the year		**–**	**–**	**–**	**151.4**	**151.4**
Share-based incentives	5	**–**	**–**	**2.0**	**–**	**2.0**
Dividends paid		**–**	**–**	**–**	**(26.2)**	**(26.2)**
Balance at 31 December 2016		**36.7**	**218.0**	**2.7**	**759.4**	**1,016.8**

for the year ended 31 December 2015

PRO FORMA

	Notes	Share capital £ million	Share premium £ million	Other reserves £ million	Retained earnings £ million	Total equity £ million
Balance at 1 January 2015		30.0	100.0	–	519.8	649.8
Profit for the year		–	–	–	104.5	104.5
Other comprehensive income for the year		–	–	–	15.8	15.8
Total comprehensive income for the year		–	–	–	120.3	120.3
Shares issued in the year	20, 21	6.7	123.8	–	–	130.5
Costs associated with the issue of shares	21	–	(5.8)	–	–	(5.8)
Share-based incentives	5	–	–	0.7	–	0.7
Dividends paid		–	–	–	(5.9)	(5.9)
Balance at 31 December 2015		36.7	218.0	0.7	634.2	889.6

STATUTORY

	Notes	Share capital £ million	Share premium £ million	Other reserves £ million	Retained earnings £ million	Total equity £ million
Balance at 1 January 2015		–	–	–	–	–
Profit for the year		–	–	–	101.1	101.1
Other comprehensive income for the year		–	–	–	39.0	39.0
Total comprehensive income for the year		–	–	–	140.1	140.1
Shares issued in the year	20, 21	36.7	723.8	–	–	760.5
Costs associated with the issue of shares	21	–	(5.8)	–	–	(5.8)
Reduction of share premium account	21	–	(500.0)	–	500.0	–
Share-based incentives	5	–	–	0.7	–	0.7
Dividends paid		–	–	–	(5.9)	(5.9)
Balance at 31 December 2015		36.7	218.0	0.7	634.2	889.6

	Year ended 31 December 2016 Pence	Year ended 31 December 2015 Pence
Dividends on ordinary shares		
Per ordinary share:		
– interim paid	**1.85**	1.60
– final proposed	**6.30**	5.30

GROUP BALANCE SHEET

as at 31 December 2016

	Notes	**31 December 2016 Statutory £ million**	31 December 2015 Statutory £ million
Non-current assets			
Intangible assets		**–**	0.2
Plant and equipment		**0.3**	1.0
Investments at fair value through profit or loss	11	**1,257.5**	965.3
Deferred tax assets	17	**1.0**	1.4
		1,258.8	967.9
Current assets			
Trade and other receivables	12	**7.4**	8.3
Cash and cash equivalents		**1.6**	1.1
		9.0	9.4
Total assets		**1,267.8**	977.3
Current liabilities			
Current tax liabilities		**(4.1)**	(2.7)
Borrowings	14	**(161.4)**	(14.9)
Trade and other payables	13	**(14.7)**	(19.6)
		(180.2)	(37.2)
Liabilities directly associated with assets classified as held for sale		**–**	(4.2)
Net current liabilities		**(171.2)**	(32.0)
Non-current liabilities			
Retirement benefit obligations	18	**(69.3)**	(46.2)
Provisions	19	**(1.5)**	(0.1)
		(70.8)	(46.3)
Total liabilities		**(251.0)**	(87.7)
Net assets		**1,016.8**	889.6
Equity			
Share capital	20	**36.7**	36.7
Share premium	21	**218.0**	218.0
Other reserves		**2.7**	0.7
Retained earnings		**759.4**	634.2
Equity attributable to the Shareholders of the Company		**1,016.8**	889.6

The financial statements of John Laing Group plc, registered number 05975300, were approved by the Board of Directors and authorised for issue on 6 March 2017. They were signed on its behalf by:

Olivier Brousse
CHIEF EXECUTIVE OFFICER
6 March 2017

Patrick O'D Bourke
GROUP FINANCE DIRECTOR
6 March 2017

GROUP CASH FLOW STATEMENT

for the year ended 31 December 2016

	Notes	**Year ended 31 December 2016 Statutory £ million**	Year ended 31 December 2015 Pro forma £ million	Year ended 31 December 2015 Statutory £ million
Net cash outflow from operating activities	22	**(37.1)**	(70.5)	(70.5)
Investing activities				
Net cash transferred to investments held at fair value through profit or loss	11	**(73.4)**	(54.0)	(54.0)
Cash acquired on acquisition of subsidiaries		**–**	–	2.2
Purchase of plant and equipment		**(0.1)**	(0.6)	(0.6)
Net cash used in investing activities		**(73.5)**	(54.6)	(52.4)
Financing activities				
Dividends paid		**(26.2)**	(5.9)	(5.9)
Finance costs paid		**(8.9)**	(13.7)	(13.7)
Proceeds from borrowings		**165.0**	50.0	50.0
Repayment of borrowings		**(19.0)**	(31.0)	(31.0)
Net proceeds on issue of share capital		**–**	124.7	124.7
Net cash from financing activities		**110.9**	124.1	124.1
Net increase/(decrease) in cash and cash equivalents		**0.3**	(1.0)	1.2
Cash and cash equivalents at beginning of the year		**1.1**	2.2	–
Effect of foreign exchange rate changes		**0.2**	(0.1)	(0.1)
Cash and cash equivalents at end of year		**1.6**	1.1	1.1

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2016

1 GENERAL INFORMATION

The statutory and pro forma results of John Laing Group plc (the "Company" or the "Group") are stated according to the basis of preparation described below. The registered office of the Company is 1 Kingsway, London, WC2B 6AN. The principal activity of the Company is the origination, investment in and management of international infrastructure projects.

Statutory and pro forma financial information is presented in pounds sterling and prepared in accordance with IFRS as adopted by the EU.

2 ACCOUNTING POLICIES

a) Basis of preparation

Statutory financial information for the year ended 31 December 2016 is presented in the Group Income Statement, the Group Statement of Comprehensive Income and the Group Statement of Changes in Equity alongside comparative pro forma and statutory financial information for the year ended 31 December 2015. The comparative pro forma financial information was prepared on the basis that the restructuring associated with the Company's admission to listing in February 2015, as described in more detail in the Financial Review section of the 2015 Annual Report, had been in place throughout the year ended 31 December 2015. Both the Group Balance Sheet at 31 December 2016 and at 31 December 2015 are presented on a statutory basis. There is no difference in the statutory and pro forma Group Balance Sheet for 31 December 2015. In the opinion of the Directors, presenting pro forma information for 2015 was necessary in order to give a true and fair view of the state of the Company's affairs for that year. This is the last year for which pro forma financial information will be presented.

The financial statements have been prepared on an investment entity basis (see note 2c) and in accordance with the historical cost convention except for the revaluation of the investment portfolio and financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies.

b) Adoption of new and revised standards

The Group has adopted the following amendments to IFRS in the current year, none of which has had a material impact on the financial statements:

- Amendments resulting from the September 2014 Annual Improvements to IFRS
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures – amendments regarding the consolidation exception
- Amendments to IFRS 11 Joint Arrangements – amendments regarding the accounting for acquisitions of an interest in joint operation
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure initiative
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – amendments regarding the clarification of acceptable methods of depreciation

At the date of authorisation of these financial statements, there are a number of standards and interpretations which are in issue but not yet effective and in some cases have not yet been adopted by the EU. These include:

Issued and endorsed by the EU

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

Issued and not endorsed by the EU

- IFRS 16 Leases
- Amendments to IAS 7 Statement of Cash flows – amendments as a result of the Disclosure initiatives
- Amendments to IAS 12 Income Taxes – amendments regarding the recognition of deferred tax assets for unrealised losses
- Amendments resulting from the Annual Improvements to IFRS 2014-2016 cycle
- Amendments to IFRS 2 Share Based Payments – amendments to clarify the classification and measurement of share-based payment transactions.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2016

2 ACCOUNTING POLICIES (CONTINUED)

b) Adoption of new and revised standards (continued)

While the Group is still undertaking an assessment of the impact of the new standards, it is not anticipated that they will have a material impact on the Group with the exception that the adoption of IFRS 15 may lead to further disclosure within the financial statements. IFRS 16 is not expected to have a significant impact as the Group does not have any material leases.

IFRS 9 Financial Instruments, when it becomes effective, will have an impact on the classification and disclosure of financial instruments.

The principal accounting policies applied in the preparation of these Group financial statements are set out below. These policies have been applied consistently to each of the years presented, unless otherwise stated.

c) Application of investment entity guidance

The Company meets the definition of an investment entity set out in IFRS 10. Investment entities are required to account for all investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss (FVTPL), except for those directly-owned subsidiaries that provide investment related services or engage in permitted investment related activities with investees (Service Companies). Service Companies are consolidated rather than recorded at FVTPL.

For details of the subsidiaries that are consolidated, see note 13 to the Company financial statements.

d) Going concern

The Directors have reviewed the Group's financial projections and cash flow forecasts and believe, based on those projections and forecasts, that it is appropriate to prepare the financial statements of the Group on the going concern basis.

In arriving at their conclusion, the Directors took into account the Group's approach to liquidity and cash flow management and the availability of its £400.0 million corporate banking facilities committed until March 2020 and of its £50.0 million surety facilities committed until March 2018. The Directors are of the opinion that, based on the Group's forecasts and projections and taking into account expected bidding activity and operational performance, the Group will be able to operate within its bank facilities and comply with the financial covenants therein for the foreseeable future.

In determining that the Group is a going concern, certain risks and uncertainties, some of which arise or increase as a result of the economic environment in some of the Group's markets, have been considered. The Directors believe that the Group is adequately placed to manage these risks. The most important risks and uncertainties identified and considered by the Directors are set out in the Principal Risks and Risk Management section. In addition, the Group's policies for management of its exposure to financial risks, including liquidity, foreign exchange, credit, price and interest rate risks are set out in note 16.

e) Dividend income

Dividend income from investments at FVTPL is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Dividend income is recognised gross of withholding tax, if any, and only when approved and paid by the project company.

f) Dividend payments

Dividends on the Company's ordinary shares are recognised when they have been appropriately authorised and are no longer at the Company's discretion. Accordingly, interim dividends are recognised when they are paid and final dividends are recognised when they are declared following approval by shareholders at the Company's AGM. Dividends are recognised as an appropriation of shareholders' funds.

g) Net gain on investments at FVTPL

Net gain on investments at FVTPL excludes dividend income referred to above. Please refer to accounting policy i)(i) for further detail.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2016

2 ACCOUNTING POLICIES (CONTINUED)

h) Other income

The Group earns income from the following sources:

(i) Fees from asset management services

Fees from asset management services to projects in which the Group invests and to external parties are recognised as the services are provided in accordance with IAS 18 Revenue.

When it is probable that the expected outcome over the life of a management services contract will result in a net outflow of economic benefits or overall loss, a provision is recognised immediately. The provision is determined based on the net present value of the expected future cash inflows and outflows.

(ii) Recovery of bid costs on financial close

Bid costs in respect of primary investments are charged to the Group Income Statement until such time as the Group is virtually certain that it will recover the costs. Virtual certainty is generally achieved when an agreement is in place demonstrating that costs are fully recoverable even in the event of cancellation of a project. From the point of virtual certainty, bid costs are held in the Group Balance Sheet as a debtor prior to achieving financial close. On financial close, the Group recovers bid costs by charging a fee to the relevant project company in the investment portfolio.

Other income excludes the value of intra-group transactions and VAT and includes revenue derived from the provision of services by Service Companies to project companies which are held at FVTPL.

i) Financial instruments

Financial assets and financial liabilities are recognised on the Group Balance Sheet when the Group 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 IFRS 13 Fair Value Measurement.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

(i) Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at FVTPL; 'held-to-maturity' investments; 'available-for-sale' financial assets; or 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The financial assets that the Group holds are classified as financial assets at FVTPL and loans and receivables:

- Financial assets at FVTPL comprise the Group's investment in John Laing Holdco Limited (through which the Group holds its investments) which is valued based on the fair value of investments in project companies, the Group's investment in JLEN and other assets and liabilities of investment entity subsidiaries. Investments in project companies and in JLEN are designated upon initial recognition as financial assets at FVTPL. Subsequent to initial recognition, investments in project companies are measured on a combined basis at fair value principally using discounted cash flow methodology. The investment in JLEN is valued at the quoted market price at the end of the period.

The Directors consider that the carrying value of other assets and liabilities held in investment entity subsidiaries approximates to their fair value, with the exception of derivatives which are measured in accordance with accounting policy i(v).

Changes in the fair value of the Group's investment in John Laing Holdco Limited are recognised within operating income in the Group Income Statement.

- Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial. Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Group Balance Sheet.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2016

2 ACCOUNTING POLICIES (CONTINUED)

i) Financial instruments (continued)

(ii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indications of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events which have occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss.

(iii) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(iv) Financial liabilities

Interest-bearing bank loans and borrowings are initially recorded at fair value, being the proceeds received net of direct issue costs, and subsequently at amortised cost using the effective interest rate method. Finance charges, including premiums payable on settlement or redemption, and direct issue costs are accounted for on an accruals basis in the Group Income Statement and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

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

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(v) Derivative financial instruments

The Group treats forward foreign exchange contracts and currency swap deals it enters into as derivative financial instruments at FVTPL. Changes in the fair value of these instruments are taken through the Group Income Statement.

j) Provisions

Provisions are recognised when:

- the Group has a legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required on settlement is determined by considering the class of obligations as a whole.

k) Finance costs

Finance costs relating to the corporate banking facilities, other than set-up costs, are recognised in the year in which they are incurred. Set-up costs are recognised over the remaining facility term.

Finance costs also include the net interest cost on retirement benefit obligations and the unwinding of discounting of provisions.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2016

2 ACCOUNTING POLICIES (CONTINUED)

l) Taxation

The tax charge or credit represents the sum of tax currently payable and deferred tax.

Current tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Group Income Statement because it excludes both items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, by the balance sheet date.

Deferred tax

Deferred tax liabilities are recognised in full for taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will arise to allow all or part of the assets to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Group Income Statement except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets and current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

m) Foreign currencies

The individual financial statements of each Group subsidiary that is consolidated (i.e. a Service Company) are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the financial statements, the results and financial position of each Group subsidiary are expressed in pounds sterling, the functional currency of the Company and the presentation currency of the financial statements.

Monetary assets and liabilities expressed in foreign currency (including investments measured at fair value) are reported at the rate of exchange prevailing at the balance sheet date or, if appropriate, at the forward contract rate. Any difference arising on the retranslation of these amounts is taken to the Group Income Statement with foreign exchange movements on investments measured at fair value recognised in operating income as part of net gain on investments at FVTPL. Income and expense items are translated at the average exchange rates for the period.

n) Non-current assets held for sale and discontinued operations

Where a disposal group represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, it is treated as a discontinued operation. The post-tax profit or loss of this discontinued operation together with the gain or loss recognised on its disposal is shown as a single amount on the face of the Group Income Statement, with all historical financial periods being presented on this basis.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount is recoverable through a sale rather than through continuing use. This condition is regarded as having been met only when the sale is highly probable, the asset (or disposal group) is available for immediate sale in its present condition and the sale is completed within one year of the date of its classification.

o) Retirement benefit costs

The Group operates both defined benefit and defined contribution pension arrangements. Its two defined benefit pension schemes are the John Laing Pension Fund (JLPF) and the John Laing Pension Plan, which are both closed to future accrual. The Group also provides post-retirement medical benefits to certain former employees.

Payments to defined contribution pension arrangements are charged as an expense as they fall due. For the defined benefit pension schemes and the post-retirement medical benefit scheme, the cost of providing benefits is determined in accordance with IAS 19: Employee Benefits (revised) using the projected unit credit method, with actuarial valuations being carried out at least every three years. Actuarial gains and losses are recognised in full in the year in which they occur and are presented in the Group Statement of Comprehensive Income. Curtailment gains arising from changes to members' benefits are recognised in full in the Group Income Statement.

The retirement benefit obligations recognised in the Group Balance Sheet represent the present value of: (i) defined benefit scheme obligations as adjusted for unrecognised past service costs and reduced by the fair value of scheme assets, where any asset resulting from this calculation is limited to past service costs plus the present value of available refunds and reductions in future contributions to the schemes; and (ii) unfunded post-retirement medical benefits.

Net interest expense or income is recognised within finance costs.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2016

2 ACCOUNTING POLICIES (CONTINUED)

p) Cash and cash equivalents

Cash and cash equivalents in the Group Balance Sheet comprise cash at bank and in hand and short term deposits with original maturities of three months or less. For the purposes of the Group Cash Flow Statement, cash and cash equivalents comprise cash and short term deposits as defined above, net of bank overdrafts.

Deposits held with original maturities of greater than three months are shown as other financial assets.

q) Leasing

All leases are classified as operating leases. Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

r) Share capital

Ordinary shares are classified as equity instruments on the basis that they evidence a residual interest in the assets of the Group after deducting all its liabilities.

Incremental costs directly attributable to the issue of new ordinary shares are recognised in equity as a deduction, net of tax, from the proceeds in the period in which the shares are issued.

s) Employee benefit trust

In June 2015, the Group established the John Laing Group Employee Benefit Trust (EBT) as described further in note 5. The Group is deemed to have control of the EBT and it is therefore treated as a subsidiary and consolidated for the purposes of the accounts. Any investment by the EBT in the parent company's shares is deducted from equity in the Group Balance Sheet as if such shares were treasury shares. No investment was made in the year. Other assets and liabilities of the EBT are recognised as assets and liabilities of the Group.

Any shares held by the EBT are excluded for the purposes of calculating earnings per share.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities. The key areas of the financial statements where the Group is required to make critical judgements and material accounting estimates are in respect of the fair value of investments and accounting for the Group's defined benefit pension liabilities.

Fair value of investments

Critical judgements in applying the Group's accounting policies
The Company measures its investment in John Laing Holdco Limited at fair value. Fair value is determined based on the fair value of investments in project companies and the Group's investment in JLEN (together the Group's investment portfolio) and other assets and liabilities of investment entity subsidiaries. A valuation of the Group's investment portfolio is prepared on a consistent, principally discounted cash flow basis at 30 June and 31 December. The valuation (excluding the investment in JLEN) assumes that forecast cash flows are received until maturity of the underlying assets. The cash flows on which the discounted cash flow valuation is based are those forecast to be distributable to the Group at each balance sheet date, derived from detailed project financial models. These incorporate a number of assumptions with respect to individual assets, including: dates for construction completion; value enhancements; the terms of project debt refinancing (where applicable); the outcome of any disputes; the level of volume-based revenue; and, for renewable energy projects, future energy prices. Value enhancements are only incorporated when the Group has sufficient evidence that they can be realised.

Key sources of estimation uncertainty
A key source of estimation uncertainty in valuing the investment portfolio is the discount rate applied to forecast project cash flows. A base case discount rate for an operational project is derived from secondary market information and other available data points. The base case discount rate is then adjusted to reflect project-specific risks. In addition, risk premia are added during the construction phase to reflect the additional risks throughout construction. These premia reduce over time as the project progresses through its construction programme, reflecting the significant reduction in risk once the project reaches the operating stage. The discount rates applied to investments at 31 December 2016 were in the range of 7.0% to 11.6% (31 December 2015 – 7.3% to 12.3%). Further detail on key assumptions underpinning the valuation of the investments (including sensitivities) can be found in note 16.

As part of the valuation of the investment portfolio at 31 December 2016, the Group has valued its investments in New Royal Adelaide Hospital and in Manchester Waste VL Co. This has involved making assumptions as to the outcome of the current situations relating to each investment, as described in the Chief Executive Officer's Review on page 8. Both situations are dependent on future events and therefore carry an element of uncertainty. In the case of the investment in New Royal Adelaide Hospital, the main judgement underlying the Group's valuation is an assumption that the hospital reaches commercial acceptance in mid 2017. In the case of Manchester Waste VL Co, the Group's valuation is based on the assumption that a resolution is reached with GMWDA which is commercially acceptable to Manchester Waste VL Co and which has a minimal impact on Manchester Waste TPS Co.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2016

2 ACCOUNTING POLICIES (CONTINUED)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Pension and other post-retirement liability accounting

Critical judgements in applying the Group's accounting policies
The combined accounting deficit in the Group's defined benefit pension and post-retirement medical schemes at 31 December 2016 was £69.3 million (31 December 2015 – £46.2 million). In determining the Group's defined benefit pension liability, consideration is also given to whether there is a minimum funding requirement under IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction which is in excess of the IAS 19 Employee Benefits liability. If the minimum funding requirement is higher, an additional liability would need to be recognised. Under the trust deed and rules of JLPF, the Group has an ultimate unconditional right to any surplus, accordingly the excess of the minimum funding requirement over the IAS 19 Employee Benefits liability has not been recognised as an additional liability.

Key sources of estimation uncertainty
The value of the pension deficit is highly dependent on key assumptions including price inflation, discount rate and life expectancy. The assumptions applied at 31 December 2016 and the sensitivity of the pension liabilities to certain changes in these assumptions are illustrated in note 18.

3 OPERATING SEGMENTS

Information is reported to the Group's Board (the chief operating decision maker under IFRS 8 Operating Segments) for the purposes of resource allocation and assessment of segment performance based on the category of activities undertaken within the Group. The principal categories of activity, and thus the reportable segments under IFRS 8 Operating Segments, are: Primary Investment, Secondary Investment and Asset Management.

The results included within each of the reportable segments comprise:

Primary Investment – costs and cost recoveries associated with originating, bidding for and winning greenfield infrastructure and renewable energy projects; investment returns from and growth in the value of the Primary Investment portfolio, net of associated costs.

Secondary Investment – investment returns from and growth in the value of the Secondary Investment portfolio, net of associated costs.

Asset Management – fee income and associated costs from investment management services in respect of both the Primary and Secondary Investment portfolios and in respect of JLIF's and JLEN's portfolios and the PPP assets in JLPF's portfolio plus fee income and associated costs from project management services.

The Board's primary measure of profitability for each segment is profit before tax.

The Board does not monitor on an ongoing basis the results of the Group on a geographical basis. An analysis of the Group's investments at FVTPL by foreign currency can be found in note 16.

The following is an analysis of the Group's profit before tax and operating income for the years ended 31 December 2016 and 31 December 2015:

	Year ended 31 December 2016						
	Reportable segments						
	Primary Investment £ million	Secondary Investment £ million	Asset Management £ million	Segment Sub-total £ million	Inter-segment £ million	Non-segmental results £ million	Total £ million
Continuing operations							
Net gain on investments at FVTPL	144.4	66.9	–	**211.3**	–	7.5	**218.8**
Other income	7.5	–	47.4	**54.9**	(14.7)	1.8	**42.0**
Operating income	151.9	66.9	47.4	**266.2**	(14.7)	9.3	**260.8**
Cost of sales	–	–	–	**–**	–	–	**–**
Gross profit	151.9	66.9	47.4	**266.2**	(14.7)	9.3	**260.8**
Administrative expenses	(33.3)	(7.6)	(27.5)	**(68.4)**	14.7	(4.7)	**(58.4)**
Profit from operations	118.6	59.3	19.9	**197.8**	–	4.6	**202.4**
Finance costs	(5.5)	(2.2)	–	**(7.7)**	–	(2.6)	**(10.3)**
Profit before tax from continuing operations	113.1	57.1	19.9	**190.1**	–	2.0	**192.1**
Profit before tax – statutory	113.1	57.1	19.9	**190.1**	–	2.0	**192.1**

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2016

3 OPERATING SEGMENTS (CONTINUED)

	Year ended 31 December 2015						
	Reportable segments						
	Primary Investment £ million	Secondary Investment £ million	Asset Management £ million	Segment Sub-total £ million	Inter-segment £ million	Non-segmental results £ million	Total £ million
Continuing operations							
Net gain on investments at FVTPL	82.9	49.4	–	132.3	–	0.8	133.1
Other income	3.4	–	42.4	45.8	(12.0)	0.7	34.5
Operating income	86.3	49.4	42.4	178.1	(12.0)	1.5	167.6
Cost of sales	–	–	–	–	–	(0.1)	(0.1)
Gross profit	86.3	49.4	42.4	178.1	(12.0)	1.4	167.5
Administrative expenses	(29.3)	(5.9)	(26.9)	(62.1)	12.0	(5.2)	(55.3)
Profit from operations	57.0	43.5	15.5	116.0	–	(3.8)	112.2
Finance costs	(6.3)	(0.5)	–	(6.8)	–	(4.5)	(11.3)
Profit before tax from continuing operations	50.7	43.0	15.5	109.2	–	(8.3)	100.9
Profit before tax from discontinued operations							5.7
Profit before tax – pro forma							106.6
Reconciliation to statutory results:							
Fair value loss on acquisition of John Laing Holdco Limited							(3.4)
Profit before tax – statutory							103.2

Non-segmental results include results from corporate activities and discontinued operations.

For the year ended 31 December 2016, more than 10% of operating income was derived from the IEP (Phase 1) and A1 Gdansk Poland projects (year ended 31 December 2015 – IEP (Phase 1)).

The Group's investment portfolio, comprising investments in project companies and a listed fund included within investments at FVTPL (see note 11) is allocated between primary and secondary investments. The Primary Investment portfolio includes investments in projects which are in the construction phase. The Secondary Investment portfolio includes investments in operational projects.

Segment assets	**31 December 2016 £ million**	31 December 2015 £ million
Primary Investment	**696.3**	405.9
Secondary Investment	**479.6**	435.5
Total investment portfolio	**1,175.9**	841.4
Other investments	**0.3**	0.5
Other assets and liabilities	**81.3**	123.4
Total investments at FVTPL	**1,257.5**	965.3
Other assets	**10.3**	12.0
Total assets	**1,267.8**	977.3
Retirement benefit obligations	**(69.3)**	(46.2)
Other liabilities	**(181.7)**	(41.5)
Total liabilities	**(251.0)**	(87.7)
Group net assets	**1,016.8**	889.6

Other assets and liabilities above include cash and cash equivalents, trade and other receivables less trade and other payables within recourse group investment entity subsidiaries.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2016

4 EARNINGS PER SHARE

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

	Year ended 31 December 2016 Statutory £ million	Year ended 31 December 2015 Pro forma £ million	Year ended 31 December 2015 Statutory £ million
Earnings			
Profit from continuing operations for the purpose of basic and diluted earnings per share	**190.3**	98.8	95.4
Profit from discontinued operations for the purpose of basic and diluted earnings per share	**–**	5.7	5.7
Profit for the year	**190.3**	104.5	101.1
Number of shares			
Weighted average number of ordinary shares for the purpose of basic earnings per share	**366,923,076**	358,305,584	336,935,722
Dilutive effect of ordinary shares potentially issued under share-based incentives (note 5)	**3,313,330**	1,255,857	1,255,857
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**370,236,406**	359,561,441	338,191,579
Earnings per share from continuing operations (pence/share)			
Basic	**51.9**	27.6	28.3
Diluted	**51.4**	27.5	28.2
Earnings per share from continuing and discontinued operations (pence/share)			
Basic	**51.9**	29.2	30.0
Diluted	**51.4**	29.1	29.9

5 SHARE-BASED INCENTIVES

Long-term incentive plan

The Group operates share-based incentive arrangements for Executive Directors, senior executives and other eligible employees under which awards are granted over the Company's ordinary shares. Awards are conditional on the relevant employee completing three years' service (the vesting period). The awards vest three years from the grant date, subject to the Group achieving a target share-based performance condition, total shareholder return (50% of the award), and a non-market based performance condition, NAV growth per share (50% of the award). The Group has no legal or constructive obligation to repurchase or settle the awards in cash.

The movement in the number of shares awarded is as follows:

	Number of shares awarded 2016	2015
At 1 January	**1,763,030**	–
Granted	**2,094,460**	1,795,830
Lapsed	**(83,160)**	(32,800)
At 31 December	**3,774,330**	1,763,030

The weighted average fair value of awards granted during the year was 167.25 pence per share (2015 – 130.89p) for the market-based performance condition, determined using the Stochastic valuation model, and 226.49 pence per share (2015 – 218.11p) for the non-market based performance condition determined using the Black Scholes model. The weighted average fair value of awards granted during the year from both models is 196.87 pence per share (2015 – 174.46p). The significant inputs into the model were the weighted average share price of 226.5 pence (2015 – 219.5p) at the grant date, expected volatility of 12.55% (2015 – 14.17%), expected dividend yield of 3.10% (2015 – 2.17%), an expected award life of three years and an annual risk-free interest rate of 0.4% (2015 – 0.68%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over three years.

The total expense recognised in the Group Income Statement for awards granted under share-based incentive arrangements for the year ended 31 December 2016 was £2.0 million (2015 – £0.7 million).

Of the 3,774,330 outstanding awards (2015 – 1,763,030), none were exercisable at 31 December 2016 (2015 – nil). The weighted average exercise price of the awards granted during 2016 was £nil (2015 – £nil). There were no awards forfeited, exercised or expired during the year ended 31 December 2016 (2015 – nil). During the year ended 31 December 2016, there were 83,160 awards (2015 – 32,800) that lapsed.

Of the awards outstanding at the end of the year, 1,695,470 vest on 15 April 2018 and 2,078,860 vest on 15 April 2019 subject to the conditions described above. The weighted average exercise price of the awards outstanding at 31 December 2016 was £nil (31 December 2015 – £nil).

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5 SHARE-BASED INCENTIVES (CONTINUED)

Deferred Share Bonus Plan

In accordance with the Deferred Share Bonus Plan, 84,439 shares were awarded on 15 March 2016 to Executive Directors and certain senior executives in relation to that part of their annual bonus for 2015 which exceeded 60% of their base salary. These awards vest in equal tranches on the first, second and third anniversary of grant, normally subject to continued employment. For further details on this plan, please refer to the Directors' Remuneration Report.

The movement in the number of shares awarded is as follows:

	Number of shares awarded	
	2016	2015
At 1 January	**–**	–
Granted	**84,439**	–
At 31 December	**84,439**	–

Employee Benefit Trust

On 19 June 2015 the Company established the John Laing Group Employee Benefit Trust (the EBT) to be used as part of the remuneration arrangements for employees. The purpose of the EBT is to facilitate the ownership of shares by or for the benefit of employees by the acquisition and distribution of shares in the Company. The EBT purchases shares in the Company to satisfy the Company's obligations under its share-based payment plans.

During the year the EBT purchased no shares in John Laing Group plc and as at 31 December 2016 the EBT held no shares in the Company.

6 OTHER INCOME

	Year ended 31 December 2016	Year ended 31 December 2015	
	Statutory £ million	Pro forma £ million	Statutory £ million
Fees from asset management services	**34.5**	31.1	28.1
Recoveries on financial close	**7.5**	3.4	3.4
	42.0	34.5	31.5

Included within fees from asset management services is £1.9 million received on the sale of the UK Project Management Services business in November 2016. A further £2.1 million was deferred and recognised in January 2017 on transfer of the final MSA contracts. Total costs of the sale were £1.4 million (recognised in administrative expenses in the year ended 31 December 2016) leading to an overall profit on sale in the year ended 31 December 2016 of £0.5 million.

7 PROFIT FROM OPERATIONS

	Year ended 31 December 2016 Statutory £ million	Year ended 31 December 2015 Pro forma and statutory £ million
Profit from operations has been arrived at after charging:		
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries	**(0.2)**	(0.3)
Total audit fees	**(0.2)**	(0.3)
Other assurance services	**–**	–
Total non-audit fees	**–**	–
Operating lease charges:		
– rental of land and buildings	**(1.3)**	(0.8)
Depreciation of plant and equipment	**(0.6)**	(0.7)
Amortisation of intangible assets	**(0.2)**	(0.5)
Net foreign exchange gain	**–**	1.4

The fee payable to the Company's auditor for the audit of the Company's annual accounts was £6,375 (2015 – £6,312). The fees payable to the Company's auditor for the audit of the Company's subsidiaries were £241,560 (2015 – £295,334). The fees payable to the Company's auditor for non-audit services comprised: £44,800 for other assurance services (2015 – £44,700). Other fees were £nil in 2016 (2015 – £1.1 million paid to the Company's auditor for reporting accountant and other services in relation to the IPO of the Company in February 2015 which was deducted from share premium in 2015 as an expense on the issue of equity shares).

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2016

8 EMPLOYEE COSTS AND DIRECTORS' EMOLUMENTS

	Year ended 31 December 2016 Statutory £ million	Year ended 31 December 2015 Pro forma £ million	Year ended 31 December 2015 Statutory £ million
Employee costs comprise:			
Salaries	**(26.8)**	(29.9)	(26.0)
Social security costs	**(2.9)**	(3.4)	(3.0)
Pension charge			
– defined benefit schemes (see note 18)	**(1.6)**	(1.3)	(1.3)
– defined contribution	**(1.3)**	(1.2)	(1.0)
Share-based incentives (see note 5)	**(2.0)**	(0.7)	(0.7)
	(34.6)	(36.5)	(32.0)

Employee costs in 2015 include one-off costs of £3.4 million incurred in relation to the IPO.

Annual average employee numbers (including Directors):

	Year ended 31 December 2016 Statutory No.	Year ended 31 December 2015 Pro forma and statutory No.
Staff	**248**	247
UK	**191**	196
Overseas	**57**	51
Activity		
Primary investments, asset management and central activities	**248**	247

Details of Directors' remuneration for the year ended 31 December 2016 can be found in the Directors' Remuneration Report.

9 FINANCE COSTS

	Year ended 31 December 2016 Statutory £ million	Year ended 31 December 2015 Pro forma and statutory £ million
Finance costs on corporate banking facilities	**(7.9)**	(7.6)
Amortisation of debt issue costs	**(1.1)**	(1.0)
Net interest cost of retirement obligations (see note 18)	**(1.3)**	(2.7)
Total finance costs	**(10.3)**	(11.3)

10 TAX

The tax charge for the year comprises:

	Year ended 31 December 2016 Statutory £ million	Year ended 31 December 2015 Pro forma and statutory £ million
Current tax:		
UK corporation tax charge – current year	**(1.9)**	(2.0)
UK corporation tax charge – prior year	**0.5**	–
	(1.4)	(2.0)
Deferred tax:		
Deferred tax charge – current year	**(0.2)**	(0.1)
Deferred tax charge – prior year	**(0.2)**	–
	(0.4)	(0.1)
Tax charge on continuing operations	**(1.8)**	(2.1)

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2016

10 TAX (CONTINUED)

The tax charge for the year can be reconciled to the profit in the Group Income Statement as follows:

	Year ended 31 December 2016 Statutory £ million	Year ended 31 December 2015 Pro forma £ million	Year ended 31 December 2015 Statutory £ million
Profit before tax on continuing operations	**192.1**	100.9	97.5
Tax at the UK corporation tax rate	**(38.4)**	(20.4)	(19.7)
Tax effect of expenses and other similar items that are not deductible	**(0.6)**	(1.1)	(1.1)
Non-taxable movement on fair value of investments	**43.8**	27.0	26.3
Adjustment for management charges to fair value group	**(6.6)**	(7.4)	(7.4)
Origination and reversal of timing differences	**–**	(0.1)	(0.1)
Other movements	**(0.3)**	(0.1)	(0.1)
Prior period – current tax	**0.5**	–	–
Prior period – deferred tax	**(0.2)**	–	–
Total tax charge on continuing operations for the year	**(1.8)**	(2.1)	(2.1)

For the year ended 31 December 2016 a tax rate of 20.0% has been applied (2015 – 20.25%). The UK Government has announced its intention to reduce the main corporation tax rate by 1% to 19% from 1 April 2017 and by a further 2% to 17% from 1 April 2020.

The Group expects that the majority of deferred tax assets will be realised after 1 April 2020 and therefore the Group has measured its deferred tax assets at 31 December 2016 at 17% (31 December 2015 – 18%).

11 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2016			
Statutory	**Project companies £ million**	**Listed investments £ million**	**Other assets and liabilities £ million**	**Total £ million**
Opening balance	**825.8**	**16.1**	**123.4**	**965.3**
Distributions	**(35.9)**	**(0.9)**	**36.8**	**–**
Investment in equity and loans	**302.1**	**–**	**(302.1)**	**–**
Realisations	**(140.5)**	**(6.4)**	**146.9**	**–**
Fair value movement	**214.7**	**1.2**	**2.9**	**218.8**
Net cash transferred to investments held at FVTPL	**–**	**–**	**73.4**	**73.4**
Closing balance	**1,166.2**	**10.0**	**81.3**	**1,257.5**

	31 December 2015			
Pro forma	Project companies £ million	Listed investments £ million	Other assets and liabilities £ million	Total £ million
Opening balance	706.7	65.6	85.9	858.2
Distributions	(43.4)	(0.9)	44.3	–
Investment in equity and loans	142.9	–	(142.9)	–
Realisations	(86.3)	–	86.3	–
Investments transferred to JLPF	(29.6)	(50.4)	–	(80.0)
Fair value movement	135.5	1.8	(4.2)	133.1
Net cash transferred to investments held at FVTPL	–	–	54.0	54.0
Closing balance	825.8	16.1	123.4	965.3

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for the year ended 31 December 2016

11 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	31 December 2015			
Statutory	Project companies £ million	Listed investments £ million	Other assets and liabilities £ million	Total £ million
Opening balance	–	–	–	–
Acquisition of John Laing Holdco Limited	706.7	65.6	(142.3)	630.0
Acquisition of Service Companies	–	–	231.6	231.6
Distributions	(43.4)	(0.9)	44.3	–
Investment in equity and loans	142.9	–	(142.9)	–
Realisations	(86.3)	–	86.3	–
Investments transferred to JLPF	(29.6)	(50.4)	–	(80.0)
Fair value movement	135.5	1.8	(7.6)	129.7
Net cash transferred to investments held at FVTPL	–	–	54.0	54.0
Closing balance	825.8	16.1	123.4	965.3

On 27 January 2015, the Company acquired the remaining 77.54% interest in John Laing Holdco Limited for £630.0 million as part of a pre IPO restructuring. On 17 February 2015, the Company acquired from the John Laing Holdco Limited group the interests in its Service Companies. From this date, these Service Companies have been consolidated in the Group financial statements. This latter acquisition was treated as an acquisition under common control.

Included within other assets and liabilities at 31 December 2016 above is cash collateral of £23.7 million (31 December 2015 – £123.9 million) in respect of future investment commitments on IEP (Phase 1), I-77 Managed Lanes and New Perth Stadium (31 December 2015 – IEP (Phase 1), I-77 Managed Lanes, New Perth Stadium and Sydney Light Rail).

The investment disposals that have occurred in the years ended 31 December 2016 and 2015 are as follows:

Year ended 31 December 2016

During the year ended 31 December 2016, the Group disposed of shares and subordinated debt in six PPP and renewable energy project companies. Total proceeds from all disposals were £146.9 million.

Details were as follows:

	Date of completion	**Original holding %**	**Holding disposed of %**	**Retained holding %**
Sold to John Laing Environmental Assets Group Limited (JLEN)				
Dreachmhor Wind Farm (Holdings) Limited	29 June 2016	100.0	100.0	–
New Albion Wind (Holdings) Limited	21 July 2016	100.0	100.0	–
Sold to John Laing Infrastructure Fund Limited (JLIF)				
Inspiral Oldham Holdings Company Limited	27 May 2016	95.0	95.0	–
Rail Investments (Great Western) Limited*	29 December 2016	100.0	20.0	80.0
Services Support (BTP) Holdings Limited	29 February 2016	54.2	54.2	–
UK Highways (A55) Holdings Limited	22 December 2016	100.0	100.0	–
Sold to other parties				
John Laing Environmental Assets Group Limited	2 November 2016	5.5	2.2	3.3
UK Highways Limited**	30 November 2016	100.0	100.0	–

* Holds the Group's 24% interest in IEP (Phase 1).

** Sold as part of disposal of UK activities of PMS for £0.3 million.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2016

11 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Year ended 31 December 2015

During the year ended 31 December 2015, the Group disposed of shares and subordinated debt in seven PPP and renewable energy project companies. Sale proceeds were £86.3 million. The Group also made a contribution of £80.0 million to JLPF settled by a transfer of shares in JLEN and shares in one PPP project company.

Details were as follows:

	Date of completion	Original holding %	Holding disposed of %	Retained holding %
Sold to John Laing Environmental Assets Group Limited (JLEN)				
Carscreugh Holdings Limited	31 March 2015	100.0	100.0	–
Wear Point Wind Holdco Limited	31 March 2015	100.0	100.0	–
Branden Solar Park Holdings Limited	31 March 2015	100.0	64.0	36.0
Branden Solar Park Holdings Limited	30 July 2015	36.0	36.0	–
Burton Wold Extension Limited	2 December 2015	100.0	100.0	–
Sold to John Laing Infrastructure Fund Limited (JLIF)				
Healthcare Support (Erdington) Holdings Limited	30 June 2015	100.0	100.0	–
Sold to other parties				
Dhule Palesner Tollway Limited	31 October 2015	36.0	36.0	–
Services Support (Cleveland) Holdings Limited	5 November 2015	27.08	27.08	–
Transferred to JLPF				
City Greenwich Lewisham Rail Link plc	17 February 2015	52.0	47.0	5.0
John Laing Environmental Assets Group Limited (JLEN)	17 February 2015	39.7	29.9	9.8*

* Shareholding reduced to 5.5% following equity issues by JLEN in 2015 and 2016.

12 TRADE AND OTHER RECEIVABLES

	31 December 2016 £ million	31 December 2015 £ million
Current assets		
Trade receivables	**6.3**	7.1
Other receivables	**0.6**	0.7
Prepayments and accrued income	**0.5**	0.5
	7.4	8.3

Trading amounts receivable from project companies in which the Group holds an interest were previously included at 31 December 2015 in other receivables. The Group has presented these within trade receivables at 31 December 2016 to better reflect the nature of the asset. The trade receivables and other receivables at 31 December 2015 have consequently been amended to present a consistent year on year presentation. There is no impact on overall trade and other receivables.

In the opinion of the Directors the fair value of trade and other receivables is equal to their carrying value.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	31 December 2016 £ million	31 December 2015 £ million
Sterling	**5.9**	7.7
Other currencies	**1.5**	0.6
	7.4	8.3

NOTES TO THE GROUP FINANCIAL STATEMENTS

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12 TRADE AND OTHER RECEIVABLES (CONTINUED)

Other currencies mainly comprise trade and other receivables in Euros (31 December 2015 – Canadian dollars).

Included in the Group's trade receivables are debtors with a carrying value of £0.4 million which were overdue at 31 December 2016 (31 December 2015 – £0.1 million). The overdue balances have an ageing of up to 120 days (31 December 2015 – up to 60 days). The Group has not provided for these debtors as there has not been a significant change in their credit quality since the amounts became overdue, and they are considered fully recoverable. The Group does not hold any collateral against these balances.

Included in the Group's trade receivables are debtors with a carrying value of £nil which were impaired at 31 December 2016 (31 December 2015 – £nil).

13 TRADE AND OTHER PAYABLES

	31 December 2016 £ million	31 December 2015 £ million
Current liabilities		
Trade payables	**(1.9)**	(1.8)
Other taxation	**(1.6)**	(1.6)
Accruals	**(11.1)**	(15.8)
Deferred income	**(0.1)**	(0.4)
	(14.7)	(19.6)

Employee related accruals were previously included at 31 December 2015 in trade payables. The Group has presented these within accruals at 31 December 2016 to better reflect the nature of the liability. The trade payables and accruals figures at 31 December 2015 have consequently been amended to present a consistent year on year presentation. There is no impact on overall trade and other payables.

14 BORROWINGS

	31 December 2016 £ million	31 December 2015 £ million
Current liabilities		
Interest-bearing loans and borrowings net of unamortised financing costs (note 15 c)	**(161.4)**	(14.9)
	(161.4)	(14.9)

15 FINANCIAL INSTRUMENTS

a) Financial instruments by category

Continuing operations	**Loans and receivables £ million**	**Assets at FVTPL £ million**	**Financial liabilities at amortised cost £ million**	**Total £ million**
Fair value measurement method	**n/a**	**Level 1 / 3***	**n/a**	
31 December 2016				
Non-current assets				
Investments at FVTPL*	**–**	**1,257.5**	**–**	**1,257.5**
Current assets				
Trade and other receivables	**7.0**	**–**	**–**	**7.0**
Cash and cash equivalents	**1.6**	**–**	**–**	**1.6**
Total financial assets	**8.6**	**1,257.5**	**–**	**1,266.1**
Current liabilities				
Interest-bearing loans and borrowings	**–**	**–**	**(161.4)**	**(161.4)**
Trade and other payables	**–**	**–**	**(13.0)**	**(13.0)**
Total financial liabilities	**–**	**–**	**(174.4)**	**(174.4)**
Net financial instruments	**8.6**	**1,257.5**	**(174.4)**	**1,091.7**

NOTES TO THE GROUP FINANCIAL STATEMENTS

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15 FINANCIAL INSTRUMENTS (CONTINUED)

a) Financial instruments by category (continued)

Continuing operations	Loans and receivables £ million	Assets at FVTPL £ million	Financial liabilities at amortised cost £ million	Total £ million
Fair value measurement method	n/a	Level 1 / 3*	n/a	
31 December 2015				
Non-current assets				
Investments at FVTPL*	–	965.3	–	965.3
Current assets				
Trade and other receivables	8.1	–	–	8.1
Cash and cash equivalents	1.1	–	–	1.1
Total financial assets	9.2	965.3	–	974.5
Current liabilities				
Interest-bearing loans and borrowings	–	–	(14.9)	(14.9)
Trade and other payables	–	–	(17.6)	(17.6)
Total financial liabilities	–	–	(32.5)	(32.5)
Net financial instruments	9.2	965.3	(32.5)	942.0

* Investments at FVTPL are split between: Level 1, JLEN, which is a listed investment fair valued at £10.0 million (31 December 2015 – £16.1 million) using a quoted market price; and Level 3 investments in project companies fair valued at £1,166.2 million (31 December 2015 – £825.8 million). Level 1 and Level 3 investments are fair valued in accordance with the policy and assumptions set out in note 2 i. The investments at FVTPL include other assets and liabilities as shown in note 11. Such other assets and liabilities are recorded at amortised cost which the Directors believe approximates to their fair value.

The tables in section a) provide an analysis of financial instruments that are measured subsequent to their initial recognition at fair value.

- 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 transfers between Levels 1 and 2 during either year. There were no transfers out of Level 3.

Reconciliation of Level 3 fair value measurement of financial assets and liabilities

An analysis of the movement between opening and closing balances of assets at FVTPL is given in note 11. The carrying amounts of financial assets and financial liabilities in these financial statements reflect their fair values.

b) Foreign currency and interest rate profile of financial assets (excluding investments at FVTPL)

Currency	**31 December 2016 Non-interest bearing £ million**	31 December 2015 Non-interest bearing £ million
Sterling	**5.9**	7.7
Euro	**1.5**	0.2
Canadian dollar	**0.4**	0.6
US dollar	**0.4**	0.4
Australian dollar	**0.4**	0.2
Other	**–**	0.1
Total	**8.6**	9.2

NOTES TO THE GROUP FINANCIAL STATEMENTS

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15 FINANCIAL INSTRUMENTS (CONTINUED)

c) Foreign currency and interest rate profile of financial liabilities

The Group's financial liabilities at 31 December 2016 were £174.4 million (31 December 2015 – £32.5 million), of which £161.4 million (31 December 2015 – £14.9 million) related to short-term cash borrowings of £165.0 million net of unamortised finance costs of £3.6 million.

	31 December 2016			31 December 2015		
Currency	**Fixed rate £ million**	**Non-interest bearing £ million**	**Total £ million**	Fixed rate £ million	Non-interest bearing £ million	Total £ million
Sterling	**(161.4)**	**(9.8)**	**(171.2)**	(14.9)	(14.2)	(29.1)
Euro	**–**	**(0.5)**	**(0.5)**	–	(0.6)	(0.6)
US dollar	**–**	**(0.9)**	**(0.9)**	–	(1.4)	(1.4)
Australian dollar	**–**	**(1.4)**	**(1.4)**	–	(1.1)	(1.1)
Other	**–**	**(0.4)**	**(0.4)**	–	(0.3)	(0.3)
Total	**(161.4)**	**(13.0)**	**(174.4)**	(14.9)	(17.6)	(32.5)

16 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange rate risk, interest rate risk and inflation risk), credit risk, price 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 uses derivative financial instruments to hedge certain risk exposures.

For the parent company and its recourse subsidiaries, financial risks are managed by a central treasury operation which operates within Board approved policies. The various types of financial risk are managed as follows:

Market risk – foreign currency exchange rate risk

As at 31 December 2016 the Group held investments in 26 overseas projects (31 December 2015 – 18 overseas projects). The Group's foreign currency exchange rate risk policy is to determine the total Group exposure to individual currencies; it may then enter into hedges against certain individual investments. The Group's exposure to exchange rate risk on its investments is disclosed below.

In addition, the Group policy on managing foreign currency exchange rate risk is to cover significant transactional exposures arising from receipts and payments in foreign currencies, where appropriate and cost effective. There were 21 forward currency contracts open as at 31 December 2016 (31 December 2015 – 15). The fair value of these contracts was a net asset of £3.5 million (31 December 2015 – £3.7 million liability) and is included in investments at FVTPL.

At 31 December 2016, the Group's most significant currency exposure was to the Euro (31 December 2015 – Euro).

Foreign currency exposure of investments at FVTPL:

	31 December 2016				31 December 2015			
	Project companies £ million	**Listed investments £ million**	**Other assets and liabilities £ million**	**Total £ million**	Project companies £ million	Listed investments £ million	Other assets and liabilities £ million	Total £ million
Sterling	**500.5**	**10.0**	**41.4**	**551.9**	421.9	16.1	53.3	491.3
Euro	**341.4**	**–**	**10.3**	**351.7**	213.3	–	1.4	214.7
Australian dollar	**181.4**	**–**	**5.5**	**186.9**	88.2	–	50.2	138.4
US dollar	**121.0**	**–**	**23.7**	**144.7**	83.7	–	18.0	101.7
New Zealand dollar	**21.9**	**–**	**0.4**	**22.3**	18.7	–	0.5	19.2
	1,166.2	**10.0**	**81.3**	**1,257.5**	825.8	16.1	123.4	965.3

Investments in project companies are fair valued based on the spot rate at the balance sheet date. As at 31 December 2016, a 5% movement of each relevant currency against Sterling would decrease or increase the value of investments in overseas projects by c.£27 million.

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for the year ended 31 December 2016

16 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk – interest rate risk

The Group's interest rate risk arises due to fluctuations in interest rates which impact on the value of returns from floating rate deposits and expose the Group to variability in interest payment cash flows on variable rate borrowings. The Group has assessed its exposure to interest rate risk and considers that this exposure is low as its variable rate borrowings tend to be short term, its finance costs in relation to letters of credit issued under the corporate banking facilities are at a fixed rate and the interest earned on its cash and cash equivalents minimal.

The exposure of the Group's financial assets to interest rate risk is as follows:

	31 December 2016			31 December 2015		
	Interest bearing Floating rate £ million	**Non-interest bearing £ million**	**Total £ million**	Interest bearing Floating rate £ million	Non-interest bearing £ million	Total £ million
Financial assets						
Investments at FVTPL	**–**	**1,257.5**	**1,257.5**	–	965.3	965.3
Trade and other receivables	**–**	**7.0**	**7.0**	–	8.1	8.1
Cash and cash equivalents	**–**	**1.6**	**1.6**	–	1.1	1.1
Financial assets exposed to interest rate risk	**–**	**1,266.1**	**1,266.1**	–	974.5	974.5

An analysis of the movement between opening and closing balances of investments at FVTPL is given in note 11. Investments in project companies are principally valued on a discounted cash flow basis. At 31 December 2016, the weighted average discount rate was 8.9% (31 December 2015 – 9.5%). For investments in project companies, changing the discount rate used to value the underlying instruments would alter their fair value. As at 31 December 2016 a 0.25% increase in the discount rate would reduce the fair value by £32.1 million (31 December 2015 – £26.1 million) and a 0.25% reduction in the discount rate would increase the fair value by £33.6 million (31 December 2015 – £27.2 million).

The exposure of the Group's financial liabilities to interest rate risk is as follows:

	31 December 2016			31 December 2015		
	Interest-bearing Fixed rate £ million	**Non-interest bearing £ million**	**Total £ million**	Interest-bearing Fixed rate £ million	Non-interest bearing £ million	Total £ million
Interest-bearing loans and borrowings	**(161.4)**	**–**	**(161.4)**	(14.9)	–	(14.9)
Trade and other payables	**–**	**(13.0)**	**(13.0)**	–	(17.6)	(17.6)
Total financial liabilities	**(161.4)**	**(13.0)**	**(174.4)**	(14.9)	(17.6)	(32.5)

Market risk – inflation risk

The Group has limited direct exposure to inflation risk, but the fair value of investments is determined by future project revenue and costs which can be partly linked to inflation. Sensitivity to inflation can be mitigated by the project company entering into inflation swaps. Where PPP investments are positively correlated to inflation, an increase in inflation expectations will tend to increase the value of PPP investments. However, an increase in inflation expectations would tend to increase JLPF's pension liabilities.

Based on a sample of seven of the larger PPP investments by value at 31 December 2016, a 0.25% increase in inflation is estimated to increase the value of PPP investments by c.£14 million and a 0.25% decrease in inflation is estimated to decrease the value of PPP investment by c.£13 million. Certain of the underlying project companies incorporate some inflation hedging.

Credit risk

Credit risk is managed on a Group basis and arises from a combination of the value and term to settlement of balances due and payable by counterparties for both financial and trade transactions.

In order to minimise credit risk, cash investments and derivative transactions are limited to financial institutions of a suitable credit quality and counterparties are carefully screened. The Group's cash balances are invested in line with a policy approved by the Board, capped with regard to counter-party credit ratings.

A significant majority of the project companies in which the Group invests receive revenue from government departments, public sector or local authority clients and/or directly from the public. As a result, these projects tend not to be exposed to significant credit risk.

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16 FINANCIAL RISK MANAGEMENT (CONTINUED)

Price risk

The Group's investments in PPP assets have limited direct exposure to price risk. The fair value of many such project companies is dependent on the receipt of fixed fee income from government departments, public sector or local authority clients. As a result, these projects tend not to be exposed to price risk. The Group also holds investments in renewable energy projects whose fair value may vary with forecast energy prices to the extent they are not hedged through short to medium term fixed price purchase agreements with electricity suppliers, or do not benefit from governmental support mechanisms at fixed prices. The Group's investment in JLEN is valued at its closing market share price.

Liquidity risk

The Group adopts a prudent approach to liquidity management by maintaining sufficient cash and available committed facilities to meet its current and upcoming obligations.

The Group's liquidity management policy involves projecting cash flows in major currencies and assessing the level of liquid assets necessary to meet these. Managing liquidity risk is helped by the relative predictability in both value and timing of cash flows to and from the project companies in which the Group invests.

Maturity of financial assets

The maturity profile of the Group's financial assets (excluding investments at FVTPL) is as follows:

	31 December 2016 Less than one year £ million	31 December 2015 Less than one year £ million
Trade and other receivables	**7.0**	8.1
Cash and cash equivalents	**1.6**	1.1
Financial assets (excluding investments at FVTPL)	**8.6**	9.2

Other than certain trade and other receivables, as detailed in note 12, none of the financial assets is either overdue or impaired.

The maturity profile of the Group's financial liabilities is as follows:

	31 December 2016 £ million	31 December 2015 £ million
In one year or less, or on demand	**(174.4)**	(32.5)
Total	**(174.4)**	(32.5)

The following table details the remaining contractual maturity of the Group's financial liabilities. The table reflects undiscounted cash flows relating to financial liabilities based on the earliest date on which the Group is required to pay. The table includes both interest and principal cash flows:

	Weighted average effective interest rate %	**In one year or less £ million**	**Total £ million**
31 December 2016			
Fixed interest rate instruments – loans and borrowings	**2.75**	**(161.4)**	**(161.4)**
Non-interest bearing instruments*	**n/a**	**(13.0)**	**(13.0)**
		(174.4)	**(174.4)**
31 December 2015			
Fixed interest rate instruments – loans and borrowings	3.0	(14.9)	(14.9)
Non-interest bearing instruments*	n/a	(17.6)	(17.6)
		(32.5)	(32.5)

* Non-interest bearing instruments relate to trade and other payables.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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16 FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital risk

The Group seeks to adopt efficient financing structures that enable it to manage capital effectively and achieve the Group's objectives without putting shareholder value at undue risk. The Group's capital structure comprises its equity (as set out in the Group Statement of Changes in Equity) and its net borrowings.

At 31 December 2016, the Group had committed corporate banking facilities of £400.0 million, expiring in March 2020, together with additional surety facilities of £50.0 million, backed by committed liquidity facilities, expiring in March 2018.

Issued at 31 December 2016 were letters of credit of £162.6 million (31 December 2015 – £154.2 million), related to future capital and loan commitments, and contingent commitments and performance and bid bonds of £6.5 million (31 December 2015 – £1.1 million).

The Group has requirements for both borrowings and letters of credit, which at 31 December 2016 were met by its £450.0 million committed facilities and related ancillary facilities and uncommitted cash backed facilities (31 December 2015 – £350.0 million). The committed facilities are summarised below:

	31 December 2016			
	Total facilities £ million	**Loans drawn £ million**	**Letters of credit in issue/other commitments £ million**	**Total undrawn £ million**
Committed corporate banking facilities	**400.0**	**(165.0)**	**(119.1)**	**115.9**
Surety facilities backed by liquidity facilities	**50.0**	**–**	**(50.0)**	**–**
Total committed Group facilities	**450.0**	**(165.0)**	**(169.1)**	**115.9**

	31 December 2015			
	Total facility £ million	Loans drawn £ million	Letters of credit in issue/other commitments £ million	Total undrawn £ million
Committed corporate banking facilities	350.0	(19.0)	(155.3)	175.7
Total committed Group facilities	350.0	(19.0)	(155.3)	175.7

17 DEFERRED TAX

The movements in the deferred tax asset relating to other deductible temporary differences were:

	Year ended 31 December 2016	Year ended 31 December 2015	
	Statutory £ million	Pro forma £ million	Statutory £ million
Opening asset	**1.4**	1.5	–
Arising on acquisition	**–**	–	1.5
Charge to income – prior year	**(0.2)**	(0.2)	(0.2)
Credit to income – current year	**(0.2)**	0.1	0.1
Closing asset	**1.0**	1.4	1.4

The Group has no losses within its entities which are consolidated but there are tax losses in investment entity subsidiaries which are held at FVTPL.

18 RETIREMENT BENEFIT OBLIGATIONS

	31 December 2016 £ million	31 December 2015 £ million
Pension schemes	**(61.3)**	(38.9)
Post-retirement medical benefits	**(8.0)**	(7.3)
Retirement benefit obligations	**(69.3)**	(46.2)

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2016

18 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

a) Pension schemes

The Group operates two defined benefit pension schemes in the UK (the Schemes) – The John Laing Pension Fund (JLPF) which commenced on 31 May 1957 and The John Laing Pension Plan (the Plan) which commenced on 6 April 1975. JLPF was closed to future accrual from 1 April 2011 and the Plan was closed to future accrual from September 2003. Neither Scheme has any active members, only deferred members and pensioners. The assets of both Schemes are held in separate trustee-administered funds.

UK staff employed since 1 January 2002, who are entitled to retirement benefits, can choose to be members of a defined contribution stakeholder scheme sponsored by the Group in conjunction with Legal and General Assurance Society Limited. Local defined contribution arrangements are available to overseas staff.

JLPF

An actuarial valuation of JLPF was carried out as at 31 March 2016 by a qualified independent actuary, Willis Towers Watson. At that date, JLPF was 85% funded on the technical provision funding basis. This valuation took into account the Continuous Mortality Investigation Bureau (CMI Bureau) projections of mortality.

The actuarial deficit of £171 million is to be repaid over seven years as follows:

By 31 March	£ million
2017	**24.5**
2018	**26.5**
2019	**29.1**
2020	**24.9**
2021	**25.7**
2022	**26.4**
2023	**24.6**

The next triennial actuarial valuation of JLPF is due as at 31 March 2019.

During the year ended 31 December 2016, John Laing made deficit reduction contributions of £18.1 million in cash (2015 – £127.4 million in a mixture of cash, JLEN shares and PPP assets). At 31 December 2016, JLPF's assets included PPP investments valued at £37.8 million (31 December 2015 – £41.4 million). The Company has guaranteed to fund any cumulative shortfall in forecast project yield payments for some of these PPP investments up until 2017, but considers it unlikely that a net shortfall will arise.

The liability at 31 December 2016 allows for indexation of deferred pensions and post 5 April 1988 GMP pension increases based on the Consumer Price Index (CPI).

The Plan

No contributions were made to the Plan in the year ended 31 December 2016 (31 December 2015 – none). At its last actuarial valuation as at 31 March 2014, the Plan had assets of £12.3 million and liabilities of £11.4 million resulting in an actuarial surplus of £0.9 million. The next triennial actuarial valuation of the Plan is due as at 31 March 2017.

An analysis of members of both Schemes is shown below:

31 December 2016	Deferred	Pensioners	Total
JLPF	**4,385**	**3,883**	**8,268**
The Plan	**109**	**328**	**437**

31 December 2015	Deferred	Pensioners	Total
JLPF	4,569	3,787	8,356
The Plan	114	334	448

The weighted average financial assumptions used in the valuation of JLPF and the Plan under IAS 19 at 31 December were:

	31 December 2016 %	31 December 2015 %
Discount rate	**2.80**	3.75
Rate of increase in non-GMP pensions in payment	**3.10**	2.90
Rate of increase in non-GMP pensions in deferment	**2.10**	2.00
Inflation – RPI	**3.20**	3.00
Inflation – CPI	**2.10**	2.00

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18 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

a) Pension schemes (continued)

The major categories and fair value of assets held by the Schemes were as follows:

	31 December 2016 £ million	31 December 2015 £ million
Bonds and other debt instruments	**415.2**	364.2
Equity instruments	**374.7**	337.1
Aviva bulk annuity buy-in agreement	**234.1**	214.2
Property	**1.8**	2.3
Derivatives	**(6.1)**	(8.3)
Cash and cash equivalents	**52.4**	5.8
UK PPP investments	**37.8**	41.4
Total market value of assets	**1,109.9**	956.7

The amount of the JLPF deficit is highly dependent upon the assumptions above and may vary significantly from period to period. The impact of possible future changes to some of the assumptions is shown below, without taking into account any inter-relationship between the assumptions. In practice, there would be inter-relationships between the assumptions. The analysis has been prepared in conjunction with the Group's actuarial adviser.

	(Increase)/decrease in pension liabilities at 31 December 2016	
	Increase in assumption £ million	**Decrease in assumption £ million**
0.25% on discount rate	**45.8**	**(48.9)**
0.25% on inflation rate	**(34.1)**	**33.2**
1 year post retirement longevity	**(43.7)**	**38.4**

Mortality

Mortality assumptions at 31 December 2016 were based on the following tables published by the CMI Bureau:

- SAPS S2 normal (S2NA) year of birth tables for staff members with mortality improvements in line with CMI 2015 core projections with a long term trend rate of 1.25% per annum; and
- SAPS S2 light (S2NA_L) year of birth tables for executive members with mortality improvements in line with CMI 2015 core projections with a long term trend rate of 1.25% per annum.

Mortality assumptions at 31 December 2015 were based on the following tables published by the CMI Bureau:

- SAPS S2 normal (S2NA) year of birth tables for staff members with mortality improvements in line with CMI 2013 core projections with a long term trend rate of 1.0% per annum; and
- SAPS S2 light (S2NA_L) year of birth tables for executive members with mortality improvements in line with CMI 2013 core projections with a long term trend rate of 1.0% per annum.

The table below summarises the weighted average life expectancy implied by the mortality assumptions used:

	31 December 2016 Years	31 December 2015 Years
Life expectancy – of member reaching age 65 in 2016		
Males	**22.4**	22.3
Females	**24.5**	24.4
Life expectancy – of member aged 65 in 2031		
Males	**23.6**	23.4
Females	**25.9**	25.5

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for the year ended 31 December 2016

18 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

a) Pension schemes (continued)

Analysis of the major categories of assets held by the Schemes

	31 December 2016 **£ million**	**%**	31 December 2015 £ million	%
Bond and other debt instruments				
UK corporate bonds	**80.9**		114.0	
UK government gilts	**141.6**		104.7	
UK government gilts – index linked	**192.7**		145.5	
	415.2	**37.3**	364.2	38.1
Equity instruments				
UK listed equities	**152.0**		147.5	
European listed equities	**34.3**		28.7	
US listed equities	**73.8**		80.7	
Other international listed equities	**114.6**		80.2	
	374.7	**33.8**	337.1	35.3
Aviva bulk annuity buy-in agreement	**234.1**	**21.1**	214.2	22.4
Property				
Industrial property	**1.8**		2.3	
	1.8	**0.2**	2.3	0.2
Derivatives				
Inflation swaps	**(6.1)**		(8.3)	
	(6.1)	**(0.5)**	(8.3)	(0.9)
Cash and equivalents	**52.4**	**4.7**	5.8	0.6
UK PPP investments	**37.8**	**3.4**	41.4	4.3
Total market value of assets	**1,109.9**	**100.0**	956.7	100.0
Present value of Schemes' liabilities	**(1,171.2)**		(992.9)	
Deficit in the Schemes	**(61.3)**		(36.2)	
Less unrecoverable surplus in the Plan*	**–**		(2.7)	
Net pension liability	**(61.3)**		(38.9)	

* The surplus in the Plan, which at 31 December 2016 was £2.9 million, has been treated as recoverable for the first time in 2016.

Virtually all equity and debt instruments held by JLPF have quoted prices in active markets (Level 1). Derivatives can be classified as Level 2 instruments and property and PPP investments as Level 3 instruments. It is the policy of JLPF to use inflation swaps to hedge its exposure to inflation risk. The JLPF Trustee invests in return seeking assets, such as equity, property and PPP investments, whilst balancing the risks of inflation and interest rate movements through the annuity buy-in agreement, inflation swaps and interest rate hedging.

In February 2009, the JLPF Trustee entered into a bulk annuity buy-in agreement with Aviva to mitigate JLPF's exposure to changes in liabilities. At 31 December 2016, the underlying insurance policy was valued at £234.1 million (31 December 2015 – £214.2 million), being very substantially equal to the IAS 19 valuation of the related liabilities.

Analysis of amounts charged to operating profit

	Year ended 31 December 2016 **Statutory £ million**	Year ended 31 December 2015 Pro forma and statutory £ million
Current service cost*	**(1.6)**	(1.3)

* The Schemes no longer have any active members. Therefore, under the projected unit method of valuation the current service cost for JLPF will increase as a percentage of pensionable payroll as members approach retirement. The current service cost has been included within administrative expenses.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2016

18 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

a) Pension schemes (continued)

Analysis of amounts charged to finance costs

	Year ended 31 December 2016 Statutory £ million	Year ended 31 December 2015 Pro forma and statutory £ million
Interest on Schemes' assets	**35.3**	34.2
Interest on Schemes' liabilities	**(36.3)**	(36.6)
Net charge to finance costs	**(1.0)**	(2.4)

Analysis of amounts recognised in Group Statement of Comprehensive Income

	Year ended 31 December 2016	Year ended 31 December 2015	
	Statutory £ million	Pro forma £ million	Statutory £ million
Return on Schemes' assets (excluding amounts included in interest on Schemes' assets above)	**151.5**	(23.0)	(23.7)
Experience (loss)/gain arising on Schemes' liabilities	**(5.7)**	15.6	15.6
Changes in financial assumptions underlying the present value of Schemes' liabilities	**(185.6)**	22.1	46.0
Changes in demographic assumptions underlying the present value of Schemes' liabilities	**(1.1)**	–	–
Recognition of surplus in the Plan at 31 December 2015	**2.7**	–	–
Decrease in unrecoverable surplus	**–**	0.3	0.3
Actuarial (loss)/gain recognised in Group Statement of Comprehensive Income	**(38.2)**	15.0	38.2

The cumulative amount recognised in the Group Statement of Changes in Equity is £nil (31 December 2015 – £38.2 million gain).

Changes in present value of defined benefit obligations

	2016 Statutory £ million	2015 Pro forma £ million	2015 Statutory £ million
Opening defined benefit obligation	**(992.9)**	(1,041.0)	–
Arising on acquisition	**–**	–	(1,058.9)
Current service cost	**(1.6)**	(1.3)	(1.3)
Interest cost	**(36.3)**	(36.6)	(36.6)
Experience (loss)/gain arising on Schemes' liabilities	**(5.7)**	15.6	15.6
Changes in financial assumptions underlying the present value of Schemes' liabilities	**(185.6)**	22.1	46.0
Changes in demographic assumptions underlying the present value of Schemes' liabilities	**(1.1)**	–	–
Benefits paid (including administrative costs paid)	**52.0**	48.3	42.3
Closing defined benefit obligation	**(1,171.2)**	(992.9)	(992.9)

The weighted average life of JLPF liabilities at 31 December 2016 is 16.8 years (31 December 2015 – 15.3 years).

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2016

18 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

a) Pension schemes (continued)

Changes in the fair value of Schemes' assets

	31 December 2016 Statutory £ million	31 December 2015 Pro forma £ million	31 December 2015 Statutory £ million
Opening fair value of Schemes' assets	**956.7**	866.4	–
Arising on acquisition	**–**	–	861.1
Interest on Schemes' assets	**35.3**	34.2	34.2
Return on Schemes' assets (excluding amounts included in interest on Schemes' assets above)	**151.5**	(23.0)	(23.7)
Contributions by employer	**18.4**	127.4	127.4
Benefits paid (including administrative costs paid)	**(52.0)**	(48.3)	(42.3)
Closing fair value of Schemes' assets	**1,109.9**	956.7	956.7

Analysis of the movement in the deficit during the year

	31 December 2016 Statutory £ million	31 December 2015 Pro forma £ million	31 December 2015 Statutory £ million
Opening deficit	**(38.9)**	(174.6)	–
Arising on acquisition	**–**	–	(197.8)
Current service cost	**(1.6)**	(1.3)	(1.3)
Finance cost	**(1.0)**	(2.4)	(2.4)
Contributions	**18.4**	127.4	127.4
Actuarial (loss)/gain	**(38.2)**	14.7	37.9
Closing deficit in Schemes	**(61.3)**	(36.2)	(36.2)
Less unrecoverable surplus in the Plan	**–**	(2.7)	(2.7)
Pension deficit	**(61.3)**	(38.9)	(38.9)

History of the weighted average experience gains and losses

	Year ended 31 December 2016 Statutory	Year ended 31 December 2015 Pro forma	Year ended 31 December 2015 Statutory
Difference between actual and expected returns on assets:			
Amount (£ million)	**151.5**	(23.0)	(23.7)
% of Schemes' assets	**13.6**	2.4	2.5
Experience (loss)/gain on Schemes' liabilities:			
Amount (£ million)	**(5.7)**	15.6	15.6
% of present value of Schemes' liabilities	**0.5**	1.6	1.6
Total amount recognised in the Group Statement of Comprehensive Income (excluding deferred tax):			
Amount (£ million)	**(38.2)**	15.0	38.2
% of present value of Schemes' liabilities	**3.3**	1.5	3.8

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2016

18 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

b) Post retirement medical benefits

The Company provides post-retirement medical insurance benefits to 62 former employees. This scheme, which was closed to new members in 1991, is unfunded.

The present value of the future liabilities under this arrangement has been assessed by the Company's actuarial adviser, Lane Clark & Peacock LLP, and has been included in the Group Balance Sheet under retirement benefit obligations as follows:

	31 December 2016 Statutory £ million	31 December 2015 Pro forma £ million	31 December 2015 Statutory £ million
Post-retirement medical liability – opening	**(7.3)**	(8.2)	–
– arising on acquisition	**–**	–	(8.2)
Other finance costs	**(0.3)**	(0.3)	(0.3)
Contributions	**0.5**	0.4	0.4
Experience (loss)/gain*	**(0.2)**	0.4	0.4
Changes in financial assumptions underlying the present value of scheme's liabilities*	**(0.9)**	0.4	0.4
Changes in demographic assumptions underlying the present value of liabilities*	**0.1**	–	–
Curtailment and settlements	**0.1**	–	–
Post-retirement medical liability – closing	**(8.0)**	(7.3)	(7.3)

* These amounts are actuarial (losses)/gains that go through the Group Statement of Comprehensive Income.

The annual rate of increase in the per capita cost of medical benefits was assumed to be 5.2% in 2016 (2015 – 5.0%). It is expected to increase in 2017 and thereafter at RPI plus 2.0% per annum (2015 – at RPI plus 2.0% per annum).

Medical cost inflation has a significant effect on the liability reported for this scheme. A 1% change in assumed medical cost inflation would result in the following liability at 31 December 2016:

	1% increase £ million	1% decrease £ million
Post-retirement medical liability	**(8.9)**	**(7.3)**

Life expectancy also has a significant effect on the liability reported for this scheme. A one-year increase or decrease in life expectancy would result in the following liability at 31 December 2016:

	1% increase £ million	1% decrease £ million
Life expectancy	**(8.7)**	**(7.4)**

19 PROVISIONS

	At 1 January 2016 £ million	Reclassification £ million	Credit/(charge) to Group Income Statement £ million	Utilised £ million	At 31 December 2016 £ million
Retained liabilities	**(4.2)**	**–**	**(0.7)**	**3.4**	**(1.5)**
Employee related liabilities	**(0.1)**	**–**	**0.1**	**–**	**–**
Total provisions	**(4.3)**	**–**	**(0.6)**	**3.4**	**(1.5)**
Classified as:					
Continuing operations	**(0.1)**	**(4.2)**	**(0.6)**	**3.4**	**(1.5)**
Discontinued operations	**(4.2)**	**4.2**	**–**	**–**	**–**
Provisions on continuing operations are analysed as:					
Non-current provisions	**(0.1)**				**(1.5)**
	(0.1)				**(1.5)**

NOTES TO THE GROUP FINANCIAL STATEMENTS
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19 PROVISIONS (CONTINUED)

	At 1 January 2015 £ million	Arising on acquisition £ million	Unwinding of discount £ million	Credit to Group Income Statement £ million	Utilised £ million	At 31 December 2015 £ million
Retained liabilities	–	(8.8)	–	2.2	2.4	(4.2)
Employee related liabilities	–	(0.1)	–	–	–	(0.1)
Onerous property leases	–	(2.0)	–	–	2.0	–
Total provisions	–	(10.9)	–	2.2	4.4	(4.3)
Classified as:						
Continuing operations	–	(2.1)	–	–	2.0	(0.1)
Discontinued operations	–	(8.8)	–	2.2	2.4	(4.2)
Provisions on continuing operations are analysed as:						
Non-current provisions		(2.1)				(0.1)
		(2.1)				(0.1)

During the year, provisions relating to retained liabilities were reclassified from discontinued operations to continuing operations as they are no longer sufficiently material to show separately as discontinued operations.

Provisions of £1.5 million as at 31 December 2016 (31 December 2015 – £4.2 million) relate to retained liabilities from the sale of the Laing Construction business in 2001.

20 SHARE CAPITAL

	31 December 2016 No.	31 December 2015 No.
Authorised:		
Ordinary shares of £0.10 each	**366,923,076**	366,923,076
Total	**366,923,076**	366,923,076

	31 December 2016 No.	**31 December 2016 £ million**	31 December 2015 No.	31 December 2015 £ million
Allotted, called up and fully paid:				
Statutory				
At 1 January – 366,923,076 ordinary shares of £0.10 each (2015 – 100,000,000 ordinary shares of £0.00000001 each)	**366,923,076**	**36.7**	100,000,000	–
Issue of 100,000,000 ordinary shares of £0.00000001 each	**–**	**–**	100,000,000	–
Conversion of 200,000,000 ordinary shares of £0.00000001 each to 20 ordinary shares of £0.10 each	**–**	**–**	(199,999,980)	–
Issue of 299,999,980 ordinary shares of £0.10 each	**–**	**–**	299,999,980	30.0
Issue of 66,923,076 ordinary shares of £0.10 each	**–**	**–**	66,923,076	6.7
At 31 December	**366,923,076**	**36.7**	366,923,076	36.7
Pro forma				
At 1 January – 300,000,000 ordinary shares of £0.10 each			300,000,000	30.0
Issue of 66,923,076 ordinary shares of £0.10 each			66,923,076	6.7
At 31 December			366,923,076	36.7

The Company has one class of ordinary shares which carry no right to fixed income.

NOTES TO THE GROUP FINANCIAL STATEMENTS
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21 SHARE PREMIUM

On 26 January 2015 the Company allotted to its shareholder 100,000,000 ordinary shares of £0.00000001 each credited as fully paid to rank pari passu with its existing ordinary shares. On 27 January 2015 all the ordinary shares were consolidated into 20 ordinary shares of £0.10 each, each share having the same rights and being subject to the same restrictions (except as to nominal value) as the existing ordinary shares of £0.00000001 each in the Company as set out in its Articles. On the same day the Company allotted and issued to its shareholder a further 299,999,980 ordinary shares of £0.10 each at a premium of £2.00 per share, each to rank pari passu with the existing ordinary shares of £0.10 each in the capital of the Company. In addition, the Company undertook a reduction of its share premium account by £500 million.

On 17 February 2015, the Company issued 66,923,076 new ordinary shares of £0.10 each at a premium of £1.85 per share in connection with admission of its shares to listing.

	31 December 2016	31 December 2015	
	Statutory £ million	Pro forma £ million	Statutory £ million
Opening balance	**218.0**	100.0	–
Premium arising on issue of equity shares	**–**	123.8	723.8
Reduction of share premium account	**–**	–	(500.0)
Costs associated with the issue of equity shares	**–**	(5.8)	(5.8)
Closing balance	**218.0**	218.0	218.0

22 NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Year ended 31 December 2016	Year ended 31 December 2015	
	Statutory £ million	Pro forma £ million	Statutory £ million
Profit before tax from continuing operations	**192.1**	100.9	97.5
Adjustments for:			
Finance costs	**10.3**	11.3	11.3
Discontinued operations' cash flows	**–**	1.1	1.1
Unrealised profit arising on changes in fair value of investments in project companies (note 11)	**(218.8)**	(133.1)	(129.7)
Depreciation of plant and equipment	**0.6**	0.7	0.7
Amortisation of intangible assets	**0.2**	0.5	0.5
Share-based incentives	**2.0**	0.7	0.7
Contribution to JLPF	**(18.4)**	(47.5)	(47.5)
Decrease in provisions	**(2.8)**	(1.9)	(1.9)
Operating cash outflow before movements in working capital	**(34.8)**	(67.3)	(67.3)
Decrease/(increase) in trade and other receivables	**1.2**	(1.0)	(1.0)
Decrease in trade and other payables	**(3.5)**	(2.2)	(2.2)
Net cash outflow from operating activities	**(37.1)**	(70.5)	(70.5)

23 GUARANTEES, CONTINGENT ASSETS AND LIABILITIES AND OTHER COMMITMENTS

At 31 December 2016, the Group had future equity and loan commitments in PPP and renewable energy projects of £186.3 million (31 December 2015 – £278.1 million) backed by letters of credit of £162.6 million (31 December 2015 – £154.2 million) and collateralised cash of £23.7 million (31 December 2015 – £123.9 million).

As stated in note 18 a), the Company has provided guarantees in respect of certain PPP investments transferred to JLPF in settlement of prior annual contribution obligations. Guarantees are provided to fund any cumulative shortfall in forecast yield payments from these PPP investments up until 2017, and the maximum exposure at 31 December 2016 was £nil (31 December 2015 – £0.3 million).

The Group has given guarantees to lenders of a normal trading nature, including performance bonds, some of which may be payable on demand.

Claims arise in the normal course of trading which in some cases involve or may involve litigation. Full provision has been made for all amounts which the Directors consider are likely to become payable on account of such claims.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2016

23 GUARANTEES, CONTINGENT ASSETS AND LIABILITIES AND OTHER COMMITMENTS (CONTINUED)

The Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases for land and buildings, falling due as follows:

	31 December 2016 £ million	31 December 2015 £ million
Within one year	**1.0**	0.9
In the second to fifth years inclusive	**3.0**	3.3
After five years	**2.8**	4.0
	6.8	8.2

24 TRANSACTIONS WITH RELATED PARTIES

Group

Details of transactions between the Group and its related parties are disclosed below.

Trading transactions

The Group has entered into the following trading transactions with project companies in which the Group holds interests:

	Year ended 31 December 2016 £ million	Year ended 31 December 2015 £ million
Services income*	**18.0**	13.5
Amounts owed by project companies	**1.6**	3.1
Amounts owed to project companies	**(0.6)**	(0.7)

* Services income is generated from project companies through management services agreements and recoveries of bid costs on financial close.

Investment transactions

	Year ended 31 December 2016 £ million	Year ended 31 December 2015 £ million
Net cash transferred to investments at FVTPL (note 11)	**(73.4)**	(54.0)

Transactions with other related parties

There were no transaction with other related parties during the year ended 31 December 2016.

In the year ended 31 December 2015, the Group transferred ownership of shares in JLEN and shares in a PPP project company to JLPF as partial consideration for agreed deficit reduction contributions. More details are set out in note 11.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2016

24 TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Remuneration of key management personnel

The remuneration of the Directors of John Laing Group plc together with other members of the Executive Committee, who were the key management personnel of the Group for the period of the financial statements, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures:

	Year ended 31 December 2016 £ million	Year ended 31 December 2015 £ million
Cash basis		
Short-term employee benefits	**2.8**	3.0
Post-employment benefits	**0.2**	0.2
Cash payments under long-term incentive plan	**1.9**	1.9
Social security costs	**0.7**	0.7
	5.6	5.8
Award basis		
Short-term employee benefits	**2.8**	3.0
Post-employment benefits	**0.2**	0.2
Awards under long-term incentive plan	**1.0**	2.6
Social security costs	**0.4**	0.7
	4.4	6.5

In addition to the above amounts, £44,231 (2015 – £nil) was paid to Nalon Management Services Limited, of which Phil Nolan is a director, for services in the period prior to the Company's IPO in February 2015.

25 EVENTS AFTER BALANCE SHEET DATE

On 2 March 2017, the Group disposed of its investment in the A1 Gdansk project in Poland for proceeds of €137.3 million.

COMPANY BALANCE SHEET

as at 31 December 2016

	Notes	31 December 2016 £ million	31 December 2015 £ million
Non-current assets			
Investments at fair value through profit or loss	4	**952.7**	816.1
Total non-current assets		**952.7**	816.1
Current assets			
Trade and other receivables	5	**272.4**	130.4
Total current assets		**272.4**	130.4
Total assets		**1,225.1**	946.5
Current liabilities			
Borrowings	6	**(161.4)**	(14.9)
Trade and other payables	7	**(29.3)**	(11.4)
Total current liabilities		**(190.7)**	(26.3)
Total liabilities		**(190.7)**	(26.3)
Net assets		**1,034.4**	920.2
Equity			
Share capital	8	**36.7**	36.7
Share premium	9	**218.0**	218.0
Other reserves		**2.7**	0.7
Retained earnings		**777.0**	664.8
Total equity		**1,034.4**	920.2

As permitted by Section 408(2) of the Companies Act 2006, the Company's income statement is not presented in these financial statements. The amount of profit after tax of the Company for the year ended 31 December 2016 was £138.4 million (2015 – £170.7 million).

The financial statements of John Laing Group plc, registered number 05975300, were approved by the Board of Directors and authorised for issue on 6 March 2017. They were signed on its behalf by:

Olivier Brousse
CHIEF EXECUTIVE OFFICER
6 March 2017

Patrick O'D Bourke
GROUP FINANCE DIRECTOR
6 March 2017

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Share capital £ million	Share premium £ million	Other reserves £ million	Retained earnings £ million	Total equity £ million
Balance at 1 January 2016	**36.7**	**218.0**	**0.7**	**664.8**	**920.2**
Profit for the year	**–**	**–**	**–**	**138.4**	**138.4**
Total comprehensive income for the year	**–**	**–**	**–**	**138.4**	**138.4**
Share-based incentives	**–**	**–**	**2.0**	**–**	**2.0**
Dividends paid	**–**	**–**	**–**	**(26.2)**	**(26.2)**
Balance at 31 December 2016	**36.7**	**218.0**	**2.7**	**777.0**	**1,034.4**

The Company has sufficient distributable reserves at 31 December 2016 to continue to pay dividends at the current level for the foreseeable future. It also has the ability to increase its distributable reserves through payment of dividends by its subsidiaries.

For the year ended 31 December 2015

	Share capital £ million	Share premium £ million	Other reserves £ million	Retained earnings £ million	Total equity £ million
Balance at 1 January 2015	–	–	–	–	–
Profit for the year	–	–	–	170.7	170.7
Total comprehensive income for the year	–	–	–	170.7	170.7
Shares issued in the year	36.7	723.8	–	–	760.5
Costs associated with the issue of shares	–	(5.8)	–	–	(5.8)
Reduction in the share premium account	–	(500.0)	–	500.0	–
Share-based incentives	–	–	0.7	–	0.7
Dividends paid	–	–	–	(5.9)	(5.9)
Balance at 31 December 2015	36.7	218.0	0.7	664.8	920.2

COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2016

	Year ended 31 December 2016 £ million	Year ended 31 December 2015 £ million
Profit from operations	**134.7**	170.7
Unrealised profit on changes in fair value of investments held at FVTPL	**(136.6)**	(171.1)
Share-based incentives	**2.0**	0.7
Increase in trade and other receivables	**(0.1)**	(0.3)
Increase in trade and other payables	**0.2**	–
Net cash flow from operating activities	**0.2**	–
Investing activities		
Interest received	**3.6**	–
Dividends received	**4.0**	–
Acquisition of subsidiaries	**–**	(15.0)
Net cash inflow/(outflow) from investing activities	**7.6**	(15.0)
Financing activities		
Interest paid	**(2.9)**	(6.3)
Dividends paid	**(26.2)**	(5.9)
Proceeds on issue of shares	**–**	124.7
Proceeds from borrowings	**165.0**	50.0
Repayment of borrowings	**(19.0)**	(31.0)
Increase in intercompany loans	**(124.7)**	(116.5)
Net cash (outflow)/inflow from financing activities	**(7.8)**	15.0
Net increase in cash and cash equivalents	**–**	–
Cash and cash equivalents at beginning of the year	**–**	–
Cash and cash equivalents at end of year	**–**	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2016

1 GENERAL INFORMATION

John Laing Group plc (the "Company") is a public limited company incorporated and domiciled in the United Kingdom. The Company's ordinary shares are listed on the London Stock Exchange. The principal activity of the Company is that of an investment holding company.

The remuneration of the Directors of the Company is shown in the Directors' Remuneration Report on pages 56 to 68.

2 ACCOUNTING POLICIES

a) Basis of accounting

These financial statements have been prepared in accordance with IFRS as adopted by the EU and Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) as endorsed by the EU.

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006, except for investments at fair value through profit or loss (FVTPL) which are stated at fair value.

For the reasons set out on page 82, the Company's financial statements are prepared on a going concern basis.

A summary of the principal accounting policies adopted by the Directors, which have been applied consistently throughout the current and preceding years, is shown below.

b) Investments

The Company meets the definition of an Investment Entity under IFRS 10 and as such has adopted Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). In accordance with IAS 27 and the Investment Entities standard, the Company has accounted for its investments as follows:

Investments at fair value through profit or loss

The Company has accounted for its investment in John Laing Holdco Limited at FVTPL, consistent with the Group financial statements.

Investments at cost

During the year ended 31 December 2015, as a result of the restructuring related to its IPO, the Company became the direct shareholder in subsidiary companies which provide services in relation to the Company's investment activities or hold the Group's retirement benefit obligations (Service Companies). These subsidiaries include the investments in Laing Investments Management Services Limited, Laing Investments Management Services (Australia) Limited, Laing Investments Management Services (Canada) Limited, Laing Investments Management Services (Netherlands) Limited, Laing Investments Management Services (New Zealand) Limited, Laing Investments Management Services (Singapore) Limited, John Laing (USA) Limited, John Laing Projects & Developments Limited, John Laing Services Limited and John Laing Capital Management Limited.

Under IAS 27, the Company has elected to account for its interest in these subsidiary companies at cost less any amounts written-off for any permanent diminution in value. In the Group financial statements, these interests are consolidated.

c) Taxation

The tax charge or credit represents the sum of tax currently payable.

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit because it excludes both items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, by the balance sheet date.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2016

2 ACCOUNTING POLICIES (CONTINUED)

d) Financial instruments

Financial assets and financial liabilities are recognised on the 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 IFRS 13 Fair Value Measurement.

i) Financial assets

The Company classifies its financial assets in the following categories: investments at FVTPL and loans and receivables and investments at cost. 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

The Company's accounting policy in respect of investments at FVTPL is set out in section 2(b) above.

(b) Loans and receivables

The Company's loans and receivables comprise cash and cash equivalents and amounts owed by subsidiary undertakings and are recorded at amortised cost.

(c) Investments at cost

The Company's investments at cost comprise its investments in Service Companies (see note 2 (b) for further details) which are held at cost less impairments.

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

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 loans and borrowings which are initially recognised at the fair value of the consideration received and subsequently at amortised cost using the effective interest rate method.

e) Dividend payments

Dividends on the Company's ordinary shares are recognised when they have been appropriately authorised and are no longer at the Company's discretion. Accordingly, interim dividends are recognised when they are paid and final dividends are recognised when they are declared following approval by shareholders at the Company's AGM. Dividends are recognised as an appropriation of shareholders' funds.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The key area of the financial statements where the Company is required to make critical judgements and material accounting estimates is in respect of the fair value of investments held by the Company. The methodology for determining the fair value of investments and the critical accounting judgements and key sources of estimation uncertainty therein are set out in note 2 to the Group financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2016

4 INVESTMENTS

	31 December 2016 £ million	31 December 2015 £ million
At 1 January 2016	**816.1**	–
Acquisition of investments at cost less impairment	**–**	15.0
Acquisition of investments at FVTPL	**–**	630.0
Fair value movement	**136.6**	171.1
	952.7	816.1
Investments at FVTPL*	**937.7**	801.1
Investments at cost less impairment	**15.0**	15.0
	952.7	816.1

* Net gain on investments at FVTPL for the year ended 31 December 2016 is £136.6 million (2015 – £171.1 million).

Details of investments and how they are recognised in the accounts are as follows:

Investments	Treatment	2016	2015
John Laing Holdco Limited	Fair valued	**100%**	100%
John Laing (USA) Limited	Cost less impairment	**100%**	100%
John Laing Capital Management Limited	Cost less impairment	**100%**	100%
John Laing Projects & Developments Limited	Cost less impairment	**100%**	100%
John Laing Services Limited	Cost less impairment	**100%**	100%
Laing Investments Management Services (Australia) Limited	Cost less impairment	**100%**	100%
Laing Investments Management Services (Canada) Limited	Cost less impairment	**100%**	100%
Laing Investments Management Services (Germany) Limited	Cost less impairment	**100%**	–
Laing Investments Management Services (Netherlands) Limited	Cost less impairment	**100%**	100%
Laing Investments Management Services (New Zealand) Limited	Cost less impairment	**100%**	100%
Laing Investments Management Services (Singapore) Limited	Cost less impairment	**100%**	100%
Laing Investments Management Services Limited	Cost less impairment	**100%**	100%

All entities are incorporated in the United Kingdom.

5 TRADE AND OTHER RECEIVABLES

	31 December 2016 £ million	31 December 2015 £ million
Due within one year:		
Amounts owed by subsidiary undertakings	**272.4**	130.4

The amounts owed by subsidiary undertakings at 31 December 2016 and 2015 are repayable on demand and interest is charged at arm's length interest rates.

6 BORROWINGS

	31 December 2016 £ million	31 December 2015 £ million
Interest bearing loans and borrowings net of unamortised financing costs	**(161.4)**	(14.9)

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the year ended 31 December 2016

7 TRADE AND OTHER PAYABLES

	31 December 2016 £ million	31 December 2015 £ million
Amounts owed to subsidiary undertakings	**(28.4)**	(10.9)
Accruals and deferred income	**(0.9)**	(0.5)
	(29.3)	(11.4)

8 SHARE CAPITAL

	31 December 2016 No.	31 December 2015 No.
Authorised:		
Ordinary shares of £0.10 each	**366,923,076**	366,923,076
	366,923,076	366,923,076

	£ million	£ million
Allotted, called up and fully paid:		
366,923,976 ordinary shares of £0.10 (31 December 2015 – 366,923,976 of £0.10) each	**36.7**	36.7
	36.7	36.7

The Company has one class of ordinary shares which carry no right to fixed income.

	31 December 2016		31 December 2015	
	No.	**£ million**	No.	£ million
Allotted, called up and fully paid:				
At 1 January – 366,923,076 ordinary shares of £0.10 each (2015 – 100,000,000 ordinary shares of £0.00000001 each)	**366,923,076**	**36.7**	100,000,000	–
26 January 2015 – Issue of 100,000,000 ordinary shares of £0.00000001 each	**–**	**–**	100,000,000	–
27 January 2015 – Conversion of 200,000,000 ordinary shares of £0.00000001 each to 20 ordinary shares of £0.10 each	**–**	**–**	(199,999,980)	–
27 January 2015 – Issue of 299,999,980 ordinary shares of £0.10 each	**–**	**–**	299,999,980	30.0
17 February 2015 – Issue of 66,923,076 ordinary shares of £0.10 each	**–**	**–**	66.923.076	6.7
At 31 December	**366,923,076**	**36.7**	366,923,076	36.7

9 SHARE PREMIUM

On 26 January 2015 the Company allotted to its shareholder 100,000,000 ordinary shares of £0.00000001 each credited as fully paid to rank pari passu with the existing ordinary shares. On 27 January 2015 all the ordinary shares were consolidated into 20 ordinary shares of £0.10 each, each share having the same rights and being subject to the same restrictions (except as to nominal value) as the existing ordinary shares of £0.00000001 each in the Company as set out in its Articles. On the same day the Company allotted and issued to its shareholder a further 299,999,980 ordinary shares of £0.10 each at a premium of £2.00 per share, each to rank pari passu with the existing ordinary shares of £0.10 each in the capital of the Company. In addition, the Company undertook a reduction of its share premium account by £500 million.

On 17 February 2015, the Company issued 66,923,076 new ordinary shares of £0.10 each at a premium of £1.85 per share in connection with admission of its shares to listing.

	31 December 2016 £ million	31 December 2015 £ million
Opening balance	**218.0**	–
Premium arising on issue of equity shares	**–**	723.8
Reduction of share premium account	**–**	(500.0)
Costs associated with the issue of equity shares	**–**	(5.8)
Closing balance	**218.0**	218.0

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2016

10 FINANCIAL INSTRUMENTS

Financial risk exposure is addressed on a Group basis rather than a company only basis. The Company's risk management programme is disclosed in detail in the Group accounts in note 16 and in the Financial Review section.

	Loans and receivables £ million	**Assets at FVTPL £ million**	**Investments at cost less impairments £ million**	**Financial liabilities at amortised cost £ million**	**Total £ million**
Fair value measurement method	**n/a**	**Level 3**	**n/a**	**n/a**	
31 December 2016					
Non-current assets					
Investments	**–**	**937.7**	**15.0**	**–**	**952.7**
Current assets					
Trade and other receivables	**272.4**	**–**	**–**	**–**	**272.4**
Total financial assets	**272.4**	**937.7**	**15.0**	**–**	**1,225.1**
Current liabilities					
Interest-bearing loans and borrowings	**–**	**–**	**–**	**(161.4)**	**(161.4)**
Trade and other payables	**–**	**–**	**–**	**(29.3)**	**(29.3)**
Total financial liabilities	**–**	**–**	**–**	**(190.7)**	**(190.7)**
Net financial instruments	**272.4**	**937.7**	**15.0**	**(190.7)**	**1,034.4**

	Loans and receivables £ million	Assets at FVTPL £ million	Investments at cost less impairments £ million	Financial liabilities at amortised cost £ million	Total £ million
Fair value measurement method	n/a	Level 1 / 3*	n/a	n/a	
31 December 2015					
Non-current assets					
Investments	–	801.1	15.0	–	816.1
Current assets					
Trade and other receivables	130.4	–	–	–	130.4
Total financial assets	130.4	801.1	15.0	–	946.5
Current liabilities					
Interest-bearing loans and borrowings	–	–	–	(14.9)	(14.9)
Trade and other payables	–	–	–	(11.4)	(11.4)
Total financial liabilities	–	–	–	(26.3)	(26.3)
Net financial instruments	130.4	801.1	15.0	(26.3)	920.2

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2016

11 TRANSACTIONS WITH RELATED PARTIES

Trading transactions

The Company has entered into loans with its subsidiaries, with interest being charged at arm's length rates.

	31 December 2016 £ million	31 December 2015 £ million
Amounts owed by subsidiary undertakings	**272.4**	130.4
Amounts owed to subsidiary undertakings	**(28.4)**	(10.9)
Dividends received	**4.0**	–
Interest income received	**3.5**	3.6
Interest paid	**(0.9)**	(0.6)

12 GUARANTEES AND OTHER COMMITMENTS

At 31 December 2015, the Company was a guarantor under the Group's £350 million syndicated, committed, revolving credit facility and associated credit facilities dated 17 February 2015. On 21 June 2016 these facilities were increased to £400 million. At 31 December 2016, the total amount utilised under these facilities, and hence guaranteed by the Company, was £284.1 million (2015 – £174.3 million).

On 8 April 2016, the Company became an indemnitor under each of two uncommitted surety facilities, one from Euler Hermes UK and the other from QBE Insurance Limited, which were each subsequently utilised to the sum of £25.0 million and which sums were outstanding at 31 December 2016 and hence were guaranteed by the Company.

On 24 November 2016, the Company became a guarantor under each of two committed £25.0 million term liquidity facilities backing the surety facilities entered into with Euler Hermes UK and QBE Insurance Limited. One facility was provided by Barclays Bank PLC and the other by HSBC Bank plc. Both of these facilities were undrawn at 31 December 2016.

At 31 December 2016, the Company was a guarantor under an uncommitted bonding facility from Zurich entered into by John Laing Limited. At 31 December 2016, the total amount utilised under this facility, and hence guaranteed by the Company, was £nil (2015 – £4.0 million).

13 SUBSIDIARIES AND OTHER INVESTMENTS

Subsidiaries through which the Company holds its investments in project companies, which are held at FVTPL, and subsidiaries that are Service Companies, which are consolidated, are described as "recourse". Project companies in which the Group invests are described as "non-recourse" which means that providers of debt to such project companies do not have recourse beyond John Laing's equity commitments in the underlying projects.

Details of the Company's subsidiaries at 31 December 2016 were as follows:

Name		Country of incorporation	Ownership interest	Registered office
RECOURSE SUBSIDIARIES				
Service Companies (consolidated)				
John Laing (USA) Limited	*	United Kingdom	100%	Note 1
John Laing and Son BV	**	Netherlands	100%	Note 3
John Laing Capital Management Limited	*	United Kingdom	100%	Note 1
John Laing Projects & Developments Limited	*	United Kingdom	100%	Note 1
John Laing Services Limited	*	United Kingdom	100%	Note 1
Laing Investments Management Services (Australia) Limited	*	United Kingdom	100%	Note 1
Laing Investments Management Services (Canada) Limited	*	United Kingdom	100%	Note 1
Laing Investments Management Services (Germany) Limited	*	United Kingdom	100%	Note 1
Laing Investments Management Services (Netherlands) Limited	*	United Kingdom	100%	Note 1
Laing Investments Management Services (New Zealand) Limited	*	United Kingdom	100%	Note 1
Laing Investments Management Services (Singapore) Limited	*	United Kingdom	100%	Note 1
Laing Investments Management Services Limited	*	United Kingdom	100%	Note 1
RL Design Solutions Limited	**	United Kingdom	100%	Note 1
				Note 1
Investment Entity subsidiaries (measured at fair value)				
Argon Ventures Limited	**	United Kingdom	100%	Note 1
Croydon PSDH Holdco 2 Limited	**	United Kingdom	100%	15 Canada Square, London, E14 5GL
Croydon PSDH Holdco Limited	**	United Kingdom	100%	15 Canada Square, London, E14 5GL
Denver Rail (Eagle) Holdings Inc.	**	United States	100%	Note 8
Forum Cambridge Holdco Limited	**	United Kingdom	100%	Note 1
Hungary M6 Limited	**	United Kingdom	100%	Note 1
Hyder Investments Limited	**	United Kingdom	100%	Note 1
John Laing Cambridge Limited	**	United Kingdom	100%	Note 1

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2016

13 SUBSIDIARIES AND OTHER INVESTMENTS (CONTINUED)

Name		Country of incorporation	Ownership interest	Registered office
Investment Entity subsidiaries (measured at fair value) (continued)				
John Laing Funding Limited	**	United Kingdom	100%	Note 1
John Laing Holdco Limited	*	United Kingdom	100%	Note 1
John Laing Homes Limited	**	United Kingdom	100%	Note 1
John Laing I-4 Holdco Corp	**	United States	100%	Note 8
John Laing I-77 Holdco Corp	**	United States	100%	Note 8
John Laing Infrastructure Limited	**	United Kingdom	100%	Note 1
John Laing Infrastructure (A1 Mobil Holdings) Limited	**	United Kingdom	100%	Note 1
John Laing Infrastructure (German Holdings) Limited	**	United Kingdom	100%	Note 1
John Laing Infrastructure Management Services India Private Limited	**	India	100%	Delhi Rectangle, 4th Floor Rectangle No. 1, Saket Commercial Complex, D4 Saket, New Delhi, India
John Laing Investments (SLR) BV	**	Netherlands	100%	Note 3
John Laing Investments Limited	**	United Kingdom	100%	Note 1
John Laing Investments (Hornsdale) Pty Limited	**	Australia	100%	Note 4
John Laing Investments (Hornsdale 2) Pty Limited	**	Australia	100%	Note 4
John Laing Investments Netherlands Holdings BV	**	Netherlands	100%	Note 3
John Laing Investments (LBAJQ) BV	**	Netherlands	100%	Note 3
John Laing Investments (NGR) BV	**	Netherlands	100%	Note 3
John Laing Investments (NRAH) BV	**	Netherlands	100%	Note 3
John Laing Investments NZ Holdings Limited	**	United Kingdom	100%	Note 1
John Laing Investments Overseas Holdings Limited	**	United Kingdom	100%	Note 1
John Laing Investments (Perth Stadium) BV	**	Netherlands	100%	Note 3
John Laing Limited	**	United Kingdom	100%	Note 1
John Laing Projects & Developments (Croydon) Limited	**	United Kingdom	100%	15 Canada Square, London, E14 5GL
John Laing Projects & Developments (Holdings) Limited	**	United Kingdom	100%	Note 1
John Laing Regeneration GP Limited	**	United Kingdom	99%	Note 1
John Laing Social Infrastructure Limited	**	United Kingdom	100%	Note 1
John Laing Sterling Wind Holdco Corp	**	United States	100%	Note 8
Laing Infrastructure Holdings Limited	**	United Kingdom	100%	Note 1
Laing Investment Company Limited	**	United Kingdom	100%	Note 1
Laing Investments Greenwich Limited	**	United Kingdom	100%	Note 1
Laing Property Limited	**	United Kingdom	100%	Note 1
Laing Property Holdings Limited	**	United Kingdom	100%	Note 1
Rail Investments (Great Western) Limited	**	United Kingdom	80%	Note 1
NON-RECOURSE SUBSIDIARIES				
Subsidiary project companies (measured at fair value)				
AEM Holdco LLC	**	United States	92.5%	645 N. Michigan, Suite 980, Chicago, IL 60611, USA
AEM Wind LLC	**	United States	92.5%	645 N. Michigan, Suite 980, Chicago, IL 60611, USA
ALTRAC Light Rail Holdings 3 Pty Limited	**	Australia	100%	Note 4
ALTRAC Light Rail Holdings Trust 3	**	Australia	100%	Note 4
ALTRAC Light Rail 3 Pty Limited	**	Australia	100%	Note 4
ALTRAC Light Rail 3 Trust	**	Australia	100%	Note 4
CountyRoute (A130) plc	**	United Kingdom	100%	Note 2
CountyRoute 2 Limited	**	United Kingdom	100%	Note 2
CountyRoute Limited	**	United Kingdom	100%	Note 2
Courtibeaux (Holding) Limited	**	United Kingdom	100%	Note 1
Defence Support (St Athan) Holdings Limited	**	United Kingdom	100%	Note 2
Defence Support (St Athan) Limited	**	United Kingdom	100%	Note 2
Dritte Nordergründe Beteiligungs GmbH	**	Germany	100%	Torstrasse 138, 10119 Berlin, Germany
Education Support (Southend) Limited	**	United Kingdom	100%	Note 1
Glencarbry (Holdings) Limited	**	United Kingdom	100%	Note 1
Glencarbry Supply Company Limited	**	Ireland	100%	Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2016

13 SUBSIDIARIES AND OTHER INVESTMENTS (CONTINUED)

Name		Country of incorporation	Ownership interest	Registered office
Subsidiary project companies (measured at fair value) (continued)				
Glencarbry Windfarm Limited	**	Ireland	100%	Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland
John Laing Rail Infrastructure Limited	**	United Kingdom	100%	Note 1
Kabeltrasse Morbach GmbH & Co. KG	**	Germany	81.82%	Oberdorfstraße 10, 55262 Heidesheim am Rhein, Germany
KGE Windpark Schipkau-Nord GmbH & Co. KG	**	Germany	100%	Am Nesseufer 40, 26789 Leer, Germany
KGE Schipkau-Nord Infrastruktur GmbH & Co. KG	**	Germany	85%	Am Nesseufer 40, 26789 Leer, Germany
Kiata Wind Farm Holdings Pty Limited	**	Australia	72.3%	Level 4, 30 Marcus Clarke Street, Canberra City ACT 2601, Australia
Kiata Wind Farm Pty Limited	**	Australia	72.3%	Level 4, 30 Marcus Clarke Street, Canberra City ACT 2601, Australia
Klettwitz Schipkau Nord Beteiligungs GmbH	**	Germany	100%	Note 7
Klettwitz SN Holdings GmbH	**	Germany	100%	Note 7
Klettwitz SN Verwaltungs GmbH	**	Germany	100%	Note 7
LBAJQ Holding 4 Pty Limited	**	Australia	100%	Note4
LBAJQ Holding Trust 4	**	Australia	100%	Note 4
LBAJQ 4 Pty Limited	**	Australia	100%	Note 4
LBAJQ Trust 4	**	Australia	100%	Note 4
Llynfi Afan Renewable Energy Park (Holdings) Limited	**	United Kingdom	100%	Note 1
Llynfi Afan Renewable Energy Park Limited	**	United Kingdom	100%	Note 1
Nordergründe Holdco GmbH	**	Germany	100%	Torstraße 138, 10119 Berlin, Germany
Parc Eolien des Courtibeaux SAS	**	France	100%	20 Av de la Paix, Strasbourg 67000, France
Parc Eolien des Tournevents du Cos SAS	**	France	100%	20 Av de la Paix, Strasbourg 67000, France
Parkway 6 BV	**	Netherlands	85%	Taurusavenue 100, Hoofddorp, Netherlands
Parkway 6 Holding BV	**	Netherlands	85%	Taurusavenue 100, Hoofddorp, Netherlands
Rammeldalsberget Vindkraft AB	**	Sweden	100%	Sveavagen 17, 111 57 Stockholm, Sweden
Rammeldalsberget Holding AB	**	Sweden	100%	Sveavagen 17, 111 57 Stockholm, Sweden
Services Support (Surrey) Holdings Limited	**	United Kingdom	100%	Note 1
Services Support (Surrey) Limited	**	United Kingdom	100%	Note 1
Société d'Exploitation du Parc Eolien du Tonnerois	**	France	100%	Pasilly Nord les Points, 89310 Pasilly, France
Sterling Wind John Laing Op Co. LLC	**	United States	100%	1209 Orange St, Wilmington, Delaware 19801, USA
Svartvallsberget SPW AB	**	Sweden	100%	Sveavagen 17, 111 57 Stockholm, Sweden
Svartvallsberget Holding AB	**	Sweden	100%	Sveavagen 17, 111 57 Stockholm, Sweden
Tonnerois (Holdings) Limited	**	United Kingdom	100%	Note 1
Tournevents (Holding) Limited	**	United Kingdom	100%	Note 1
Vierte Nordergründe Beteiligungs GmbH	**	Germany	100%	Torstrasse 138, 10119 Berlin, Germany
Wind Hold Co 1 Limited	**	United Kingdom	100%	Note 1

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2016

13 SUBSIDIARIES AND OTHER INVESTMENTS (CONTINUED)

Name		Country of incorporation	Ownership interest	Registered office
Subsidiary project companies (measured at fair value) (continued)				
Wind Project Co 1 Limited	**	United Kingdom	100%	Note 1
Windpark Horath Holding GmbH	**	Germany	100%	Note 7
Windpark Horath Verwaltungs GmbH	**	Germany	100%	Note 7
WP Horath GmbH & Co. KG	**	Germany	100%	Note 7
Zweite Nordergründe Beteiligungs GmbH	**	Germany	100%	Torstrasse 138, 10119 Berlin, Germany

Details of the Company's joint ventures and other investments at 31 December 2016 were as follows:

NON-RECOURSE

Joint venture project companies (measured at fair value)

Name		Country of incorporation	Ownership interest	Registered office
A Mobil Services GmbH	**	Germany	42.5%	Stader Strasse 36, 27419 Sittensen, Germany
A1 Mobil GmbH & Co. KG	**	Germany	42.5%	Stader Strasse 36, 27419 Sittensen, Germany
A1 Mobil Verwaltungs GmbH	**	Germany	42.5%	Stader Strasse 36, 27419 Sittensen, Germany
A-Lanes A15 Holding BV	**	Netherlands	28%	Venkelweg 64, Hoogvliet Rotterdam, Netherlands
A-Lanes A15 BV	**	Netherlands	28%	Venkelweg 64, Hoogvliet Rotterdam, Netherlands
A-Lanes Management Services BV	**	Netherlands	25%	Venkelweg 64, Hoogvliet Rotterdam, Netherlands
Agility Trains West (Holdings) Limited	**	United Kingdom	24%	Note 6
Agility Trains West (Midco) Limited	**	United Kingdom	24%	Note 6
Agility Trains West Limited	**	United Kingdom	24%	Note 6
Agility Trains East (Holdings) Limited	**	United Kingdom	30%	Note 6
Agility Trains East (Midco) Limited	**	United Kingdom	30%	Note 6
Agility Trains East Limited	**	United Kingdom	30%	Note 6
Alder Hey Holdco 3 Limited	**	United Kingdom	40%	Note 2
Alder Hey Holdco 2 Limited	**	United Kingdom	40%	Note 2
Alder Hey (Holdco 1 Limited	**	United Kingdom	40%	Note 2
Alder Hey (Special Purpose Vehicle) Limited	**	United Kingdom	40%	Note 2
ALTRAC Light Rail Partnership	**	Australia	32.5%	Level 7, 280 Elizabeth St Surry Hills, NSW 2010, Australia
Aylesbury Vale Parkway Limited	**	United Kingdom	50%	Note 2
Cramlington Renewable Energy Developments Hold Co Limited	**	United Kingdom	44.7%***	Note 1
Cramlington Renewable Energy Developments Limited	**	United Kingdom	44.7%***	Note 1
Croydon and Lewisham Lighting Services (Holdings) Limited	**	United Kingdom	50%	Note 2
Croydon and Lewisham Lighting Services Limited	**	United Kingdom	50%	Note 2
Denver Transit Holdings LLC	**	United States	45%	Note 8
Denver Transit Partners LLC	**	United States	45%	Note 8
Forum Cambridge LLP	**	United Kingdom	50%	Note 1
Gdansk Transport Company SA	**	Poland	29.69%	Powstancow Warszawy 19, 81-718 Sopot, Poland
Hornsdale Asset Co Pty Limited	**	Australia	30%	Note 5
Hornsdale Asset Co Pty 2 Limited	**	Australia	10%	Note 5
HWF Holdco 1 Pty Limited	**	Australia	15%	Note 5
HWF FinCo 1 Pty Limited	**	Australia	30%	Note 5
HWF 1 Pty Limited	**	Australia	30%	Note 5
HWF Holdco 2 Pty Limited	**	Australia	20%	Note 5
HWF FinCo 2 Pty Limited	**	Australia	20%	Note 5
HWF 2 Pty Limited	**	Australia	20%	Note 5
I-4 Mobility Partners HoldCo LLC	**	United States	50%	Note 8
I-4 Mobility Partners Midstream LLC	**	United States	50%	Note 8
I-4 Mobility Partners Op Co LLC	**	United States	50%	Note 8
I-77 Mobility Partners Holding LLC	**	United States	10%	1209 Orange St, Wilmington, Delaware 19801, USA

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the year ended 31 December 2016

13 SUBSIDIARIES AND OTHER INVESTMENTS (CONTINUED)

Name		Country of incorporation	Ownership interest	Registered office
Joint venture project companies (measured at fair value) (continued)				
I-77 Mobility Partners LLC	**	United States	10%	1209 Orange St, Wilmington, Delaware 19801, USA
INEOS Runcorn (TPS) Holding Limited	**	United Kingdom	37.43%	PO BOX 9 Runcorn Site Hq, South Parade, Runcorn, Cheshire, WA7 4JE
INEOS Runcorn (TPS) Limited	**	United Kingdom	37.43%	PO BOX 9 Runcorn Site Hq, South Parade, Runcorn, Cheshire, WA7 4JE
Laing/Gladedale (Hastings) Holdings Limited	**	United Kingdom	50%	Note 1
Laing/Gladedale (Hastings) Limited	**	United Kingdom	50%	Note 1
Laing/Gladedale (St Saviours) Limited	**	United Kingdom	50%	Note 1
Laing Wimpey Alireza Limited	**	Saudi Arabia	33%	P.O. Box 2059, Jeddah, Saudi Arabia
MAK Mecsek Autopalya Koncesszios Zrt.	**	Hungary	30%	H-1117 Budapest, Budafoki ut 91-93, Hungary
New Forum Cambridge LLP	**	United Kingdom	50%	Note 1
NGR Holding Company Pty Limited	**	Australia	40%	c/- Allens, Level 33, 101 Collins Street, Melbourne VIC 3000, Australia
NGR Project Company Pty Limited	**	Australia	40%	c/- Allens, Level 33, 101 Collins Street, Melbourne VIC 3000, Australia
OWP Nordergründe GmbH & Co. KG	**	Germany	30%	Stephanitorsbollwerk 3, 28217 Bremen
Regenter Myatts Field North Holdings Company Limited	**	United Kingdom	50%	Note 2
Regenter Myatts Field North Limited	**	United Kingdom	50%	Note 2
SA Health Partnership Holding Nominees Pty Limited	**	Australia	17.26%	Level 19, 177 Pacific Highway North Sydney, NSW 2060, Australia
SA Health Partnership Nominees Pty Limited	**	Australia	17.26%	Level 19, 177 Pacific Highway North Sydney, NSW 2060, Australia
Securefuture Wiri Holdings Limited	**	New Zealand	30%	Level 3, 37 Galway Street, Britomart, Auckland 1010, New Zealand
Securefuture Wiri Limited	**	New Zealand	30%	Level 3, 37 Galway Street, Britomart, Auckland 1010, New Zealand
Severn River Crossing Plc	**	United Kingdom	35%	Bridge Access Road, Aust, South Gloucestershire, BS35 4BD
SPC Management Services BV	**	Netherlands	33.3%	Westkanaaldijk 2 Utrecht, Netherlands
Speyside Renewable Energy Finance Limited	**	United Kingdom	43.35%****	13 Queens Road, Aberdeen, Scotland, AB15 4YL
Speyside Renewable Energy Partnership Hold Co Limited	**	United Kingdom	43.35%****	13 Queens Road, Aberdeen, Scotland, AB15 4YL
Speyside Renewable Energy Partnership Limited	**	United Kingdom	43.35%****	13 Queens Road, Aberdeen, Scotland, AB15 4YL

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2016

13 SUBSIDIARIES AND OTHER INVESTMENTS (CONTINUED)

Name		Country of incorporation	Ownership interest	Registered office
Joint venture project companies (measured at fair value) (continued)				
Transcend Property Limited	**	United Kingdom	50%	Note 1
Viridor Laing (Greater Manchester) Holdings Limited	**	United Kingdom	50%	Note 1
Viridor Laing (Greater Manchester) Limited	**	United Kingdom	50%	Note 1
Westadium Project Holdco Pty Limited	**	Australia	50%	Note 4
Westadium Project Co Pty Limited	**	Australia	50%	Note 4
Wimpey Laing Iran Limited	**	United Kingdom	50%	Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR
Wimpey Laing Limited	**	United Kingdom	50%	Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR
Other investments				
City Greenwich Lewisham Rail Link plc	**	United Kingdom	5%	73 Norman Road, Greenwich, London, SE10 9QF
John Laing Environmental Assets Group Limited	**	Guernsey	3.3%	Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR, Channel Islands

* Entities owned directly by the Company

** Entities owned indirectly by the Company

*** 44.7% of share capital and 55.9% of subordinated debt loan

**** 43.35% of share capital and 51% of subordinated debt loan

Notes:

1 The registered office of these companies is: 1 Kingsway, London, WC2B 6AN

2 The registered office of these companies is: 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG

3 The registered office of these companies is: Schiphol Boulevard 253 D-building, Schiphol,1118 BH, The Netherlands

4 The registered office of these companies is: Level 16, 15 Castlereagh Street, Sydney NSW 2000, Australia

5 The registered office of these companies is: Suite 3 Level 14, 219-227 Elizabeth Street, Sydney NSW 2000, Australia

6 The registered office of these companies is: 4th Floor 4 Copthall Avenue, London, EC2R 7DA

7 The registered office of these companies is: Münzstraße 21, 10178 Berlin, Germany

8 The registered office of these companies is: 2711 Centreville Road Suite 400, Wilmington, Delaware 19808, USA

ADDITIONAL FINANCIAL INFORMATION (UNAUDITED)

Re-presented financial statements

INCOME STATEMENT

for the year ended 31 December 2015

	Pro forma IFRS Group Income Statement £ million	Adjustments £ million	Re-presented income statement £ million	Re-presented income statement line items
Fair value movements – investment portfolio	132.1	–	132.1	Fair value movements – investment portfolio
Fair value movements – other	(6.7)	(0.8)[a]	(7.5)	Fair value movements – other
Investment fees from projects	7.7	–	7.7	
Net gain on investments at fair value through profit or loss	**133.1**	**(0.8)**	**132.3**	
IMS revenue	13.4	–	13.4	IMS revenue
PMS revenue	17.0	–	17.0	PMS revenue
Recoveries on financial close	3.4	–	3.4	Recoveries on financial close
Other income	0.7	(0.7)[a,c]	–	
Other income	**34.5**	**(0.7)**	**33.8**	
Total income	**167.6**	**(1.5)**	**166.1**	
Cost of sales	(0.1)	0.1[c]	–	
Cost of sales	**(0.1)**	**0.1**	**–**	
Third party costs	(6.9)	0.3[c]	(6.6)	Third party costs
Staff costs	(31.8)	(0.7)[a]	(32.5)	Staff costs
General overheads	(11.7)	–	(11.7)	General overheads
Other net costs	(3.4)	(0.2)[c]	(3.6)	Other net costs
Pension and other charges	(1.5)	1.5[b]	–	
Administrative expenses	**(55.3)**	**0.9**	**(54.4)**	
EBIT	112.2	(0.5)	**111.7**	
Finance charges	(11.3)	4.7[a,b]	(6.6)	Finance charges
Pension and other charges	–	(4.2)[b]	(4.2)	Pension and other charges
Finance costs	**(11.3)**	**0.5**	**(10.8)**	
Profit before tax	**100.9**	**–**	**100.9**	

Notes:

a Adjustments comprise: £2.0 million interest income reclassified from 'fair value movements – other' to 'finance costs'; £0.7 million cost in respect of the IFRS 2 charge for share-based incentives reclassified from 'fair value movements – other' to 'staff costs'; £0.5 million fee income from project company shown as 'other income' in Group Income Statement reclassified to 'fair value movements – other' in re-presented income statement.

b Under IAS 19, the costs of the pension schemes comprise a service cost of £1.5 million, included in administrative expenses in the Group Income Statement, and a finance charge of £2.7 million, included in finance costs in the Group Income Statement. These amounts are combined together under management reporting.

c Other small reclassifications: (i) £0.1 million costs shown as 'cost of sales' in the Group Income Statement reclassified to 'other net costs'; (ii) £0.3 million of cost recoveries in 'other income' in the Group Income Statement offset against 'third party costs' in the re-presented income statement; (iii) other net costs of £0.1 million reclassified from 'other income' to 'other net costs'.

ADDITIONAL FINANCIAL INFORMATION (UNAUDITED) (CONTINUED)

Re-presented financial statements (continued)

BALANCE SHEET

as at 31 December 2015

	IFRS Group Balance Sheet £ million	Adjustments £ million	Re-presented Balance Sheet £ million	Re-presented balance sheet line items
Non-current assets				
Intangible assets	0.2	(0.2)[c]	**–**	
Plant and equipment	1.0	(1.0)[c]	**–**	
Investments at FVTPL	965.3	(123.9)[a]	**841.4**	Portfolio book value
	–	123.9[b]	**123.9**	Cash collateral balances
	–	0.5[a]	**0.5**	Non-portfolio investments
Deferred tax assets	1.4	(1.4)[c]	**–**	
	–	5.6[c,e]	**5.6**	Other long term assets
	967.9	3.5	**971.4**	
Current assets				
Trade and other receivables	8.3	(8.3)[d]	**–**	
Cash and cash equivalents	1.1	4.4[a]	**5.5**	Cash and cash equivalents
	9.4	(3.9)	**5.5**	
Total assets	977.3	(0.4)	**976.9**	
Current liabilities				
	–	(22.1)[b,d,e]	**(22.1)**	Working capital and other balances
Current tax liabilities	(2.7)	2.7[d]	**–**	
Borrowings	(14.9)	(4.1)[e]	**(19.0)**	Cash borrowings
Trade and other payables	(19.6)	19.6[d]	**–**	
	(37.2)	(3.9)	**(41.1)**	
Liabilities directly associated with assets classified as held for sale	(4.2)	4.2[d]	**–**	
Net current liabilities	(32.0)	(3.6)	**(35.6)**	
Non-current liabilities				
Retirement benefit obligations	(46.2)	7.3[f]	**(38.9)**	Pension deficit (IAS 19)
	–	(7.3)[f]	**(7.3)**	Other retirement benefit obligations
Provisions	(0.1)	0.1[d]	**–**	
	(46.3)	0.1	**(46.2)**	
Total liabilities	(87.7)	0.4	**(87.3)**	
Net assets	889.6	–	**889.6**	

Notes:

a Investments at fair value through profit or loss (FVTPL) comprise: portfolio valuation of £841.4 million, non-portfolio investments of £0.5 million and other assets and liabilities within recourse investment entity subsidiaries of £123.4 million (see note 11 to the Group financial statements). Re-presented cash and cash equivalents increased from £1.1 million on the Group Balance Sheet because of the inclusion of available cash balances in recourse group investment subsidiaries of £4.4 million excluding cash collateral balances of £123.9 million.

b Other assets and liabilities within recourse investment entity subsidiaries of £123.4 million referred to in note (a) include (i) cash and cash equivalents of £128.3 million, of which £123.9 million is held to collateralise future investment commitments, and (ii) negative working capital and other balances of £4.9 million.

c Intangible assets, plant and equipment and deferred tax assets are combined as other long term assets.

d Trade and other receivables, current tax liabilities, trade and other payables, liabilities directly associated with assets classified as held for sale and provisions are combined as working capital and other balances.

e Borrowings comprise cash borrowings of £19.0 million net of unamortised financing costs of £4.1 million, with the non-current portion of £3.0 million re-presented as other long term assets and the current portion of £1.1 million re-presented as working capital and other balances.

f Total retirement benefit obligations are shown in their separate components as per note 18 to the Group financial statements.

DETAILS OF INVESTMENTS IN PROJECT COMPANIES

Details of the Group's investments in project companies as at 31 December 2016 broken down by infrastructure sector are as follows:

Sector	Company name	Project name	% owned	Description	Period of concession or estimated operating life: Start date	No. of years	Equity committed / invested (par value)
Social Infrastructure							
Health	Alder Hey (Special Purpose Vehicle) Limited	Alder Hey Children's Hospital	40%	Design, build, finance and operate new hospital in Liverpool costing £167 million.	July 2015	30	<£10 million
	SA Health Partnership Nominees Pty Limited	New Royal Adelaide Hospital	17.26%	Design, build, finance and operate new hospital in Adelaide, South Australia costing AUD $1,850 million.	Nov 2011	35	£25 – £50 million
Justice and Emergency Services	Securefuture Wiri Limited	Auckland South Corrections Facility	30%	Design, build, finance and operate a 960 place prison at Wiri, South Auckland, New Zealand costing NZD $270 million.	Sept 2012	28	£10 – £25 million
Defence	Defence Support (St Athan) Limited	DARA Red Dragon	100%	Design, build and finance aircraft maintenance facilities at RAF St. Athan costing £89 million.	Aug 2003	16	<£10 million
Regeneration	Regenter Myatts Field North Limited	Lambeth Housing	50%	Build and refurbish, finance and operate social housing in Lambeth costing £72.6 million.	May 2012	25	<£10 million
Other accommodation	Westadium Project Co Pty Limited	New Perth Stadium	50%	Design, build, finance, maintenance and operation of new Perth Stadium in Western Australia comprising total expenditure of AUD $1.0 billion.	Aug 2014	28	£25 – £50 million
Environmental							
Waste and biomass	INEOS Runcorn (TPS) Limited	Manchester Waste TPS Co	37.43%	Design, build, finance and operate a waste CHP plant in Runcorn costing £233 million.	Apr 2009	25	£10 – £25 million
	Viridor Laing (Greater Manchester) Limited	Manchester Waste VL Co	50%	Design, build and commission 42 facilities comprising waste processing and recycling services in the Greater Manchester area with construction costing £401 million.	Apr 2009	25	£25 – £50 million
	Speyside Renewable Energy Partnership Limited	Speyside Biomass	43.35%	Design, build, finance and operate a 15 MW biomass CHP plant in Speyside.	Aug 2014	33	£10 – £25 million
	Cramlington Renewable Energy Developments Limited	Cramlington Biomass	44.7%	Design, build, finance and operate a 28 MW biomass CHP plant in Cramlington.	Sept 2015	22	£25 – £50 million
Wind	Rammeldalsberget Vindkraft AB	Rammeldalsberget wind farm	100%	Design, build, finance and operate six 2.5 MW turbines in Sweden	Nov 2014	24	£10 – £25 million
	Glencarbry Windfarm Limited	Glencarbry wind farm	100%	Design, build, finance and operate seven 3.3 MW and five 2.5 MW turbines in Ireland	Jan 2016	26	£10 – £25 million
	Kabeltrasse Morbach GmbH & Co. KG	Horath wind farm	81.82%	Design, build, finance and operate nine 3.3 MW turbines in Germany	Nov 2016	24	£10 – £25 million
	HWF 1 Pty Limited	Hornsdale wind farm (Phase 1)	30%	Design, build, finance and operate 32 turbines to give 100 MW total installed capacity in Australia.	Aug 2015	26	£10 – £25 million
	HWF 2 Pty Limited	Hornsdale wind farm (Phase 2)	20%	Design, build, finance and operate 32 turbines to give 100 MW total installed capacity in Australia.	June 2016	26	<£10 million
	Kiata Wind Farm Pty Limited	Kiata wind farm	72.3%	Design, build, finance and operate a nine turbine 30 MW windfarm in Australia	Nov 2016	26	£10 – £25 million
	Llynfi Afan Renewable Energy Park Limited	Llynfi wind farm	100%	Design, build, finance and operate twelve 2 MW turbines in Wales.	June 2016	26	£10 – £25 million

ADDITIONAL FINANCIAL INFORMATION (UNAUDITED) (CONTINUED)

DETAILS OF INVESTMENTS IN PROJECT COMPANIES (CONTINUED)

					Period of concession or estimated operating life		
Sector	Company name	Project name	% owned	Description	Start date	No. of years	Equity committed / invested (par value)
Wind (continued)	Société d'Exploitation du Parc Eolien du Tonnerois	Pasilly wind farm	100%	Design, build, finance and operate ten 2 MW turbines in France.	Dec 2015	26	<£10 million
	Svartvallsberget SPW AB	Svartvallsberget wind farm	100%	Design, build, finance and operate ten 2 MW turbines in Sweden	Mar 2013	26	£10 – £25 million
	Klettwitz Shipkau Nord Beteiligungs GmbH	Klettwitz wind farm	100%	Design, build, finance and operate the re-powering of a windfarm with 27 turbines to give 89 MW total installed capacity in Germany	Oct 2015	25	£25 – £50 million
	AEM Wind LLC	Sterling wind farm	92.5%	Design, build, finance and operate 13 2.3 MW turbines in New Mexico, USA	Oct 2016	31	£10 – £25 million
	Parc Eolien des Courtibeaux SAS	St. Martin wind farm	100%	Design, build, finance and operate five 2.05 MW turbines in France	Nov 2016	27	<£10 million
	Parc Eolien des Tournevents du Cos SAS	Sommette wind farm	100%	Design, build, finance and operate nine 2.4 MW turbines in France	Sept 2016	27	£10 – £25 million
	OWP Nordergründe GmbH & Co. KG	Nordergründe offshore wind farm	30%	Design, build, finance and operate 18 offshore 6.2 MW turbines in the German North Sea	Aug 2016	26	£25 – £50 million
Transport							
Other	CountyRoute (A130) plc	A130	100%	Design, build, finance and operate the A130 bypass linking the A12 and A127 in Essex at a cost of £76 million.	Feb 2000	30	<£10 million
	Gdansk Transport Company SA	A1 Gdansk Poland	29.69%	Design, build, finance and operate the A1 motorway in Poland in two phases at a cost of €651 million for phase 1 and €900 million for phase 2.	Aug 2004	35	£10 – £25 million
	I-4 Mobility Partners Op Co LLC	I-4 Ultimate	50%	Design, build, finance and operate 21 miles of the I-4 Interstate in Florida, US at a cost of USD $2.32 billion.	Sept 2014	40	£10 – £25 million
	I-77 Mobility Partners LLC	I-77 Managed Lanes	10%	Design, build, finance and operate 25.9 miles of the I-77 Interstate in Charlotte, North Carolina, US at a cost of USD $665 million.	May 2015	53	£10 – £25 million
	Severn River Crossing Plc	Severn River Crossing	35%	Design, build, finance and operate a second crossing over the Severn River plus operate and maintain existing crossing. Construction cost approximately £320 million.	Apr 1992	The earlier of 30 years or until a pre-determined level of revenue achieved	£10 – £25 million
	MAK Mecsek Autopalya Koncesszios Zrt.	M6 Hungary	30%	Design, construction, refurbishment, operation, maintenance and financing of 48 km section of M6 expressway and 32 km of M60 expressway at a cost of €886 million.	Apr 2010	27	£10 – £25 million
	Parkway 6 BV	A6 Parkway Netherlands	85%	Design, build, finance, manage and maintain for a 20 year operational period the A6 Almere highway in the greater Amsterdam region.	Nov 2016	23	<£10 million
	A1 Mobil GmbH & Co. KG	A1 Germany	42.5%	Construct and operate the A1 Autobahn between Bremen and Hamburg in Germany at a cost of €417.1 million.	Aug 2008	30	£25 – £50 million
	A-Lanes A15 BV	A15 Netherlands	28%	Design, build, finance and maintain the A15 highway south of Rotterdam (about 40 km) at a construction cost of €727 million.	Dec 2010	25	£10 – £25 million
	City Greenwich Lewisham Rail Link plc	City Greenwich Lewisham (DLR)	5%	Construction and operation of infrastructure on Lewisham extension of the Docklands Light Railway (DLR) at a cost of £205 million.	Oct 1996	25	£10 – £25 million

DETAILS OF INVESTMENTS IN PROJECT COMPANIES (CONTINUED)

Sector	Company name	Project name	% owned	Description	Period of concession or estimated operating life		Equity committed / invested (par value)
					Start date	No. of years	
Other (continued)	Aylesbury Vale Parkway Limited	Aylesbury Vale Parkway	50%	Construction and operation of the Aylesbury Vale Parkway Station. Construction cost £15.5 million.	Aug 2007	21	<£10 million
	John Laing Rail Infrastructure Limited	Coleshill Parkway	100%	Construction and operation of the Coleshill Parkway Station. Construction cost £7.1 million.	Mar 2006	21	<£10 million
	Denver Transit Partners LLC	Denver Eagle P3	45%	Design, build, finance, maintenance and operation of passenger rail systems in Denver, Colorado. Construction cost USD $1.27 billion.	Aug 2010	34	£10 – £25 million
	ALTRAC Light Rail Partnership	Sydney Light Rail	32.5%	Design, build, finance, operate and maintain the CBD and South East Light Rail and to operate and maintain the Inner West Light Rail in Sydney, Australia.	Feb 2015	19	£50 – £100 million
	Croydon and Lewisham Lighting Services Limited	Croydon & Lewisham SL	50%	Installation and maintenance of street lighting. Programme cost £74.2 million.	Apr 2011	25	<£10 million
Rolling stock	Agility Trains West Limited	IEP (Phase 1)	24%	Delivery and maintenance of intercity train services on the Great Western Main Line (UK) using a fleet of new Super Express Trains and maintenance facilities. Construction cost £1.8 billion.	May 2012	41	£50 – £100 million
	Agility Trains East Limited	IEP (Phase 2)	30%	Delivery and maintenance of intercity train services on the East Coast Main Line (UK) using a fleet of new Super Express Trains and maintenance facilities. Construction cost £1.6 billion.	Apr 2014	41	£50 – £100 million
	NGR Project Company Pty Limited	New Generation Rollingstock	40%	Provision and maintenance of 75 new six-car trains for Queensland Rail, Australia. Construction cost AUD $1.8 billion.	Jan 2014	32	£10 – £25 million

NOTICE OF ANNUAL GENERAL MEETING

to be held at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS on 11 May 2017 at 11.00 am

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from an independent stockbroker, solicitor, accountant, or other professional adviser.

If you have sold or otherwise transferred all of your ordinary shares in John Laing Group plc, please pass this document together with the accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, so they can pass these documents to the person who now holds the shares.

A form of proxy for the annual general meeting (AGM) is enclosed and should be completed and returned as soon as possible in accordance with the instructions printed on the form of proxy. To be valid, it must reach the Company's registrar, Equiniti, no later than 48 hours before the time of the AGM. Alternatively, you may register your vote online by visiting the registrar's website at www.sharevote.co.uk or, if you already have a portfolio registered with Equiniti, by logging onto www.shareview.co.uk.

In order to register your vote online you will need to enter the Voting I.D., Task I.D. and Shareholder Reference Number which are on the enclosed form of proxy. If you are a member of CREST, the electronic settlement system for UK securities, you may register the appointment of a proxy by using the CREST electronic proxy appointment service. Further details are contained in the notes to the notice of AGM (see pages 137 and 138 of this document) and in the form of proxy. Electronic and CREST proxy voting instructions should also be submitted no later than 11.00am on 9 May 2017. Completion of a form of proxy or the appointment of a proxy electronically will not stop you from attending the AGM and voting in person should you so wish.

CHAIRMAN'S LETTER

NOTICE OF ANNUAL GENERAL MEETING

Dear Shareholder,

I am writing to you with details of the annual general meeting (AGM) of John Laing Group plc (John Laing or the Company) which we are holding at the offices of Freshfields Bruckhaus Deringer, 65 Fleet Street, London EC4Y 1HS on 11 May 2017 at 11.00am. We very much hope that as many shareholders as possible will be able to attend.

Voting on all the proposed resolutions at the AGM will be conducted on a poll rather than on a show of hands. Voting on a poll is more transparent and equitable because it includes a vote in respect of every share held by each shareholder (present and voting in person or by proxy), rather than a single vote for each shareholder or proxy who attends the AGM.

Shareholders of the Company will be asked to consider and, if thought fit, approve resolutions in respect of the following matters:

Ordinary resolutions

The Company's accounts and the reports of the Directors of the Company (the Directors) and the auditor of the Company (the external auditor);

The final dividend for the year ended 31 December 2016;

Re-election of Directors;

Approval of the Directors' remuneration report for the year ended 31 December 2016;

Reappointment of Deloitte LLP as auditor for the ensuing year;

Authority to determine the remuneration of the auditor;

Authority to allot shares; and

Authority to make political donations.

Special resolutions

Waiver of pre-emption rights in certain circumstances;

Authority for the Company to purchase its own shares; and

Approval to reduce the notice period for a general meeting, other than an annual general meeting.

A brief description of these matters is set out below.

Notice of AGM

The formal notice of the AGM is set out on pages 135 to 138 of this document.

Report and accounts and final dividend
(resolutions 1 and 2)

The first resolution at the AGM relates to the receipt and consideration of the Company's accounts and the reports of the Directors and the external auditor for the financial year ended 31 December 2016.

Separately, shareholders will also be asked to approve the payment of a final dividend of 6.3 pence per ordinary share in respect of the year ended 31 December 2016, as recommended by the Directors.

If the recommended final dividend is approved, it is proposed that the dividend will be paid on 19 May 2017 to shareholders on the Company's register of members at the close of business on 21 April 2017 (the record date).

Re-election of Directors
(resolutions 3 to 9)

In accordance with the UK Corporate Governance Code (the Code), all the Directors of the Company being eligible will offer themselves for re-election at the AGM. The re-election of Directors will take effect from the conclusion of the AGM.

Following the evaluation exercise conducted in 2016, as Chairman, I believe that the contribution and performance of each of the Directors continues to be valuable and effective and that it is appropriate for them to continue to serve as Directors of the Company.

In accordance with the Code, the Board has reviewed the independence of its non-executive Directors and has determined that they remain fully independent of management and that there are no relationships or circumstances likely to affect their character or judgement.

Biographical details for each of the Directors offering themselves for re-election are set out in pages 44 to 45 of the Annual Report.

CHAIRMAN'S LETTER (CONTINUED)

Directors' remuneration report
(resolution 10)

The Company believes that the Directors' remuneration report, which may be found on pages 56 to 68 of the Annual Report, demonstrates the link between our remuneration policy and practice, and the Company's strategy and performance.

The Directors' remuneration policy, a summary of which may be found on pages 63 to 68 of the Annual Report, sets out the Company's forward-looking policy on directors' remuneration and describes the components of the executive and non-executive Directors' remuneration.

The Board considers that appropriate executive remuneration plays a vital part in helping to achieve the Company's overall objectives and, accordingly, and in compliance with the relevant legislation, shareholders will be invited to approve the Directors' remuneration report.

The Directors' remuneration report is included in the Annual Report and provides details of the remuneration paid to the Directors during the year ended 31 December 2016, including share awards. Shareholders are invited to approve the Directors' remuneration report under resolution 10. This vote is advisory in nature in that payments made or promised to Directors will not have to be repaid, reduced or withheld in the event that the resolution is not passed. This vote will be in respect of the content of the Directors' remuneration report and not specific to any Director's level or terms of remuneration.

The Company is required to seek shareholder approval of the Directors' remuneration policy every three years, except in the event that a change to the policy is proposed or the advisory vote on the Directors' remuneration report is not passed at the preceding AGM. The Directors' remuneration policy was approved at the 2016 AGM and there have been no changes since it was approved. It is expected that a resolution approving the Directors' remuneration policy will next be put to shareholders at the 2019 AGM.

External Auditor
(resolutions 11 and 12)

In the second half of 2016 the Company undertook an audit tender which resulted in Deloitte LLP being selected to continue as the Company's external auditor. Resolutions will be proposed to reappoint Deloitte LLP as external auditor until the conclusion of the AGM in 2018 and to authorise the Directors to determine their remuneration.

Directors' authority to allot shares
(resolution 13)

Further to the provisions of section 551 of the Companies Act 2006 (the Act), shareholders will be asked to grant the Board the authority to allot shares, grant rights to subscribe for shares, or convert any security into shares in the Company (the new authority). The new authority would be valid until the close of the AGM in 2018 or, if earlier, the close of business on 11 August 2018.

If passed, the new authority would be limited to an aggregate nominal value of £12,230,769.20, or 122,307,692 ordinary shares, (representing approximately 33.3% of the Company's issued ordinary share capital as at 6 March 2017 being the latest practicable date prior to the publication of this notice) save that, if the new authority were used in connection with a rights issue, it would be limited to an aggregate nominal value of £24,461,538.40 ordinary shares, or 244,615,384 ordinary shares, (representing approximately 66.6% of the Company's issued share capital as at 6 March 2017).

In each case the number of shares to which the new authority applies is in addition to those committed to employee share plans. At the date this document was approved by the Board, the Directors had no intention to exercise this authority, although they considered its grant to be appropriate in order to preserve maximum flexibility for the future. The Directors intend to seek the approval of shareholders to renew this authority annually.

Political donations
(resolution 14)

The Act restricts companies from making donations to political parties, other political organisations or independent election candidates and from incurring political expenditure, in each case without shareholders' consent. It is not proposed or intended to alter the Company's policy of not making such donations or incurring such expenditure. However, the Act contains some potentially broad definitions and it may be that some of the activities of the Company and its subsidiaries fall within these definitions and, without the necessary authorisation, this could inhibit the Company's ability to communicate its views effectively to political audiences and to relevant interest groups. Accordingly, the Company believes that the authority contained in this resolution is necessary to allow it and its subsidiaries to fund activities which it is in the interests of shareholders that the John Laing group of companies should support. Such authority will enable the Company and its subsidiaries to be sure that they do not unintentionally commit a technical breach of the Act. Any expenditure which may be incurred under authority of this resolution will be disclosed in next year's Annual Report. It is the Company's intention to seek renewal of this resolution on an annual basis.

Waiver of pre-emption rights
(resolutions 15 and 16)

Under section 561(1) of the Act, if the Directors wish to allot ordinary shares, or grant rights to subscribe for, or convert securities into, ordinary shares, or sell treasury shares for cash (other than pursuant to an employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings. There may be occasions, however, when the Directors need the flexibility to finance business opportunities by the issue of shares without a pre-emptive offer to existing shareholders. This cannot be done under the Act unless the shareholders have first waived their pre-emption rights, so two resolutions will be proposed to waive these statutory pre-emption provisions for a period ending at the close of the AGM in 2018 or, if earlier, at the close of business on 11 August 2018.

In line with the Pre-Emption Group's Statement of Principles, the first resolution will allow the Board to issue equity securities for cash consideration either on a non-pre-emptive basis: (i) by way of a rights or other pre-emptive issue in order to allow the Directors to make appropriate exclusions and other arrangements to resolve legal or practical problems which might, for example, arise in relation to overseas shareholders; or (ii) by way of a non-pre-emptive issue, in the latter case limited to an aggregate nominal value of £1,834,615.30, or a total of 18,346,153 ordinary shares, representing approximately 5% of the Company's issued share capital as at 6 March 2017. The second resolution will permit the Board to issue equity securities representing a further 18,346,153 ordinary shares or 5% of the Company's issued share capital to be used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights in March 2015. Both of these resolutions are conditional on resolution 13 being passed.

At the date this document was approved by the Board, the Directors had no intention to exercise these authorities, although they considered their grants to be appropriate in order to preserve maximum flexibility for the future. The Directors intend to seek the approval of shareholders to renew these authorities annually.

Authority to purchase own shares
(resolution 17)

Shareholders will be asked to authorise the market purchase by John Laing of a proportion of its issued ordinary share capital, subject to the limits referred to below.

The Directors consider it prudent to be able to act at short notice if circumstances warrant. In considering the purchase of ordinary shares, the Directors will follow the procedures laid down in the Act and will take into account cash resources, capital requirements and the effect of any purchase on gearing levels and on NAV and earnings per share. They will only consider exercising the authority when satisfied that it would be in the best interests of the Company and its shareholders as a whole to do so, having first considered any other investment opportunities open to the Company.

Any purchase by the Company of its own shares pursuant to this authority will be paid for out of distributable profits. Any shares which are repurchased will be dealt with in accordance with section 724 of the Act. The Company is entitled to hold the shares as treasury shares, sell them for cash, cancel them or transfer them pursuant to an employee share plan. The authority, which will expire at the close of the AGM in 2018 or, if earlier, at the close of business on 11 November 2018, will be limited to the purchase of 36,692,307 ordinary shares, representing approximately 10% of John Laing's issued ordinary share capital as at 6 March 2017. The maximum price (excluding expenses) to be paid per ordinary share on any occasion will be restricted to the higher of (i) 105% of the average of the middle market quotations of an ordinary share of the Company derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current bid for an ordinary share as derived from the London Stock Exchange Trading System. The minimum price will be 10p per ordinary share, which is the nominal value of the shares.

Shareholders should understand that the maximum number of shares and the price range are stated merely for the purposes of compliance with statutory requirements in seeking this authority and should not be taken as any indication of the terms upon which the Company intends to make such purchases. At the date this document was approved by the Board, the Directors had no intention to exercise this authority.

Any purchases of ordinary shares would be by means of market purchases through the London Stock Exchange. Any shares purchased under this authority may either be cancelled or held as treasury shares. Treasury shares may subsequently be cancelled, sold for cash or used to satisfy options issued to employees pursuant to the Company's employee share schemes.

The Company's issued share capital as at 6 March 2017 (the latest practicable date prior to the publication of this document) was 366,923,076 ordinary shares of 10p each. The total number of awards over ordinary shares which were outstanding as at 6 March 2017 was approximately 3,858,769 which represents approximately 1.07% of the issued share capital of the Company at that date. If the maximum number of 36,692,307 shares were to be purchased by the Company (under resolution 16), the adjusted issued share capital would be 330,230,769 and the awards outstanding would represent approximately 1.19% of the adjusted issued share capital.

CHAIRMAN'S LETTER (CONTINUED)

Notice of general meetings
(resolution 18)

The Act sets the notice period required for general meetings of the Company at 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. This resolution seeks such approval. It is intended that the shorter notice period would not be used as a matter of routine for such meetings but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. The Company undertakes to meet the requirements for electronic voting in the Act before calling a general meeting on 14 clear days' notice. If given, the approval will be effective until the Company's next AGM, when it is intended that a renewal of the approval will be proposed.

Annual General Meeting

The resolutions referred to in this letter are included in the notice of AGM set out on page 135 of this document. The AGM is to be held at the offices of Freshfields Bruckhaus Deringer, 65 Fleet Street, London EC4Y 1HS at 11.00am on 11 May 2017. If you are unable to attend the AGM, please complete and return the enclosed form of proxy in the prepaid envelope provided so as to reach the Company's registrar, Equiniti, not less than 48 hours before the time of the AGM. Alternatively, you may register your vote online by visiting the registrar's website at www.sharevote.co.uk or, if you already have a portfolio registered with Equiniti, by logging onto www.shareview.co.uk. In order to register your vote online you will need to enter the Voting I.D., Task I.D. and Shareholder Reference Number which are on the enclosed form of proxy. If you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service.

Further details are contained in the notes to the notice of AGM and in the form of proxy.

Completion of a form of proxy or the appointment of a proxy electronically, will not stop you from attending the AGM and voting in person should you so wish. If you are unable to attend the AGM but would like to ask a question, please e-mail carolyn.cattermole@laing.com.

Recommendation

The Directors consider that all the resolutions to be put to the AGM are in the best interests of the Company and its shareholders as a whole and are most likely to promote the success of the Company. Your Board will be voting in favour of all the proposed resolutions and unanimously recommends that you do so as well.

Yours sincerely,

Phil Nolan
CHAIRMAN

Registered Office:
1 Kingsway
London WC2B 6AN
United Kingdom

John Laing Group plc
Registered in England and Wales No. 05975300

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS on 11 May 2017 at 11.00am. You will be asked to consider and vote on the resolutions below. Resolutions 15 to 18 (inclusive) will be proposed as special resolutions and will be passed if at least three-quarters of the votes cast (in person or by proxy) are in favour. All other resolutions will be proposed as ordinary resolutions and will be passed if a majority of the votes cast (in person or by proxy) are in favour.

ORDINARY RESOLUTIONS

To consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive and consider the audited accounts of the Company for the year ended 31 December 2016 and the report of the Directors and auditor thereon.
2. To declare a final dividend of 6.3 pence per ordinary share for the year ended 31 December 2016 recommended by the Directors.
3. To re-elect Phil Nolan as Director of the Company with effect from the end of the AGM.
4. To re-elect Olivier Brousse as Director of the Company with effect from the end of the AGM.
5. To re-elect Patrick O'Donnell Bourke as Director of the Company with effect from the end of the AGM.
6. To re-elect David Rough as Director of the Company with effect from the end of the AGM.
7. To re-elect Jeremy Beeton as Director of the Company with effect from the end of the AGM.
8. To re-elect Toby Hiscock as Director of the Company with effect from the end of the AGM.
9. To re-elect Anne Wade as Director of the Company with effect from the end of the AGM.
10. To receive and approve the Directors' Remuneration Report contained within the Annual Report for the year ended 31 December 2016, in accordance with section 439 of the Companies Act 2006 (the Act).
11. To re-appoint Deloitte LLP as the Company's auditor to hold office until the conclusion of the next general meeting of the Company at which accounts are laid.
12. To authorise the Directors to agree the auditor's remuneration.
13. THAT, pursuant to section 551 of the Act, the Board be authorised to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company:

    (i) up to an aggregate nominal amount of £12,230,769.20; and

    (ii) comprising equity securities, as defined in section 560 of the Act, up to an aggregate nominal amount of £24,461,538.40 (including within such limit any shares or rights issued or granted under (i) above) in connection with an offer by way of a rights issue:

    (A) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

    (B) to people who are holders of other equity securities if this is required by the rights of those securities or, if the Board considers it necessary, as permitted by the rights of those securities;

    and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, such authorities to expire (unless previously reviewed, varied or revoked by the Company in general meeting) at the close of the AGM in 2018 (or, if earlier, at the close of business on 11 August 2018) provided that, in each case, the Company may make offers and enter into agreements during the relevant period which would, or might, require shares in the Company to be allotted or rights to subscribe for, or convert any security into, shares to be granted, after the authority expires and the Board may allot shares in the Company and grant rights under any such offer or agreement as if the authority had not expired.
14. THAT the Company and all companies that are its subsidiaries, at any time up to the end of the AGM in 2018, be authorised, in aggregate, to:

    (i) make political donations to political parties and/or independent election candidates not exceeding £50,000 in total;

    (ii) make political donations to political organisations other than political parties not exceeding £100,000 in total; and

    (iii) incur political expenditure not exceeding £50,000 in total.

    For the purposes of this authority the terms "political donation", "political parties", "independent election candidates", "political organisation" and "political expenditure" have the meanings given by sections 363 to 365 of the Act.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

SPECIAL RESOLUTIONS

15. To consider and, if thought fit, to pass the following resolutions which will be proposed as special resolutions: THAT, subject to resolution 13 being passed, the Board be authorised, pursuant to section 570 of the Act, to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561(1) of the Act did not apply to any such allotment or sale, such authority to be limited:

    (i) to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under resolution 13(a)(ii), by way of a rights issue only):

    (A) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

    (B) to people who are holders of other equity securities, if this is required by the rights of those securities or, if the Board considers it necessary, as permitted by the rights of those securities;

    and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

    (ii) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (i) above) up to a nominal amount of £1,834,615, being approximately 5 per cent of the issued ordinary share capital of the Company as at 6 March 2017.

    such authority to expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 11 August 2018) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

16. THAT if resolution 13 is passed, the Board be authorised, pursuant to section 570 and section 573 of the Act, and in addition to any authority granted under resolution 15, to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be:

    (i) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £1,834,615, being approximately 5 per cent of the issued ordinary share capital of the Company as at 6 March 2017; and

    (ii) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

    such authority to expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 11 August 2018) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

17. THAT the Company is hereby generally and unconditionally authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 10p each in the capital of the Company provided that: (i) the maximum number of ordinary shares hereby authorised to be purchased is 36,692,307; (ii) the minimum price (exclusive of expenses) which may be paid for an ordinary share is 10p per share; (iii) the maximum price (exclusive of expenses) which may be paid for an ordinary share is, in respect of an ordinary share contracted to be purchased on any day, the higher of (a) an amount equal to 105% of the average of the middle market quotations of an ordinary share of the Company derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased and (b) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System; (iv) the authority hereby conferred shall expire at the close of the AGM in 2018 (or, if earlier, at the close of business on 11 November 2018); and (v) during the relevant period the Company may make a contract to purchase ordinary shares under this authority prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract as if the authority had not expired.

18. THAT a general meeting of the Company, other than an annual general meeting, may be called on not less than 14 clear days' notice.

By order of the Board

Carolyn Cattermole
COMPANY SECRETARY
6 March 2017

Registered Office:
1 Kingsway
London WC2B 6AN
United Kingdom

John Laing Group plc
Registered in England and Wales No. 05975300

Notes

1. The right to attend and vote at the AGM is determined by reference to the Company's register of members. Only a member entered in the register of members at 6.30p.m. on 9 May 2017 (or, if this AGM is adjourned, in the register of members at 6.30p.m. two business days before the time of any adjourned meeting) is entitled to attend and vote at the AGM and a member may vote in respect of the number of ordinary shares registered in the member's name at that time. Changes to the entries in the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the AGM.
2. Any shareholder or nominee shareholder may appoint one or more persons (whether shareholders of the Company or not) to act as his/her proxy or proxies to attend, speak and vote instead of him/her. The form of proxy for use at the AGM must be deposited, together with any power of attorney or authority under which it is signed, at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, not less than 48 hours before the time appointed for the AGM or any adjournment thereof. An appropriate form of proxy is enclosed. Alternatively, you may register your vote online by visiting www.sharevote.co.uk or, if you already have a portfolio registered with Equiniti, by logging onto www.shareview.co.uk. In order to register your vote online you will need to enter the Voting I.D., Task I.D. and Shareholder Reference Number which are on the enclosed form of proxy.
3. CREST members who wish to appoint a proxy or proxies, or amend an instruction to a previously appointed proxy, through the CREST electronic proxy appointment service may do so for the AGM to be held at 11.00am on 11 May 2017 and any adjournment(s) thereof, by using the procedures described in the CREST manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it relates to the appointment of a proxy or to an instruction to a previously appointed proxy, must be transmitted so as to be received by the issuer's agent (ID: RA19) by no later than 11.00am on 9 May 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

   CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

4. Completion of a form of proxy, or the appointment of a proxy electronically, will not stop you from attending the AGM and voting in person should you so wish.

   Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

   Shareholders may revoke a proxy instruction delivered pursuant to note 2, but to do so must inform the Company in writing by sending a signed hard copy notice clearly stating their intention to revoke the proxy appointment to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company no later than the cut-off time (48 hours before the time appointed for the AGM) set out above. If a shareholder attempts to revoke his or her proxy appointment but the revocation is received after the time specified, such shareholder's original proxy appointment will remain valid unless the shareholder attends the AGM and votes in person.

   The 2017 AGM will be held at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS on 11 May 2017 at 11.00am.

   In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. For this purpose seniority is determined by the order in which the names of the joint holders appear in the Company's register of members (the first-named being the most senior).

5. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all of its powers as a shareholder, provided that no more than one corporate representative exercises powers over the same share.

6. Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

   The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 2 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by shareholders of the Company.

7. As at 6 March 2017 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consisted of 366,923,076 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 6 March 2017 are 366,923,076 votes.

8. Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish a statement on a website setting out any matter relating to:

   - the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or
   - any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid.

   The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.

9. Any shareholder, proxy or corporate representative attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if:

   - to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information;
   - the answer has already been given on a website in the form of an answer to a question; or
   - it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

10. The following documents will be available for inspection during normal business hours on any business day at the Company's registered office and will also be available during the AGM and for 15 minutes beforehand:

    - copies of the Directors' service contracts with, or letters of appointment by, the Company; and
    - the articles of association of the Company.

11. A copy of this notice, and other information required by section 311A of the Act, can be found at www.laing.com.

12. You may not use any electronic address provided either in this notice or any related documents (including the form of proxy) to communicate with the Company for any purpose other than those expressly stated.

    The results of the voting at the AGM will be announced through a Regulatory Information Service and will appear on the Company's website (www.laing.com/investor-relations/regulatory-news.html) as soon as possible following the AGM.

SHAREHOLDER INFORMATION

FINANCIAL DIARY

20 April 2017	Ex-dividend date for final dividend
21 April 2017	Record date for final dividend
11 May 2017	Annual General Meeting
19 May 2017	Payment of final dividend
August 2017	Announcement of half year results
October 2017	Interim dividend expected to be paid

REGISTERED OFFICE AND ADVISERS

Secretary and Registered Office
C Cattermole
1 Kingsway
London WC2B 6AN
Registered No: 05975300

AUDITOR

Deloitte LLP
2 New Street Square
London EC4A 3BZ

SOLICITORS

Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London EC4Y 1HS

PRINCIPAL GROUP BANKS

Barclays Bank PLC
1 Churchill Place
London E14 5HP

HSBC Bank plc
60 Queen Victoria Street
London EC4N 4TR

Australia and New Zealand Banking Group Limited
40 Bank Street
London E14 5EJ

The Bank of Tokyo-Mitsubishi UFJ, Limited
Ropemaker Place
25 Ropemaker Street
London EC2Y 9AN

Sumitomo Mitsui Banking Corporation
99 Queen Victoria Street
London EC4V 4EH

Crédit Agricole Corporate and Investment Bank
Broadwalk House
5 Appold Street
London EC2A 2DA

JOINT STOCKBROKERS

Barclays Bank PLC
5 The North Colonnade
London E14 4BB

HSBC Bank plc
8 Canada Square
London E14 5HQ

INDEPENDENT VALUERS

KPMG LLP
15 Canada Square
Canary Wharf
London E14 5GL

REGISTRARS

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Please contact the Registrars at the address above to advise of a change of address or for any enquiries relating to dividend payments, lost share certificates or other share registration matters. The Registrars provide on-line facilities at www.shareview.co.uk. Once you have registered you will be able to access information on your John Laing Group plc shareholding, update your personal details and amend your dividend payment instructions on-line without having to call or write to the Registrars.

REGISTRARS QUERIES

Information on how to manage your shareholdings can be found at https://help.shareview.co.uk. The pages at this web address provide answers to commonly asked questions regarding shareholder registration, links to downloadable forms and guidance notes.

If your question is not answered by the information provided, you can send your enquiry via secure email from the pages at https://help.shareview.co.uk. You will be asked to complete a structured form and to provide your Shareholder Reference, name and address. You will also need to provide your email address if this is how you would like to receive your response.

Alternatively you can telephone: 0371 384 2030. Lines are open 8.30am to 5.30pm Monday to Friday.

Calls from overseas: +44 121 415 7047.

COMPANY WEBSITE

The Company's website at www.laing.com contains the latest information for shareholders, including press releases and an updated financial diary. Email alerts of the latest news, press releases and financial reports about John Laing Group plc may be obtained by registering for the email news alert service on the website.

SHARE PRICE INFORMATION

The latest price of the Company's ordinary shares is available on www.laing.com. Alternatively click on www.londonstockexchange.com. John Laing's ticker symbol is JLG. John Laing is classified in the Speciality Finance Sector of Financial Services on The London Stock Exchange. It is recommended that you consult your financial adviser and verify information obtained from these services before making any investment decision.

DIVIDENDS

Shareholders who wish to have their dividends paid directly into a bank or building society account should contact the Registrars.

SHARE DEALING SERVICES

The Registrars offer a real-time telephone and internet dealing service for the UK. Further details including terms and rates can be obtained by logging on to the website at www.shareview.co.uk/dealing or by calling 0345 603 7037. Lines are open between 8am and 4.30pm, Monday to Friday.

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website or at the address below

www.laing.com

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