

**JOHN LAING INVESTMENTS LIMITED
ANNUAL REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2017**

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Registered number: 00780225

JOHN LAING INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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JOHN LAING INVESTMENTS LIMITED

DIRECTORS AND ADVISERS

Directors
C B Waples
C T Cattermole (resigned 29 March 2018)
D Potts (resigned 31 March 2017)
P O'D Bourke
S M Colvin

**Company secretary and
registered office**
P Naylor
1 Kingsway
London
United Kingdom
WC2B 6AN

Auditor
Deloitte LLP
Statutory Auditor
2 New Street Square
London
United Kingdom
EC4A 3BZ

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The Directors present their strategic report and financial statements for John Laing Investments Limited (the Company or the Group) for the year ended 31 December 2017.

Business review

Strategy

The Company's overall strategy is to create value through investing in and managing infrastructure assets internationally. In that respect, net asset value (NAV) growth is a key measure of the Company's success.

At 31 December 2017, the Group had investments in 41 Public Private Partnership (PPP) and renewable energy projects in its portfolio (2016 - 42 projects) and an interest in John Laing Environmental Assets Group Limited (JLEN) shares, which were all measured at fair value in accordance with FRS 102. Of these 41 projects, 31 were overseas (2016 - 26) and ten were in the UK (2016 - 16).

During the year ended 31 December 2017, the Group invested in seven new projects either directly into project companies or indirectly through intermediary holding companies. New investments were made in the following projects: New Grafton Correctional Centre, Melbourne Metro, I-66 Managed Lanes, Solar House and Rockspring, Buckthorn and Hornsdale 3 wind farms.

During the year ended 31 December 2017, the Group disposed of shares and subordinated debt in eight project companies for total proceeds of £289.0 million. In addition, the Group's shareholding in Viridor Laing (Greater Manchester) Limited was acquired by the Greater Manchester Waste Development Authority (GMWDA) for £23.5 million.

At 31 December 2017, the Company had £176.0 million of short-term cash borrowings (2016 - £165.0 million) and £202.3 million (2016 - £162.6 million) of letters of credit issued in relation to future investment commitments. The Company also had £7.5 million (2016 - £6.5 million) of performance bonds issued. The cash borrowings, letters of credit and performance bonds were drawn from the John Laing Group plc corporate banking facilities, in which the Company is a borrower.

Key Performance Indicators ("KPIs")

The Board monitors the progress of the Group by reference to the following KPIs:

- Profit before tax

Profit before tax for the year ended 31 December 2017 was £125.4 million compared to £204.5 million for the year ended 31 December 2016. The main reason for a lower profit before tax was a lower fair value movement in 2017 compared to 2016. This was principally due to significant foreign exchange gains on the portfolio of investments in 2016.

- Net asset value ("NAV")

At 31 December 2017, the Company's NAV was £1,015.0 million compared to £960.1 million at 31 December 2016.

Further information on the performance of the John Laing group is available in the 2017 John Laing Group plc Annual Report and Accounts which are available from www.laing.com.

Principal risks and uncertainties

The main risks faced by the Group are liquidity, credit and price risk. The Group's exposure to liquidity risk is mitigated by the financial support given by John Laing Limited, its immediate parent company. Both the Company and John Laing Limited are co-borrowers in the John Laing Group plc corporate banking facilities. A significant majority of the project companies in which the Group invests receive revenue from government departments, public sector or local authority clients, directly from the public and/or from governmental support mechanisms. As a result, these projects tend not to be exposed to significant credit risk; the Group works with multiple clients, joint venture partners, sub-contractors and institutional investors so as to reduce the probability of systemic counter-party risk in its investment portfolio. 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 fair value of the Group's investments in renewable energy projects may vary with forward 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.

A detailed analysis of the principal risks and uncertainties faced by the John Laing group is disclosed in the 2017 Annual Report and Accounts of John Laing Group plc.

JOHN LAING INVESTMENTS LIMITED

STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

Future developments and events after the balance sheet date

Events after the balance sheet date are disclosed in note 25 of the Group financial statements.

The Company will continue to seek to benefit from income from the investments in its portfolio as well as to capitalise on new investment opportunities for PPP and renewable energy infrastructure assets.

The Group is pursuing a number of PPP and renewable energy investment opportunities in North America, Asia Pacific and Europe.

On behalf of the Board



P O'D Bourke
Director
25 May 2018

JOHN LAING INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors submit their Annual Report and the audited financial statements for the year ended 31 December 2017.

GOING CONCERN

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and have concluded that it is appropriate. More information is provided in note 2 to the Group financial statements.

PRINCIPAL ACTIVITY

The principal activity of the Company is the undertaking of investment activities on behalf of its ultimate parent, John Laing Group plc. The Company invests predominantly in PPP and renewable energy infrastructure projects.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal risks and uncertainties of the Group and how these are reduced or mitigated are set out in the Strategic Report.

DIRECTORS

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

C T Cattermole (resigned 29 March 2018)
C B Waples
D Potts (resigned 31 March 2017)
P O'D Bourke
S M Colvin

RESULTS AND DIVIDENDS

The results for the year are set out on page 8.

During the year, the Company declared a dividend of £50.0 million (2016 - £nil). The Directors did not propose a final dividend for 2017 (2016 - £nil).

DIRECTORS' INSURANCE

The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the year. These provisions remain in force at the reporting date.

FUTURE DEVELOPMENTS

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 3 and form part of this report by cross-reference.

AUDITOR

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

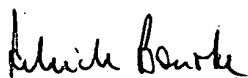
STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR

Each of the Directors in office at the date of approval of this annual report confirms that:

- so 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 or she ought to have taken as a Director to make himself or 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 the provisions of Section 418 of the Companies Act 2006.

On behalf of the Board



P O'D Bourke
Director
25 May 2018

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 have elected to prepare the financial statements (Group and Company) in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements 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, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

JOHN LAING INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF JOHN LAING INVESTMENTS LIMITED

Report on the audit of the financial statements

Opinion

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 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of John Laing Investments Limited (the 'Parent company') and its subsidiaries (the 'Group') which comprise:

- the Group income statement;
- the Group statement of changes in equity;
- the Group balance sheet;
- the Group cash flow statement;
- the related notes 1 to 26 of the Group financial statements;
- the Company balance sheet;
- the Company statement of changes in equity;
- the related notes 1 to 10 of the Company financial statements;

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

JOHN LAING INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF JOHN LAING INVESTMENTS LIMITED

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's member, 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 member 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 member, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2006

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

- 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 or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.



Clare Faulkner, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
25 May 2018

JOHN LAING INVESTMENTS LIMITED

Group Income Statement

For the year ended 31 December 2017

	Notes	2017 £ million	2016 £ million
Continuing operations			
Interest income	4	43.9	38.4
Dividend income	5	133.5	77.2
Net (loss)/gain on investments at fair value through profit or loss	13	(15.5)	96.8
Other income	6	0.2	0.7
Operating income	7	162.1	213.1
Administrative (expenses)/income		(26.6)	1.5
Profit from operations	8	135.5	214.6
Finance costs	10	(10.1)	(10.1)
Profit before tax		125.4	204.5
Tax expense	11	(20.5)	(23.6)
Profit after tax		104.9	180.9
Attributable to:			
Owner of the Company		104.9	180.9
		104.9	180.9

There is no other comprehensive income or expense apart from that disclosed above and consequently a statement of comprehensive income has not been prepared.

JOHN LAING INVESTMENTS LIMITED

Group Statement of Changes in Equity For the year ended 31 December 2017

	Notes	Share capital £ million	Accumulated profit £ million	Total equity £ million
Balance at 1 January 2017		-	960.1	960.1
Profit after tax and total comprehensive income for the year		-	104.9	104.9
Dividends paid	12	-	(50.0)	(50.0)
Balance at 31 December 2017		-	1,015.0	1,015.0

	Share capital £ million	Accumulated profit £ million	Total equity £ million
Balance at 1 January 2016	-	779.2	779.2
Profit after tax and total comprehensive income for the year	-	180.9	180.9
Balance at 31 December 2016	-	960.1	960.1

Accumulated profit

The accumulated profit reserve represents the accumulated profit since the incorporation of the Company.

JOHN LAING INVESTMENTS LIMITED

Group Balance Sheet As at 31 December 2017

	Notes	2017 £ million	2016 £ million
Non-current assets			
Investments at fair value through profit or loss	13	1,200.0	1,206.1
		<u>1,200.0</u>	<u>1,206.1</u>
Current assets			
Debtors - due within one year	14	15.3	29.2
Debtors - due after more than one year	14	14.9	15.3
Other financial assets	15	133.3	20.4
Cash at bank and in hand	15	0.2	46.1
		<u>163.7</u>	<u>111.0</u>
Total assets		<u><u>1,363.7</u></u>	<u><u>1,317.1</u></u>
Current liabilities			
Creditors - amounts falling due within one year	16	(105.8)	(145.3)
Current tax liabilities		(10.1)	(6.7)
Short-term borrowings	17	(176.0)	(165.0)
		<u>(291.9)</u>	<u>(317.0)</u>
Net current liabilities		<u>(128.2)</u>	<u>(206.0)</u>
Deferred tax liability	20	(56.8)	(40.0)
Total liabilities		<u>(348.7)</u>	<u>(357.0)</u>
Net assets		<u><u>1,015.0</u></u>	<u><u>960.1</u></u>
Equity			
Share capital	21	-	-
Accumulated profit		1,015.0	960.1
Equity attributable to owner of the Company		<u>1,015.0</u>	<u>960.1</u>
Total equity		<u><u>1,015.0</u></u>	<u><u>960.1</u></u>

The financial statements of John Laing Investments Limited, registered number 00780225, were approved by the Board of Directors and authorised for issue on 25 May 2018. They were signed on its behalf by:



P O'D Bourke
Director
25 May 2018

JOHN LAING INVESTMENTS LIMITED

Group Cash Flow Statement

For the year ended 31 December 2017

	Notes	2017 £ million	2016 £ million
Net cash inflow from operating activities	22	<u>21.4</u>	<u>10.7</u>
Investing activities			
Net cash transferred from/(to) investments held at fair value through profit or loss		101.5	(0.7)
(Increase)/decrease in other financial assets		(112.8)	107.8
Proceeds from disposal of investments		152.0	113.6
Proceeds from loan repayments from project companies		5.9	5.5
Investment in/acquisition of project companies and other investments		<u>(199.9)</u>	<u>(233.4)</u>
Net cash used in investing activities		<u>(53.3)</u>	<u>(7.2)</u>
Financing activities			
Loans to parent undertakings		(74.6)	(85.3)
Loans from/(to) group undertakings		62.6	(26.5)
Net proceeds from borrowings		11.0	165.0
Finance costs paid		<u>(16.3)</u>	<u>(11.0)</u>
Net cash (outflow)/inflow from financing activities		<u>(17.3)</u>	<u>42.2</u>
Net (decrease)/increase in cash at bank and in hand		(49.2)	45.7
Cash at bank and in hand at beginning of the year		46.1	0.3
Effect of foreign exchange rate changes		3.3	0.1
Cash at bank and in hand at end of the year	15	<u><u>0.2</u></u>	<u><u>46.1</u></u>

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements *for the year ended 31 December 2017*

1 Company information

John Laing Investments Limited (the "Company" or the "Group") is a private limited company limited by shares, incorporated in United Kingdom under the Companies Act 2006 and registered in England and Wales. Its registered office is 1 Kingsway, London, United Kingdom, WC2B 6AN.

2 Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are presented in sterling, which is the functional currency of the Group.

The financial statements have been prepared under the historic cost convention, modified to include certain items at fair value.

The principal accounting policies adopted are set out below.

b) Going concern

The Group's principal activity is to hold investments in PPP and renewable energy infrastructure projects. The projects are set up as special purpose companies under non-recourse arrangements and therefore the Company has limited exposure to their liabilities. In the event of default of a project, the exposure is limited to the extent of the investment in such project. Having reviewed the Company's investment portfolio, including the associated future cash requirements and forecast receipts, and the level of headroom within the John Laing Group plc corporate banking facilities in which the Company is a co-borrower, the Directors are satisfied that they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

c) Basis of consolidation

In accordance with FRS 102 section 9.9b, subsidiaries that are held as part of an investment portfolio are measured at fair value with changes in fair value recognised in profit or loss.

d) Investments in joint ventures

Investments in joint ventures are held as part of an investment portfolio and accordingly, in accordance with FRS 102 section 15.9B, are measured at fair value with changes in fair value recognised in profit or loss.

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements for the year ended 31 December 2017

2 Accounting policies (continued)

e) Operating income

The Group earns operating income from returns on its investment portfolio. Operating income is recognised by reference to the following policies:

Investment income

Interest income

Interest income is recognised when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued by reference to the principal outstanding and the applicable interest rate.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefit will flow to the Company 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.

Net gain on investments at FVTPL

Net gain on investments at FVTPL excludes interest and dividend income referred to above.

f) Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments' of FRS 102 to all its financial instruments.

Financial assets

Financial assets are recognised in the Group balance sheet when the Company becomes a party to the contractual provisions of the financial instrument.

Basic financial assets, which primarily include amounts due from fellow group undertakings, are initially measured at transaction price, including transaction costs, and subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, whereby the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets are classified into specific categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

(i) Loans and receivables

Debtors and other financial assets that have fixed or determinable payments and are not quoted on an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Notes to the Group Financial Statements
for the year ended 31 December 2017

2 Accounting policies (continued)

(ii) Assets at fair value through profit or loss

Financial assets at FVTPL comprise investments at FVTPL which include investments in project companies, investments in listed companies and other assets and liabilities of investment entity subsidiaries. Investments in project companies and in listed companies 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 using discounted cash flow methodology. Investments in listed investments are valued at the quoted market price at the end of the period.

The Directors consider that the carrying value of other assets and liabilities in investment entity subsidiaries held at FVTPL approximates to their fair value.

Changes in fair value are recognised within operating income in the Group income statement.

(iii) Cash at bank and in hand

Cash at bank and in hand comprises cash at bank and in hand and short term deposits with original maturities of three months or less.

Impairment of financial assets

Financial assets are assessed for indications of impairment at each reporting end date.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that have occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constituted a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

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

Notes to the Group Financial Statements
for the year ended 31 December 2017

2 Accounting policies (continued)

g) 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 term of the facilities.

h) Taxation

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

Current tax

The tax currently payable or receivable 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 it further excludes items that are never taxable or deductible. The Group's liability or asset for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in project companies, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The measurement of deferred tax liabilities on investments in project companies reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset 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 in 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 the Group has a legally enforceable right to set off current tax assets against 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.

i) Foreign currencies

Exchange differences arising in the ordinary course of trading are reflected in the Group income statement.

Income and expense items are translated at the average exchange rates for the period. Monetary assets and liabilities expressed in foreign currency 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.

j) 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.

Notes to the Group Financial Statements
for the year ended 31 December 2017

3 Critical accounting judgments and key sources of estimation uncertainty

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

Fair value of investments

Critical judgements in applying the Group's accounting policies

The Group measures at fair value those subsidiaries, joint ventures and associates that form part of an investment portfolio. These investments comprise investments in project companies (being both PPP and renewable energy project companies) and an investment in John Laing Environmental Assets Group Limited (JLEN). A valuation of the Group's investment portfolio is prepared on a consistent, principally discounted cash flow basis. The key inputs, therefore, to the valuation of each investment are (i) the discount rate; and (ii) the cash flows forecast to be received from such investment. 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 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 Company at each balance sheet date, derived from detailed 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; future rates of inflation and, for renewable energy projects, energy yield and 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 risk during 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 2017 were in the range of 6.8% to 11.8% (31 December 2016 – 7.0% to 11.6%). Note 19 to the Group financial statements provides details of the weighted average discount rate applied to the investment portfolio as a whole and sensitivities to the investment portfolio value from changes in discount rates.

The key sources of estimation uncertainty present in the forecast cash flows to be received from investments are the forecasts of future energy prices on renewable energy projects and forecasts for long-term inflation. Note 19 to the Group financial statements provides details of the sensitivities to the investment portfolio value from changes in forecast energy prices and forecast long-term inflation. The Group does not consider the other factors that affect cash flows, as described in the critical accounting judgements in applying the Group's accounting policies above, to be key sources of estimation uncertainty. They are based either on reliable data or the Group's experience and individually not considered likely to materially deviate year on year.

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements for the year ended 31 December 2017

4 Interest income

	2017	2016
	£ million	£ million
Interest on cash balances	(0.1)	1.2
Interest from investments in project companies	38.2	31.7
Interest earned on loans to fellow group undertakings	2.6	2.2
Recoveries of letter of credit fees	3.2	3.3
	<u>43.9</u>	<u>38.4</u>

5 Dividend income

	2017	2016
	£ million	£ million
Dividends from investments	133.5	77.2
	<u>133.5</u>	<u>77.2</u>

6 Other income

	2017	2016
	£ million	£ million
Other asset management services income	0.2	0.7
	<u>0.2</u>	<u>0.7</u>

7 Operating income

	2017	2016
	£ million	£ million
Geographical analysis		
UK	73.8	86.9
Continental Europe	2.4	58.4
North America	46.2	37.9
Asia Pacific	39.7	29.9
	<u>162.1</u>	<u>213.1</u>

The above geographical analysis is based on the original source of income, including from underlying project companies in which the Company's investments are held indirectly through recourse subsidiary undertakings.

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements for the year ended 31 December 2017

8 Profit from operations

	2017	2016
	£ million	£ million
Profit from operations has been arrived at after (expensing)/crediting:		
Net foreign exchange (loss)/gain	(2.9)	28.0

Net foreign exchange loss in the year ended 31 December 2017 of £2.9 million (2016 - £28.0 million gain) is primarily as a result of retranslation of other financial assets denominated in foreign currencies, which are part of investments at fair value through profit or loss.

The fee payable to the Company's auditor for the audit of the Company's annual accounts was £11,471 for the year ended 31 December 2017 (2016 - £11,137).

The fees payable to the Company's auditor for the audit of the Company's subsidiaries were £88,338 for the year ended 31 December 2017 (2016 - £106,342).

9 Employees and Directors' remuneration

The Company had no employees during the current or prior year.

The Directors are considered to also be the key management personnel of the Company.

No Directors received any remuneration from the Company during the current or prior year. The Company is managed by secondees from the parent undertaking and fellow group undertakings.

10 Finance costs

	2017	2016
	£ million	£ million
Finance costs on corporate banking facilities	(7.2)	(6.0)
Interest payable on amounts owed to parent undertakings	(2.9)	(4.1)
	<u>(10.1)</u>	<u>(10.1)</u>

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements for the year ended 31 December 2017

11 Tax

The tax credit for the year comprises:

	2017 £ million	2016 £ million
Current tax:		
UK corporation tax expense - current period	(3.2)	(6.7)
UK corporation tax expense - prior period	(0.1)	-
Foreign tax expense - current period	(0.4)	-
	<u>(3.7)</u>	<u>(6.7)</u>
Deferred tax:		
Deferred tax expense - current period	(16.9)	(16.9)
Deferred tax credit - prior period	0.1	-
	<u>(16.8)</u>	<u>(16.9)</u>
Tax expense	<u>(20.5)</u>	<u>(23.6)</u>

The tax expense for the year can be reconciled to the profit in the income statement as follows:

	2017 £ million	2016 £ million
Profit before tax	<u>125.4</u>	<u>204.5</u>
Tax at the UK corporation tax rate of 19.25% (2016 - 20.0%)	(24.1)	(40.9)
Tax effect of dividend income not taxable	25.7	15.4
Tax effect of expenses and other similar items that are not deductible	(0.7)	-
Net tax effect from fair valuing investments	(20.9)	1.5
Effect of changes in tax rates	-	2.0
Prior year adjustment	-	(1.6)
Foreign tax	(0.5)	-
Total tax expense for the year	<u>(20.5)</u>	<u>(23.6)</u>

For the year ended 31 December 2017 a tax rate of 19.25% has been applied (2016 - 20.0%). The standard rate of corporation tax reduced from 20% to 19% from 1 April 2017 and is expected to reduce by a further 2% to 17% with effect from 1 April 2020. This change in the standard rate of corporation tax rate from 1 April 2017 has led to a blended rate of 19.25% to be applied to the profit before tax in the table above.

The Company expects that the majority of deferred tax liabilities will be settled after 1 April 2020 and therefore the Group has measured its deferred tax liabilities at 31 December 2017 at 17% (31 December 2016 - 17%).

12 Dividends paid

	2017 £ million	2016 £ million
Interim dividend paid - £5,000 per share (2016 - £nil per share)	50.0	-
	<u>50.0</u>	<u>-</u>

The interim dividend in 2017 was offset against a loan owed to the parent undertaking.

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements
for the year ended 31 December 2017

13 Investments at fair value through profit or loss

	2017			2016		
	Project companies	Listed Investments	Portfolio valuation Total	Project companies	Listed investments	Portfolio valuation Total
	£ million	£ million	£ million	£ million	£ million	£ million
At 1 January	1,165.9	10.0	1,175.9	825.3	16.1	841.4
Distributions	(39.6)	(0.6)	(40.2)	(35.9)	(0.9)	(36.8)
Investment in equity and loans	209.9	-	209.9	302.1	-	302.1
Realisations	(289.0)	-	(289.0)	(140.5)	(6.4)	(146.9)
Proceeds received on acquisition of Manchester Waste VL Co by GMWDA	(23.5)	-	(23.5)	-	-	-
Fair value movement	159.8	0.9	160.7	214.9	1.2	216.1
At 31 December	1,183.5	10.3	1,193.8	1,155.9	10.0	1,175.9
Fair value of Intermediate holding companies			6.2			30.2
Investments at fair value through profit or loss			1,200.0			1,206.1

The fair value of intermediate holding companies includes debtors, cash at bank and in hand and creditors within intermediate holding companies which have direct investments in project companies included above.

The movement between the closing fair value of intermediate holding companies at 31 December 2016 of £30.2 million and 31 December 2017 of £6.9 million includes a net loss of £4.5 million (2016 - net loss of £10.4 million). After taking account of the fair value movement from investments in project companies and listed investments above of £160.7 million (2016 - £216.1 million), the total fair value movement is £156.2 million (2016 - £205.7 million). This is represented on the Group income statement as: net loss on investments at fair value through profit or loss of £15.5 million (2016 - net gain of £95.8 million), dividend income of £133.5 million (2016 - £77.2 million) and £38.2 million (2016 - £31.7 million) within interest income (see note 4).

During the year ended 31 December 2017, the Group disposed of shares and subordinated debt in eight PPP and renewable energy project companies. In addition, the Group's shareholding in Viridor Laing (Greater Manchester) Limited was acquired by the GMWDA. Total proceeds from all disposals were £312.5 million (including £1.9 million deferred to 2018).

	Date of completion	Original holding %	Holding disposed of %	Retained holding %
Acquired by John Laing Environmental Assets Group Limited (JLEN)				
Llynfi Afan Renewable Energy Park (Holdings) Limited	12 Dec 17	100.0	100.0	-
Acquired by John Laing Infrastructure Fund Limited (JLIF)				
Aylesbury Vale Parkway Limited	20 Oct 17	50.0	50.0	-
City Greenwich Lewisham Rail Link plc	20 Oct 17	5.0	5.0	-
Croydon and Lewisham Lighting Services (Holdings) Limited	1 Jun 17	50.0	50.0	-
John Laing Rail Infrastructure Limited	20 Oct 17	100.0	100.0	-
Rail Investments (Great Western) Limited*	26 Oct 17	80.0	30.0	50.00
Acquired by GMWDA				
Viridor Laing (Greater Manchester) Limited	28 Sep 17	50.0	50.0	-
Sold to other parties				
Gdansk Transport Co. SA	2 Mar 17	29.7	29.7	-
MAK Mecsek Autopálya Koncessziós Zrt.	29 Mar 17	30.0	30.0	-

* This entity held a 30% interest in IEP (Phase 1) as at 31 December 2017, resulting in a 15% indirect interest in IEP (Phase 1) by the Company.

During the year ended 31 December 2016, the Group disposed of shares and subordinated debt in six PPP and renewable energy project companies as well as a 2.2% interest in JLEN and its entire interest in a management services company, UK Highways Limited. Total sale proceeds were £146.9 million in cash.

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements for the year ended 31 December 2017

14 Debtors

	31 December 2017	31 December 2016
	£ million	£ million
Due within one year		
Trade and other debtors	2.3	1.2
Amounts due from parent undertakings	0.7	18.1
Amounts due from fellow group undertakings	11.7	8.8
Amounts due from project companies	0.6	1.1
	<u>15.3</u>	<u>29.2</u>
Due after more than one year		
Amounts due from fellow group undertakings	<u>14.9</u>	<u>15.3</u>

Amounts due from parent undertakings comprise interest receivable of £0.7 million. Total amounts due from fellow group undertakings comprise loans of £45.2 million and interest payable on the loans of £1.8 million, less provisions for impairments of £20.4 million. These loans are payable on demand, however it has been agreed with a fellow group undertaking that the loan due from this undertaking will not be recalled within 12 months of the balance sheet date and therefore £14.9 million, net of provisions of £11.9 million, has been shown as due after more than one year. Loans are denominated in different currencies (see the analysis of debtors by currency below). Interest is charged on the loans at base rates prevailing in the market for each currency plus an appropriate margin, such that the loans are on an arm's length basis.

In the opinion of the Directors the fair value of debtors is equal to the carrying value.

The carrying amounts of the Group's debtors are denominated in the following currencies:

	31 December 2017	31 December 2016
	£ million	£ million
Sterling	19.2	41.3
US dollar	4.7	1.3
Australian dollar	4.4	0.3
New Zealand dollar	0.5	-
Euro	1.4	1.6
	<u>30.2</u>	<u>44.5</u>

Included in the Group's trade and other debtors are debtors with a carrying value of £nil (31 December 2016 - £nil) which were overdue at the reporting date.

15 Cash at bank and in hand and other financial assets

	31 December 2017	31 December 2016
	£ million	£ million
Current assets		
Cash at bank and in hand	0.2	46.1
Other financial assets	<u>133.3</u>	<u>20.4</u>
	<u>133.5</u>	<u>66.5</u>

Other financial assets comprise restricted cash held in deposit accounts with original maturities of more than three months and/or that the Group cannot readily access, which back future investment commitments.

16 Creditors

	31 December 2017	31 December 2016
	£ million	£ million
Due within one year		
Amounts due to parent undertakings	(63.5)	(107.4)
Amounts due to fellow group undertakings	(40.6)	(36.0)
Other creditors	<u>(1.7)</u>	<u>(1.9)</u>
	<u>(105.8)</u>	<u>(145.3)</u>

Amounts due to parent undertakings comprise loans of £61.0 million and interest on the loans of £2.5 million. For 2017 interest is charged on the loans at 2.5% above UK base rate (2016 - 2.5% above UK base rate)

Amounts due to fellow group undertakings comprise loans of £13.1 million, interest on the loans of £0.4 million and creditor balances of £27.1 million. Interest is charged on the loans at base rates prevailing in the market for each currency plus an appropriate margin, such that the loans are on an arm's length basis.

The loans and interest are payable on demand and the creditor balances are payable under normal commercial terms.

17 Short-term borrowings

	31 December 2017	31 December 2016
	£ million	£ million
Current liabilities		
Interest-bearing loans and borrowings	<u>(176.0)</u>	<u>(165.0)</u>
	<u>(176.0)</u>	<u>(165.0)</u>

Short-term borrowings relate to amounts drawn by the Company on the John Laing Group plc corporate banking facilities, under which it is a borrower. The amounts drawn at each balance sheet date are guaranteed and repayable by John Laing Group plc in the event of any default

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements for the year ended 31 December 2017

18 Financial instruments

a) Financial instruments by category

	Cash and cash equivalents £ million	Loans and receivables at amortised cost £ million	Assets at fair value through profit or loss £ million	Financial liabilities at amortised cost £ million	Total £ million
31 December 2017					
Non-current assets					
Investments at fair value through profit or loss*	-	-	1,200.0	-	1,200.0
Current assets					
Debtors - due within one year	-	15.3	-	-	15.3
Debtors - due after more than one year	-	14.9	-	-	14.9
Other financial assets	-	133.3	-	-	133.3
Cash at bank and in hand	0.2	-	-	-	0.2
Total financial assets	0.2	163.5	1,200.0	-	1,363.7
Current liabilities					
Creditors - amounts falling due within one year	-	-	-	(105.8)	(105.8)
Short-term borrowings	-	-	-	(176.0)	(176.0)
Total financial liabilities	-	-	-	(281.8)	(281.8)
Net financial instruments	0.2	163.5	1,200.0	(281.8)	1,081.9

	Cash and cash equivalents £ million	Loans and receivables at amortised cost £ million	Assets at fair value through profit or loss £ million	Financial liabilities at amortised cost £ million	Total £ million
31 December 2016					
Non-current assets					
Investments at fair value through profit or loss*	-	-	1,206.1	-	1,206.1
Current assets					
Debtors - due within one year	-	29.2	-	-	29.2
Debtors - due after more than one year	-	15.3	-	-	15.3
Other financial assets	-	20.4	-	-	20.4
Cash at bank and in hand	46.1	-	-	-	46.1
Total financial assets	46.1	64.9	1,206.1	-	1,317.1
Current liabilities					
Creditors - amounts falling due within one year	-	-	-	(145.3)	(145.3)
Short-term borrowings	-	-	-	(165.0)	(165.0)
Total financial liabilities	-	-	-	(310.3)	(310.3)
Net financial instruments	46.1	64.9	1,206.1	(310.3)	1,006.8

* Investments at fair value through profit or loss comprise: a listed investment in JLEN fair valued at £10.3 million (31 December 2016 - £10.0 million) using quoted market prices, investments in project companies fair valued at £1,183.5 million (31 December 2016 - £1,165.9 million); and assets and liabilities in intermediate holding companies as shown in note 13 to the Group financial statements. Such assets and liabilities are recorded at amortised cost which the Directors believe approximates to their fair value.

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Notes to the Group Financial Statements
for the year ended 31 December 2017

18 Financial Instruments (continued)

b) Foreign currency and interest rate profile of financial assets other than investments at FVTPL

	31 December 2017			31 December 2016		
	Financial assets			Financial assets		
	Floating rate	Non-interest bearing	Total	Floating rate	Non-interest bearing	Total
Currency	£ million	£ million	£ million	£ million	£ million	£ million
Sterling	14.9	4.4	19.3	53.6	(0.1)	53.5
Euro	1.0	0.4	1.4	12.4	1.2	13.6
US dollar	137.8	0.2	138.0	28.7	0.3	29.0
Australian dollar	4.1	0.4	4.5	13.9	1.0	14.9
New Zealand dollar	0.5	-	0.5	-	-	-
	<u>158.3</u>	<u>5.4</u>	<u>163.7</u>	<u>108.6</u>	<u>2.4</u>	<u>111.0</u>

c) Foreign currency and interest rate profile of financial liabilities

	31 December 2017				31 December 2016			
	Financial liabilities				Financial liabilities			
	Fixed rate	Floating rate	Non-interest bearing	Total	Fixed rate	Floating rate	Non-interest bearing	Total
Currency	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Sterling	(176.0)	(74.1)	(30.4)	(280.5)	(165.0)	(116.6)	(28.3)	(309.9)
US dollar	-	-	(0.5)	(0.5)	-	-	(0.2)	(0.2)
Australian dollar	-	-	(0.8)	(0.8)	-	-	(0.2)	(0.2)
	<u>(176.0)</u>	<u>(74.1)</u>	<u>(31.7)</u>	<u>(281.8)</u>	<u>(165.0)</u>	<u>(116.6)</u>	<u>(28.7)</u>	<u>(310.3)</u>

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements
for the year ended 31 December 2017

19 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.

For the parent company and its recourse subsidiaries, financial risks are managed by a central John Laing Group treasury operation. The various types of financial risk are managed as follows:

Market risk - foreign currency exchange rate risk

As at 31 December 2017, the Group held investments in 31 overseas projects (31 December 2016 - 26 overseas investments). The Group's exposure to foreign currency exchange rate risk on its investments is disclosed below.

At 31 December 2017, the Group's most significant currency exposure was to the US Dollar (31 December 2016 - Euro).

Foreign currency exposure of investments at FVTPL:

	2017				2016			
	Project companies	Listed investment	Other assets and liabilities	Total	Project companies	Listed investments	Other assets and liabilities	Total
	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Sterling	405.0	10.3	(7.0)	408.3	500.4	10.0	20.5	530.9
Euro	204.1	-	0.1	204.2	341.2	-	0.3	341.5
Australian dollar	269.4	-	3.7	273.1	181.4	-	5.0	186.4
US dollar	283.2	-	9.4	292.6	121.0	-	3.9	124.9
New Zealand dollar	21.8	-	-	21.8	21.9	-	0.4	22.3
Indian Rupee	-	-	-	-	-	-	0.1	0.1
	1,183.5	10.3	6.2	1,200.0	1,165.9	10.0	30.2	1,206.1

Investments in project companies are fair valued based on the spot rate at the balance sheet date. As at 31 December 2017, a 5% movement of each relevant currency against sterling would decrease or increase the value of investments in overseas projects by c.£38 million.

Notes to the Group Financial Statements
for the year ended 31 December 2017

19 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 2017			31 December 2016		
	Interest bearing		Non-interest bearing	Interest bearing		Non-interest bearing
	Floating rate			Floating rate		
	£ million	£ million	£ million	£ million	£ million	£ million
Financial assets						
Investments at fair value through profit or loss	-	1,200.0	1,200.0	-	1,205.1	1,205.1
Debtors	24.8	5.4	30.2	42.1	2.4	44.5
Other financial assets	133.3	-	133.3	20.4	-	20.4
Cash at bank and in hand	0.2	-	0.2	46.1	-	46.1
Financial asset exposure to interest rate risk	158.3	1,205.4	1,363.7	108.6	1,208.5	1,317.1

An analysis of the movement between opening and closing balances of investments at FVTPL is given in note 13 to the Group financial statements. Investments in project companies are principally valued on a discounted cash flow basis. At 31 December 2017, the weighted average discount rate was 8.8% (31 December 2016 – 8.9%). For investments in project companies, changing the discount rate used to value the underlying instruments would alter their fair value. As at 31 December 2017 a 0.25% increase in the discount rate would reduce the fair value by £40.7 million (31 December 2016 – £32.1 million) and a 0.25% reduction in the discount rate would increase the fair value by £42.6 million (31 December 2016 – £33.6 million).

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

	31 December 2017				31 December 2016			
	Interest bearing		Non-interest bearing	Total	Interest bearing		Non-interest bearing	Total
	Fixed rate	Floating rate			Fixed rate	Floating rate		
	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Creditors - amounts falling due within one year	-	(74.1)	(31.7)	(105.8)	-	(116.6)	(28.7)	(145.3)
Short-term cash borrowings	(176.0)	-	-	(176.0)	(165.0)	-	-	(165.0)
Financial liability exposure to interest rate risk	(176.0)	(74.1)	(31.7)	(281.8)	(165.0)	(116.6)	(28.7)	(310.3)

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements for the year ended 31 December 2017

19 Financial risk management (continued)

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.

Based on a sample of six of the larger PPP investments by value at 31 December 2017, a 0.25% increase in inflation is estimated to increase the value of PPP investments by c.£15 million and a 0.25% decrease in inflation is estimated to decrease the value of PPP investment by c.£14 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 with 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 John Laing Group plc Board, capped with regard to counter-party credit ratings.

A significant number 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.

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 economically hedged through short to medium-term fixed price purchase agreements with electricity suppliers, or do not benefit from governmental support mechanisms at fixed prices. At 31 December 2017, based on a sample of seven of the larger renewable energy investments by value, a 5% increase in power price forecasts is estimated to increase the value of renewable energy investments by £15 million and a 5% decrease in power price forecasts is estimated to decrease the value of renewable energy investments by £14 million. The Group's profit before tax would be impacted by the same amounts. There would be no additional impact on equity. 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.

Maturity of financial assets

The maturity profile of the Group's financial assets (excluding investments at FVTPL) is as follows:

	31 December 2017			31 December 2016		
	Less than one year £ million	Greater than one year £ million	Total £ million	Less than one year £ million	Greater than one year £ million	Total £ million
Debtors	15.3	14.9	30.2	29.2	15.3	44.5
Other financial assets	133.3	-	133.3	20.4	-	20.4
Cash at bank and in hand	0.2	-	0.2	46.1	-	46.1
Total	148.8	14.9	163.7	95.7	15.3	111.0

None of the financial assets is either overdue or impaired.

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements for the year ended 31 December 2017

19 Financial risk management (continued)

The maturity profile of the Group's financial liabilities is as follows:

	31 December 2017 £ million	31 December 2016 £ million
In one year or less, or on demand	(281.8)	(310.3)
Total	<u>(281.8)</u>	<u>(310.3)</u>

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 2017			
Interest bearing instruments	3.8	(250.1)	(250.1)
Non-interest bearing instruments*	n/a	(31.7)	(31.7)
		<u>(281.8)</u>	<u>(281.8)</u>
31 December 2016			
Interest bearing instruments	4.4	(281.6)	(281.6)
Non-interest bearing instruments*	n/a	(28.7)	(28.7)
		<u>(310.3)</u>	<u>(310.3)</u>

* Non-interest bearing instruments relate to other creditors and interest payable on loans.

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements for the year ended 31 December 2017

19 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 2017, the Group had committed corporate banking facilities of £475 million, expiring in March 2020, together with additional liquidity facilities of £50 million. The liquidity facilities originally expiring in March 2018 were extended in early 2018 until February 2019.

Issued at 31 December 2017 were letters of credit of £202.3 million (31 December 2016 – £162.6 million), related to future capital and loan commitments, and contingent commitments and performance and bid bonds of £7.5 million (31 December 2016 – £6.5 million).

The Group has requirements for both borrowings and letters of credit, which at 31 December 2017 were met by its £525 million committed facilities and related ancillary facilities (31 December 2016 – £450 million). The committed facilities are summarised below:

	31 December 2017			
	Total facility £ million	Loans drawn £ million	Letters of credit in issue/ other commitments £ million	Total undrawn £ million
Committed corporate banking facilities	475.0	(176.0)	(159.8)	139.2
Surety facilities backed by committed liquidity facilities	50.0	-	(50.0)	-
Total	525.0	(176.0)	(209.8)	139.2

	31 December 2016			
	Total facility £ 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 committed liquidity facilities	50.0	-	(50.0)	-
Total	450.0	(165.0)	(169.1)	115.9

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements for the year ended 31 December 2017

20 Deferred tax liability

The following are the major deferred tax assets and liabilities and movements therein recognised by the Company in the years ended 31 December 2017 and 31 December 2016:

	Deferred tax on the fair value of investments £ million	Other deductible temporary differences and tax losses recognised £ million	Total £ million
Opening liability at 1 January 2017	(39.9)	(0.1)	(40.0)
Credit to income - prior year	-	0.1	0.1
Charge to income - current year	(16.9)	-	(16.9)
Closing liability at 31 December 2017	(56.8)	-	(56.8)
Opening (liability)/asset at 1 January 2016	(28.1)	5.0	(23.1)
Charge to income - prior year	-	(1.6)	(1.6)
Charge to income - current year	(13.4)	(3.8)	(17.2)
Effect of change in rates	1.6	0.3	1.9
Closing liability at 31 December 2016	(39.9)	(0.1)	(40.0)

A deferred tax liability has been recognised on £333.8 million (31 December 2016 - £234.6 million) on future interest forecast to be received from investments held at fair value.

21 Share capital

	31 December 2017 £ million	31 December 2016 £ million
Allotted, called up and fully paid:		
10,000 ordinary shares of £1.00 each (31 December 2016 - 10,000 ordinary shares of £1.00 each)	-	-

The Company has one class of ordinary shares which carry no right to fixed income.

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements
for the year ended 31 December 2017

22 Net cash inflow from operating activities

	2017	2016
	£ million	£ million
Profit before tax	125.4	204.5
Adjustments for:		
Finance costs	10.1	10.1
Unrealised loss/(gain) arising on changes in fair value of investments (note 13)	15.5	(96.8)
Net foreign exchange loss/(gain)	2.9	(28.0)
Operating cash inflow before movements in working capital	153.9	89.8
Increase in debtors	(5.4)	(25.3)
Increase in creditors	3.1	22.9
Dividend income offset against loan	(130.0)	(75.0)
Cash inflow from operations	21.6	12.4
Income taxes paid	(0.2)	(1.7)
Net cash inflow from operating activities	21.4	10.7

23 Guarantees, contingent assets and liabilities and other commitments

At 31 December 2017, the Group had future equity and loan commitments in PPP and renewable energy projects of £335.4 million (31 December 2016 - £186.3 million) backed by letters of credit of £202.3 million (31 December 2016 - £162.6 million) and collateralised cash of £133.1 million (31 December 2016 - £23.7 million). There were also contingent commitments, performance and bid bonds outstanding of £7.5 million (31 December 2016 - £6.5 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 in these accounts for all amounts which the Directors consider will become payable on account of such claims.

Future equity and loan commitments analysed by expected investment period are shown below:

	2017	2016
	£ million	£ million
Less than one year	100.5	97.6
Greater than one year but less than two years	120.1	88.7
Between two to five years	114.8	-
	335.4	186.3

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements for the year ended 31 December 2017

24 Transactions with related parties

Group

Details of transactions between the Group and other related parties not already disclosed in the financial statements are disclosed below.

The Company has taken advantage of the exemption under FRS 102 section 33.1A not to disclose transactions entered into with subsidiary undertakings of the John Laing Group.

Investment transactions

The Group entered into the following investment transactions with project companies:

	2017		2016	
	Profit and loss £ million	Balance due	Profit and loss £ million	Balance due
Finance income from project companies	41.7	-	35.0	-
Dividend income from project companies	2.9	-	0.3	-
Amounts owed by project companies	-	45.2	-	47.4
Amounts owed to project companies	-	-	-	(0.8)
Subordinated debt loans to project companies	-	355.4	-	422.2
Loans from project companies	-	-	-	(6.5)

The above loans are provided by and to the Group at market rates of interest and are repayable in accordance with the terms of the loan agreements.

25 Events after balance sheet date

On 8 March 2018, John Laing Group plc, the Company's ultimate parent undertaking launched a rights issue of new ordinary shares which raised £210 million net of costs.

On 13 March 2018, the Group agreed the sale of its remaining 15% interest in the IEP Phase 1 project for net proceeds of £227.5 million. The sale completed on 18 May 2018.

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements
for the year ended 31 December 2017

26 Subsidiaries and other investments

Subsidiaries through which the Company holds its investments in project companies are described as "recourse". Project companies in which the Group directly or indirectly 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 2017 were as follows:

Name	Country of Incorporation	Ownership interest	Registered office
Recourse subsidiaries			
<i>Investment entity subsidiaries (measured at fair value)</i>			
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
Hungary M6 Limited *	United Kingdom	100%	Note 1
Hyder Investments Limited **	United Kingdom	100%	Note 1
John Laing Buckthorn Wind HoldCo Corp *	United States	100%	Note 8
John Laing Cambridge Limited *	United Kingdom	100%	Note 1
John Laing I-4 Holdco Corp *	United States	100%	Note 8
John Laing I-66 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 (Grafton) BV **	Netherlands	100%	Note 3
John Laing Investments (Hornsedale) Pty Limited **	Australia	100%	Note 4
John Laing Investments (Hornsedale 2) Pty Limited **	Australia	100%	Note 4
John Laing Investments (Hornsedale 3) 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 (Melbourne Metro) 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 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 Rocksprings Wind HoldCo Corp *	United States	100%	Note 8
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
Rail Investments (Great Western) Limited *	United Kingdom	50%	Note 1

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements
for the year ended 31 December 2017

26 Subsidiaries and other investments (continued)

Name		Country of incorporation	Ownership interest	Registered office
Non-recourse subsidiaries				
<i>Subsidiary project subsidiaries (measured at fair value)</i>				
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
Buckthorn Wind John Laing OpCo LLC	**	United States	90.05%	Note 8
Buckthorn Wind Class B Holdco LLC	**	United States	90.05%	1209 Orange St, Wilmington, Delaware 19801, USA
Buckthorn Wind Project LLC	**	United States	90.05%	1209 Orange St, Wilmington, Delaware 19801, USA
Buckthorn Wind Tax Equity Holdco LLC	**	United States	90.05%	1209 Orange St, Wilmington, Delaware 19801, USA
CountyRoute (A130) Plc	**	United Kingdom	100%	Note 2
CountyRoute 2 Limited	**	United Kingdom	100%	Note 2
CountyRoute Limited	**	United Kingdom	100%	Note 2
Courtibeaux (Holdings) Limited	*	United Kingdom	100%	Note 1
CY Holdings 3 Pty Limited	**	Australia	100%	Note 4
Cross Yarra Holding Trust 3	**	Australia	100%	Note 4
Cross Yarra Trust 3	**	Australia	100%	Note 4
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%	Lise-Meitner-Strasse 5, Bremen 28359, 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
Glencarbry Windfarm Limited	**	Ireland	100%	Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland
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%	Note 4
LBAJQ Holding Trust 4	**	Australia	100%	Note 4
LBAJQ 4 Pty Limited	**	Australia	100%	Note 4
LBAJQ Trust 4	**	Australia	100%	Note 4
Nordergründe Holdco GmbH	*	Germany	100%	Lise-Meitner-Strasse 5, Bremen 28359, Germany
NorthernPathways Holding Pty Limited	**	Australia	80%	Note 4
NorthernPathways Pty Limited	**	Australia	80%	Note 4
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

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements
for the year ended 31 December 2017

26 Subsidiaries and other investments (continued)

Name		Country of incorporation	Ownership interest	Registered office
Non-recourse subsidiaries				
Subsidiary project subsidiaries (measured at fair value)				
Rammeldalsberget Holding AB	*	Sweden	100%	Sveavagen 17, 111 57 Stockholm, Sweden
Rammeldalsberget Vindkraft AB	**	Sweden	100%	Sveavagen 17, 111 57 Stockholm, Sweden
Rocksprings Wind John Laing OpCo LLC	**	United States	100%	Note 8
Rocksprings Val Verde Wind LLC	**	United States	95%	Note 8
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
Solar House Holding	*	France	80%	12 Rue Baise Pascal, 92200 Neuilly-sur-Seine, France
Solar House 1	*	France	80%	12 Rue Baise Pascal, 92200 Neuilly-sur-Seine, France
Svartvallsberget Holding AB	*	Sweden	100%	Sveavagen 17, 111 57 Stockholm, Sweden
Svartvallsberget SPW AB	**	Sweden	100%	Sveavagen 17, 111 57 Stockholm, Sweden
Tonnerois (Holdings) Limited	*	United Kingdom	100%	Note 1
Toumevents (Holdings) Limited	*	United Kingdom	100%	Note 1
Val Verde Wind Holdco III LLC	**	United States	95.3%	1209 Orange St, Wilmington, Delaware 19801, USA
Vierte Nordergründe Beteiligungs GmbH	**	Germany	100%	Lise-Meitner-Strasse 5, Bremen 28359, Germany
Wind Hold Co 1 Limited	*	United Kingdom	100%	Note 1
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%	Lise-Meitner-Strasse 5, Bremen 28359, Germany

Details of the Company's joint ventures and other investments at 31 December 2017 were as follows:

Joint ventures (measured at fair value)				
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 BV	**	Netherlands	28%	Venkelweg 64, Hoogvliet Rotterdam, Netherlands
A-Lanes A15 Holdings 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	15%	Note 6
Agility Trains West (Midco) Limited	**	United Kingdom	15%	Note 6
Agility Trains West Limited	**	United Kingdom	15%	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
Celsus Holding Pty Limited	**	Australia	17.26%	c/- Royal Adelaide Hospital, Port road, Adelaide SA 5000, Australia
Celsus Pty Limited	**	Australia	17.26%	c/- Royal Adelaide Hospital, Port road, Adelaide SA 5000, Australia
Cramlington Renewable Energy Developments Hold Co Limited	*	United Kingdom	44.72%***	Note 2
Cramlington Renewable Energy Developments Limited	**	United Kingdom	44.72%***	Note 2
Cross Yarra Partnership Pty Limited	**	Australia	30.00%	Level 8, 136 Exhibition St, Melbourne VIC 3000, Australia
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

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements
for the year ended 31 December 2017

26 Subsidiaries and other investments (continued)

Name		Country of incorporation	Ownership interest	Registered office
Joint ventures (continued)				
Hornsedale Asset Co Pty Limited	**	Australia	23.33%	Note 5
HWF 1 Pty Limited	**	Australia	30%	Note 5
HWF 2 Pty Limited	**	Australia	20%	Note 5
HWF 3 Pty Limited	**	Australia	20%	Note 5
HWF FinCo 1 Pty Limited	**	Australia	30%	Note 5
HWF FinCo 2 Pty Limited	**	Australia	20%	Note 5
HWF FinCo 3 Pty Limited	**	Australia	20%	Note 5
HWF Holdco 1 Pty Limited	**	Australia	30%	Note 5
HWF Holdco 2 Pty Limited	**	Australia	20%	Note 5
HWF Holdco 3 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-66 Express Mobility Partners Holding LLC	**	United States	10%	1209 Orange St, Wilmington, Delaware 19801, USA
I-66 Mobility Partners Midstream LLC	**	United States	10%	1209 Orange St, Wilmington, Delaware 19801, USA
I-66 Mobility Partners OpCo LLC	**	United States	10%	1209 Orange St, Wilmington, Delaware 19801, USA
I-77 Mobility Partners Holding LLC	**	United States	10%	1209 Orange St, Wilmington, Delaware 19801, USA
I-77 Mobility Partners LLC	**	United States	10%	1209 Orange St, Wilmington, Delaware 19801, USA
INEOS Runcorn (TPS) Holdings 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
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, Germany
Regenter Myatts Field North Holding Company Limited	**	United Kingdom	50%	Note 2
Regenter Myatts Field North Limited	**	United Kingdom	50%	Note 2
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 Partnership Hold Co Limited	*	United Kingdom	43.35%****	13 Queens Road, Aberdeen, Scotland, AB15 4YL
Speyside Renewable Energy Finance Plc	**	United Kingdom	43.35%****	Note 2
Speyside Renewable Energy Partnership Limited	**	United Kingdom	43.35%****	13 Queens Road, Aberdeen, Scotland, AB15 4YL
Transcend Property 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, Tumpike Road, High Wycombe, Buckinghamshire, HP12 3NR
Other investments				
John Laing Environmental Assets Group Limited	*	Guernsey	2.5%	Samia House, Le Truchot, St Peter Port, Guernsey GY1 1GR, Channel Islands

* Entities owned directly by the Company

** Entities owned indirectly by the Company

*** 44.72% of share capital ownership and 55.9% investment in subordinated debt loan

**** 43.35% of share capital ownership and 51% investment in subordinated loan

JOHN LAING INVESTMENTS LIMITED

Notes to the Group Financial Statements for the year ended 31 December 2017

26 Subsidiaries and other investments (continued)

Notes:

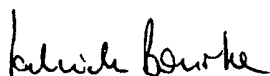
1. The registered office of these companies is: 1 Kingsway, London, WC2B 6AN
2. The registered office of these companies is: 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG
3. The registered office of these companies is: Schiphol Boulevard 253 D-building, Schiphol, 1118 BH, The Netherlands
4. 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: 251 Little Falls Drive, Wilmington, Delaware 19808, USA.

JOHN LAING INVESTMENTS LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	2017 £ million	2016 £ million
Fixed assets			
Investments	2	585.9	462.1
Current assets			
Debtors		342.9	378.2
- due within one year	3	177.6	200.3
- due after more than one year	3	165.3	177.9
Other financial assets	4	133.3	20.4
Cash at bank and in hand	4	0.2	46.1
		<u>476.4</u>	<u>444.7</u>
Current liabilities			
Creditors: amounts falling due within one year	5	(572.6)	(540.1)
Net current liabilities		<u>(96.2)</u>	<u>(95.4)</u>
Total assets less current liabilities		<u>489.7</u>	<u>366.7</u>
Net assets		<u>489.7</u>	<u>366.7</u>
Capital and reserves			
Called up share capital	7	-	-
Accumulated profit		489.7	366.7
Shareholder's funds		<u>489.7</u>	<u>366.7</u>

The financial statements of John Laing Investments Limited, registered number 00780225, were approved by the Board of Directors and authorised for issue on 25 May 2018. In accordance with section 408 of the Companies Act 2006, no separate profit and loss account has been presented for the Company. For the year ended 31 December 2017, the Company reported a profit of £173.0 million (2016 - £127.3 million). The financial statements were signed on the Board's behalf by:



P O'D Bourke
Director
25 May 2018

JOHN LAING INVESTMENTS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

	Share capital £ million	Accumulated profit £ million	Total equity £ million
Balance at 1 January 2017	-	366.7	366.7
Profit after tax and total comprehensive income for the year	-	173.0	173.0
Dividends paid	-	(50.0)	(50.0)
Balance at 31 December 2017	-	<u>489.7</u>	<u>489.7</u>

	Share capital £ million	Accumulated profit £ million	Total equity £ million
Balance at 1 January 2016	-	239.4	239.4
Profit after tax and total comprehensive income for the year	-	127.3	127.3
Balance at 31 December 2016	-	<u>366.7</u>	<u>366.7</u>

Accumulated profit

The accumulated profit reserve represents the accumulated profit since the incorporation of the Company.

Notes to the Company financial statements
for the year ended 31 December 2017

1 ACCOUNTING POLICIES

a) Basis of preparation of financial statements

The Company financial statements are prepared under Financial Reporting Standard 102 ("FRS 102") and are presented in pounds sterling, the functional currency and the currency of the primary economic environment in which the Company operates. The principal accounting policies of the Company are set out below.

The Company's principal activity is to hold investments in PPP and renewable energy infrastructure projects. The projects are set up as special purpose companies under non-recourse arrangements and therefore the Company has limited exposure to their liabilities. In the event of default of a project, the exposure is limited to the extent of the investment the Company has made in such project. Having reviewed the Company's investment portfolio including the associated future cash requirements and forecast receipts, and the level of headroom within the John Laing Group plc corporate banking facilities to which the Company is a co-borrower, the Directors are satisfied that they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Directors authorised payment of a dividend of £50.0 million (2016 - £nil) during the year. The Directors did not propose a final dividend (2016 - £nil).

b) Revenue recognition

Revenue recognition is determined by reference to the following policies:

- Dividend income from investments in project companies and other investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company 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.

- Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued by reference to the principal outstanding and the applicable interest rate.

c) Investments

Fixed asset investments are shown at cost less provision for impairment.

An impairment is reversed in the current period, to the extent of the carrying value of the investment had the original impairment not occurred, if there is a change in economic conditions or a change in expected use of the investment. If the increase in value of the investment arises from mechanical factors affecting the discounted present value, such as the passage of time either bringing future cash inflows closer or overtaking future cash outflows, such an increase in value is not considered to be a reversal of the events or circumstances which led to the impairment in the first place.

Notes to the Company financial statements
for the year ended 31 December 2017

1 ACCOUNTING POLICIES (continued)

d) Taxation

Current tax, including United Kingdom corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

In accordance with section 29 of FRS 102: Deferred Tax, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are not discounted.

e) Foreign currency

Translations of foreign currency amounts into sterling are made at the average rates ruling throughout the year for profit and loss account items.

Exchange differences arising in the ordinary course of trading are reflected in the profit and loss account; those arising on translation of net equity are dealt with as a movement in reserves.

Monetary assets and liabilities expressed in foreign currency 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 retranslation of these amounts is taken to the profit and loss account.

f) Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities. The Directors consider there to be no critical judgements, other than those involving estimations which are dealt with below. The key area of the financial statements where the Company is required to make material accounting estimates is in respect of the net book value of investments and recoverability of loans to subsidiary undertakings, fellow group undertakings and joint ventures.

Net book value of investments

The Company is required to test whether investments have suffered any impairment. The Directors use their judgement in determining the carrying value of investments through the net assets of the subsidiaries that the Company invests in. The net assets of the subsidiaries are stated at cost. In addition, the Directors consider the fair value of the investments of those subsidiary undertakings and direct investments into project companies when assessing the need for impairment. The fair value of investments is determined in line with the Group accounting policies (see note 2 f(ii) to the Group financial statements). Further details on the critical accounting judgements and key sources of estimation uncertainty with regards to the fair value of investments are detailed in note 3 to the Group financial statements.

Recoverability of loans

The Company determines the impairment necessary at each period end by reference to the net assets or the fair value of the entities that it has provided loans to. If the net assets or the fair value of those entities is lower than the amount at which the loan is held, the loan is impaired to the relevant net assets or fair value amount.

g) Financial instruments

The financial instruments accounting policy is disclosed in note 2(f) to the Group financial statements.

JOHN LAING INVESTMENTS LIMITED

Notes to the Company financial statements
for the year ended 31 December 2017

2 INVESTMENTS

	Subsidiary undertakings	Joint ventures			
	Equity £ million	Equity £ million	Loans £ million	Other £ million	Total £ million
Cost					
At 1 January 2017	309.1	38.0	157.6	9.4	514.1
Additions	162.0	4.3	30.8	-	197.1
Disposals	(6.0)	-	(57.0)	-	(63.0)
Repayments	-	-	(5.4)	-	(5.4)
Foreign exchange	-	-	0.5	-	0.5
Transfer	-	-	(0.2)	-	(0.2)
At 31 December 2017	465.1	42.3	126.3	9.4	643.1
Provisions for impairment					
At 1 January 2017	(41.0)	(9.6)	(1.4)	-	(52.0)
Disposals	-	-	-	-	-
Transfer	-	-	0.2	-	0.2
Charge for the year	-	(2.8)	(2.6)	-	(5.4)
At 31 December 2017	(41.0)	(12.4)	(3.8)	-	(57.2)
Net book value					
At 31 December 2017	424.1	29.9	122.5	9.4	585.9
At 31 December 2016	268.1	28.4	156.2	9.4	462.1

The Company's subsidiary undertakings and joint ventures are listed in note 26 to the Group financial statements.

Details of significant additions and disposals in the year ended 31 December 2017 are as follows:

Subsidiary undertakings

The Company made new investments in: John Laing Buckthorn Wind Holdco Corp, John Laing I-66 Holdco Corp, John Laing Rocksprings Wind Holdco Corp and Solar House Holding. The Company increased its investment in John Laing Investments Overseas Holdings Limited and John Laing Sterling Wind Holdco Corp.

The Company sold its entire holding in Llynfi Afan Renewable Energy Park (Holdings) Limited to JLEN resulting in a reduction in equity of £1,000. 30% of the 80% interest in Rail Investments (Great Western) Limited was also sold in 2017 resulting in a reduction in equity of £6.0 million. As at 31 December 2017, Rail Investments (Great Western) Limited held a 30% interest in IEP Phase 1, resulting in an indirect holding by the Company in IEP Phase 1 of 15%.

Joint ventures

The Company invested a further £4.3 million in Nordergründe Holdco GmbH.

The Company invested in loan notes in the following joint venture companies: Cramlington Renewable Energy Developments Limited (£27.0 million) and Agility Trains West Limited (£0.1 million). A total amount of £3.7 million of interest was capitalised to loans during 2017.

The Company sold its entire holding in Croydon and Lewisham Lighting Services (Holdings) Limited to JLIF resulting in a reduction in equity of £50 and in loans of £3.8 million. The Company sold 37.5% of its loan notes in Agility Trains West Limited resulting in a reduction in loans of £25.7 million. In addition, the Company's interest in Viridor Laing (Greater Manchester) Limited, including a loan of £27.5 million, was acquired by GMWDA for £23.5 million.

JOHN LAING INVESTMENTS LIMITED

**Notes to the Company financial statements
for the year ended 31 December 2017**

3 DEBTORS

	2017 £ million	2016 £ million
Due within one year		
Amounts owed by parent undertakings	0.7	18.1
Amounts owed by fellow group undertakings	11.7	8.9
Amounts owed by subsidiary undertakings	136.6	132.8
Amounts owed by joint ventures	24.5	37.7
Other debtors	2.1	1.4
Prepayments and accrued income	2.0	1.4
	<u>177.6</u>	<u>200.3</u>
Due after more than one year		
Amounts owed by fellow group undertakings	14.9	15.3
Amounts owed by project companies	150.4	162.6
	<u>165.3</u>	<u>177.9</u>

Amounts owed by parent undertakings comprise interest receivable on loans of £0.7 million.

Included within amounts owed by fellow group undertakings due within one year are loans amounting to £9.9 million, net of provisions of £8.6 million (2016 - £6.7 million, net of £10.2 million of provisions). These loans are payable on demand. Interest receivable at 31 December 2017 included above is £1.8 million (2016 - £2.2 million).

Amounts owed by subsidiary undertakings due within one year include £109.8 million of loans, net of impairment provisions of £9.6 million (2016 - £116.1 million, net of impairment provisions of £9.1 million). Interest receivable at 31 December 2017 included above is £26.4 million (2016 - £15.3 million).

The amounts owed by joint ventures due within one year comprise interest charged on loans to joint ventures (included within Investments in note 2) at rates ranging between 8.02% and 15% (2016 - 5% and 15%).

Amounts owed by fellow group undertakings due after more than one year comprise a loan of £14.9 million net of impairment provisions of £11.9 million (2016 - £15.3 million, net of £13.5 million of provisions). This loan is payable on demand. However, it has been agreed with a fellow group undertaking that the loan due from this undertaking will not be recalled within 12 months of the balance sheet date and therefore £14.9 million has been shown as due after more than one year. Amounts owed by project companies comprise subordinated loans, together with associated interest, repayable in instalments in line with an agreement with the respective company. Amounts are predominantly expected to be received after more than one year. Interest is charged at rates on an arm's length basis.

4 OTHER FINANCIAL ASSETS AND CASH AT BANK AND IN HAND

	2017 £ million	2016 £ million
Other financial assets	133.3	20.4
Cash at bank and in hand	0.2	46.1
	<u>133.5</u>	<u>66.5</u>

Other financial assets include amounts placed on deposit that collateralise future investments into project companies of £133.1 million (2016 - £20.4 million) and interest received of £0.2 million (2016 - £nil).

5 CREDITORS

	2017 £ million	2016 £ million
Amounts falling due within one year		
Short-term cash borrowings	176.0	165.3
Amounts owed to parent undertakings	63.5	107.4
Amounts owed to fellow group undertakings	40.5	36.4
Amounts owed to subsidiary undertakings	280.6	222.8
Group relief payable	10.1	6.7
Amounts owed to joint ventures	-	0.8
Accruals and deferred income	1.9	0.7
	<u>672.6</u>	<u>540.1</u>

Included within amounts owed to parent undertakings are loans amounting to £61.0 million (2016 - £103.7 million). These loans are repayable on demand and interest is charged on any outstanding balance at 2.5% (2016 - 2.5%) above UK base rate. Interest payable on these loans at 31 December 2017 included above is £2.5 million (2016 - £3.7 million).

Included within amounts owed to fellow group undertakings are loans amounting to £13.1 million (2016 - £12.9 million). These loans are repayable on demand and interest is charged at base rates prevailing in the market for each currency plus an appropriate margin, such that the loans are on an arm's length basis. Interest payable on these loans at 31 December 2017 included above is £0.4 million (2016 - £0.5 million). The remaining balance owed to fellow group undertakings of £27.0 million (2016 - £23.0 million) are trade balances relating to management recharges payable on invoice terms.

Included within amounts owed to subsidiary undertakings are loans amounting to £273.3 million (2016 - £217.0 million). These loans are repayable on demand and interest is charged on any outstanding balance at 2.5% (2016 - 2.5%) above base rate. Interest payable on these loans at 31 December 2017 included above is £7.3 million (2016 - £5.8 million).

JOHN LAING INVESTMENTS LIMITED

Notes to the Company financial statements for the year ended 31 December 2017

6 CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

At 31 December 2017, the Company was a guarantor under John Laing Group plc's £475 million syndicated, committed, revolving credit facility and associated credit facilities dated 6 October 2017 and expiring in March 2020. At 31 December 2017, the total amount utilised under these facilities, and hence guaranteed by the Company, was £335.4 million (2016 - £186.3 million). There were also contingent commitments, performance and bid bonds of £7.5 million (31 December 2016 - £6.5 million).

On 8 April 2016, the Company became an indemnitor to 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 extent of £25.0 million and which sums were outstanding at 31 December 2017 and hence were guaranteed by the Company.

On 24 November 2016, the Company became a guarantor to 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 2017.

On 9 February 2018, the HSBC facility was extended until February 2019 and was amended and made available for general corporate purposes.

On 23 February 2018, the Barclays facility was extended to February 2019 and was made available for a surety facility provided by Tokio Marine HCC.

At 31 December 2017, the Company was a guarantor of an uncommitted bonding facility from Zurich entered into by John Laing Limited. At 31 December 2017, the total amount utilised under the Zurich facility, and hence guaranteed by the Company, was £nil (2016 - £nil).

As at 31 December 2017, the Company had future commitments on investments of £72.7 million (2016 - £100.0 million).

	2017 £ million	2016 £ million
Less than one year	72.7	27.3
Greater than one year but less than two years	-	72.7
Between two to five years	-	-
More than five years	-	-
	<u>72.7</u>	<u>100.0</u>

The future investment commitments were backed by letters of credit of £72.7 million (2016 - £99.7 million) and cash collateral balances of £nil (2016 - £0.3 million). In addition, the Company had provided letters of credit of £129.6 million (2016 - £62.9 million) and cash collateral of £133.1 million (2016 - £20.1 million) to back future investment commitments of its recourse subsidiary undertakings.

7 CALLED UP SHARE CAPITAL

	2017 £ million	2016 £ million
Allotted, called up and fully paid:		
10,000 ordinary shares of £1 each (2016 - 10,000 ordinary shares of £1 each)	-	-

8 TRANSACTIONS WITH RELATED PARTIES

As a wholly owned subsidiary of John Laing Group plc, the Company has taken advantage of the exemption under Section 33 of FRS 102 not to provide information on related party transactions with other subsidiary undertakings within the John Laing group.

Details of transactions between the Company and related parties not already disclosed in the financial statements are disclosed below:
Transactions with joint ventures and associates

	31 December 2017		31 December 2016	
	Profit and loss £ million	Balance due £ million	Profit and loss £ million	Balance due £ million
Subordinated loans receivable	-	126.3	-	157.6
Interest income ¹	25.0	24.5	21.8	37.7
Dividend income	2.9	-	0.3	-
Other income	0.2	0.2	0.4	-

¹ Interest income from joint ventures includes interest charged on loans to joint ventures and amounts accrued and invoiced for recharges of fees relating to letters of credit.

9 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is John Laing Limited, a company incorporated in Great Britain.

The Company's ultimate parent and controlling entity is John Laing Group plc, a company incorporated in Great Britain. Copies of the Group accounts of John Laing Group plc are available from its registered office at 1 Kingsway, London, WC2B 6AN.

The Company's results were not consolidated by any of its parent undertakings.

10 EVENTS AFTER BALANCE SHEET DATE

On 8 March 2018, John Laing Group plc, the Company's ultimate parent undertaking launched a rights issue of new ordinary shares which raised £210 million net of costs.

On 13 March 2018, the Group agreed the sale of its remaining 15% interest in the IEP Phase 1 project for net proceeds of £227.5 million. The sale completed on 18 May 2018.