JOHN LAING GROUP LIMITED (formerly John Laing Group plc)
ANNUAL REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021

Registered number: 05975300

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

CONTENTS

DIRECTORS AND ADVISORS

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STRATEGIC REPORT

The Directors present their strategic report and financial statements for John Laing Group Limited (the "Company or the "Group") for the year ended 31 December 2021.

BUSINESS REVIEW

Corporate activity
On 22 September 2021, the entire issued ordinary share capital of John Laing Group Limited, formerly John Laing Group plc, was acquired by Aqueduct Bidco Limited ("Bidco") by means of a scheme of arrangement under Part 26 of the Companies Act (the "Acquisition"). Bidco is a newly formed company owned by funds advised by Kohlberg Kravis Roberts & Co ("KKR"). The Company's shares were delisted from the London Stock Exchange on this date and subsequently the Company re-registered as a private company on 29 September 2021 under the name John Laing Group Limited.

For the purposes of partially funding the Acquisition, a 50% interest in the Group's wholly-owned subsidiary, John Laing Investments Limited, was sold on 6 October 2021 to Equitix Ether Bidco Limited, a company owned by funds managed by Equitix Investment Management Limited ("Equitix"). John Laing Investments Limited and its directly and indirectly owned recourse subsidiaries (the "AssetCo" group) owned the large majority of the Group's investment portfolio at the time of the Acquisition.

The Group will continue to hold a 50% interest in AssetCo, earning returns and receiving cash yields from the investments in a static portfolio until the maturity of the underlying projects. AssetCo is held separately from the Group's wholly-owned development platform where all future investments will be originated and made.

Strategy and business model
Prior to the Acquisition, the Group operated a self-funding model, which required regular asset turnover to be able to make new investments, fund regular dividend payments to shareholders and cover operating costs through annual realisation proceeds. KKR intends to grow John Laing's asset portfolio, with the capital and flexibility to fund new investments without selling assets before full value has been attained, enabling management to focus on optimising those assets over time.

Portfolio activity

Investments and divestments

Prior to the Acquisition, the Group secured a new greenfield PPP investment with the £29 million acquisition of a 21.15% stake in the Pacifico 2 road project in Colombia. The Group also acquired additional stakes in three existing projects, increasing its stake in two US PPP projects, the Denver Eagle P3 project from 45% to 50% and the I-75 road project from 40% to 70%, and increasing its interest from 90% to 100% in the Clarence Correctional Centre. These assets form part of the investment portfolio held within the AssetCo group that the Group now owns 50% of.

The Group made several divestments from the AssetCo portfolio in the first half of 2021. The sale of the portfolio of six Australian wind farms, which was agreed in October 2020, completed in March 2021 and the Group also sold its interests in the Glencarbry wind farm in Ireland and the Rammeldalsberget wind farm in Sweden, which together were part of the Group's previous programme of divestment of its renewable energy assets. The Group also sold its interest in the New Royal Adelaide Hospital PPP project in Australia in March 2021 and, in late September 2021, the Group completed the sale of its remaining 15% interest in the IEP East project having agreed the sale in September 2020 and completing the sale of the first 15% interest in October 2020.

Following the sale of 50% of the interest in John Laing Investments Limited, which as described above directly or indirectly held most of the Group's portfolio of investments, the AssetCo group completed the disposal in December 2021 of its 10% interest in the I-66 managed lanes project in the US.

STRATEGIC REPORT (continued)

The Group's wholly-owned investment portfolio at the end of the year consisted of three investments that were secured during 2021. These included the Group's first two mid-market investments, described below, and a c£43 million investment in the North East Link PPP project in Australia secured in October 2021.

Mid-market economic infrastructure was introduced as a new asset class for the Group in its strategic review towards the end of 2020. During 2021, the Group made investments of c£15 million in a wholly-owned German fibre-to-the premise roll-out platform and c£27 million for a 50% interest alongside Macquarie in a UK-based specialised accommodation platform with McCarthy Stone.

Portfolio performance

The AssetCo portfolio performed solidly during the year. Through the height of the COVID-19 pandemic in 2020, the portfolio proved resilient against the challenges and impacts that the global economy faced and this continued during 2021.

Good progress was made with construction on the assets in the primary investment portfolio; the University of Brighton Student Accommodation project moved into the secondary investment portfolio during the year.

In the secondary portfolio of operational assets, asset availability was maintained throughout the year in line with expectations. Of the 11 operational PPP assets AssetCo held investments in at 31 December 2021, only two were volume based; the A130 road project in the UK and the I-77 Managed Lanes project in the US. Traffic volumes on both fell sharply at the start of the pandemic in 2020, hitting their lows in April 2020, but saw a recovery during the rest of the year. In 2021, traffic volumes on the I-77 were higher than forecast which led to an uplift in the valuation of this investment and whilst the traffic forecasts on the A130 project were reduced in 2021 the adverse impact on the valuation was modest.

After the uncertainties and market fluctuations experienced in 2020, that resulted in significantly reduced fair value movements from the portfolio, the Group saw a steadier macro- economic environment in 2021 with a significantly reduced impact on the portfolio from changes in short-term inflation and power price forecasts.

Significant gains were generated from the AssetCo portfolio group following reductions in operational benchmark discount rates across its portfolio, in response to evidence of transactions in and experience of the secondary market, and reductions in project specific special premium following positive operational performance.

The Group's wholly-owned portfolio performed steadily, with the two mid-market businesses making satisfactory progress with its plans. In January 2022, the Group acquired from Macquarie the other 50% interest in the specialised accommodation platform.

Financial performance
The Group's profit before tax for the year ended 31 December 2021 was £226 million compared to a loss of £65 million in the previous year. The increase in profit was primarily driven by a significant increase in fair value movements on the investment portfolio. In 2020, the Group saw a much reduced fair value movement on its portfolio due to the challenges of COVID-19 and the consequential adverse impact on macro-economic assumptions and power prices. The Group saw a significantly improved performance from its investment portfolio in 2021, as described above, with the portfolio delivering a good operational performance overall with a more favourable macro-economic impact. The sale in October 2021 of the 50% interest in John Laing Investments Limited was made at a gain above book value and in Q4 this resulted in an uplift in value of the remaining 50% interest based on the support and evidence from the recent disposal.

Financial position
As a result of this strong performance in 2021, the net assets of the Group increased from £1,529 million at 31 December 2020 to £1,711 million at 31 December 2021.

STRATEGIC REPORT (continued)

Financing and liquidity
Shortly after the acquisition of the Company on 22 September 2021, the John Laing Group's committed banking facilities terminated under change of control clauses. All outstanding amounts were paid, with ongoing letters of credit transferred to new cash-collateralised facilities with various banks.

As described above, KKR intends to grow John Laing's asset portfolio, with the capital and flexibility to fund new investments. In order to provide additional funding flexibility and liquidity for the Group, the Company's parent undertaking, Aqueduct Bidco Limited, secured new secured banking facilities on 7 March 2022. The Company and three of its wholly-owned subsidiaries are fellow borrowers with Aqueduct Bidco Limited.

The facilities comprise a term loan facility of £200 million and a revolving credit facility ("RCF") of £175 million. The facilities have an initial term of three years with the option to make a request to the lenders for two extensions of one year each. The covenants on the facilities are principally loan to value ratios, with value based on the Group's portfolio value including its 50% share in Assetco and certain investment-related cash balances (cash collateral balances that support future investment commitments).

The term loan was immediately drawn down in full by Aqueduct Newco 2 Limited, a wholly-owned indirectly held subsidiary of the Company, and partially used to repay the outstanding existing equity bridge loan that arose on the acquisition. £135 million of the RCF remains undrawn at the current time. In addition to these facilities, the Group has an unsecured uncommitted bank overdraft of £15 million with one of the lenders on the main facilities.

The revolving credit facility will primarily be used to issue letters of credit required to support future investment commitments where required, typically on greenfield PPP investments. Whilst the Group expects funding of new cash investments and of operating costs to continue to come from the funds managed by KKR, the available banking facilities provide additional flexibility in this regard.

FUTURE DEVELOPMENTS

The Group will seek to benefit from further value growth and income from the investments in its portfolio opportunities as well as to capitalise on future opportunities for new investments in greenfield infrastructure assets.

PRINCIPAL RISKS AND UNCERTAINTIES

The Companies Act 2006 requires all companies to disclose and discuss the principal risks and uncertainties that they face which, in most cases, are normal business risks.

Our approach
Risk is an unavoidable element of doing business. The Group's risk management systems aim to provide assurances to the Board of directors regarding the effectiveness of the Group's ability to manage risks. Our risk management processes are embedded across the Group's activities and, combined with our active approach to the development, delivery and operation of infrastructure assets, ensures that we only bear risks we understand and that are within our defined risk appetite. We manage these risks in the successful delivery of our strategic objectives.

The following provides an overview of the principal business risk factors facing the Group, along with a description, where relevant, of the mitigating actions in place.

Our principal risks and uncertainties

The Group considers its principal risks across four categories:

1. **Strategic risks**
   Long term and emerging risks impacting John Laing's business objectives, resulting in a negative impact to Group profitability.
2. **Portfolio performance risks**
   The risk of our investments not performing in line with the Group's expectations.

3. **Financial risks**
   Risks related to corporate financing and the adverse impact on the Group due to foreign exchange fluctuations, financial counterparty failure or having insufficient resources to meet financial obligations.

4. **Operational Risks**
   Risk of loss to the Group resulting from inadequate or failed internal processes, people and systems or from external events.

1. Strategic risks

a) ESG integration risk

Incomplete integration of ESG into our investment strategy, and operations run contrary to the Group's *sustainable growth objective.*

Potential impacts
- Failure to invest in sustainable infrastructure could restrict growth and value creation
- Failure to consider the impact of climate change and energy transition could lead to economic losses and poor asset performance
- Failure to manage our investments in a socially and environmentally responsible way could damage our reputation
- Lack of diversity of our workforce will reduce the engagement and innovation of our teams and may have an adverse effect on the Group's reputation.

Mitigation and key controls
- New investments are screened against ESG criteria and detailed ESG due diligence is embedded into the investment approval process
- ESG activities and metrics are tracked for all investments on a monthly basis and issues addressed
- Membership and engagement with key industry bodies ensure we are aware of and addressing evolving expectations
- Diversity and inclusion strategy and roadmap continues to be delivered to ensure evolving approach to wider *diversity agenda with key metrics tracked*

b) Talent risk

Inability to attract new talent in line with the Group's strategy and business restructuring as well as retaining and developing existing talent with effective incentives.

Potential impacts
- Failure to recruit the expertise could limit the ability to execute the Group's strategic plan and restrict growth
- Failure to retain, train, and develop key senior management and skilled personnel may result in loss of expertise and market position
- Failure to further enhance initiatives to create a diverse and talented organisation could limit our growth opportunities

Mitigation and key controls
- The Group is committed to recruiting experienced investment and asset management professionals to grow the capabilities in line with the Group's strategic objectives
- The Group regularly reviews pay and benefits to ensure they remain competitive and the Group is in the process of putting in place a new long-term incentive scheme, designed to align remuneration with the long-term objectives of the business
- Targeted medium-term 'Retention Bonuses' delivered to senior leaders, individuals in critical roles and/or with critical skills, and 'top-talent' to enhance incentives
- Targeted funding issued to high potential talent identified across the business, to invest in their professional development
- Regular review of resourcing and succession planning for future staff requirements

c) Investment allocation and return risk

Competitive market conditions, or poor investment choices, resulting in an inability to achieve stated objectives and inability to scale.

Potential impacts
- Increased competition may lead to periods when investments are not priced appropriately, resulting in reduced primary returns in some markets, which could have an adverse impact on the Group's investment levels or secured returns
- New markets and sectors present risks which the Group may not be familiar with and failure to understand these could lead to loss
- Geopolitical factors could be detrimental to a particular investment opportunity and impact the competitiveness or our proposal or ability to transact

Mitigation and key controls
- The development of a diverse portfolio and investment pipeline to provide increased resilience
- Enhanced due diligence is undertaken in approving new markets and sectors including engaging advisors and senior personnel with direct relevant experience
- Bidding strategies are reviewed during the approval process and potential risks as a result of geopolitical considerations are carefully considered
- There is a broader mandate across greenfield and brownfield projects as well as mid-market core infrastructure

2. Portfolio performance risks

a) Investment rate, quality, and performance risk
Failure to effectively manage our pipeline of deals may lead to the inability to sustain investment activity.

Potential impacts
- Lower quality of deals being considered and / or pursued
- Poor decision making at the Investment Committee stage

Mitigation and key controls
- Diversification of the Group's portfolio by geography and asset type creates a more diversified 'basket' of exposures which helps to mitigate risk
- All investment opportunities are subject to due diligence and reviewed by the Investment Committee for approval
- A screening checklist is completed for all opportunities. The purpose of this checklist is to establish areas that John Laing will not consider as they are not in line with the Group's purpose and values

b) Concentration risk
Overexposure to a single risk factor or exposures to multiple risks factors that are correlated.

Potential impacts
- Failure of key third parties that are relied upon may result in significant disruption to asset delivery, Group's operations and financial performance

Mitigation and key controls
- Diversification of the Group's portfolio by geography and asset type creates a more diversified 'basket' of exposures which helps to mitigate risk
- Portfolio limit thresholds are agreed and monitored on a regular basis
- The financial health of lenders and partners is monitored on an annual basis

c) Asset management risk
Asset performance is inadequately monitored and reviewed.

Potential impacts
- Increased operational costs, delayed delivery and / or damage to reputation.

Mitigation and key controls
- John Laing asset directors are present and actively involved in their respective asset's management
- The Portfolio & Risk Management team's objectives are to provide an overall project oversight and risk management role and to ensure good governance and compliance with the relevant shareholder obligations
- There is a Master Services Agreement in place that defines the Group's monitoring requirements for assets
- Portfolio asset reviews are conducted on a regular basis

3. Financial risks

a) Liquidity risk
Inability to meet corporate financial obligations or shortfalls in financial resources.

Potential impacts
- Failure to comply with the Group's corporate debt covenants may potentially result in a forced decision to sell assets or withdraw from bids to meet covenant test
- Inability to refinance the existing Group's facility may result in restricted growth due to inability to fund new investments
- Shortfalls in financial resources may result in the Group having to divest its assets earlier than desired and at reduced values

Mitigation and key controls
- The Acquisition of the Group during 2021 resulted in a change in the Group's funding model and its overall business model. The Group is now less reliant on external sources of funding and the need to sell investments earlier than desired and at reduced values
- Detailed monitoring of financial covenant and facility utilisation is regularly undertaken including under a range of stress tests and downside scenarios
- The £375 million bank facility is committed until March 2025
- Counterparties for cash deposits at Group level and interest rate swap providers or deposit holders at portfolio investment level are required to have a suitable credit rating
- The credit quality of key financial institutions are monitored by Group Treasury
- The Group will focus on priority sectors, that might otherwise approach balance sheet restrictions, in developing third-party funding solutions
- The Group monitors performance against the budget and reviews cash flow requirements on a regular basis

b) Macro-economic factors
Volatility of macro-economic factors (e.g. currency movement, inflation and interest rates), may result in losses in the Group's valuations.

Potential impacts
- Strengthening of Sterling relative to the local currencies of our investments results in a valuation reduction
- Increasing discount rates would reduce the valuation of investments
- Rising construction costs and less availability of fixed priced contracts

Mitigation and key controls
- Macro-economic factors are reviewed and updated regularly as part of the Portfolio Valuation process
- Sensitivity analysis is run on the portfolio to inform the Group's exposure to macro factors
- Diversification of the Group's portfolio by geography creates a more diversified 'basket' of exposures which helps to mitigate risk
- The majority of the portfolio has inflation linkage via revenue mechanisms, which would offset some of the impact felt from changes to discount rates
- Current project financing locks in interest rates over the short to medium term
- Fully wrapped and fixed price EPC contracts for existing greenfield PPP assets protects JL equity from construction cost increases

STRATEGIC REPORT (continued)

4. <u>Operational risks</u>

a) Business interruption risk - cyber
Loss of access or damage to information assets or other critical IT infrastructure (e.g. systems, data storage, or cloud network services either through poor management and oversight, or by the actions of an outside actor e.g. ransomware).

Potential impacts
- Loss of, or access to, critical data / assets
- Reputational and financial damage

Mitigation and key controls
- The Group has appropriate policies and procedures in relation to IT security and these are reviewed regularly with the support of external advisors
- Business continuity plans are in place for the Group and for each individual investment company, being tested and updated frequently
- Specialist desk-top cyber scenario testing with key executives
- The Group has outsourced IT arrangements covering IT infrastructure controls (such as firewalls and penetration testing)
- Online information security training module required to be completed by all staff

b) Regulatory and compliance risk

Potential breach of laws or regulatory requirements

Potential impacts
- Failure to comply with existing regulatory requirements may result in legal action and financial penalties.
- Accidental loss or malicious theft or destruction of personal or commercially sensitive data can lead to penalties under General Data Protection Regulation ('GDPR')
- Fraudulent actions of an employee or partner could have an adverse reputational impact and may result in a decrease of the Group's value
- Breach of anti-bribery and corruption or anti-money laundering legislation by an employee or project partner (contractor, shareholder) may lead to potential termination of a concession, inability to bid for future opportunities and reputational impact.

Mitigation and key controls
- GDPR training and data protection measures in place
- Anti-bribery and corruption and anti-money laundering training completed by all employees every two years.
- Project partners vetted as part of investment approval
- Robust financial controls implemented by project companies with oversight from John Laing asset directors.

During the year ended 31 December 2021 and since the year end, the Group observed new and emerging global risks as set out below:

<u>Russia Ukraine Conflict</u>
Following the invasion of Ukraine by Russia in Q1 2022, we undertook an exercise to review the relationships and contracts held with our suppliers to identify any supply risks to our projects. Through this we determined that there was no direct link to either Ukraine or Russia. However, we require significant input materials for our construction assets, typically concrete, steel, and wood, whilst also needing technology components for the on-going operation of the assets, copper, nickel, and semiconductors etc.

Ukraine and Russia are key global suppliers of myriad raw material commodities which have been disrupted on account of the ongoing conflict. This has not yet resulted in delay to our operations, but suppliers have been active in warning of delivery delays and increasing scarcity as supplies are disrupted or overordering/stockpiling occurs. Moreover, the energy shock that has occurred has compounded pressure on the price of goods and materials as production costs rise, especially for energy intense materials such as asphalt or concrete. This is often mitigated with fixed price contracts, or risk sharing mechanisms with clients that compensate for increased material costs. It is therefore less of an issue for existing assets but will add uncertainty to new deals – we have already started to see contractors choose to avoid fixed price contracts.

China Taiwan conflict / ongoing Chinese lockdown

A similar exercise was undertaken as above but based on Chinese exposures. This was following a resurgence of COVID-19 on mainland China as the Omicron variant spread through the population and China continues its 'zero COVID' strategy.

A similar risk presents owing to the scale of China's manufacturing and export industry. Current exposures remain similar to those from the Russia Ukraine conflict, namely scarcity and price escalation. Where possible, asset managers are being proactive in entering early procurement deals with local storage or increasing resilience by identifying alternative suppliers. It is not expected that the lock-down will be protracted, so these stresses should ease relatively quickly. However, the political tensions between China and Taiwan remain, with China being open of its intent to reunify the island nation and increasing rhetoric to this regard of late. Should this become a conflict then it is expected that the above issues would become more pronounced.

Inflation

The spectre of rising global inflation has been present for some time following the ongoing recovery from the COVID-19 lockdowns, which significantly subdued consumer spending. The global impacts of the Russia Ukraine conflict have exacerbated already increasing inflation rates primarily on account of severe stresses in fossil fuel and food costs e.g. cooking oils and wheat, which have knock on effects to multiple dependent markets.

Inflation in the UK is at its highest rate for a generation, and high in all of our geographic regions. Central banks have now started to play with monetary mechanisms in an effort to manage this, with interest rates observed to be *increasing globally, although slowly. Although many of our assets have a strong positive correlation with inflation,* increases to interest rates have the potential to reduce overall asset valuations.

S172 STATEMENT

The Board, in line with their duties under section 172 of the Companies Act 2006, must act in a way they consider, in good faith, would most likely promote the success of the Company for the benefit of the shareholders.

Our Directors must also have regard to the likely long-term consequences of their decisions, and the impact that these may have on the Company's key stakeholders.

In September 2021 the Group de-listed from the London Stock Exchange and 100% of the Group's share capital was acquired by funds advised by KKR. Some engagement with stakeholders during the period of this report reflects the transition from a public to a private company.

The table below summarises the Group's stakeholders, why they are important and how the Board has engaged with them during the year. The Directors gave careful considerations to the factors set out below in discharging their duties under section 172 including in taking decisions of strategic importance to the Group.

- Consequences of long term decisions
- Interests of employees
- Fostering the company's business relationships with suppliers
- Impact of the Company's operations on the community and environment
- Maintaining a reputation for high standards of business conduct
- Acting fairly between members

STRATEGIC REPORT (continued)

Stakeholder and their importance	How we engage
Our investors We rely on the support and engagement of our investors as an essential part of the future of our business	An active and ongoing investor engagement programme. As a publicly listed firm, this was managed through Annual General meetings, announcements, face-to-face meetings and presentations to the market. The Board also received regular analyst and broker presentations incorporating shareholder feedback. Towards the start of 2021, the Board of John Laing Group plc were made aware of a possible offer by Aqueduct Bidco Limited ("Bidco"), a newly formed company owned by funds advised by Kohlberg Kravis Roberts & Co. L.P ("KKR"), for the entire issued ordinary share capital of the Company. Following share price movement, on 6 May 2021 the Company made a formal announcement that it was in discussions with KKR regarding this possible offer and at the same time it communicated by email and letter to its shareholders. The Company's Board had a number of phone conversations with major shareholders discussing the offer. On 19 May 2021, the Company issued a 2.7 Announcement to announce that the boards of the Company and Bidco had reached agreement on the terms of a recommended cash acquisition of the Company by Bidco. In the announcement, the Company provided to shareholders an overview of the transaction, including the timetable and conditions, as well as the basis for its recommendation. On 11 June 2021, the Company announced to shareholders the publication of the Scheme Document that contained the full terms and conditions of the Acquisition. Throughout the transaction, the Board of the Company met on a number of occasions to discuss the offer and were advised by an expert third party before it arrived at its recommendation. As a private company (from September 2021) with a build, buy and hold strategy there has been a strong engagement with our new shareholder around our strategy, to accelerate the growth, development capacity and assets of John Laing and create opportunities for our employees and broader stakeholders.
Our people Our employees are at the centre of our business strategy, and essential to its delivery and success	With the ongoing COVID-19 pandemic we have retained a flexible working routine to adapt to the changes in regulations and requirements across all our operations and maintained the monthly employee calls to share a more 'in person' discussion between leadership and our teams. We also hold a series of informal meetings between the CEO and small groups of employees. With our change of ownership structure in 2021, we worked closely with our shareholder to ensure that our legacy pension schemes and obligations were funded. At the same time as the Board communicated to its shareholders as described above, the Company communicated by email to its employees and to the Group's pension scheme trustees.
Our partners Our relationships with partners are a key element of our success.	At the early stages of supporting asset investment plans, we work with our partners to manage the risks to all stakeholders, and this helps us in scoping projects for long-term value creation.

We rely on their expertise to bring knowledge and experience in specialist areas which complement our strengths to deliver the best solutions for our infrastructure assets. These relationships will be critical as we grow into new areas such as adjacent greenfield projects, where many of our existing partners already have significant experience.	As members of key sector associations, including the Global Infrastructure Investors Association (GIIA), we also seek to collaborate with partners and peers. In 2021, this included presentations at several sector events to share experiences on how to address common challenges for the sector in delivering resilient infrastructure. Through our team of Asset Management, we collaborate with our partners on initiatives to improve project resilience and manage impacts on communities and the environment. With the ongoing COVID-19 pandemic, this has remained a key topic of engagement to ensure the safety of our teams and relevant stakeholders. The Board receives regular reports from members of the senior team and presentations regarding any new proposals.
Our communities Our investments are providing essential infrastructure solutions which aim to improve the lives of communities around the world and have a positive impact.	The ongoing pandemic has showed the key role of resilient infrastructure in supporting communities and our teams have maintained their engagement with communities around assets to provide support and manage any disruption. Communities are key users and customers of our assets and form a key part of the considerations that we seek to incorporate in early planning with our partners as well as being part of solutions to support ongoing asset improvement during our stewardship. Our increased investment into digital infrastructure, such as the Glasfaser Direkt fibre-to-the-home business, reflects the growing need for online connectivity to enable a number of other community services as well as engagement.
Governments As investors in multiple public-private partnerships, our relationships with governments are vital to ensure projects achieve their objectives whilst delivering value for money. Governments are also key regulators of the industries in which we operate.	We regularly meet stakeholders across all levels of government, including federal, state and local authorities. In 2021, through our Board membership role at the Association for the Improvement of American Infrastructure (AIAI), we spoke at several key national conferences to encourage greater understanding of public private partnerships in North America. Where pandemic conditions have permitted, we have hosted and spoken at a number of industry events represented by the public sector, including global infrastructure events in UK, Europe and North America. We worked with particular governments in relation to the delivery and / or operation of our existing project portfolio as well as in relation to new bidding opportunities. In Australia, we have been instrumental in the establishment of the Clean Energy Investor Group, ensuring that private investment is considered as part of the redesign of the energy system and policy.

GOING CONCERN

The Directors have reviewed the Group's financial projections and cash flow forecasts and believe, based on those projections and forecasts and taking into account expected bidding and investment activity and operational performance, that it is appropriate to prepare the Group financial statements on the going concern basis. In arriving at their conclusion, the Directors took into account the financial resources available to the Group, including from its banking facilities of £375 million committed until March 2025 that were secured in early March 2022.

STRATEGIC REPORT (continued)

The Group expects funding of new investments as well as the Group's operating costs to come from the funds managed by KKR. However, in determining that the Group is a going concern, the Directors have assessed the Group's ability without the support from its parents to meet its debts as they fall due and to operate within its banking facilities and to comply with the financial covenants over a period of at least 12 months from the date of signing of these financial statements.

All committed investments into projects, included those in the AssetCo Group, are either backed by cash or by other instruments and therefore already funded. Investments into project companies are made on a non-recourse basis, which means that providers of debt to such project companies do not have recourse to the Group beyond its investment commitment. The forecast includes cash investments into projects that are not currently funded but that are also not yet committed. Should there be any delay in funding from its parents, the Directors are confident that the Group's available financial resources mean that the Group can continue to fund its fixed operating costs for at least a 12 month period from the date of signing of these financial statements. As well as delaying future investments, the Directors have also considered other mitigating actions that could be undertaken to maintain liquidity, including divestments and reductions in headcount, in order to preserve cash and liquidity.

In determining that the Group is a going concern, certain risks and uncertainties have been considered. This has been carried out by running various sensitivities on the Group's cash flow projections. This includes an extreme downside scenario under which no cash yields are received from the investment portfolio for the next 12 months. Under this scenario, the Group's cash flow projections show that the Group would still have sufficient liquidity to meet its debts as they fall due over a period of at least 12 months from the date of the signing of these financial statements. This provides the Directors with good comfort with regard to more reasonable downside scenarios. The Group has also run a reverse stress test, with no funding from its parent undertakings and no cash yields received from its investment portfolio, to see what level of reduction in investment value reduction would result in the lowest loan-to-value covenant ratio being breached. The reduction of c36% of total investment value is very significant and therefore the Group believes the risk of such a decline to be remote. After making this assessment, the Directors believe that the Group is adequately placed to manage these risks.

EVENTS AFTER THE REPORTING PERIOD

See note 24 to the Group financial statements for details of events after the reporting period.

Approved by the Board of Directors and signed on behalf of the Board

Jamie Christmas
Chief Financial Officer
04 August 2022

DIRECTORS' REPORT

The Directors present their report on the affairs of the Company, together with the audited financial statements and auditor's report, for the year ended 31 December 2021.

Details of events affecting the Company since the financial period end, and indication of likely future developments in the business, details of financial risk management, engagement with employees, suppliers and customers and a statement on going concern have been included in the Strategic report and therefore form part of this Directors' report by reference.

Principal activity

John Laing is an originator, active investor and manager of infrastructure projects internationally. The principal activity of the Company is to act as a holding company of the Group.

The Directors are not aware at the date of this report of any major changes in the Group's activities in the coming year.

Directors

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

Ben Loomes	
Jamie Christmas	(appointed 4 May 2022)
Tara Davies	(appointed 22 September 2021)
Andrew Furze	(appointed 7 June 2022)
Oleg Shamovsky	(appointed 22 September 2021, resigned 31 May 2022)
Rob Memmott	(appointed 6 January 2021, resigned 31 March 2022)
Will Samuel	(resigned 22 September 2021)
Andrea Abt	(resigned 22 September 2021)
Jeremy Beeton	(resigned 22 September 2021)
Leanne Bell	(resigned 22 September 2021)
Philip Keller	(resigned 22 September 2021)
David Rough	(resigned 22 September 2021)
Lisa Stone	(resigned 22 September 2021)
Anne Wade	(resigned 31 January 2021)

Results and dividends

The results for the year are set out on page 20.

During the year, the Company paid dividends of £39 million (2020: £47 million). The Directors do not propose a final dividend for 2021 (2020: £nil).

Financial risk management

Information relating to the principal risks and uncertainties of the Group has been included within the Strategic report. Further information relating to certain financial risks of the Group has been included in note 17.

Ownership

At 31 December 2021, the Group's ultimate controlling entity is KKR, a company incorporated in the United States of America, that manages and advises funds that ultimately hold the beneficial interest in the Group.

Qualifying third party indemnity provisions

The Directors of the Company benefit from qualifying third party indemnity provisions provided by the Company or by entities associated with the Company's parent undertakings.

DIRECTORS' REPORT (continued)

Directors' insurance

The Company's Directors are covered by insurance policies entered into by the Company or by entities associated to its parent undertakings that insure them against liability arising from negligence, breach of duty and breach of trust in relation to the Company.

Future developments

The Group seeks to benefit from further value growth and income from the investments in its portfolio, including from divestment opportunities.

Events after balance sheet date

For details of events after the balance sheet date, see note 24 to the Group financial statements.

Statement of disclosure of information to the 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

Auditor

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

This report was approved by the board of directors on 04 August 2022 and signed on its behalf by:

Jamie Christmas
Chief Financial Officer
04 August 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

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 Group financial statements in accordance with United Kingdom adopted International Financial Reporting Standards ("IFRS") and the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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;
- for the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006
- for the parent Company financial statements, 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 Group and Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

This responsibility statement was approved by the Board of directors on 04 August 2022 and is signed on its behalf by:

Jamie Christmas
Chief Financial Officer
04 August 2022

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of John Laing Group Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of John Laing Group Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted International Financial Reporting Standards (IFRSs);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group income statement;
- the Group statement of comprehensive income;
- the Group and parent company balance sheets;
- the Group and parent company statements of changes in equity;
- the Group cash flow statement; and
- the related notes 1 to 25 of the Group financial statements and the related notes 1 to 10 of the Company financial statements.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, and United Kingdom adopted IFRSs. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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 Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT (continued)

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation.

INDEPENDENT AUDITOR'S REPORT (continued)

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included General Data Protection Regulation (GDPR), anti-bribery legislation and anti-money laundering regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and pensions, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud to be in the determination of the discount rate utilised in the determination of the fair value of investments, and our specific procedures performed to address it are described below:

- We obtained an understanding of the relevant controls in the valuation process.
- We met with the regional directors to enhance our knowledge of the portfolio and to assist in our ability to identify specific assumptions or risks for certain assets.
- We involved our local valuation experts in the US, Australia, Columbia and Europe to provide us with their views on the local market and assess the reasonableness of Management's discount rates on a sample of asset.
- We benchmarked Management's discount rates against external market data, as well as retrospectively reviewing the discount rate used in respect of the Group's disposals in the current and previous periods. We also compared the discount rates on key assets to each other to ensure that we understood why the discount rates applied to projects differ.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters 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 group and of the parent company and their 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

INDEPENDENT AUDITOR'S REPORT (continued)

- 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.
Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jacqueline Holden

Jacqueline Holden FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
04 August 2022

GROUP INCOME STATEMENT

for the year ended 31 December 2021

	Notes	**Year ended 31 December 2021 £ million**	Year ended 31 December 2020 £ million
Net gain on investments at fair value through profit or loss	12	**305**	16
Other income	7	**12**	9
Operating income	5	**317**	25
Administrative expenses		**(86)**	(78)
Profit/(loss) from operations	8	**231**	(53)
Finance costs	10	**(5)**	(12)
Profit/(loss) before tax		**226**	(65)
Tax (charge)/credit	11	**-**	(1)
Profit/(loss) for the year attributable to the shareholders of the Company		**226**	(66)

All results are from continuing operations and are attributable to the ordinary equity holder.

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Note	**Year ended 31 December 2021 £ million**	Year ended 31 December 2020 £ million
Profit/(loss) for the year		**226**	(66)
Remeasurement loss on retirement benefit obligations	18	**(8)**	(17)
Other comprehensive expense for the year		**(8)**	(17)
Total comprehensive income/(loss) for the year		**218**	(83)

The remeasurement loss on retirement benefit obligations will not be subsequently reclassified to the Group Income Statement.

GROUP BALANCE SHEET

as at 31 December 2021

	Notes	**31 December 2021 £ million**	31 December 2020 £ million
Non-current assets			
Right-of-use assets		**4**	5
Plant and equipment		**1**	1
Investments at fair value through profit or loss	12	**1,519**	1,663
Retirement benefit asset	18	**210**	19
		1,734	1,688
Current assets			
Trade and other receivables	13	**3**	7
Cash and cash equivalents		**4**	5
		7	12
Total assets		**1,741**	1,700
Current liabilities			
Borrowings	15	**-**	(136)
Trade and other payables	14	**(18)**	(20)
		(18)	(156)
Net current *liabilities*		**(11)**	(144)
Non-current liabilities			
Retirement benefit obligations	18	**(6)**	(8)
Finance lease liabilities		**(4)**	(5)
Provisions		**(2)**	(2)
		(12)	(15)
Total liabilities		**(30)**	(171)
Net assets		**1,711**	1,529
Equity			
Share capital	19	**49**	49
Share premium		**416**	416
Other reserves		**-**	1
Retained earnings		**1,246**	1,063
Equity attributable to the shareholder of the Company		**1,711**	1,529

The financial statements of John Laing Group Limited, registered number 05975300, were approved by the Board of Directors and authorised for issue on 04 August 2022. They were signed on its behalf by:

Jamie Christmas
Chief Financial Officer
04 August 2022

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Notes	Share capital £ million	Share premium £ million	Other reserves £ million	Retained earnings £ million	Total equity £ million
Balance at 1 January 2020		49	416	2	1,191	1,658
Loss for the year		–	–	–	(66)	(66)
Other comprehensive expense for the year		–	–	–	(17)	(17)
Total comprehensive loss for the year		–	–	–	(83)	(83)
Share-based incentives	6	–	–	1	–	1
Vesting of share-based incentives	6	–	–	(2)	2	–
Dividends paid		–	–	–	(47)	(47)
Balance at 31 December 2020		49	416	1	1,063	1,529

for the year ended 31 December 2021

	Notes	**Share capital *£ million***	**Share premium *£ million***	**Other reserves *£ million***	**Retained earnings *£ million***	**Total equity *£ million***
Balance at 1 January 2021		**49**	**416**	**1**	**1,063**	**1,529**
Profit for the year		**–**	**–**	**–**	**226**	**226**
Other comprehensive expense for the year		**–**	**–**	**–**	**(8)**	**(8)**
Total comprehensive profit for the year		**–**	**–**	**–**	**218**	**218**
Share-based incentives	6	**–**	**–**	**3**	**–**	**3**
Vesting of share-based incentives	6	**–**	**–**	**(4)**	**4**	**–**
Dividends paid		**–**	**–**	**–**	**(39)**	**(39)**
Balance at 31 December 2021		**49**	**416**	**–**	**1,246**	**1,711**

CASH FLOW STATEMENT

as at 31 December 2021

	Notes	**Year ended 31 December 2021 £ million**	Year ended 31 December 2020 £ million
Net cash outflow from operating activities	20	**(269)**	(87)
Investing activities			
Net cash transferred from investments at fair value through profit or loss	12	**449**	250
Purchase of plant and equipment		**-**	(1)
Net cash inflow from investing activities		**449**	249
Financing activities			
Dividends paid		**(39)**	(47)
Finance costs paid		**(4)**	(11)
Proceeds from borrowings		**54**	310
Repayment of borrowings		**(192)**	(411)
Net cash used in financing activities		**(181)**	(159)
Net (decrease)/increase in cash and cash equivalents		**(1)**	3
Cash and cash equivalents at beginning of the year		**5**	2
Cash and cash equivalents at end of the year		**4**	5

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2021

1. General information

The results of John Laing Group Limited (the "Company" or the "Group") are stated according to the basis of preparation described in note 3 below. The Company is a private company, limited by shares, incorporated in England and Wales and the registered office of the Company is 1 Kingsway, London WC2B 6AN. The principal activity of the Company is the origination, investment in and management of international infrastructure projects.

2. Adoption of new and revised standards

New and amended IFRS that are effective for the current year

In 2021, the Group adopted a number of amendments to IFRS and interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2021 (and have been endorsed for use within the UK).

- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)

These amendments do not have an impact on the financial statements of the Group.

New standards, interpretations and amendments not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised standards that have been issued but are not yet effective and, in some cases, had not yet been adopted by the UK:

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)
- References to Conceptual Framework (Amendments to IFRS 3)

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The Directors do not expect that the adoption of the standards or amendments listed above will have a material impact on the financial statements of the Group in future periods.

3. Significant accounting policies

a) Basis of preparation

The Group financial statements have been prepared in accordance with IFRS as adopted by the United Kingdom and are presented in pounds Sterling and are rounded to the nearest million.

The Group financial statements have been prepared on the historical cost basis except for the revaluation of the investment portfolio and other financial instruments that are measured at fair value at the end of each reporting period. The Company has concluded that it meets the definition of an investment entity as set out in IFRS 10 Consolidated Financial Statements, paragraph 27 on the following basis:

(i) as an entity ultimately owned by open ended funds, the Company is owned by a number of investors;
(ii) the Company holds a substantial portfolio of investments in project companies through its investment in John Laing Holdco Limited and intermediate holding companies. The underlying projects have a finite life and the Company has an exit strategy for its investments which is either to hold them to maturity or, if appropriate, to divest them. Investments in project companies take the form of equity and/or subordinated debt;
(iii) the Group's business model is to originate, invest in, and actively manage infrastructure assets. It invests in infrastructure projects and aims to deliver predictable returns and consistent growth from its investment portfolio. The underlying project companies have businesses and activities that the Group is not directly involved in. The Group's returns from the provision of management services are typically small in comparison to the Group's overall investment-based returns; and
(iv) the Group measures its investments on a fair value basis. Information on the fair value of investments forms part of monthly management reports reviewed by the Company's Board of Directors, who are considered to be the Group's key management personnel.

Although the Group has a net defined benefit pension surplus, IFRS 10 does not exclude companies with non-investment related balances from qualifying as investment entities.

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

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

Unconsolidated project company subsidiaries are part of the non-recourse business. Based on arrangements in place with those subsidiaries, the Group has concluded that there are no:

a) significant restrictions (resulting from borrowing arrangements, regulatory requirements or contractual arrangements) on the ability of an unconsolidated subsidiary to transfer funds to the Group in the form of cash dividends or to repay loans or advances made to the unconsolidated subsidiary by the Group; and
b) current commitments or intentions to provide financial or other support to an unconsolidated subsidiary, including commitments or intentions to assist the subsidiary in obtaining financial support, beyond the Group's original investment commitment.

Transactions and balances receivable or payable between recourse subsidiary entities held at fair value and those that are consolidated are eliminated in the Group financial statements. Transactions and balances receivable or payable between non-recourse project companies held at fair value and recourse entities that are consolidated are not eliminated in the Group financial statements.

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

3. Significant accounting policies (continued)

b) Going concern

The Directors have reviewed the Group's financial projections and cash flow forecasts and believe, based on those projections and forecasts and taking into account expected bidding and investment activity and operational performance, that it is appropriate to prepare the Group financial statements on the going concern basis. In arriving at their conclusion, the Directors took into account the financial resources available to the Group, including from its banking facilities of £375 million committed until March 2025 that were secured in early March 2022.
The Group expects funding of new investments as well as the Group's operating costs to come from the funds managed by KKR. However, in determining that the Group is a going concern, the Directors have assessed the Group's ability without the support from its parents to meet its debts as they fall due and to operate within its banking facilities and to comply with the financial covenants over a period of at least 12 months from the date of signing of these financial statements.

All committed investments into projects, including those in the AssetCo Group, are either backed by cash or by other instruments and therefore already funded. Investments into project companies are made on a non-recourse basis, which means that providers of debt to such project companies do not have recourse to the Group beyond its investment commitment. The forecast includes cash investments into projects that are not currently funded but that are also not yet committed. Should there be any delay in funding from its parents, the Directors are confident that the Group's available financial resources mean that the Group can continue to fund its fixed operating costs for at least a 12 month period from the date of signing of these financial statements. As well as delaying future investments, the Directors have also considered other mitigating actions that could be undertaken to maintain liquidity, including divestments and reductions in headcount, in order to preserve cash and liquidity.

In determining that the Group is a going concern, certain risks and uncertainties have been considered. This has been carried out by running various sensitivities on the Group's cash flow projections. This includes an extreme downside scenario under which no cash yields are received from the investment portfolio for the next 12 months. Under this scenario, the Group's cash flow projections show that the Group would still have sufficient liquidity to meet its debts as they fall due over a period of at least 12 months from the date of the signing of these financial statements. This provides the Directors with good comfort with regard to more reasonable downside scenarios. The Group has also run a reverse stress test, with no funding from its parent undertakings and no cash yields received from its investment portfolio, to see what level of reduction in investment value reduction would result in the lowest loan-to-value covenant ratio being breached. The reduction of c36% of total investment value is very significant and therefore the Group believes the risk of such a decline to be remote. After making this assessment, the Directors believe that the Group is adequately placed to manage these risks.

c) Revenue

The key accounting policies for the Group's material revenue streams are as follows:

(i) Dividend income

Dividend income from investments at FVTPL is recognised when the shareholder's rights to receive payment have 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.

(ii) Net gain on investments at FVTPL

Refer to accounting policy e)(i) for further detail.

(iii) Revenue from contracts with customers

Fees from asset management services

Fees from asset management services comprise fees for providing services under management services agreements to certain projects in which the Group and other parties invest. These fees are earned under contracts that have a single performance obligation which is to deliver management services to the customer. Revenue is recognised in accordance with the contract to the extent the performance obligation is met which is considered to be over time as the services are provided.

3. Significant accounting policies (continued)

Recovery of bid costs

The recovery of costs incurred in respect of bidding for new primary investments is recognised when the relevant performance obligation has been met. This can be when a contract to recover costs is entered into with either the entity procuring the project or the project company, typically at financial close, or in certain jurisdictions, when a compliant bid has been submitted.

Revenue from contracts with customers excludes VAT and the value of intra-group transactions between recourse subsidiaries held at FVTPL and those that are consolidated.

d) Dividend payments

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

e) Financial instruments

Financial assets and financial liabilities are recognised in the Group Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

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

(i) Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at FVTPL.

3. Significant accounting policies (continued)

The financial assets that the Group holds are classified as follows:

- Investments at FVTPL are measured subsequently at FVTPL.

Investments at FVTPL comprise the Group's investment in John Laing Holdco Limited (through which the Group indirectly holds its investments in projects) which is valued based on the fair value of investments in project companies and other assets and liabilities of investment entity subsidiaries. Investments in project companies are recognised as financial assets at FVTPL. Subsequent to initial recognition, investments in project companies are measured on a combined basis at fair value principally using a discounted cash flow methodology.

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

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

- Trade and other receivables and cash and cash equivalents are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

- Cash and cash equivalents in the Group Balance Sheet comprise cash at bank and in hand and short-term deposits with original maturities of three months or less. For the purposes of the Group Cash Flow Statement, cash and cash equivalents comprise cash and short-term deposits as defined above but exclude bank overdrafts unless there is a right to offset against corresponding cash balances.

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

(ii) Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group's financial assets classified as trade and other receivables at 31 December 2021 were only £3 million, or 0.2% of the Group's net assets, and therefore any credit risk in relation to the impairment of trade and other receivables is considered to be immaterial.

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. Significant accounting policies (continued)

(iv) Financial liabilities and equity
Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

The Group's financial liabilities, which comprise interest-bearing loans and borrowings and trade and other payables, are all measured at amortised cost using the effective interest method.

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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

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

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(v) Derivative financial instruments
The Group treats forward foreign exchange contracts and currency swap deals it enters into as derivative financial instruments at FVTPL. All the Group's derivative financial instruments are held by subsidiaries which are recorded at FVTPL and consequently the fair value of derivatives is incorporated into investments held at FVTPL. The Group does not apply hedge accounting to its derivative financial instruments.

f) Provisions
Provisions are recognised when:

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

3. Significant accounting policies (continued)

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

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 on a straight-line basis over the remaining facility term.

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

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

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

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

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

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

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

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

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

3. Significant accounting policies (continued)

the year in which they occur and are presented in the Group Statement of Comprehensive Income. Curtailment gains arising from changes to members' benefits are recognised in full in the Group Income Statement.

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

Net interest expense or income is recognised within finance costs.

k) Leases
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (being those assets with a value less than £5,000). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the Group Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

3. Significant accounting policies (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.
The right-of-use assets are presented as a separate line in the Group Balance Sheet.
The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

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

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

m) Employee benefit trust
In June 2015, the Group established the John Laing Group Employee Benefit Trust (EBT) as described further in note 6. The Group is deemed to have control of the EBT and it is therefore treated as a subsidiary and consolidated for the purposes of the accounts. Any investment by the EBT in the Company's shares is deducted from equity in the Group Balance Sheet as if such shares were treasury shares as defined by IFRS. Other assets and liabilities of the EBT are recognised as assets and liabilities of the Group.

Following the vesting and exercising of all outstanding share awards prior to the acquisition of the Company in September 2021 and subsequent delisting, the EBT was terminated in February 2022.

4. Critical accounting judgements and key sources of estimation uncertainty

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

Fair value of investments
Critical accounting judgements in applying the Group's accounting policies
The Group has concluded that it meets the definition of an investment entity as set out in IFRS 10 Consolidated Financial Statements, paragraph 27 on the basis as described in note 3a). Accordingly, the Group accounts for its investment in John Laing Holdco Limited as an investment at FVTPL.

Key sources of estimation uncertainty
The Company measures its investment in John Laing Holdco Limited at fair value. The key source of estimation uncertainty is how the investment in John Laing Holdco Limited is fair valued. Fair value is determined based on the fair value of investments in project companies (the Group's investment portfolio and the investment portfolio held by the group headed by John Laing Investments Limited, which the Group now holds a 50% interest in) and other assets and liabilities of investment entity subsidiaries and in the John Laing Investment Limited group. A full valuation of the Group's and John Laing Investments Limited's investment portfolios are prepared on a consistent, discounted cash flow basis, at 30 June and 31 December. 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 a risk premium is added to reflect the additional risk during the construction phase. The construction risk premium reduces 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 assumes that forecast cash flows are received until maturity of the underlying assets. The cash flows on which the discounted cash flow valuation is based are those forecast to be distributable to the Group at each balance sheet date, derived from detailed project financial models.

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

These incorporate a number of assumptions with respect to individual assets, including: dates for construction completion (where relevant); 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.

A key source of estimation uncertainty in valuing the investment portfolio is the discount rate applied to forecast project cash flows.. The discount rates applied to investments at 31 December 2021, including investments in the portfolio of John Laing Investments Limited, were in the range of 5.5% to 10.6% (31 December 2020: 6.5% to 11.9%). Note 17 provides details of the weighted average discount rate applied to the investment portfolios as a whole and sensitivities to the investment portfolio value from changes in discount rates.

The key sources of estimation uncertainty present in the cash flows to be received from investments are the forecasts of future energy prices and energy yields impacting all renewable energy projects and forecasts for long-term inflation across the whole portfolio. In previous years, marginal loss factors impacting Australian solar generation assets was an additional key source of estimation uncertainty but we have seen less fluctuation in the marginal loss factors over the last two years and the value of assets that these factors impact has reduced significantly and therefore marginal loss factors are no longer considered to be a key source of estimation uncertainty. 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 deviate materially year on year.

During the year ended 31 December 2021, we saw an easing of the market volatility and uncertainty that were brought about by COVID-19 in 2020, and as a result the adverse impact on the valuation from changes in inflation and power prices was significantly reduced. Changes in short-term inflation increased the portfolio value by £15 million (2020: £33 million loss) and changes in power price forecasts resulted in value gains of just £2 million in the year (2020: £101 million loss). As was the case in 2020, there has not been a significant impact from COVID-19 on energy yields from our renewable energy assets, which have maintained strong availability during the period.

Following the end of the year, there have been significant increases in inflation rates and short-term inflation forecasts in some of the key countries in which the Group operates. The majority of the Group's investments are positively correlated to inflation so it would expect this increase in short-term inflation to increase the total value of *its investments. Note 17 provides details of sensitivities on the investment value to movement in inflation. Increase* in energy costs on one UK project, not matched by inflationary increases in revenue, has had an adverse impact on the value of the Group's investment but the investment is less than 1% of the total portfolio value and therefore the impact is insignificant.

Critical accounting judgement made in relation to the fair value of investments
As described above, the Company measures its investment in John Laing Holdco Limited at fair value. An underlying part of this investment is an indirect investment in three solar farm projects through the Group's 50% interest in John Laing Investments Limited. The Directors are aware that the 2018 US tax returns of three lessee entities in the project structures are currently under examination by the Internal Revenue Services (the "IRS") in respect of investment tax credits ("ITCs") previously claimed. To date, a notice of proposed adjustment has been issued by the IRS in respect of one of the entities. A reduction to the investment tax credits claimed could result in a liability arising in the lessee entities to the extent that the loss is not covered by insurance policies taken out by these entities in respect of this risk. This in turn could have an adverse impact on the value of the Group's investment. The Directors have reviewed the matter and taken advice from various advisers with expertise and experience with these matters. The Directors believe that the most likely outcome is that a position in respect of the level of ITCs allowed to be claimed will be reached with the IRS, after a period of negotiation, that would result in a liability to the entities of an amount not materially greater than the maximum amount able to be claimed under the insurance policies. Accordingly at this time the Directors do not believe there will be a material reduction to the value of the Company's investment as a result of this matter.

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

Pension and other post-retirement liability accounting

Critical accounting judgements in applying the Group's accounting policies

The accounting surplus in the Group's defined benefit pension schemes at 31 December 2021 was £210 million (2020: £19 million). In determining the Group's defined benefit pension surplus, consideration is also given to whether there is a minimum funding requirement under IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction which is in excess of the IAS 19 Employee Benefits liability. If the minimum funding requirement was higher, an additional liability would need to be recognised. Under the trust deed and rules of JLPF, the Group has an ultimate unconditional right to any surplus, accordingly the excess of the minimum funding requirement over the IAS 19 Employee Benefits liability has not been recognised as an additional liability.

Key sources of estimation uncertainty

The value of the pension liabilities is highly dependent on key assumptions including price inflation, discount rate and life expectancy. The discount rate is based on yields from high quality corporate bonds. The assumptions applied at 31 December 2021 and the sensitivity of the pension liabilities to certain changes in these assumptions are illustrated in note 18.

The significant volatility in the financial markets during 2020 as a result of the COVID-19 crisis dissipated in 2021. Regardless, a large proportion of the assets of the pension schemes provide hedging against movements in liabilities for changes in discount rates and inflation and, as a result, the impact on the pension surplus from market volatility, including that brought about by COVID-19, is typically not significant.

5. Operating income

The following is a geographic analysis of the Group's operating income for the years ended 31 December 2021 and 31 December 2020. Net gain on investments at fair value through profit or loss is derived from the Company's investment in John Laing Holdco Limited, a company incorporated in the UK, and therefore is analysed as UK income.

	Year ended 31 December 2021					
	UK £ million	**Europe £ million**	**Asia Pacific £ million**	**North America £ million**	**Latin America £ million**	**Total £ million**
Net gain on investments at FVTPL	**305**	–	–	–	–	**305**
Other income	**1**	**1**	**4**	**6**	–	**12**
Operating income	**306**	**1**	**4**	**6**	–	**317**

	Year ended 31 December 2020					
	UK £ million	Europe £ million	Asia Pacific £ million	North America £ million	Latin America £ million	Total £ million
Net gain on investments at FVTPL	16	–	–	–	–	16
Other income	–	2	3	4	–	9
Operating income	16	2	3	4	–	25

6. Share-based incentives

The Group previously operated various share-based incentive arrangements for Executive Directors, senior executives and other eligible employees under which awards were granted over the Company's ordinary shares.

Shortly before the acquisition of the entire issued share capital of the Company in September 2021 and subsequent delisting, all outstanding awards at the time vested and were exercised.

Long-term incentive plan (LTIP)

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

The movement during the year in the number of share awards under the LTIP was as follows:

	Number of share awards under LTIP	
	2021	2020
At 1 January	**3,845,633**	4,262,990
Granted	**2,077,706**	2,008,433
Lapsed	**(2,953,385)**	(1,298,551)
Vested and exercised	**(2,969,954)**	(1,127,239)
At 31 December	**–**	3,845,633

In April 2021, a block of 1,044,058 share awards were granted to the main group of employees under the 2021 LTIP (2020: 1,740,638). The weighted average fair value of the awards was 116.2p per share (2020: 241.0 per share) for the share-based performance condition, determined using the Stochastic valuation model, and 308.8p per share (2020: 293.0p per share) for the non-share based performance condition, determined using the Black Scholes model. The weighted average fair value of these awards granted during the year from both models was 212.5p per share (2020: 267.0p per share). The significant inputs into the model were the share price of 308.8p (2020: 321.0p) at the grant date, expected volatility of 28.6% (2020: 21.54%), an expected award life of three years and an annual risk-free interest rate of 0.09% (2020: 0.10%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over three years. The weighted average exercise price of the awards granted during 2021 was £nil (2020: £nil).

In May 2021, a block of 1,033,698 share awards were granted to a second group of employees under the 2021 LTIP. The weighted average fair value of the awards was 272.6p per share for the share-based performance condition, determined using the Stochastic valuation model, and 401.6p per share for the non-share based performance condition, determined using the Black Scholes model. The weighted average fair value of these awards granted during the year from both models was 337.1p per share. The significant inputs into the model were the share price of 401.6p at the grant date, expected volatility of 32.1%, an expected award life of three years and an annual risk-free interest rate of 0.10%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over three years. The weighted average exercise price of the awards granted during 2021 was £nil.

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

6. Share-based incentives (continued)

In June 2021 and August 2021, 57,385 and 46,250 share awards respectively were granted to two senior executives on starting employment with the Group. Given the relatively small number of these awards and that the share price at the date of grant was similar to the awards granted in May 2021, these awards were assumed to have the same fair values as for those awards granted in May 2021.

The 2018 LTIP award vested in April 2021 with vesting at 50% of the maximum, taking into account the TSR and NAV performance conditions over the performance period, which resulted in 491,559 shares vesting and being exercised. In addition, a further 44,350 shares were issued in lieu of dividends payable since the grant date on the vested shares. 39,742 shares were exercised during the year from previously vested 2017 LTIP awards, with a further 2,975 shares issued in lieu of dividends payable.

In September 2021, prior to the acquisition of the entire share capital of the Company, all outstanding unvested LTIP awards vested. As a result of the agreed vesting outcomes on these awards, 2,365,431 share awards vested and were exercised. In addition, 73,222 shares were issued for previously unexercised vested awards. 52,700 shares were issued in lieu of dividends payable in respect of the share awards that were exercised in September 2021.

During the year ended 31 December 2021, a total of 2,953,385 awards lapsed (2020: 1,298,551), of which 548,439 awards lapsed on the vesting of the 2018 LTIP award (2020: 198,578 on the 2017 LTIP award), a further 250,559 awards lapsed as a result of leavers in the year (2020: 1,099,973) and 2,154,387 awards lapsed on the vesting of the 2019, 2020 and 2021 LTIP awards in September 2021.

Deferred Share Bonus Plan

The Group previously operated a Deferred Share Bonus Plan (DSBP) for Executive Directors and certain senior executives under which the amount of any bonus above 60% of their base salary (or, for Executive Directors, where higher, 60% of maximum bonus potential) was awarded in deferred shares. Awards under the DSBP vested in equal tranches on the first, second and third anniversary of grant, normally subject to continued employment.

The movement during the year in the number of share awards under DSBP was as follows:

	Number of share awards	
	2021	2020
At 1 January	**60,627**	158,865
Lapsed	**(1,281)**	(29,205)
Vested and exercised	**(59,346)**	(69,033)
At 31 December	**–**	60,627

No awards under DSBP were granted in the year ended 31 December 2021 (2020: nil).

During the year ended 31 December 2021, 59,346 shares vested and were exercised under the 2018 DSBP and 2019 DSBP (2020: 69,033 shares vested and were exercised under the 2017 DSBP, 2018 DSBP and 2019 DSBP). A further 4,233 shares were awarded in lieu of dividends payable since the grant date on the vested shares (2020: 3,020).

During the year ended 31 December 2021, a total of 1,281 awards lapsed as a result of leavers in the year (2020: 29,205).

6. Share-based incentives (continued)

Buy-out award

In the year ended 31 December 2021, 86,092 buy-out share awards were granted to a senior executive on joining the Group in the year in compensation for certain awards that were forfeited on leaving their previous employer.

The movement in the number of shares on buy-out awards was as follows:

	Number of share awards	
	2021	2020
At 1 January	**85,125**	40,730
Granted	**86,092**	64,633
Lapsed	**(34,458)**	(3,528)
Vested and exercised	**(136,759)**	(16,710)
At 31 December	–	85,125

During the year ended 31 December 2021, 136,759 shares vested and were exercised (2020: 16,710). A further 2,879 shares were awarded in lieu of dividends payable since the grant date on the vested shares.

During the year ended 31 December 2021, a total of 34,458 awards lapsed as a result of leavers in the year (2020: 3,528).

The total expense recognised in the Group Income Statement for awards granted under share-based incentive arrangements for the year ended 31 December 2021 was £3.4 million (2020: £0.9 million).

Employee Benefit Trust (EBT)

On 19 June 2015, the Company established an EBT to be used as part of the remuneration arrangements for employees. The purpose of the EBT was to facilitate the ownership of shares by or for the benefit of employees through the acquisition and distribution of shares in the Company. The EBT was able to acquire shares in the Company to satisfy obligations under the Company's share-based incentive arrangements. Following the vesting and exercising of all outstanding share awards prior to the acquisition of the Company in September 2021 and subsequent delisting, the EBT was terminated in February 2022.

7. Other income

	Year ended 31 December 2021 £ million	Year ended 31 December 2020 £ million
Fees from asset management services	**10**	9
Recovery of bid costs	**2**	–
Other income	**12**	9

Other income represents revenue from contracts with customers under IFRS 15 Revenue from Contracts with Customers.

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

8. *Profit/(loss) from operations*

	Year ended 31 December 2021 £ million	Year ended 31 December 2020 £ million
Profit/(loss) from operations has been arrived at after charging:		
Fees payable to the Company's auditor and its associates for:		
The audit of the Company and Group financial statements	**(0.5)**	(0.3)
The audit of the annual accounts of the Company's subsidiaries	**(0.1)**	(0.2)
Total audit fees	**(0.6)**	(0.5)
Audit related assurance services	**(0.1)**	(0.1)
Other assurance services	**-**	-
Total non-audit fees	**(0.1)**	(0.1)
Depreciation of plant and equipment and right-of-use asset	**(1.0)**	(1.0)

The fee payable for the audit of the Company and consolidated financial statements was £468,664 (2020: £263,914). The fees payable for the audit of the annual accounts of the Company's subsidiaries were £79,192 (2020: £179,980).

Fees for audit related assurance services comprised £45,500 (2020: £56,123) for a review of a Group interim report. Fees for other assurance services of £30,000 (2020: £nil) were paid for tax compliance services and agreed upon procedures.

Total non-audit fees for 2021 were £75,500 (2020: £56,123).

9. Employee costs and Directors' emoluments

Annual employee numbers (excluding Non-executive Directors):

	31 December 2021		31 December 2020	
	Average in year	**At year end**	Average in year	At year end
Geography				
UK	**71**	**64**	72	70
Overseas	**85**	**82**	92	86
Total	**156**	**146**	164	156

Their aggregate remuneration comprised:

	Year ended 31 December 2021 £ million	Year ended 31 December 2020 £ million
Wages and salaries including bonus	**32**	26
Social security costs	**4**	3
Pension costs	**2**	6
Termination payments	**1**	2
Share based incentives	**3**	1
	42	38

9. Employee costs and Directors' emoluments (continued)

Aggregate directors' remuneration

The total amounts for directors' remuneration in accordance with Schedule 5 to the Accounting Regulations were as follows:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Salaries, fees, bonuses and benefits in kind	**2,836**	1,776
Share awards vesting under long term incentive plans	**2,108**	959
	4,944	2,735

Salaries, fees, bonuses and benefits in kind include allowances paid in lieu of company pension contributions. No post-employment benefits are accruing for directors.

The amount for share awards vesting under long-term incentive plans is based on the number of shares issued at the market price of the shares on the day of vesting and exercise or the price paid for the shares.

Emoluments disclosed include the following amounts paid to the highest paid director:

	Year ended 31 December 2021 £ million	Year ended 31 December 2020 £ million
Salaries, fees, bonuses and benefits in kind	**1,625**	531
Share awards vesting under long term incentive plans	**1,383**	915
	3,008	1,446

10. Finance costs

	Year ended 31 December 2021 £ million	Year ended 31 December 2020 £ million
Finance costs on corporate banking facilities	**4**	12
Amortisation of debt issue costs	**2**	1
Net interest income of retirement obligations (note 18)	**(1)**	(1)
Finance costs	**5**	12

11. Tax (charge)/credit

The tax (charge)/credit for the year comprises:

	Year ended 31 December 2021 £ million	Year ended 31 December 2020 £ million
Current tax:		
UK corporation tax charge – current year	–	–
UK corporation tax (charge)/credit – prior year	–	(1)
Tax (charge)/credit	–	(1)

The tax (charge)/credit for the year can be reconciled to the profit/(loss) in the Group Income Statement as follows:

	Year ended 31 December 2021 £ million	Year ended 31 December 2020 £ million
Profit/(loss) before tax	**226**	(65)
Tax at the UK corporation tax rate	**(43)**	12
Tax effect of expenses and other similar items that are not deductible	**(1)**	(2)
Non-taxable movement on fair value of investments	**58**	3
Adjustment for management charges to fair value group	–	(8)
Tax losses not recognised for deferred tax purposes	**(16)**	(4)
Other movements	**2**	(1)
Prior year – current tax (charge)/credit	–	(1)
Total tax (charge)/credit	–	(1)

For the year ended 31 December 2021, a tax rate of 19% has been applied (2020: 19%). The increase in the UK's main rate of corporation tax from 19% to 25% with effect from 1 April 2023 was substantively enacted on 24 May 2021.

12. Investments at fair value through profit or loss

	31 December 2021		
	Portfolio valuation £ million	**Other assets and liabilities £ million**	**Total investments at FVTPL £ million**
Opening balance	**1,542**	**121**	**1,663**
Cash yield	**(157)**	**157**	**–**
Investment in equity and loans	**146**	**(146)**	**–**
Transfer (see below)	**363**	**(363)**	**–**
Realisations from investment portfolio	**(1,364)**	**1,364**	**–**
Fair value movement	**288**	**17**	**305**
Net cash transferred to the Company	**–**	**(449)**	**(449)**
Closing balance	**818**	**701**	**1,519**

	31 December 2020		
	Portfolio valuation £ million	Other assets and liabilities £ million	Total investments at FVTPL £ million
Opening balance	1,768	129	1,897
Cash yield	(58)	58	–
Investment in equity and loans	103	(103)	–
Realisations from investment portfolio	(292)	292	–
Fair value movement	21	(5)	16
Net cash transferred to the Company	–	(250)	(250)
Closing balance	1,542	121	1,663

Of the fair value movement in the year ended 31 December 2021 of £305 million (2020: £16 million), £nil (2020: £10 million) was received during the year as a dividend from John Laing Holdco Limited.

The portfolio valuation within investments at fair value through profit or loss as shown in the above table is the fair value of the recourse group's investments in non-recourse entities. At 31 December 2020, this comprised investments in project companies and at 31 December 2021 this additionally comprised the recourse group's 50% interest in John Laing Investments Limited, following the sale of half of the Group's interest in John Laing Investments Limited on 6 October 2021.

Other assets and liabilities shown above comprise assets and liabilities of the Company's recourse subsidiary companies other than the investments in non-recourse entities. The transfer of £363 million is the total value of other assets and liabilities in John Laing Investments Limited at the date the Group sold 50% of its interest in John Laing Investments Limited, following which sale, the remaining 50% investment in John Laing Investments Limited is treated as an investment in the Group's investment portfolio.

The portfolio valuation of £818 million at 31 December 2021 comprises investments in project companies held directly by the Group of £66 million and the Group's 50% investment in John Laing Investments Limited of £751 million.

The significant amounts included within other assets and liabilities at 31 December 2021 of £701 million are amounts due of £883 million from two of the Company's parent undertakings to one of the Company's subsidiary undertakings offset by bank borrowings of £217 million in one of the Company's subsidiary undertakings.

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

12. Investments at fair value through profit or loss (continued)

The Group made total cash investments into its portfolio of £146 million during the year. This included £104 million of investments into the portfolio held by the John Laing Investments Limited group prior to the sale of a 50% interest in John Laing Investments Limited on 6 October 2021, comprising £48 million into existing projects, £27 million for acquiring additional interests in existing projects and £29 million for the acquisition of an interest in a PPP road project in Colombia. The Group also made cash investments of £42 million in the portfolio that is held entirely by the Group.

The investment realisations that have occurred in the years ended 31 December 2021 and 2020 are as follows:

Year ended 31 December 2021
During the year ended 31 December 2021, the Group disposed of interests in two PPP and seven renewable energy project companies. These disposals were made by John Laing Investments Limited and John Laing Investments Limited's recourse subsidiaries prior to the Group selling 50% of its interest in John Laing Investments Limited.

Details were as follows:

	Date of completion	Original holding %	Holding disposed of %	Retained holding %
Hornsdale Wind Farm (Phase 1)	March 2021	30.0	30.0	–
Hornsdale Wind Farm (Phase 2)	March 2021	20.0	20.0	–
Hornsdale Wind Farm (Phase 3)	March 2021	20.0	20.0	–
Granville Wind Farm	March 2021	49.8	49.8	–
Kiata Wind Farm	March 2021	72.3	72.3	–
Cherry Tree Wind Farm	March 2021	100.0	100.0	–
New Royal Adelaide Hospital	March 2021	17.26	17.26	–
Glencarbry Wind Farm	June 2021	100.0	100.0	–
IEP East[1]	September 2021	15.0	15.0	–
John Laing Investments Limited	October 2021	100.0	50.0	50.0

Year ended 31 December 2020
During the year ended 31 December 2020, the Group disposed of interests in two PPP and four renewable energy project companies for £292 million.

Details were as follows:

	Date of completion	Original holding %	Holding disposed of %	Retained holding %
Auckland South Corrections Facility	5 May 2020	30.0	30.0	–
Buckthorn Wind Farm	1 April 2020	90.05	90.05	–
Pasilly Wind Farm	11 June 2020	100.0	100.0	–
Sommette Wind Farm	11 June 2020	100.0	100.0	–
St Martin Wind Farm	11 June 2020	100.0	100.0	–
IEP East[1]	26 October 2020	30.0	15.0	15.0

[1] The Group agreed the sale of its 30% interest in IEP East in September 2020. The first stage of the transaction for the sale of a 15% interest completed on 26 October 2020 and the sale of the remaining 15% interest completed in September 2021. At 31 December 2020, the remaining 15% interest was held in the portfolio at the agreed sale price plus interest accruing at 7% per annum from 6 October 2020 and less any cash distributions received from the project.

The Group had agreed the sale of its portfolio of six Australian wind farm projects in October 2020. This sale completed in March 2021. At 31 December 2020, these investments were valued at the agreed sale price.

13. Trade and other receivables

	31 December 2021 £ million	31 December 2020 £ million
Current assets		
Trade receivables	**2**	4
Other taxation	**–**	1
Prepayments and contract assets	**1**	2
	3	7

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

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

	31 December 2021 £ million	31 December 2020 £ million
Sterling	**2**	4
Australian dollar	**–**	1
Other currencies	**1**	2
	3	7

There were no significant overdue balances in trade receivables at 31 December 2021 and 31 December 2020. None of the balances overdue have been impaired as at 31 December 2021 and 31 December 2020.

14. Trade and other payables

	31 December 2021 £ million	31 December 2020 £ million
Current liabilities		
Trade payables	**1**	1
Other taxation and social security	**1**	2
Accruals	**16**	17
	18	20

15. Borrowings

	31 December 2021 £ million	31 December 2020 £ million
Current liabilities		
Interest-bearing loans and borrowings net of unamortised financing costs	**-**	(136)
	-	(136)

16. Financial instruments

a) Financial instruments by category

31 December 2021	Cash and cash equivalents £ million	Receivables at amortised cost £ million	Assets at FVTPL £ million	Financial liabilities at amortised cost £ million	Total £ million
Fair value measurement method	n/a	n/a	Level 3*	n/a	
Non-current assets					
Investments at FVTPL*	–	–	1,519	–	1,519
Current assets					
Trade and other receivables	–	3	–	–	3
Cash and cash equivalents	4	–	–	–	4
Total financial assets	4	3	1,519	–	1,526
Current liabilities					
Trade and other payables	–	–	–	(17)	(17)
Total financial liabilities	–	–	–	(17)	(17)
Net financial instruments	4	3	1,519	(17)	1,509

31 December 2020	Cash and cash equivalents £ million	Receivables at amortised cost £ million	Assets at FVTPL £ million	Financial liabilities at amortised cost £ million	Total £ million
Fair value measurement method	n/a	n/a	Level 3*	n/a	
Non-current assets					
Investments at FVTPL*	–	–	1,663	–	1,663
Current assets					
Trade and other receivables	–	5	–	–	5
Cash and cash equivalents	5	–	–	–	5
Total financial assets	5	5	1,663	–	1,673
Current liabilities					
Interest-bearing loans and borrowings	–	–	–	(136)	(136)
Trade and other payables	–	–	–	(18)	(18)
Total financial liabilities	–	–	–	(154)	(154)
Net financial instruments	5	5	1,663	(154)	1,519

* Investments at FVTPL are fair valued in accordance with the policy and assumptions set out in note 3e). The investments at FVTPL include other assets and liabilities in investment entity subsidiaries as shown in note 12. Such other assets and liabilities are recorded at amortised cost which the Directors believe approximates to their fair value. These assets and liabilities are Level 3.

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs to the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers of financial instruments between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

16. Financial instruments (continued)

Reconciliation of Level 3 fair value measurement of financial assets and liabilities
An analysis of the movement between opening and closing balances of assets at FVTPL is given in note 12. Level 3 financial assets are those relating to investments in project companies.

All items in the above table are measured at amortised cost other than the investments at FVTPL. The Directors believe that the amortised cost of these financial assets and liabilities approximates to their fair value.

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

	31 December 2021			31 December 2020		
Currency	**Floating rate £ million**	**Non-interest bearing £ million**	**Total £ million**	Floating rate £ million	Non-interest bearing £ million	Total £ million
Sterling	**1**	**2**	**3**	1	2	3
Euro	**–**	**–**	**–**	–	1	1
Canadian dollar	**–**	**1**	**1**	–	1	1
US dollar	**–**	**2**	**2**	–	2	2
Saudi Arabian riyal	**–**	**–**	**–**	–	1	1
Australian dollar	**–**	**1**	**1**	–	2	2
Total	**1**	**6**	**7**	1	9	10

(c) Foreign currency and interest rate profile of financial liabilities
The Group's financial liabilities at 31 December 2021 were £17 million (31 December 2020: £154 million), of which £nil (31 December 2020: £136 million) related to short-term cash borrowings of £nil (31 December 2020: £138 million) net of unamortised finance costs of £nil (31 December 2020: £2 million).

	31 December 2021				31 December 2020			
Currency	**Fixed rate £ million**	**Floating rate £ million**	**Non-interest bearing £ million**	**Total £ million**	Fixed rate £ million	Floating rate £ million	Non-interest bearing £ million	Total £ million
Sterling	**–**	**–**	**(13)**	**(13)**	(136)	–	(9)	(145)
Euro	**–**	**–**	**–**	**–**	–	–	(1)	(1)
US dollar	**–**	**–**	**(2)**	**(2)**	–	–	(3)	(3)
Australian dollar	**–**	**–**	**(2)**	**(2)**	–	–	(5)	(5)
Total	**–**	**–**	**(17)**	**(17)**	(136)	–	(18)	(154)

17. 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 or revenue risk (including power price risk and energy yield which impacts the fair value of the Group's investments in renewable energy projects), liquidity risk and capital risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

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

Market risk – foreign currency exchange rate risk

As at 31 December 2021, the Group held investments in 29 overseas projects, including 27 indirectly in the investment portfolio held by John Laing Investments Limited (31 December 2020: 36 overseas projects), all of which are fair valued based on the spot exchange rate at 31 December 2021. The Group's foreign currency exchange rate risk policy is to determine the total Group exposure to individual currencies; it may then enter into hedges against certain individual investments. The Group's exposure to exchange rate risk on its investments is disclosed below.

In addition, the Group's policy on managing foreign currency exchange rate risk is to cover significant transactional exposures arising from receipts and payments in foreign currencies, where appropriate and cost effective. There were no forward currency contracts open as at 31 December 2021 (31 December 2020: 15). The fair value of these contracts at 2020 was a net liability of £2 million, which was included in investments at FVTPL.

At 31 December 2021, the Group's most significant currency exposure was to the US dollar (31 December 2020: US dollar).

Foreign currency exposure of investments at FVTPL:

	31 December 2021			31 December 2020		
	Portfolio valuation £ million	**Other assets and liabilities £ million**	**Total £ million**	Portfolio valuation £ million	Other assets and liabilities £ million	Total £ million
Sterling	**61**	**698**	**759**	233	2	235
Euro	**76**	**–**	**76**	151	1	152
Australian dollar	**183**	**1**	**184**	591	1	592
US dollar	**429**	**2**	**431**	483	117	600
Colombian peso	**61**	**–**	**61**	81	–	81
Canadian dollar	**8**	**–**	**8**	3	–	3
	818	**701**	**1,519**	1,542	121	1,663

The investment in John Laing Investments Limited of £751 million within investments at FVTPL as at 31 December 2021 of £818 million is analysed in the above table based on the foreign currency of the underlying assets and liabilities held by the John Laing Investments Limited group because this is the basis for the fair value ascribed to that investment.

Investments in project companies denominated in foreign currencies within portfolio valuation above, which includes 50% of the John Laing Investments Limited group's investments in project companies, are fair valued based on the spot exchange rate at the balance sheet date. As at 31 December 2021, a 5% movement of each relevant currency against sterling would decrease or increase the value of investments in the portfolio valuation by c.£29 million (2020: c.£57 million). The Group's profit before tax would be impacted by the same amounts. There would be no additional impact on equity.

17. Financial risk management (continued)

Market risk – interest rate risk

The Group's direct exposure to interest rate risk is from 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 direct 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 2021			31 December 2020		
	Interest-bearing floating rate £ million	**Non-interest bearing £ million**	**Total £ million**	Interest-bearing floating rate £ million	Non-interest bearing £ million	Total £ million
Financial assets						
Investments at FVTPL	–	**1,519**	**1,519**	–	1,663	1,663
Trade and other receivables	–	**3**	**3**	–	5	5
Cash and cash equivalents	**1**	**3**	**4**	1	4	5
Financial assets exposed to interest rate risk	**1**	**1,525**	**1,526**	1	1,672	1,673

The Group has indirect exposure to interest rate risk through the fair value of its investments at FVTPL which is determined on a discounted cash flow basis. The key inputs under this basis are (i) the discount rate and (ii) the cash flows forecast to be received from project companies. An analysis of the movement between opening and closing balances of investments at FVTPL is given in note 12.

The forecast cash flows are determined by future project revenue and costs, including interest income and interest costs which can be linked to interest rates. Project companies take out either fixed-rate borrowings or enter into interest rate swaps to fix interest rates on variable rate borrowings which mitigates this risk. The level of interest income in project companies is not significant and therefore the Group does not consider there is a significant risk from a movement in interest rates in this regard.

Movement in market interest rates can also have an impact on discount rates. At 31 December 2021, the weighted average discount rate was 7.7% (31 December 2020: 9.0%). As at 31 December 2021, a 0.25% increase in the discount rate would reduce the fair value by £21 million (31 December 2020: £35 million) and a 0.25% reduction in the discount rate would increase the fair value by £22 million (31 December 2020: £37 million). The Group's profit before tax would be impacted by the same amounts. There would be no additional impact on equity.

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

	31 December 2021				31 December 2020			
	Interest-bearing fixed rate £ million	**Interest-bearing floating rate £ million**	**Non-interest bearing £ million**	**Total £ million**	Interest-bearing fixed rate £ million	Interest-bearing floating rate £ million	Non-interest bearing £ million	Total £ million
Interest-bearing loans and borrowings	–	–	–	–	(136)	–	–	(136)
Trade and other payables	–	–	**(17)**	**(17)**	–	–	(18)	(18)
Total financial liabilities	–	–	**(17)**	**(17)**	(136)	–	(18)	(154)

17. 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. PPP investments are typically positively correlated to inflation, where an increase in inflation expectations will tend to increase their value.

At 31 December 2021, a 0.25% increase in inflation across the entire portfolio at 31 December 2021 is estimated to increase the value by c.£12 million and a 0.25% decrease in inflation is estimated to decrease the value by c.£12 million. Certain of the underlying project companies incorporate some inflation hedging.

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

In order to minimise credit risk, cash investments and derivative transactions are limited to financial institutions of a suitable credit quality and counterparties are carefully screened. The Group's cash balances are invested in line with a policy approved by the Board, capped with regard to counterparty 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 or revenue risk
The Group's investments in PPP assets have limited direct exposure to price or revenue 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 2021, a 5% increase in power price forecasts on all investments in the portfolio subject to power and gas prices with a total value of £119 million is estimated to increase their value by c.£8 million and a 5% decrease in forecast is estimated to decrease the value by c.£9 million.

With regards to energy yield risk on the value of the Group's investments in renewable energy projects of £112 million at 31 December 2021, a 5% increase in the forecast volume of future energy generation would increase the value at 31 December 2021 by c.£19 million, whilst a 5% decrease in forecast volume would decrease the value by c.£21 million.

For all of the above sensitivities on the portfolio value as at 31 December 2021, the Group's profit before tax would be impacted by the same amounts described above. There would be no additional impact on equity.

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.

17. Financial risk management (continued)

Maturity of financial assets

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

	31 December 2021 Less than one year £ million	31 December 2020 Less than one year £ million
Trade and other receivables	**3**	5
Cash and cash equivalents	**4**	5
Financial assets (excluding investments at FVTPL)	**7**	10

None of the financial assets is either overdue or impaired.

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

	31 December 2021 £ million	31 December 2020 £ million
In one year or less, or on demand	**(17)**	(154)
Total	**(17)**	(154)

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 2021			
Fixed interest rate instruments – loans and borrowings	**n/a**	**–**	**–**
Non-interest bearing instruments*	**n/a**	**(17)**	**(17)**
		(17)	**(17)**
31 December 2020			
Fixed interest rate instruments – loans and borrowings	2.03	(136)	(136)
Non-interest bearing instruments*	n/a	(18)	(18)
		(154)	(154)

* Non-interest bearing instruments relate to trade payables and accruals.

17. 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. The Group monitors its net debt, and a reconciliation of net debt can be found in note 21.

At 31 December 2021, the Group had no committed corporate banking facilities. Following the acquisition of the entire issued share capital of the Company in September 2021, the Group's committed banking facilities expired under change of ownership clauses. The Group entered into new banking facilities in March 2022.

In the absence of banking facilities, the Group had cash collateralised a letter of credit of £2 million issued by one of the Group's banks at 31 December 2021 for a performance bond in respect of a PPP investment bidding process the Group was engaged in. A letter of credit issued to project lenders in relation to the Group's investment commitment on the North East Link PPP project in Australia was backed by a letter of credit issued on a banking facility of KKR.

18. Retirement benefit obligations

	31 December 2021 £ million	31 December 2020 £ million
Pension schemes	**210**	19
Post-retirement medical benefits	**(6)**	(8)
	204	11
Classified as:		
Retirement benefit asset	**210**	19
Retirement benefit obligations	**(6)**	(8)

a) Pension schemes

The Group operates two defined benefit pension schemes in the UK (the Schemes) – The John Laing Pension Fund (JLPF) which commenced on 31 May 1957 and The John Laing Pension Plan (the Plan) which commenced on 6 April 1975. JLPF was closed to future accrual from 1 April 2011 and the Plan was closed to future accrual from September 2003. Neither Scheme has any active members, only deferred members and pensioners. The assets of both Schemes are held in separate trustee-administered funds.

UK staff employed since 1 January 2002, who are entitled to retirement benefits, can choose to be members of a defined contribution stakeholder scheme sponsored by the Group in conjunction with Legal and General Assurance Society Limited. Local defined contribution arrangements are available to overseas staff.

JLPF

An actuarial valuation of JLPF was carried out as at 31 March 2019 by a qualified independent actuary, Willis Towers Watson. At that date, JLPF was 92% funded on the technical provision funding basis. This valuation took into account the Continuous Mortality Investigation Bureau (CMI Bureau) projections of mortality.

The Group agreed to repay an actuarial deficit of £100 million as at 31 March 2019 over four years under a schedule of contributions. Under an agreement made with KKR on the acquisition of the Company by funds managed by KKR, this schedule of contributions was replaced by an agreement to pay contributions under a recovery plan of £175 million within 30 days of 22 September 2021 (the "Transaction Date"), £25 million within six months of the Transaction Date and £25 million within 18 months of the Transaction Date. Under this agreement, the Company also agreed to make a cash contribution of £1 million to the Plan within 30 days of the Transaction Date.

18. Retirement benefit obligations (continued)

The next triennial actuarial valuation of JLPF is due as at 31 March 2022 and the valuation process has recently started.

During the year ended 31 December 2021, John Laing made deficit reduction contributions of £202 million (2020: £26 million) in cash, £26 million under the previous schedule of contributions and £176 million under the new schedule of contributions.

The liability at 31 December 2021 allows for indexation of deferred pensions and post 5 April 1988 GMP pension increases based on the Consumer Price Index (CPI).

The Plan
During the year ended 31 December 2021, John Laing made a cash contribution of £1 million (2020: none). At its last actuarial valuation as at 31 March 2020, the Plan had assets of £10.8 million and liabilities of £9.3 million resulting in an actuarial surplus of £1.5 million. The next triennial actuarial valuation of the Plan is as at 31 March 2023.

An analysis of the members of both Schemes is shown below:

31 December 2021	**Deferred**	**Pensioners**	**Total**
JLPF	**3,660**	**3,818**	**7,478**
The Plan	**73**	**240**	**313**

31 December 2020	Deferred	Pensioners	Total
JLPF	3,794	3,816	7,610
The Plan	75	255	330

The financial assumptions used in the valuation of JLPF and the Plan under IAS 19 at 31 December were:

	31 December 2021 %	31 December 2020 %
Discount rate	**1.9**	1.3
Rate of increase in non-GMP pensions in payment	**3.2**	2.7
Rate of increase in non-GMP pensions in deferment	**2.1**	2.1
Inflation – RPI	**3.3**	2.8
Inflation – CPI	**2.4**	2.1

The amount of the JLPF liabilities is highly dependent upon the assumptions above and may vary significantly from period to period. The impact of possible future changes to some of the assumptions is shown below, without taking into account (i) any hedging entered into by JLPF, (ii) inter-relationship between the assumptions. In practice, there would be inter-relationships between the assumptions. The analysis has been prepared in conjunction with the Group's actuarial adviser. The Group considers that the changes below are reasonably possible based on recent experience.

	(Increase)/decrease in pension liabilities at 31 December 2021	
	Increase in assumption £ million	**Decrease in assumption £ million**
0.25% on discount rate	**44**	**(47)**
0.25% on inflation rate	**(33)**	**27**
1 year post-retirement longevity	**(57)**	**56**

18. Retirement benefit obligations (continued)

Mortality

Mortality assumptions at were based on the following tables published by the CMI Bureau:

		2021	2020
Base tables	Plan members	**103%/107% (M/F) S3NA tables**	100% S2NA tables
	JLPF staff members	**103%/107% (M/F) S3NA tables**	103%/107% (M/F) S3NA tables
	JLPF executive members	**83%/109% (M/F) S3NA light tables**	83%/109% (M/F) S3NA light tables
Improvements	All members	**CMI 2018 projections, 1.25% pa long-term improvement rate, initial improvement of A=0% and a smoothing parameter of s=7**	CMI 2018 projections, 1.25% pa long-term improvement rate, initial improvement of A=0% and a smoothing parameter of s=7

The table below summarises the life expectancy implied by the mortality assumptions used:

	31 December 2021 Years	31 December 2020 Years
Life expectancy – of member reaching age 65 in 2021		
Males	**21.8**	21.9
Females	**24.0**	24.0
Life expectancy – of member aged 65 in 2040		
Males	**23.0**	23.2
Females	**25.4**	25.4

Analysis of the major categories of assets held by the Schemes

	31 December 2021		31 December 2020	
	£ million	**%**	£ million	%
Bond and other debt instruments				
UK corporate bonds	**122**		105	
UK government gilts	**173**		70	
UK government gilts – index linked	**491**		323	
Liability matching fund	**121**		203	
	907	**63.1**	701	51.7
Equity instruments				
UK listed equities	**14**		82	
European listed equities	**9**		47	
US listed equities	**32**		189	
Other international listed equities	**15**		108	
Option[1]	**–**		(18)	
	70	**4.9**	408	30.1
Aviva bulk annuity buy-in agreement	**446**	**31.0**	236	17.4
Cash and equivalents	**15**	**1.0**	10	0.8
Total market value of assets	**1,438**	**100.0**	1,355	100.0
Present value of Schemes' liabilities	**(1,228)**		(1,336)	
Net pension asset	**210**		19	

1 During 2020, the JLPF entered into a cap and collar option over 25% of its equity assets which limits losses to 10% and caps gains at 13.5%.

18. Retirement benefit obligations (continued)

Virtually all equity and debt instruments held by JLPF have quoted prices in active markets (Level 1). Equity options can be classified as Level 2 instruments. The JLPF Trustee invests in return-seeking assets, such as equity, whilst balancing the risks of inflation and interest rate movements through the annuity buy-in agreement.

A significant proportion of JLPF's assets are held either as liability-matching holdings (including an Aviva bulk annuity buy-in agreement and index-linked UK government gilts) or to provide hedges against the impact on liabilities from movements in interest rates and inflation (other bonds and gilts). The JLPF Trustee has adopted a long-term asset allocation strategy that has been determined as being most appropriate to meet JLPF's current and future liabilities. JLPF's agreed investment strategy is such that, in combination with an agreed recovery plan, it is expected to reach full funding on a gilts flat basis between 2023 and 2028 ("the Journey Plan"). The Trustee has established a de-risking programme, whereby JLPF's funding level is monitored regularly, and if it moves ahead of the Journey Plan, the Trustee will lock-in the benefit by de-risking the portfolio to target a lower expected return.

In late 2008, the JLPF Trustee entered into a bulk annuity buy-in agreement with Aviva to mitigate JLPF's exposure to changes in liabilities. In the first half of 2021, the JLPF Trustee entered into a second bulk annuity buy-in agreement with Aviva covering c£300 million of pensioner liabilities. At 31 December 2021, the underlying insurance policies were valued at £446 million (31 December 2020: £236 million), being substantially equal to the IAS 19 valuation of the related liabilities.

The pension asset of £210 million at 31 December 2021 (31 December 2020: £19 million) is a surplus under IAS 19 of £207 million in the Fund (31 December 2020: £18 million) and a surplus of £3 million in the Plan (31 December 2020: £1 million).

Analysis of amounts charged to operating profit

	Year ended 31 December 2021 £ million	Year ended 31 December 2020 £ million
Current service cost*	–	–
Past service cost **	–	(3)
Scheme administration expenses	**(4)**	(1)
	(4)	(4)

* The Schemes no longer have any active members and therefore current service costs are £nil.
** In 2020, following a further judgement in the High Court on the Lloyds Banking Group Guaranteed Minimum Pension (GMP) a further £3.0 million non-recurring provision has been made to cover the costs arising from the judgement.

Analysis of amounts charged to finance costs

	Year ended 31 December 2021 £ million	Year ended 31 December 2020 £ million
Interest on Schemes' assets	**18**	26
Interest on Schemes' liabilities	**(17)**	(25)
Net income to finance costs	**1**	1

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

18. Retirement benefit obligations (continued)

Analysis of amounts recognised in Group Statement of Comprehensive Income

	Year ended 31 December 2021 £ million	Year ended 31 December 2020 £ million
(Loss)/return on Schemes' assets (excluding amounts included in interest on Schemes' assets above)	**(81)**	128
Experience loss arising on Schemes' liabilities	**10**	14
Changes in financial assumptions underlying the present value of Schemes' liabilities	**55**	(159)
Changes in demographic assumptions underlying the present value of Schemes' liabilities	**7**	–
Remeasurement loss recognised in Group Statement of Comprehensive Income	**(9)**	(17)

The cumulative loss recognised in the Group Statement of Changes in Equity is £3 million (31 December 2020: £6 million gain).

Changes in present value of defined benefit obligations

	31 December 2021 £ million	31 December 2020 £ million
Opening defined benefit obligation	**(1,336)**	(1,217)
Current service cost	**–**	–
Past service cost	**–**	(3)
Interest cost	**(17)**	(25)
Experience loss arising on Schemes' liabilities	**10**	14
Changes in financial assumptions underlying the present value of Schemes' liabilities	**55**	(159)
Changes in demographic assumptions underlying the present value of Schemes' liabilities	**7**	–
Benefits paid	**53**	54
Closing defined benefit obligation	**(1,228)**	(1,336)

The weighted average life of JLPF liabilities at 31 December 2021 is 15.0 years (31 December 2020: 16.4 years). The weighted average life of the Plan liabilities at 31 December 2021 is 9.1 years (31 December 2020: 9.9 years).

Changes in the fair value of Schemes' assets

	31 December 2021 £ million	31 December 2020 £ million
Opening fair value of Schemes' assets	**1,355**	1,230
Interest on Schemes' assets	**18**	26
Return on Schemes' assets (excluding amounts included in interest on Schemes' assets above)	**(81)**	128
Contributions by employer	**202**	26
Benefits paid (including administrative costs paid)	**(56)**	(55)
Closing fair value of Schemes' assets	**1,438**	1,355

18. Retirement benefit obligations (continued)

Analysis of the movement in the surplus during the year

	31 December 2021 £ million	31 December 2020 £ million
Opening surplus	**19**	13
Current service cost	**–**	–
Past service cost	**–**	(3)
Scheme administration expenses	**(3)**	(1)
Finance income/(cost)	**1**	1
Contributions	**202**	26
Remeasurement loss	**(9)**	(17)
Pension surplus	**210**	19

History of the experience gains and losses

	Year ended 31 December 2021	Year ended 31 December 2020
Difference between actual and expected returns on assets:		
Amount (£ million)	**(81)**	128
% of Schemes' assets	**(5.6)**	9.5
Experience gain on Schemes' liabilities:		
Amount (£ million)	**10**	14
% of present value of Schemes' liabilities	**0.8**	1.1
Total amount recognised in the Group Statement of Comprehensive Income (excluding deferred tax):		
Amount (£ million)	**(9)**	(17)
% of present value of Schemes' liabilities	**0.7**	1.2

b) Post-retirement medical benefits

The Company provides post-retirement medical insurance benefits to 55 former employees. This scheme, which was closed to new members in 1991, is unfunded.

The present value of the future liabilities under this arrangement has been assessed by the Company's actuarial adviser and has been included in the Group Balance Sheet under retirement benefit obligations as follows:

	31 December 2021 £ million	31 December 2020 £ million
Post-retirement medical benefits liability – opening	**(8)**	(7)
Contributions	**1**	–
Changes in financial assumptions underlying the present value of scheme's liabilities*	**1**	(1)
Post-retirement medical liability – closing	**(6)**	(8)

* These amounts are remeasurement gains/(losses) that go through the Group Statement of Comprehensive Income.

The annual rate of increase in the per capita cost of medical benefits was assumed to be 5.3% in 2021 (2020: 4.8%). It is expected to increase in 2021 and thereafter at RPI plus 2.0% per annum (2020: at RPI plus 2.0% per annum).

18. Retirement benefit obligations (continued)

The amount of the medical benefit liability is highly dependent upon the assumptions used and may vary significantly from period to period. The impact of possible future changes to some of the assumptions is shown below. In practice, there would be inter-relationships between the assumptions. The analysis has been prepared in conjunction with the Company's actuarial adviser
The Company considers that the changes below are reasonably possible based on recent experience.

	(Increase)/decrease in medical liabilities at 31 December 2021 before deferred tax	
	Increase in assumption *£ million*	Decrease in assumption *£ million*
1.0% change on medical cost trend inflation rate	**(0.5)**	**0.4**
1 year change in life expectancy	**(0.8)**	**0.7**

19. Share capital

	31 December 2021 No.	31 December 2020 No.
Authorised:		
Ordinary shares of £0.10 each	**496,374,651**	493,250,636
Total	**496,374,651**	493,250,636

	31 December 2021		31 December 2020	
	No.	**£ million**	No.	£ million
Allotted, called up and fully paid:				
At 1 January	**493,101,463**	**49**	491,800,984	49
Issued under LTIP	**2,969,954**		1,127,239	
Issued under LTIP – granted in lieu of dividends payable	**100,017**		84,318	
Issued under DSBP	**59,346**		69,033	
Issued under DSBP – granted in lieu of dividends payable	**4,233**		3,020	
Issued under buy-out awards	**136,759**		16,710	
Issued under buy-out awards – granted in lieu of dividends payable	**2,879**		159	
Issued under share-based incentive arrangements – total	**3,273,188**	**–**	1,300,479	–
Shares in issue	**496,374,651**	**49**	493,101,463	49
Retained by EBT	**–**	**–**	149,173	–
At 31 December	**496,374,651**	**49**	493,250,636	49

During the year ended 31 December 2021, 3,124,015 shares were issued to the EBT which together with the 149,173 shares held by the EBT at 31 December 2020 were used to satisfy awards vesting under share-based incentive arrangements in the period (see note 6). 3,069,971 (2020: 1,211,557) shares were used to satisfy awards vested and exercised under the Group's LTIP, 63,579 (2020: 72,053) shares were used to satisfy awards vested and exercised under the Group's DSBP and 139,638 (2020: 16,869) were used to satisfy awards vested and exercised under buy-out awards leaving the EBT holding no shares following the acquisition of the Company in September 2021.

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

20. Net cash outflow from operating activities

	Year ended 31 December 2021 £ million	Year ended 31 December 2020 £ million
Profit/(loss) from operations	**231**	(53)
Adjustments for:		
Unrealised profit arising on changes in fair value of investments (note 12)	**(305)**	(16)
Share-based incentives	**3**	1
IAS 19 scheme administration expenses	**3**	4
Cash contributions to pension schemes	**(202)**	(27)
Depreciation	**1**	1
Operating cash outflow before movements in working capital	**(269)**	(90)
Decrease/(increase) in trade and other receivables	**3**	(1)
(Decrease)/increase in trade and other payables	**(3)**	4
Net cash outflow from operating activities	**(269)**	(87)

21. Reconciliation of net debt

	At 1 January 2021 £ million	Cash movements £ million	Non-cash movements £ million	At 31 December 2021 £ million
Cash and cash equivalents	5	(1)	–	**4**
Borrowings	(136)	138	(2)	**–**
Net debt	(131)	137	(2)	**4**

	At 1 January 2020 £ million	Cash movements £ million	Non-cash movements £ million	At 31 December 2020 £ million
Cash and cash equivalents	2	3	–	5
Borrowings	(236)	101	(1)	(136)
Net debt	(234)	104	(1)	(131)

The cash movements from borrowings make up the net amount of proceeds from borrowings and repayment of borrowings in the Group Cash Flow Statement.

22. Guarantees and other commitments

At 31 December 2021, the Group had future investment commitments in projects of £42 million (31 December 2020: £163 million) backed by letters of credit and guarantees of £42 million (31 December 2020: £55 million) and cash collateral of £nil million (31 December 2020: £108 million). The letter of credit issued at 31 December 2021 was from a banking facility of KKR available for the use of the funds that owns the Company.

There were also contingent commitments, performance and bid bonds at 31 December 2021 of £2 million (31 December 2020: £2 million) that was backed by cash collateral.

Claims arise in the normal course of trading which in some cases involve or may involve litigation. Full provision has been made for all amounts which the Directors consider are likely to become payable on account of such claims.

22. Guarantees and other commitments (continued)

Subsidiary audit exemption
The following UK subsidiary undertakings are exempt from the requirements of the Companies Act 2006 (the Act) relating to the audit of individual accounts by virtue of section 479A of the Act.

Name	Company number
John Laing Holdco Ltd	05935957
Aqueduct Newco 1 Ltd	13355390
Aqueduct Newco 2 Ltd	13355430
John Laing Investments Holding Ltd	07515823
John Laing (USA) Ltd	05276774
Laing Investment Company Ltd	02916386
Laing Investment Management Services Ltd	03600959
Laing Investments Management Services (Canada) Ltd	04367624
Laing Investments Management Services (Germany) Ltd	10423727
Laing Investments Management Services (Spain) Ltd	11134290
Laing Investments Management Services (Colombia) Ltd	11338363
Laing Investments Management Services (Netherlands) Ltd	06799107
Laing Investments Management Services (New Zealand) Ltd	08337154
Laing Investments Management Services (Israel) Ltd	11838991
John Laing Projects & Developments Ltd	04420886
John Laing Projects & Developments (Holdings) Ltd	04252518
Laing Property Holdings Ltd	00806760
Laing Property Ltd	04058446

John Laing Group Limited will guarantee all outstanding liabilities that these subsidiaries are subject to as at the financial year end 31 December 2021 in accordance with section 479C of the Companies Act 2006 as amended by the Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Changes of Accounting Framework) Regulations 2012.

23. Transactions with related parties

Details of transactions between the Group and its related parties are disclosed below.

Transactions with non-recourse entities
The Group entered into the following trading transactions with non-recourse project companies in which the Group holds interests:

	31 December 2021 £ million	31 December 2020 £ million
For the year ended:		
Services income*	**8**	7
Balances as at:		
Amounts owed by project companies	**–**	1

* Services income is generated from project companies through management services agreements and recoveries of bid costs on financial close.

23. Transactions with related parties (continued)

Transactions with recourse subsidiary entities held at FVTPL

The Group had the following transactions and balances with recourse subsidiary entities held at FVTPL that are eliminated in the Group financial statements:

	31 December 2021 £ million	31 December 2020 £ million
For the year ended:		
Management charge payable to the Group by recourse subsidiary entities held at FVTPL[1]	–	45
Net interest receivable from the Group from recourse subsidiary entities held at FVTPL	**3**	2
Net cash transferred from investments at FVTPL (note 1?)	**449**	250
Balances as at:		
Net amounts owed to the Group by recourse subsidiary entities held at FVTPL	**36**	132

[1] For 2020, a group management charge was paid by John Laing Investments Limited to Service Companies that are subsidiaries of the Company (see 'Basis of preparation' in note 3 to the Group financial statements). Following the sale of 50% of the interest in John Laing Investments Limited, the group management charge for 2021 was made from these Service Companies to the Company and are eliminated on consolidation.

Transactions with other related parties

There were no transactions with other related parties during the years ended 31 December 2021 and 31 December 2020.

Remuneration of key management personnel

Remuneration of key management personnel are those made to the directors of the Company. Note 9 details the directors' emoluments received during the financial year. Other than directors, there were no other key management personnel.

24. Events after balance sheet date

In March 2022, the Group secured £375 million of banking facilities for a minimum term of three years. The Company's immediate parent company, Aqueduct Bidco Limited, is the principal entity on the facilities with the Company and five of its subsidiary undertakings as co-borrowers and guarantors.

In January 2022, the Group acquired the entire interest in Brigid UK Investments Limited from Macquarie Bank. This entity holds a 50% share of Brigid UK Holdings Limited with the other 50% share already held by the Group. Following this acquisition, the Group now holds the entire interest in the UK-based specialised accommodation platform described in the 'Portfolio activity' section above.

Following the outbreak of the conflict in Ukraine, the Group undertook a review of its operations including key suppliers and other significant relationships to determine if there was any impact from the escalating conflict. The Group has not experienced any significant impact but will continue to monitor the situation as it develops.

25. Ultimate parent undertaking

The Company is an immediate subsidiary undertaking of Aqueduct Bidco Limited whose registered address is 11th Floor, 200 Aldersgate Street, London, England, EC1A 4HD.

The Company is ultimately owned by funds advised and managed by KKR & Co. Inc and there is no ultimate parent undertaking.

The Company considers the ultimate controlling party to be KKR & Co. Inc, incorporated in Delaware, United States of America and registered at 30 Hudson Yards, Suite 7500, New York, New York, 1001, United States of America.

25. Ultimate parent undertaking (continued)

The largest and smallest group in which the results of the Group are included is that headed by Aqueduct Bidco Limited, a company incorporated in the United Kingdom and whose registered address is 11th Floor, 200 Aldersgate Street, London, England, EC1A 4HD.

COMPANY BALANCE SHEET
as at 31 December 2021

	Notes	31 December 2021 £ million	31 December 2020 £ million
Non-current assets			
Investments at fair value through profit or loss	4	**1,484**	1,405
Total non-current assets		**1,484**	1,405
Current assets			
Trade and other receivables	5	**37**	295
Cash and cash equivalents		**1**	2
Total current assets		**38**	297
Total assets		**1,522**	1,702
Current liabilities			
Borrowings	6	**–**	(136)
Trade and other payables	7	**(17)**	(20)
Total current liabilities		**(17)**	(156)
Total liabilities		**(17)**	(156)
Net assets		**1,505**	1,546
Equity			
Share capital	8	**49**	49
Share premium		**416**	416
Other reserves		**–**	1
Retained earnings		**1,040**	1,080
Equity attributable to the shareholder of the Company		**1,505**	1,546

As permitted by Section 408(2) of the Companies Act 2006, the Company's income statement is not presented in these financial statements. The amount of loss after tax of the Company for the year ended 31 December 2021 was £5 million (2020: loss after tax of £95 million).

The financial statements of John Laing Group Limited, registered number 05975300, were approved by the Board of Directors and authorised for issue on 04 August 2022. They were signed on its behalf by:

Jamie Christmas
Chief Financial Officer
04 August 2022

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Share capital £ million	Share premium £ million	Other reserves £ million	Retained earnings £ million	Total equity £ million
Balance at 1 January 2020	49	416	2	1,220	1,687
Loss for the year	–	–	–	(95)	(95)
Total comprehensive loss for the year	–	–	–	(95)	(95)
Share-based incentives	–	–	1	–	1
Vesting of share-based incentives	–	–	(2)	2	–
Dividends paid	–	–	–	(47)	(47)
Balance at 31 December 2020	49	416	1	1,080	1,546

for the year ended 31 December 2021

	Share capital *£ million*	**Share premium** *£ million*	**Other reserves** *£ million*	**Retained earnings** *£ million*	**Total equity** *£ million*
Balance at 1 January 2021	**49**	**416**	**1**	**1,080**	**1,546**
Loss for the year	–	–	–	**(5)**	**(5)**
Total comprehensive loss for the year	–	–	–	**(5)**	**(5)**
Share-based incentives	–	–	**3**	–	**3**
Vesting of share-based incentives	–	–	**(4)**	**4**	–
Dividends paid	–	–	–	**(39)**	**(39)**
Balance at 31 December 2021	**49**	**416**	–	**1,040**	**1,505**

The Company had distributable reserves of £187 million at 31 December 2021 (2020: £319 million) which are sufficient to continue to pay dividends at the current level for the foreseeable future. It also has the ability to increase its distributable reserves through payment of dividends by its subsidiaries.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the year ended 31 December 2021

1 General information

John Laing Group Limited (the "Company") is a limited company incorporated and domiciled in the United Kingdom and registered in England and Wales. The principal activity of the Company is that of a holding company.

The remuneration of the Directors of the Company is shown in note 9 of the Group financial statements.

2 Accounting policies

a) Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS) 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council (FRC). Accordingly, these financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, presentation of a cash flow statement, standards not yet effective and related party transactions with wholly owned members of the Group.

Where relevant, equivalent disclosures have been given in the consolidated group accounts into which the Company is consolidated.

New and amended IFRS that are effective for the current year

Please see note 2 to the Group financial statements for details of the amendments to IFRS that the Company has adopted in 2020. The adoption of these amendments did not have an impact on the financial statements of the Company.

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006, except for investments at fair value through profit or loss (FVTPL) which are stated at fair value.

A summary of the principal accounting policies adopted by the Directors, which have been applied consistently throughout the current and preceding years, is set out below.

Accounting policies for investments, tax, financial instruments and dividend payments are the same as those of the Group and are set out in note 3 to the Group financial statements.

Going concern

For the reasons set out in note 3(b) of the Group financial statements, the Company's financial statements are prepared on a going concern basis.

3 Critical accounting judgements and key sources of estimation uncertainty

The key area of the financial statements where the Company is required to make critical judgements and material accounting estimates is in respect of the fair value of investments held by the Company. The methodology for determining the fair value of investments and the critical accounting judgements and key sources of estimation uncertainty therein are consistent with those for the Group as set out in note 4 to the Group financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2021

4 Investments

	31 December 2021 £ million	31 December 2020 £ million
At 1 January	**1,405**	1,491
Fair value movement of investments at FVTPL	**91**	(86)
Increase in impairment of investments held at cost less impairment	**(12)**	–
At 31 December	**1,484**	1,405
Investments at FVTPL*	**1,481**	1390
Investments at cost less impairment	**3**	15
	1,484	1,405

* Net gain on investments at FVTPL for the year ended 31 December 2021 is £91 million (2020: loss £86 million).

Details of the Company's direct investments and how they are recognised in the accounts are as follows:

Investments	***Treatment***	**2021**	2020
John Laing Holdco Limited	*Fair valued*	**100%**	*100%*
John Laing (USA) Limited	*Cost less impairment*	**100%**	100%
John Laing Projects & Developments Limited	Cost less impairment	**100%**	100%
John Laing Services Limited	Cost less impairment	**100%**	100%
Laing Investments Management Services (Australia) Limited	Cost less impairment	**100%**	100%
Laing Investments Management Services (Canada) Limited	Cost less impairment	**100%**	100%
Laing Investments Management Services (Colombia) Limited	Cost less impairment	**100%**	100%
Laing Investments Management Services (Germany) Limited	Cost less impairment	**100%**	100%
Laing Investments Management Services (Israel) Limited	Cost less impairment	**100%**	100%
Laing Investments Management Services (Netherlands) Limited	Cost less impairment	**100%**	100%
Laing Investments Management Services (New Zealand) Limited	Cost less impairment	**100%**	100%
Laing Investments Management Services (Peru) Limited	Cost less impairment	**100%**	100%
Laing Investments Management Services (Spain) Limited	Cost less impairment	**100%**	100%
Laing Investments Management Services Limited	Cost less impairment	**100%**	100%
Laing Investments Management Services (France) Limited	Cost less impairment	**0%**	100%

All entities are incorporated in the United Kingdom.

As set out in note 3a) of the Group financial statements, the Company holds its investments in non-recourse project companies through intermediate holding company subsidiaries with its investment in its directly-held intermediate holding company subsidiary (John Laing Holdco Limited) recorded at FVTPL in the Group and Company financial statements.

The Company also has investments in directly-owned subsidiaries that provide investment-related services or engage in permitted investment-related activities with investees. These subsidiaries, referred to as "Service Companies", are consolidated in the Group financial statements rather than recorded at FVTPL. In the Company accounts, these investments are held at cost less provision for impairment.

Inter-company transactions occur between subsidiaries in which investments are recorded at FVTPL and subsidiaries that are consolidated in the Group financial statements.

4 Investments (continued)

The differences in the amounts of (i) investments at FVTPL and (ii) fair value movements in the year between the Company financial statements (as stated above) and the Group financial statements occur because in the latter inter-company balances arising from the transactions referred to above are eliminated under the normal basis of consolidation, whereas in the Company financial statements these inter-company balances are not eliminated. The differences do not relate to any items that might have an effect on the tax recognised in the Group accounts.

5 Trade and other receivables

	31 December 2021 £ million	31 December 2020 £ million
Due within one year:		
Amounts owed by subsidiary undertakings	**37**	295

The amounts owed by subsidiary undertakings at 31 December 2021 and 2020 are repayable on demand and interest is charged at arm's length interest rates.

The Company has made a £27 million loss allowance for expected credit losses on trade and other receivables.

6 Borrowings

	31 December 2021 £ million	31 December 2020 £ million
Interest bearing loans and borrowings net of unamortised financing costs	**–**	(136)

Reconciliation of net debt:

	At 1 January 2021 £ million	**Cash movements £ million**	**Non-cash movements £ million**	**At 31 December 2021 £ million**
Cash and cash equivalents	**2**	**(1)**	**–**	**1**
Borrowings	**(136)**	**138**	**(2)**	**–**
Net debt	**(134)**	**137**	**(2)**	**1**

	At 1 January 2020 £ million	Cash movements £ million	Non-cash movements £ million	At 31 December 2020 £ million
Cash and cash equivalents	–	2	–	2
Borrowings	(236)	101	(1)	(136)
Net debt	(236)	103	(1)	(134)

7 Trade and other payables

	31 December 2021 £ million	31 December 2020 £ million
Amounts owed to subsidiary undertakings	**(17)**	(20)
	(17)	(20)

The amounts owed to subsidiary undertakings at 31 December 2021 and 2020 are repayable on demand and interest is charged at arm's length interest rates.

8 *Share capital*

	31 December 2021 No.	31 December 2020 No.
Authorised:		
Ordinary shares of £0.10 each	**496,374,651**	493,250,636
	496,374,651	493,250,636

	£ million	£ million
Allotted, called up and fully paid:		
496,374,651 ordinary shares of £0.10 (31 December 2020: 493,250,636 of £0.10) each	**49**	49
	49	49

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

	31 December 2021 No.	31 December 2021 £'m	31 December 2020 No.	31 December 2020 £'m
Allotted, called up and fully paid:				
At 1 January	**493,101,463**	**49**	491,800,984	49
Issued under LTIP	**2,969,954**		1,127,239	
Issued under LTIP – granted in lieu of dividends payable	**100,017**		84,318	
Issued under DSBP	**59,346**		69,033	
Issued under DSBP – granted in lieu of dividends payable	**4,233**		3,020	
Issued under buy-out awards	**136,759**		16,710	
Issued under buy-out awards - granted in lieu of dividends payable	**2,879**		159	
Issued under share-based incentive arrangements - total	**3,273,188**	**–**	1,300,479	–
Shares in issue	**496,374,651**	**49**	493,101,463	49
Retained by EBT	**–**	**–**	149,173	–
At 31 December	**496,374,651**	**49**	493,250,636	49

See note 19 to the Group Financial Statements for details of the share issues in the year ended 31 December 2021.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

9 Guarantees and other commitments

There were no guarantees or commitments of the Company as at 31 December 2021.

On 25 July 2018, the Group entered into a £650 million syndicated, committed, revolving credit facility. At 31 December 2020, the Company was a guarantor under the Group's £650 million banking facilities that expired in September 2021. The total amount utilised under these facilities as at 31 December 2020, and hence guaranteed by the Company, was £194.8 million.

10 Subsidiaries and other investments

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

Details of the Company's subsidiaries at 31 December 2021 were as follows:

Name		Country of incorporation	Ownership interest	Registered office
Recourse subsidiaries				
Service Companies (consolidated)				
John Laing (USA) Limited	*	United Kingdom	100%	Note 1
John Laing and Son BV	**	Netherlands	100%	Note 3
John Laing Projects & Developments Limited	*	United Kingdom	100%	Note 1
John Laing Services Limited	*	United Kingdom	100%	Note 1
Laing Investments Management Services (Australia) Limited	*	United Kingdom	100%	Note 1
Laing Investments Management Services (Canada) Limited	*	United Kingdom	100%	Note 1
Laing Investments Management Services (Colombia) Limited	*	United Kingdom	100%	Note 1
Laing Investments Management Services (Germany) Limited	*	United Kingdom	100%	Note 1
Laing Investments Management Services (Israel) Limited	*	United Kingdom	100%	Note 1
Laing Investments Management Services (Netherlands) Limited	*	United Kingdom	100%	Note 1
Laing Investments Management Services (New Zealand) Limited	*	United Kingdom	100%	Note 1
Laing Investments Management Services (Peru) Limited	*	United Kingdom	100%	Note 1
Laing Investments Management Services (Spain) Limited	*	United Kingdom	100%	Note 1
Laing Investments Management Services Limited	*	United Kingdom	100%	Note 1
RL Design Solutions Limited	**	United Kingdom	100%	Note 1

Investment entity subsidiaries (measured at fair value)

Name		Country of incorporation	Ownership interest	Registered office
Aqueduct NewCo 1 Limited	**	United Kingdom	100%	11th Floor 200 Aldersgate Street, London, England, EC1A 4HD
Aqueduct NewCo 2 Limited	**	United Kingdom	100%	11th Floor 200 Aldersgate Street, London, England, EC1A 4HD
Glasfaser Deutschland UK John Laing Holdings Ltd	**	United Kingdom	100%	Note 1
John Laing Investments Holding Ltd	**	United Kingdom	100%	Note 1
John Laing Overseas Holdings Ltd	**	United Kingdom	100%	Note 1
John Laing Limited Netherlands Holdings BV	**	Netherlands	100%	Schiphol Boulevard 253, B-7, 1118 BH Schiphol, The Netherlands
John Laing Limited (NEL) BV	**	Netherlands	100%	Schiphol Boulevard 253, B-7, 1118 BH Schiphol, The Netherlands
John Laing Senior Living HoldCo Ltd	**	United Kingdom	100%	Note 1
John Laing Sepulveda Holdco Corp	**	United States	100%	Note 8
JL Olimpia Holdco Limited	**	United Kingdom	100%	Note 1
John Laing Investments Holding Andes Limited	**	United Kingdom	100%	Note 1
John Laing Buckthorn Wind HoldCo Corp	**	United States	100%	Note 8
John Laing Holdco Limited	*	United Kingdom	100%	Note 1
John Laing Homes Limited	**	United Kingdom	100%	Note 1
John Laing Limited	**	United Kingdom	100%	Note 1
John Laing Projects & Developments (Holdings) Limited	**	United Kingdom	100%	Note 1
Laing Investment Company Limited	**	United Kingdom	100%	Note 1
Laing Property Limited	**	United Kingdom	100%	Note 1
Laing Property Holdings Limited	**	United Kingdom	100%	Note 1

<u>**Non-recourse subsidiaries**</u>
Subsidiary project companies (measured at fair value)

Bradfield Metro Finance Pty Ltd	**	Australia	100%	Level 16, 15 Castlereagh Street, Sydney, NSW 2000, Australia
EFN GmbH	**	Germany	100%	Bendenstr 31, 53879 Euskirchen, Germany
Glasfaser Direkt Holding GmbH	**	Germany	100%	Erftstraße 15-17, 50672 Köln Germany
Glasfaser Direkt GmbH	**	Germany	100%	Erftstraße 15-17, 50672 Köln Germany
Golden Valley JL Holdco Limited	**	United Kingdom	100%	Note 1
Jobst NET GmbH	**	Germany	100%	Bayreuther Str, 33 92224 Amberg Germany
LA SkyRail Express Holdings LLC	**	United States	90%	Note 8
LA SkyRail Express LLC	**	United States	90%	Note 8
River Valley JL Holdco Limited	**	United Kingdom	100%	Note 1
TK Planer GmbH	**	Germany	100%	Bendenstr, 31 53879 Euskirchen, Germany

Details of the Company's joint ventures and other investments at 31 December 2021 were as follows:

Name		Country of incorporation	Ownership interest	Registered office
Non-recourse joint venture holding companies (measured at fair value)				
Cleantech JL Holdco Limited	**	United Kingdom	50%	Note 1
Denver Rail (Eagle) Holdings Inc.	**	United States	50%	Note 8
Highlands Project Loan Note Company Ltd	**	United Kingdom	50%	Note 4
Hurontario John Laing Holdco Corp	**	Canada	50%	100 King Street West, Suite 6200, 1 First Canadian Place, Toronto, Canada, M5X 1B8
John Laing AFC Holdco Corp	**	United States	50%	Note 8
John Laing I-4 Holdco Corp	**	United States	50%	Note 8
John Laing Investments Limited	**	United Kingdom	50%	Note 1
John Laing Investments (SLR) Pty Ltd	**	Australia	50%	Note 4
John Laing I-75 Holdco Corp	**	United States	50%	Note 8
John Laing I-77 Holdco Corp	**	United States	50%	Note 8
John Laing Infrastructure Limited	**	United Kingdom	50%	Note 1
John Laing Investments (East Rockingham) BV	**	Netherlands	50%	Note 3
John Laing Investments (Grafton) Hold Co Pty Ltd	**	Australia	50%	Note 4
John Laing Investments (Grafton) BV	**	Netherlands	50%	Note 3
John Laing Investments (Granville) BV	**	Netherlands	50%	Note 3
John Laing Investments (LBAJQ) BV	**	Netherlands	50%	Note 3
John Laing Investments (Melbourne Metro) BV	**	Netherlands	50%	Note 3
John Laing Investments (Melbourne Metro) Pty Ltd	**	Australia	50%	Note 4
John Laing Investments Netherlands Holdings BV	**	Netherlands	50%	Note 3
John Laing Investments (NGR) BV	**	Netherlands	50%	Note 3
John Laing Investments (NRAH) BV	**	Netherlands	50%	Note 3
John Laing Investments Overseas Holdings Limited	**	United Kingdom	50%	Note 1
John Laing Investments (Perth Stadium) BV	**	Netherlands	50%	Note 3
John Laing Investments (SLR) BV	**	Netherlands	50%	Note 3
John Laing Investments Spain SLU	**	Spain	50%	Iberia Mart I, Calle Pedro Texeira 8, 28020 Madrid, Spain
John Laing Investments (Sunraysia) BV	**	Netherlands	50%	Note 3
John Laing Live Oak Wind HoldCo Corp	**	United States	50%	Note 8
Ruta del Cacao JL Holdco SLU	**	Spain	50%	Iberia Mart I, Calle Pedro Texeira 8, 28020 Madrid, Spain
West Valley JL Holdco Limited	**	United Kingdom	50%	Note 1

Name		Country of incorporation	Ownership interest	Registered office
Non-recourse joint venture project companies (measured at fair value)				
A-Lanes A15 Holding BV	**	Netherlands	14%	Venkelweg 64, Hoogvliet Rotterdam, Netherlands
A-Lanes A15 BV	**	Netherlands	14%	Venkelweg 64, Hoogvliet Rotterdam, Netherlands
A-Lanes Management Services BV	**	Netherlands	12.5%	Westkanaaldijk 2, Utrecht, Netherlands
Alder Hey Holdco 3 Limited	**	United Kingdom	20%	Note 2
Alder Hey Holdco 2 Limited	**	United Kingdom	20%	Note 2
Alder Hey Holdco 1 Limited	**	United Kingdom	20%	Note 2
Alder Hey (Special Purpose Vehicle) Limited	**	United Kingdom	20%	Note 2
ALTRAC Light Rail Holdings 3 Pty Limited	**	Australia	50%	Note 4
ALTRAC Light Rail Holdings Trust 3	**	Australia	50%	Note 4
ALTRAC Light Rail 3 Pty Limited	**	Australia	50%	Note 4
ALTRAC Light Rail Trust 3	**	Australia	50%	Note 4
ALTRAC Light Rail Partnership	**	Australia	16.25%	Level 7, 280 Elizabeth St Surry Hills, NSW 2010, Australia
Brantley Farm Solar LLC	**	United States	45%	176 Mine Lake Court, Suite 100, Raleigh, NC 27615 USA
Boston AFC 2.0 HoldCo LLC	**	United States	45%	Note 8
Brantley HoldCo LLC	**	United States	45%	176 Mine Lake Court, Suite 100, Raleigh, NC 27615 USA
Buckleberry HoldCo LLC	**	United States	45%	Note 9
Boston AFC 2.0 Opco LLC	**	United States	45%	Note 8
Buckleberry Solar LLC	**	United States	45	Note 9
CCP-PL Lessor III LLC	**	United States	45	Note 8
CCP-PL Lessor IV LLC	**	United States	45%	Note 8
CCP-PL Lessor V LLC	**	United States	45%	Note 8
CCP-PL Managing Member III LLC	**	United States	50%	Note 8
CCP-PL Managing Member IV LLC	**	United States	50%	Note 8
CCP-PL Managing Member V LLC	**	United States	50%	Note 8
Concession La Pintada SAS		Colombia	10.56	Carrera 26 No. 36 - 14 oficina 702 edificio Fénix
Concesionaria Ruta del Cacao SAS	**	Colombia	15%	Carrera 26 No. 36 - 14 oficina 702 edificio Fénix Bucaramanga, Santander
CountyRoute (A130) Plc	**	United Kingdom	50%	Note 2
CountyRoute 2 Limited	**	United Kingdom	50%	Note 2
CountyRoute Limited	**	United Kingdom	50%	Note 2
Cross Yarra Holding Trust 3	**	Australia	50%	Note 4
Cross Yarra 3 Pty Limited	**	Australia	50%	Note 4
Cross Yarra Trust 3	**	Australia	50%	Note 4
Cypress Creek Fund 11 LLC	**	United States	45%	176 Mine Lake Court, Suite 100, Raleigh, NC 27615 USA
Cypress Creek Fund 11 Managing Member LLC	**	United States	50%	176 Mine Lake Court, Suite 100, Raleigh, NC 27615 USA
Cypress Creek Fund 12 LLC	**	United States	45%	176 Mine Lake Court, Suite 100, Raleigh, NC 27615 USA
Cypress Creek Fund 12 Managing Member LLC	**	United States	50%	176 Mine Lake Court, Suite 100, Raleigh, NC 27615 USA
CY Holding 3 Pty Limited	**	Australia	50%	Note 4
Cramlington Renewable Energy Developments Hold Co Limited[1]	**	United Kingdom	22.36%	Note 2
Cross Yarra Partnership	**	Australia	15%	Level 8, 136 Exhibition St, Melbourne VIC 3000, Australia

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

Name		Country of incorporation	Ownership interest	Registered office
De Groene Boog Holding BV	**	Netherlands	23.75%	Marten Meesweg 25, Rotterdam, Netherlands
De Groene Boog BV	**	Netherlands	23.75%	Marten Meesweg 25, Rotterdam, Netherlands
Denver Transit Holdings LLC	**	United States	25%	Note 8
Denver Transit Partners LLC	**	United States	25%	Note 8
Dritte Nordergründe Beteiligungs GmbH	**	Germany	50%	Lise-Meitner-Strasse 5, 28359 Bremen, Germany
East Rockingham RRF Finance Co Pty Ltd.	**	Australia	20%	Note 4
East Rockingham RRF Hold Co Pty Ltd	**	Australia	20%	Note 4
East Rockingham RRF Hold Co 2 Pty Ltd.	**	Australia	20%	Note 4
East Rockingham RRF Hold Trust	**	Australia	20%	Note 4
East Rockingham RRF Hold Trust 2	**	Australia	20%	Note 4
East Rockingham RRF Project Trust	**	Australia	20%	Note 4
East Rockingham RRF Project Co Pty Ltd.	**	Australia	20%	Note 4
Finley Solar Holdings Pty Ltd	**	Australia	50%	Note 4
Finley Solar Farm Pty Ltd	**	Australia	50%	Note 4
Finley Solar Finance Pty Ltd	**	Australia	50%	Note 4
Finley Solar Trust	**	Australia	50%	Note 4
Fox Creek Farm Solar LLC	**	United States	45%	176 Mine Lake Court, Suite 100, Raleigh, NC 27615 USA
Fox Creek HoldCo LLC	**	United States	45%	176 Mine Lake Court, Suite 100, Raleigh, NC 27615 USA
GelreGroen Holding BV	**	Netherlands	40%	Taurusavenue 100,2132 LS Hoofddorp,Netherlands
GelreGroen BV	**	Netherlands	40%	Taurusavenue 100,2132 LS Hoofddorp, Netherlands
Glencarbry (Holdings) Limited	**	United Kingdom	50%	Note 1
Glencarbry Supply Company Limited	**	Ireland	50%	Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland
I-4 Mobility Partners HoldCo LLC	**	United States	25%	Note 8
I-4 Mobility Partners Midstream LLC	**	United States	25%	Note 8
I-4 Mobility Partners Op Co LLC	**	United States	25%	Note 8
I-77 Mobility Partners Holding LLC	**	United States	8.73%	1209 Orange St, Wilmington, Delaware 19801, USA
I-77 Mobility Partners LLC	**	United States	8.73%	1209 Orange St, Wilmington, Delaware 19801, USA
Innovative Solar 54 LLC	**	United States	45%	Note 9
Innovative Solar 67 LLC	**	United States	45%	Note 9
IS54 HoldCo LLC	**	United States	45%	Note 9
John Laing Investments (Grafton) Hold Co Pty Ltd	**	Australia	50%	Note 4
John Laing Live Oak Wind OpCo LLC	**	United States	50%	Note 8
John Laing US Solar Corp	**	United States	50%	Note 8

Name		Country of incorporation	Ownership interest	Registered office
Kabeltrasse Morbach GmbH & Co. KG	**	Germany	40.91%	Oberdorfstraße 10, 55262 Heidesheim am Rhein, Germany
KGE Windpark Schipkau-Nord GmbH & Co. KG	**	Germany	50%	Am Nesseufer 40, 26789 Leer, Germany
KGE Schipkau-Nord Infrastruktur GmbH & Co. KG	**	Germany	43.25%	Am Nesseufer 40, 26789 Leer, Germany
Klettwitz Schipkau Nord Beteiligungs GmbH	**	Germany	50%	Note 7
Klettwitz SN Holdings GmbH	**	Germany	50%	Note 7
Klettwitz SN Verwaltungs GmbH	**	Germany	50%	Note 7
LA SkyRail Express FinCo LLC	**	United States	50%	Note 8
Laing/Gladedale (Hastings) Holdings Limited	**	United Kingdom	50%	Note 1
Laing/Gladedale (Hastings) Limited	**	United Kingdom	50%	Note 1
Laing Wimpey Alireza Limited	**	Saudi Arabia	33%	P.O. Box 2059, Jeddah, Saudi Arabia
Live Oak Wind Class B Member LLC	**	United States	37.5%	1675 South State Street, Suite B Dover, DE 19901,USA
Live Oak Wind Holdco LLC	**	United States	37.5%	1675 South State Street, Suite B Dover, DE 19901,USA
Live Oak Wind Partners LLC	**	United States	37.5%	1675 South State Street, Suite B Dover, DE 19901,USA
Live Oak Wind Project LLC	**	United States	37.5%	1675 South State Street, Suite B Dover, DE 19901,USA
Mobilinx Hurontario General Partnership	**	Canada	17.5%	110 Matheson Boulevard West, 4th Floor, Mississauga, Ontario, Canada L5R 4G7
NGR Holding Company Pty Limited	**	Australia	20%	c/- Allens, Level 33, 101 Collins Street, Melbourne VIC 3000, Australia
NGR Project Company Pty Limited	**	Australia	20%	c/- Allens, Level 33, 101 Collins Street, Melbourne VIC 3000, Australia
NGR Holding Trust	**	Australia	20%	c/- Allens, Level 33, 101 Collins Street, Melbourne VIC 3000, Australia
NGR Project Trust	**	Australia	20%	c/- Allens, Level 33, 101 Collins Street, Melbourne VIC 3000, Australia
Nordergründe Holdco GmbH	**	Germany	50%	Lise-Meitner-Strasse 5, 28359 Bremen, Germany
NorthernPathways Holding Pty Ltd	**	Australia	50%	Note 4
NorthernPathways Pty Ltd	**	Australia	50%	Note 4
NorthernPathways Project Trust	**	Australia	50%	Note 4
NorthernPathways Holding Trust	**	Australia	50%	Note 4
Oakland Corridor Partners HoldCo LLC	**	United States	35%	1209 Orange St, Wilmington, Delaware 19801, USA
Oakland Corridor Partners LLC	**	United States	35%	1209 Orange St, Wilmington, Delaware 19801, USA
Olimpia Bidco Limited		United Kingdom	50%	Note 1
OWP Nordergründe GmbH & Co. KG	**	Germany	15%	Stephanitorsbollwerk 3, 28217 Bremen, Germany
Parkway 6 BV	**	Netherlands	42.5%	Taurusavenue 100, Hoofddorp, Netherlands
Parkway 6 Holding BV	**	Netherlands	42.5%	Taurusavenue 100, Hoofddorp, Netherlands
Solar House Holdings	**	France	40%	6 Avenue du Coq, 75009 Paris, France
Spark North East Link Holding Pty Limited}	**	Australia	20%	Note 10

Name		Country of incorporation	Ownership interest	Registered office
Spark North East Link Holding Trust	**	Australia	20%	Note 10
Spark North East Link Pty Limited	**	Australia	20%	Note 10
Spark North East Link Trust	**	Australia	20%	Note 10
Speyside Renewable Energy Partnership Hold Co Limited	**	United Kingdom	21.68%	13 Queens Road, Aberdeen, Scotland, AB15 4YL
Speyside Renewable Energy Finance PLC[2]	**	United Kingdom	21.68%	Note 2
Speyside Renewable Energy Partnership[2] Limited	**	United Kingdom	21.68%	13 Queens Road, Aberdeen, Scotland, AB15 4YL
Sunraysia Solar Farm Holdings Pty Ltd	**	*Australia*	*45.05%*	*Level 4, 5 Talavera Road* Macquarie Park, NSW 2113, Australia
Sunraysia Solar Project Pty Ltd	**	Australia	45.05%	Level 4, 5 Talavera Road Macquarie Park, NSW 2113, Australia
Sunraysia Solar Project Holdings Trust	**	Australia	45.05%	Level 4, 5 Talavera Road Macquarie Park, NSW 2113, Australia
Sunraysia Solar Project Trust	**	Australia	45.05%	Level 4, 5 Talavera Road Macquarie Park, NSW 2113, Australia
Sunraysia Solar Finance Pty Ltd	**	Australia	45.05%	Level 4, 5 Talavera Road Macquarie Park, NSW 2113, Australia
Transcend Property Limited	**	United Kingdom	50%	Note 1
Uliving@Brighton (Holdco) Limited	**	United Kingdom	42.5%	Linkcity, Becket House, 1 Lambeth Palace Road, *London SE1 7EU*
Uliving@Brighton Limited	**	United Kingdom	42.5%	Linkcity, Becket House, 1 Lambeth Palace Road, London SE1 7EU
US Solar John Laing Op Co LLC	**	United States	50%	Note 8
Vierte Nordergründe Beteiligungs GmbH	**	Germany	50%	Lise-Meitner-Strasse 5, 28359 Bremen, Germany
Westcoast Wind Pty Ltd	**	Australia	49.8%	Level 13, 664 Collins Street, Dockland VIC 3008, Australia
Windpark Horath Holding GmbH	**	Germany	50%	Note 7
Windpark Horath Verwaltungs GmbH	**	Germany	50%	Note 7
Wimpey Laing Overseas Ltd	**	United Kingdom	25%	Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR
Wimpey Laing Limited	**	United Kingdom	50%	Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR
WP Horath GmbH & Co KG	**	Germany	50%	Note 7
Zweite Nordergründe Beteiligungs GmbH	**	Germany	50%	Lise-Meitner-Strasse 5, 28359 Bremen, Germany

* Entities owned directly by the Company
** Entities owned indirectly by the Company

[1] This entity was dissolved on 26 January 2022
[2] These entities were sold by Speyside Renewable Energy Partnership Hold Co Limited on 21 March 2022

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, D-10178 Berlin, Germany
8. The registered office of these companies is: 251 Little Falls Drive, Wilmington, Delaware 19808, USA
9. The registered office of these companies is: 2626 Glenwood Avenue Suite 550, Raleigh, North Carolina 27608, USA
10. Level 14, Tower 3 International Towers Sydney, 300 Barangaroo Avenue, Barangaroo, NSW 2000, Australia