

Company Registration No. 08337154 (England and Wales)

**LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND)
LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND)
LIMITED**

COMPANY INFORMATION

Directors	J Bailey S Colvin D Jewell
Secretary	E Martin
Company number	08337154
Registered office	1 Kingsway London United Kingdom WC2B 6AN
Auditor	Deloitte LLP Statutory Auditor London United Kingdom
Bankers	ANZ Banking Group Limited Auckland Q&V Branch ANZ House 203 Queen Street Auckland Central 1010 New Zealand

LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

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LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their annual report and audited financial statements for the year ended 31 December 2020.

Going concern and Covid-19 impact

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. In reaching this conclusion, the Directors have specifically considered the Company's relationship with its immediate parent company, John Laing Group plc and a fellow group subsidiary, John Laing Investments Limited, who hold the John Laing Group's investment portfolio.

The Directors have assessed the continuing impact of Covid-19 post the balance sheet date. Its principal activities, as described below, are reliant upon the performance of its parent undertaking, John Laing Group plc, and its investing subsidiaries. The Company earns revenues from its asset management activities based on the value of the investment portfolio of the John Laing group in the region in which the Company operates. The Company can also earn revenue from the recovery of costs on successful bids for new PPP projects.

The directors of John Laing Group plc and its investing subsidiaries have undertaken their own review of the ongoing impact of Covid-19. The value of the John Laing group's investment portfolio comprises investments in PPP and renewable energy assets, a large proportion of which have revenue and returns not at a material risk of reduction as a result of Covid-19. While the John Laing group has seen an adverse impact on the value of its investments from macroeconomic factors as well as a slow-down in its value enhancements programme, it still achieved an overall positive fair value movement of £21 million for 2020 in its investment portfolio valuation which at 31 December 2020 stood at £1,542 million.

The Group is seeing good investment activity in 2021 following the delays in the procurement of new PPP projects by public bodies during 2020. Investment commitments for 2021 currently amount to approximately £107 million. The Group has a good investment pipeline for the remainder of 2021, including preferred and short-listed bidder positions in greenfield PPP projects. The Group is pursuing in 2021 a number of investment opportunities including acquisitions of additional interests in existing PPP projects, as well as investments in adjacent greenfield projects and mid-market economic infrastructure businesses in energy transition, digital infrastructure, transport and specialised accommodation. The Group remains confident about the investment outlook, particularly as Governments in the Group's key markets are looking to infrastructure investment not only to stimulate economic growth, but also to modernise and improve the sustainability of their economies.

Overall, while certain of the assets in John Laing group's portfolio were impacted by Covid-19, the impact has not been significant in the context of the entire investment portfolio and by extension has not materially impacted the Company.

The Company had net liabilities at 31 December 2020 and is reliant on the support of its parent company to be able to meet its liabilities as they fall due. The Directors have concluded that this support is still present, as evidenced by the letter of support from John Laing Investments Limited, which states it will provide the necessary financial support to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements. The Directors have made enquiries of the directors of John Laing Investments Limited on the ability of John Laing Investments Limited to provide support to the Company. John Laing Investments Limited is a co-borrower under the John Laing Group's £650 million corporate banking facilities of which £150 million expires in January 2023 and £500 million in July 2023. The total amount available on these facilities, including available cash balances, at 31 December 2020 was £466 million. The Group's available financial resources have increased since 31 December 2020 with the proceeds from further sales of investments in 2021 and the Group will receive £207 million from the second stage of its interest in the IEP2 project on the expected completion date of 27 October 2021, including cash distributions received from the project in 2021 prior to completion.

LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors are aware of the recommended offer that KKR has made for the entire share capital of John Laing Group plc, the Company's immediate parent undertaking (see Events after the reporting date note for further detail). In the event that KKR's acquisition of John Laing Group plc proceeds and completes, there are change of control clauses in relation to the Group's committed corporate banking facilities. However, the directors of John Laing Investments Limited have provided assurance that, as a result of its financial resources as noted above, John Laing Investments Limited does not need to access support from John Laing Group plc in order for it to be able to continue to provide support to the Company.

Following these enquiries and understanding the financial position of John Laing Investments Limited, the Directors have reached the conclusion that John Laing Investments Limited has the ability to continue to support the Company. These financial statements have therefore been prepared on a going concern basis.

Principal activities

The principal activities of the Company continued to be that of supporting the bidding and investing activities of the John Laing Group Plc in New Zealand as well as to provide asset management services to the John Laing Group's investments in New Zealand.

Branches

The Company has a branch registered in New Zealand.

Directors

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

J Bailey
S Colvin
D Jewell

Qualifying third party indemnity provisions

The Directors of the Company benefit from qualifying third party indemnity provisions provided by the Company's parent undertaking.

Directors' insurance

The Company's Directors are covered by insurance policies entered into by its ultimate parent undertaking, John Laing Group Plc, that insure them against liability arising from negligence, breach of duty and breach of trust in relation to the Company.

Post reporting date events

On 19 May 2021, the boards of John Laing Group plc, the Company's immediate parent undertaking, and Aqueduct Bidco Limited ("Bidco"), a newly formed company owned by funds advised by Kohlberg Kravis Roberts & Co. L.P. and its affiliates, announced that they have reached agreement on the terms of a recommended cash acquisition of the entire issued and to be issued ordinary share capital of John Laing Group plc by Bidco. The acquisition is to be effected by means of a scheme of arrangement under Part 26 of the Companies Act and will go to John Group plc shareholder vote expected in early July 2021. Further details can be found on John Laing Group plc's website at www.laing.com.

For other events after the balance sheet date, see Events after the reporting date note to these financial statements.

LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Future developments

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

Auditor

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

Statement of disclosure to auditor

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

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

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

LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

The various types of financial risk and how they are managed are described below:

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company's exposure to changes in foreign currency exchange rates is from both revenue and costs, which provides a level of hedge. The Company does not use foreign exchange forward contracts. The Company's exposure to changes in interest rates is limited to loans due to and from group undertakings within the John Laing Group Plc, on which interest is charged at variable rates of interest. This risk is managed on a John Laing Group basis.

Credit risk

The Company's principal financial assets are bank balances, trade debtors and amounts due from fellow group undertakings.

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The credit risk on amounts due from fellow group undertakings is limited because the counterparties are core companies in the John Laing Group Plc with significant net assets and financial resources. As explained in the above section, 'Going concern and Covid-19 impact', these fellow group undertakings have not experienced a significant adverse impact on its available financial resources.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Company is reliant on the support of its immediate parent company to be able to meet its liabilities as they fall due. Further details regarding liquidity risk can be found in the Going Concern section of the accounting policies in the financial statements.

Climate change

Climate change is an acute risk facing society. Given the nature of the Company's operations and activities, the Directors do not believe there is a significant direct risk to the Company from climate change. However, it has been an increasingly important emerging risk for the John Laing Group Plc over the last several years due to the Group's business in financing and developing new infrastructure assets with long economic lives. The Company supports the bidding and investing activities of the John Laing Group Plc and provides asset management services to it so any impact on the John Laing Group Plc could affect the Company.

The impacts of climate change are difficult to predict given the wide variety of emission pathways and the interconnectedness of outcomes. The risks of climate change result from both the acute and chronic physical impacts as well as the transition to a low carbon economy. This presents a unique challenge and opportunity for the group in both the choice of sectors and projects to invest in and the management of those investments during the delivery and operational phases. A mapping exercise of sectors with respect to the transition and physical impacts of climate change has been undertaken and the group has strengthened its investment review process and portfolio monitoring of climate-related risks.

**LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND)
LIMITED**

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

On behalf of the board



S Colvin
Director

18 June 2021

LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

Opinion

In our opinion the financial statements of Laing Investments Management Services (New Zealand) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

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

Basis for opinion

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

We are independent of the 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 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.

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

LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

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.

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 our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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 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 company or to cease operations, or have no realistic alternative but to do so.

LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

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 company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit, in-house legal counsel and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company 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 the UK Companies Act, UK Corporate Tax Act 2010, Value Added Tax Act 1994 and Pension Act 2014; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the UK Companies Act, pension legislation and tax legislation.

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

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, internal audit 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 and reviewing internal audit reports.

**LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND)
LIMITED**

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**TO THE MEMBER OF LAING INVESTMENTS MANAGEMENT SERVICES (NEW
ZEALAND) LIMITED**

Use of our report

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



Claire Faulkner FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP

18 June 2021

Statutory Auditor

Statutory Auditor
London
United Kingdom

**LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND)
LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	2019 £
Turnover	3	10,019	37,759
Administrative expenses		(164,556)	7,982
Operating (loss)/profit	4	(154,537)	45,741
Interest receivable and similar income	7	-	40,252
Interest payable and similar expenses	8	(22,829)	(107,617)
Loss before taxation		(177,366)	(21,624)
Tax on loss	9	34,190	3,856
Loss for the financial year		(143,176)	(17,768)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

**LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND)
LIMITED**

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Current assets					
Debtors	10	48,373		56,205	
Cash at bank and in hand		8,028		16,317	
		<u>56,401</u>		<u>72,522</u>	
Creditors: amounts falling due within one year	11	(815,134)		(688,079)	
Net current liabilities			<u>(758,733)</u>		<u>(615,557)</u>
Capital and reserves					
Called up share capital	13		1		1
Other reserves			24,496		24,496
Profit and loss account			(783,230)		(640,054)
Total equity			<u>(758,733)</u>		<u>(615,557)</u>

The financial statements were approved by the board of directors and authorised for issue on 18 June 2021 and are signed on its behalf by:



S Colvin
Director

Company Registration No. 08337154

**LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND)
LIMITED**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Other reserves £	Profit and loss account £	Total £
Balance at 1 January 2019	1	11,897	(622,286)	(610,388)
Year ended 31 December 2019:				
Loss and total comprehensive expense for the year	-	-	(17,768)	(17,768)
Share-based payments	-	12,599	-	12,599
Balance at 31 December 2019	1	24,496	(640,054)	(615,557)
Year ended 31 December 2020:				
Loss and total comprehensive expense for the year	-	-	(143,176)	(143,176)
Balance at 31 December 2020	1	24,496	(783,230)	(758,733)

LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Laing Investments Management Services (New Zealand) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Kingsway, London, United Kingdom, WC2B 6AN.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements and;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of John Laing Group Plc. These consolidated financial statements are available from its registered office, 1 Kingsway, London, United Kingdom, WC2B 6AN.

LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.2 Going concern

The Company has net liabilities as at 31 December 2020 and is reliant on the support of John Laing Investments Limited, a fellow group subsidiary, to be able to meet its liabilities as they fall due. The Directors consider that the Company is an integral part of the John Laing group's structure and strategy and this is evidenced by a letter of support from John Laing Investments Limited, which states that it will provide the necessary financial support to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements. Whilst John Laing Investments Limited has experienced an adverse impact from Covid-19 on its operations, as detailed in the Directors' Report, this has not had a significant impact on its available financial resources and the Directors have reached the conclusion that it has the ability to continue to support the Company. The Directors are aware of the recommended offer that KKR has made for the entire share capital of John Laing Group plc, the Company's immediate parent undertaking (see Events after the reporting date note for further detail). In the event that KKR's acquisition of John Laing Group plc proceeds and completes, there are change of control clauses in relation to the Group's committed corporate banking facilities. However, the directors of John Laing Investments Limited have provided assurance that, as a result of its financial resources as noted above, John Laing Investments Limited does not need to access support from John Laing Group plc in order for it to be able to continue to provide support to the Company. After making enquiries and taking account of the factors noted above, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover represents income receivable in the ordinary course of business for services provided and excludes value added tax. Fees receivable in respect of management services agreements with project companies are recognised evenly over the period of the agreement; and income arising in respect of recoveries of bid costs from the financial close of investments in project companies is recognised when recovery is virtually certain.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

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

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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

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

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Share-based payments

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

In addition, the John Laing Group Plc operated a Deferred Share Bonus Plan in 2018 under which executive directors and certain senior executives, including employees of the Company, were awarded shares in John Laing Group Plc in relation to that part of their annual bonus which exceeded 60% of their base salary. These awards vest in equal tranches on the first, second and third anniversary of grant, normally subject to continued employment.

The cost of the two share based incentive arrangements described above is calculated for each individual eligible employee and then aggregated to arrive at the total Group cost. The Company recognises an expense through its statement of comprehensive income in relation to its own employees and also recognises a capital contribution through other reserves to reflect that the cost will ultimately be borne by John Laing Group Plc through the issue or purchase of ordinary shares.

LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under both the original terms and conditions and under the modified terms and conditions is determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.10 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern over which economic benefits from the lease asset are consumed.

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

Given the nature of the Company's assets and liabilities, the Directors are of the opinion that there are no critical accounting judgements or key sources of estimation uncertainty.

3 Turnover

An analysis of the Company's turnover is as follows:

	2020	2019
	£	£
Turnover analysed by class of business		
Service fee revenue	10,019	37,759
	<u> </u>	<u> </u>
	2020	2019
	£	£
Other significant revenue		
Interest income	-	40,252
	<u> </u>	<u> </u>

LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3	Turnover	(Continued)	
		2020	2019
		£	£
	Turnover analysed by geographical market		
	New Zealand	10,019	37,759
	UK	-	-
		<u>10,019</u>	<u>37,759</u>
4	Operating (loss)/profit	2020	2019
		£	£
	Operating (loss)/profit for the year is stated after charging/(crediting):		
	Exchange losses/(gains)	89,413	(76,450)
	Share-based incentives	-	12,599
	Operating lease charges	787	3,309
		<u>89,413</u>	<u>(76,450)</u>
5	Auditor's remuneration	2020	2019
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the company	3,355	3,050
		<u>3,355</u>	<u>3,050</u>
6	Employees		
	The average monthly number of persons (including directors) employed by the Company during the year was nil (2019: nil).		
		2020	2019
		Number	Number
	Total	-	-
		<u>-</u>	<u>-</u>
	Their aggregate remuneration comprised:		
		2020	2019
		£	£
	Wages and salaries	-	18,260
	Social security costs	-	-
	Share-based incentives	-	12,599
		<u>-</u>	<u>12,599</u>

LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

7	Interest receivable and similar income	2020	2019
		£	£
	Interest income		
	Interest receivable from group companies	-	40,252
		<u></u>	<u></u>
8	Interest payable and similar expenses	2020	2019
		£	£
	Interest payable to group undertakings	22,829	107,617
		<u></u>	<u></u>
9	Taxation	2020	2019
		£	£
	Current tax		
	UK corporation tax on profits for the current period	(33,700)	(1,714)
		<u></u>	<u></u>
	Deferred tax		
	Origination and reversal of timing differences	-	(2,394)
	Changes in tax rates	(490)	252
		<u></u>	<u></u>
	Total deferred tax	(490)	(2,142)
		<u></u>	<u></u>
	Total tax credit	(34,190)	(3,856)
		<u></u>	<u></u>

For the year ended 31 December 2020, a tax rate of 19% has been applied (2019 – 19%).

The Company has measured its deferred tax asset at 31 December 2020 at 19%. At 31 December 2019, the Company measured its deferred tax asset at 17% because it expected the majority of the deferred tax asset to be realised after 1 April 2020 and because the increase in the tax rate effective from 1 April 2020 from 17% to 19% was only substantively enacted on 17 March 2020. The most recent UK Government Budget 2021 announcement indicated that the UK Corporation Tax rate will increase to 25% effective from 1 April 2023. This has been substantively enacted on 24 May 2021.

LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9 Taxation

(Continued)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Loss before taxation	(177,366)	(21,624)
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2019: 19%)	(33,700)	(4,109)
Tax effect of expenses that are not deductible in determining taxable profit	-	1
Effect of change in corporation tax rate	(490)	252
Total tax credit	(34,190)	(3,856)

10 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	10,019	38,345
Corporation tax recoverable	33,700	1,714
Other debtors	-	11,982
	43,719	52,041
Deferred tax asset (note 12)	4,654	4,164
	48,373	56,205

LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

11 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	145	145
Amounts owed to group undertakings	811,634	684,884
Accruals and deferred income	3,355	3,050
	<u>815,134</u>	<u>688,079</u>

The amounts owed to group undertakings primarily comprise a loan of £788,806 (2019 - £617,518) repayable on demand and interest payable on the loan of £22,829 (2019 - £67,366).

Interest on the loan was charged at 2% above base rate throughout 2020 (2019 – 2% above base rate).

12 Deferred taxation

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2020 £	Assets 2019 £
Balances:		
Other timing differences	<u>4,654</u>	<u>4,164</u>
Movements in the year:		2020 £
Asset at 1 January 2020		(4,164)
Effect of change in tax rate - profit or loss		(490)
Asset at 31 December 2020		<u>(4,654)</u>

Other timing differences relate to awards under long term incentive plans that will reduce future taxable profits or, to the extent that they create current year losses, will be surrendered for consideration at the prevailing corporation tax rate. It is therefore appropriate to recognise a deferred tax asset on these amounts.

13 Called up share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

LAING INVESTMENTS MANAGEMENT SERVICES (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

13 Called up share capital

(Continued)

The other reserves represent the capital contribution to the equity-based share incentive scheme.

14 Events after the reporting date

On 1 January 2021, the post-Brexit trade deal between the UK and the EU came into force. This is a non-adjusting event after the balance sheet date in respect of the Company's financial statements for the year ended 31 December 2020. The Directors believe the Company's business model and operations are robust and able to weather potential short-term disruption and do not expect there to be any significant adverse impact on the Company as a result of the new trade deal.

On 19 May 2021, the boards of John Laing Group plc, the Company's immediate parent undertaking, and Aqueduct Bidco Limited ("Bidco"), a newly formed company owned by funds advised by Kohlberg Kravis Roberts & Co. L.P. and its affiliates, announced that they have reached agreement on the terms of a recommended cash acquisition of the entire issued and to be issued ordinary share capital of John Laing Group plc by Bidco. The acquisition is to be effected by means of a scheme of arrangement under Part 26 of the Companies Act and will go to John Group plc shareholder vote expected in early July 2021. Further details can be found on John Laing Group plc's website at www.laing.com.

15 Related party transactions

As a wholly owned subsidiary of John Laing Group Plc, the Company has taken advantage of the exemption under FRS 102 Section 33 not to provide information on related party transactions with other undertakings in the John Laing Group Plc group. A copy of the published financial statements of John Laing Group Plc can be obtained at www.laing.com.

16 Ultimate controlling party

The Company's immediate parent company is John Laing Group Plc, a listed company incorporated in the United Kingdom and registered in England and Wales. The smallest and largest group in which its results are consolidated is John Laing Group Plc, whose registered address is 1 Kingsway, London, United Kingdom, WC2B 6AN. Copies of its financial statements are available at www.laing.com.

The Company's ultimate parent and controlling entity is John Laing Group Plc. The registered address on John Laing Group Plc is 1 Kingsway, London, WC2B 6AN, United Kingdom.