



JLEN

John Laing Environmental Assets Group Limited

Half-year Report
for the six months ended 30 September 2018

About us

John Laing Environmental Assets Group Limited (“JLEN” or the “Company”) is an environmental infrastructure investment fund which aims to provide shareholders with a sustainable dividend, paid quarterly, that increases progressively in line with inflation, and to preserve the capital value of its portfolio on a real basis over the long term through the reinvestment of cash flows not required for the payment of dividends.

JLEN’s investment policy is to invest in a diversified portfolio of environmental infrastructure projects that have the benefit of long-term, predictable, wholly or partially inflation-linked cash flows supported by long-term contracts or stable regulatory frameworks.

At 30 September 2018, the portfolio includes onshore wind, PV solar, anaerobic digestion, and waste and wastewater processing projects in the UK and two onshore wind projects in France. The renewable energy projects are supported by the UK’s and France’s commitment to support low-carbon targets and the waste and wastewater processing projects benefit from long-term contracts backed by the UK government.



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At a glance

at 30 September 2018

£412.8m

Market capitalisation

104.75p

Share price

£395.7m

Net Asset Value

100.4p

Net Asset Value per share

£488.9m

Portfolio value

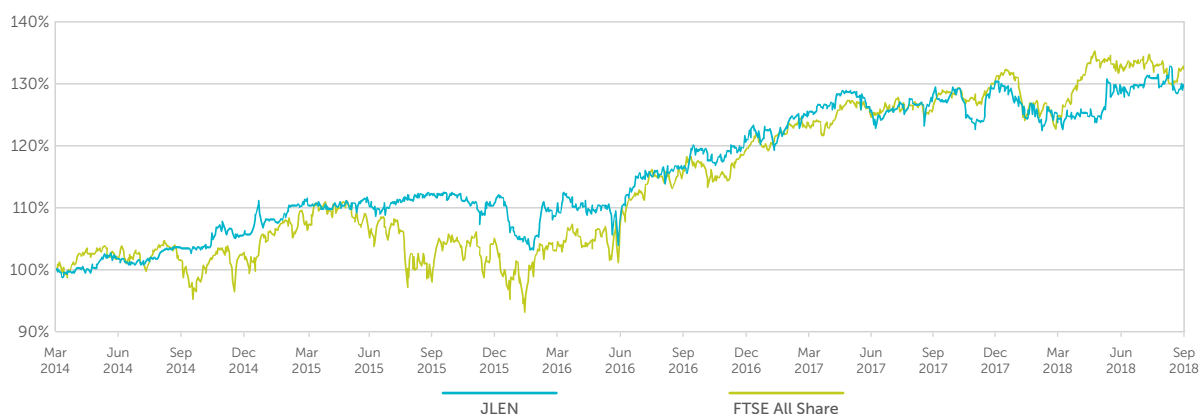
3.255p

Half-year dividend per share

Highlights

- Dividend of 3.255p per share declared for the six months to 30 September 2018 (six months to 30 September 2017: 3.16p)
- NAV per share 100.4p, up from 99.6p per share at 31 March 2018
- Profit before tax for the period of £16.1m (six-month period ended 30 September 2017: £6.3m)
- Total shareholder return over six months to 30 September 2018 of 5.3% (period since IPO: 31.8%)
- Performance of portfolio satisfactory against a backdrop of below average wind conditions. Positive contribution from growing anaerobic digestion segment
- Three acquisitions completed during the period in the anaerobic digestion sector totalling c. £54.1m giving a total of 27 investments
- Major capital upgrade of c. £8.5m agreed for the Vulcan Renewables plant
- Strong pipeline of environmental infrastructure assets for further growth both under First Offer Agreement with John Laing and from third parties
- Revolving credit facility of £130m extended a further year to June 2021

Total shareholder return since launch



Source: Morningstar

Fund objectives

The Fund's key objectives and the measures against which they are assessed are summarised as follows:

Strategic objective

Predictable income growth for shareholders

Provide investors with a dividend of 6.51p per share for the year to 31 March 2019, thereafter increasing progressively in line with inflation.

Preservation of capital over the longer term

To preserve the capital value of the portfolio over the long term on a real basis through active management of the portfolio and the reinvestment of cash flows not required for the payment of dividends.

Investment, growth and diversification

To invest in operational environmental infrastructure projects in OECD countries with established technologies and operational track records and that have the benefit of long-term, predictable, wholly or partially inflation-linked cash flows supported by long-term contracts or stable regulatory frameworks.

KPIs

- 3.255p dividend for the half year
- Dividend uplifted by 3.2% for inflation from 1 April 2018

- NAV per share 100.4p, up from 99.6p at 31 March 2018
- Portfolio value £488.9m up from £429.5m at 31 March 2018

- Predominantly UK portfolio balanced by sector (46% wind, 25% solar, 18% anaerobic digestion, 11% waste & wastewater)
- 27 project investments
- Largest individual asset 9% (limit 25%)
- Revenue mix 36% merchant power, 53% green benefits, 11% PFI

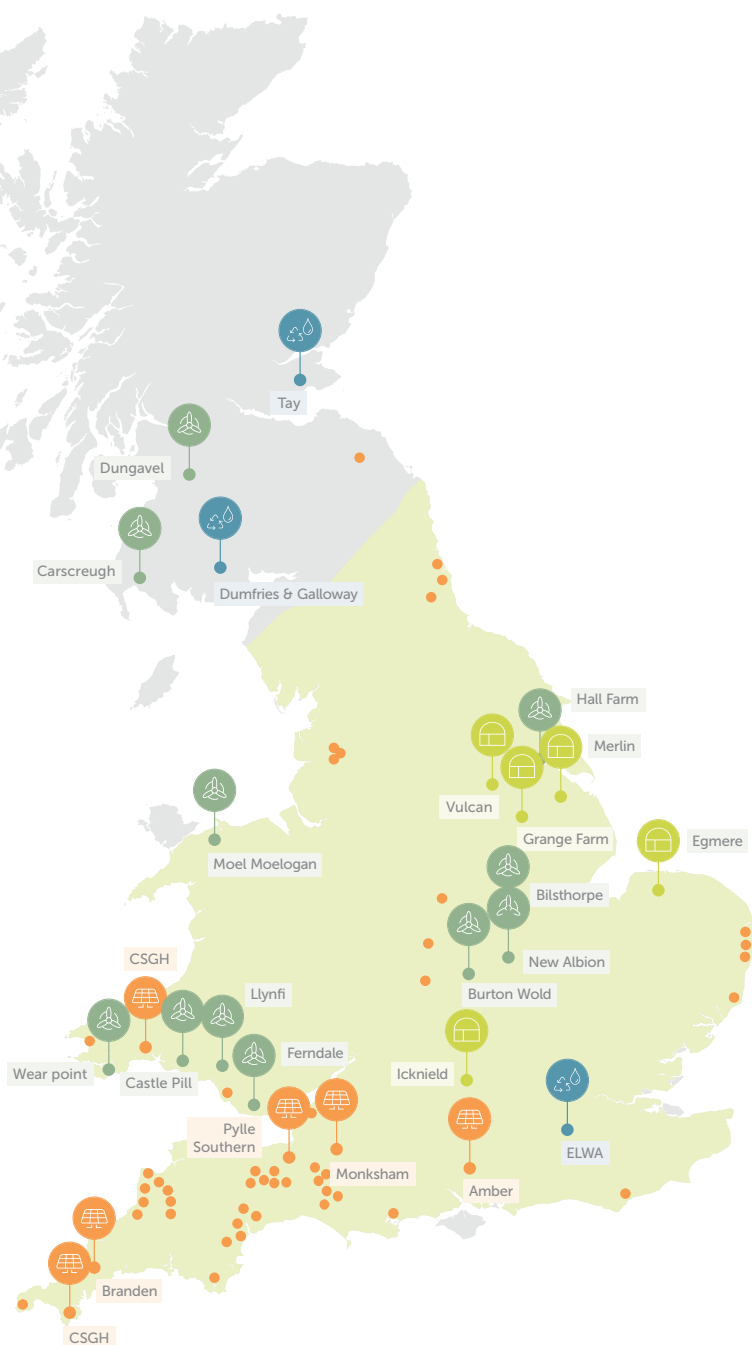
Generation of total return to shareholders over the longer term. Target an IRR of 7.5% to 8.5% (net of fees and expenses) on the issue price of the shares over the longer term.⁽¹⁾

(1) This is a target only and not a profit forecast. There can be no assurance that this target will be met.

Portfolio at a glance

JLEN's portfolio comprises a diversified mix of environmental infrastructure assets.

Assets by location



Wind



Solar



Anaerobic digestion



Waste & wastewater



Domestic rooftop solar



Commercial small scale solar



See our website for more information:

www.jlen.com/index.php/portfolio

Portfolio at a glance continued



Wind

Bilsthorpe	100%	Le Placis Vert	100%
10.2MW 1.0 ROC wind farm. Five MM82 Senvion turbines.		4MW FiT accredited wind farm. Five Enercon E-53 turbines.	
Burton Wold Extension	100%	Llynfi Afan	100%
14.4MW 0.9 ROC wind farm. Nine General Electric 1.6MW-100 turbines.		24MW 0.9 ROC wind farm. 12 Gamesa 2MW G80 turbines.	
Carscreugh	100%	Moel Moelogan	100%
15.3MW 0.9 ROC wind farm. 18 Gamesa G52 turbines.		14.3MW wind farm. Nine Siemens SWT-62-1.3MW and two Bonus-1.3MW turbines. 1.0 ROC on both turbine types.	
Castle Pill	100%	New Albion	100%
3.2MW 1.0 ROC wind farm. Three 900kW EWT and one 500kW Nordtank turbines.		14.4MW 0.9 ROC wind farm. Seven MM92 Senvion turbines.	
Dungavel	100%	Plouguernével	100%
26MW 0.9 ROC wind farm. 13 Vestas 2MW V80 turbines.		4MW FiT accredited wind farm. Five Enercon E-53 turbines.	
Ferndale	100%	Wear Point	100%
6.4MW 1.0 ROC wind farm. Eight 800kW Enercon turbines.		8.2MW 0.9 ROC wind farm. Four Senvion MM82 turbines.	
Hall Farm	100%		
24.6MW 1.0 ROC wind farm. 18 MM82 Senvion turbines.			



Solar

Amber	100%	Monksham	100%
9.8MW comprising two separate sites: Five Oaks (4.8MW) and Fryingdown (5MW). Both accredited under the pre-August 2011 UK FIT regime.		Total generating capacity of 10.7MW. Accredited for 1.6 ROCs.	
Branden	100%	Pylle Southern	100%
14.7MW comprising two separate sites: Luxulyan & Tredinnick (8.9MW) and Victoria (5.8MW), both accredited for two ROCs.		Total generating capacity of 5MW. Accredited under the UK Feed-in Tariff regime.	
CSGH	100%	Panther – small-scale solar portfolio	100%
33.5MW comprising four separate sites: Higher Tregarne (4.9MW) accredited for 1.6 ROCs, Crug Mawr (7.5MW), Golden Hill (6.3MW) and Shoals Hook (14.8MW) with combined capacity of 28.5MW and accredited for 1.4 ROCs.		6.5MW portfolio of 1,099 systems of domestic rooftop, commercial rooftop and ground mount solar installations, distributed across England, Scotland and Wales. Accredited under the UK Feed-in Tariff regime.	



Waste & wastewater

Dumfries & Galloway ("D&G")	80%	Tay	33%
The D&G project treats and disposes of 65,000 tonnes of waste each year in the Dumfries & Galloway region of western Scotland.		The Tay wastewater treatment project services the equivalent of around 250,000 people from the Dundee and Arbroath areas.	
ELWA	80%		
The ELWA project processes around 440,000 tonnes of household waste each year from four London boroughs.			



Anaerobic digestion

Vulcan Renewables 100% Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the Renewable Heat Incentive ("RHI") and Feed-in Tariff ("FiT"), c. 5MW _{th} and 0.5MW _e .	Icknield Farm 40% Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the Renewable Heat Incentive ("RHI") and Feed-in Tariff ("FiT"), c. 5MW _{th} and 0.4MW _e .
Egmere Energy 100% Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the Renewable Heat Incentive ("RHI") and Feed-in Tariff ("FiT"), c. 5MW _{th} and 0.5MW _e .	Grange Farm 100% Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the Renewable Heat Incentive ("RHI") and Feed-in Tariff ("FiT"), c. 5MW _{th} and 0.5MW _e .
Merlin Renewables 100% Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the Renewable Heat Incentive ("RHI") and Feed-in Tariff ("FiT"), c. 5MW _{th} and 0.5MW _e .	

Timeline



Chairman's statement



The Company has successfully grown its portfolio, made progress in its operations, and remains on target to pay dividends of 6.51 pence per share for the year.

Richard Morse

Chairman

On behalf of the Board, I am pleased to present the half-year report of John Laing Environmental Assets Group Limited for the six months ended 30 September 2018.

Results

During the period under review, the Company has successfully grown its portfolio by continuing to diversify into the anaerobic digestion ("AD") sector and has made progress in its operations and asset management. Recent acquisitions have continued to reduce exposure to volatile electricity and gas prices and cash generation and dividend cover remain resilient despite poor wind speeds during the period. The Company remains on target to pay dividends of 6.51 pence per share relating to the year ending 31 March 2019 (6.31 pence per share 31 March 2018).

The Company's profit before tax for the six-month period to 30 September 2018 was £16.1 million (six months to 30 September 2017: £6.3 million) and earnings per share for the period was 4.1 pence (six months to 30 September 2017: 1.8 pence). The Board continues to believe that the portfolio is well positioned to deliver the target returns to shareholders.

The Net Asset Value ("NAV") per share at 30 September 2018 was 100.4 pence, up from 99.6 pence at 31 March 2018.

Cash received from the portfolio by way of distributions, which includes interest, loan repayments and dividends, was £20.7 million (six months to 30 September 2017: £15.4 million). Net cash inflows from the investment portfolio (after operating and finance costs) of £16.7 million (six months to 30 September 2017: £12.1 million) cover the interim dividends paid in the half-year period of £12.6 million by approximately 1.3 times (six months to 30 September 2017: £11.2 million; 1.1 times). On a dividend-declared basis for the half year, dividend cover was 1.2 times.

Dividend policy

For the year to 31 March 2018, the Company achieved its target dividend of 6.31 pence per share by the payment of four interim dividends.

In line with the total inflation adjusted target for the year ending 31 March 2019 of 6.51 pence per share set out in our 2018 Annual Report, a quarterly dividend of 1.6275 pence per share was paid in September 2018 for the quarter to 30 June 2018. I am pleased to announce that the Board has declared an interim dividend of 1.6275 pence per share for the quarter to 30 September 2018, payable on 21 December 2018 to shareholders on the register as at 30 November 2018. The ex-dividend date will be 29 November 2018.



Portfolio performance

Total generation for the period from the renewables portfolio was 334GWh, 4.2% below budget. Above budget performance from the solar and AD assets was more than offset by low wind speeds affecting the wind portfolio.

For the solar assets, the majority of plants performed satisfactorily given the high levels of solar irradiance experienced over the period, an improvement on previous periods and evidence that the focus placed on solar asset management is making a difference. Generation was 1.5% above budget, which includes a period of unavailability at Branden for a transformer and switchgear failure at the end of May. Excluding these outages, generation was 2.8% above budget, on irradiation that was 3.7% higher than the long-term expectation.

For the AD assets, Vulcan Renewables and Icknield Farm were held throughout the period, with Egmore Energy and Grange Farm Energy acquired in July and Merlin Renewables shortly afterwards in August (see below). Allowing for JLEN's period of ownership, performance across the AD portfolio has been very encouraging, with gas generation 4.3% above budget, a trend that has been seen consistently since our first acquisition in the sector in August 2017. Phased work has been progressing on the Vulcan capital upgrade project that is expected to result in a doubling of capacity at the plant, with no material impact on existing operations.

For the wind assets, the period was notable for very low wind speeds, with May, June, July and August all materially below budget. Overall, generation was 12.0% below budget including agreed curtailment at Carscreugh where the foregone generation was compensated for at attractive rates. Wind generation is expected to be seasonally lower during the summer and so variances to budget look greater on a relative basis. For the six months to 30 June 2018, the variance to budget was -4.2%.

Allowing for the lower wind speed, the performance of the wind portfolio was in line with expectations, notwithstanding some minor instances of unavailability at individual wind farms.

The ELWA waste management project has continued to perform in line with expectations, with key contractual targets being met and the amount of waste delivered comfortably above the level that the project needs to meet budget. The Tay wastewater project has continued to experience unusually dry conditions and so revenues based on flows will be reduced, although cost controls are expected to mitigate the financial impact.

Chairman's statement continued

Investment Adviser

I am pleased to announce that the Investment Adviser has continued to expand its resources in the period, most notably on the asset management side in respect of wind and AD. The Board is delighted with these appointments and is confident that with the advice provided by JLCM, JLEN remains well placed for the next phase of growth.

Acquisitions

During the period under review, the Company announced the following acquisitions:

Egmere Energy and Grange Farm Energy

On 9 July, 2018 JLEN completed two further acquisitions of AD assets, Egmere Energy Limited and Grange Farm Energy Limited, for a total consideration of c. £36 million. The Egmere Energy AD plant is located in Egmere, North Norfolk and was commissioned in November 2014. The plant has a thermal capacity of c. 5MW and predominantly produces biomethane to be injected to the national gas grid. In addition, the plant also has a 0.5MW CHP engine and is accredited under the Renewable Heat Incentive ("RHI") and Feed-in Tariff ("FiT") schemes.

The Grange Farm Energy AD plant is located in Spridlington, Lincolnshire and was commissioned in December 2014. The plant has a thermal capacity of c. 5MW and predominantly produces biomethane to be injected to the national gas grid. In addition, the plant also has a 0.5MW CHP engine and is accredited under the RHI and FiT schemes.

Merlin Renewables

On 16 August 2018, JLEN completed the acquisition of an AD asset, Merlin Renewables Limited for a total consideration, including working capital of c. £18.1 million.

The Merlin Renewables AD plant is located in Hibaldstow, North Lincolnshire and was commissioned in September 2014. The plant has a thermal capacity of c. 5MW_{th} and predominantly produces biomethane to be injected to the national gas grid. In addition, the plant also has a 0.5MW_e CHP engine and is accredited under the RHI and FiT schemes.

The Company also announced a major capital upgrade to an existing asset:

Vulcan Renewables, further investment

In June 2018, JLEN committed to invest a further c. £8.5 million into the Vulcan Renewables AD plant of which £4.3 million had been funded at 30 September 2018. The investment consists of provision of funding to double the plant's biomethane and generating capacity.

Financing

JLEN benefits from a revolving credit facility with HSBC, NIBC, ING and Santander of £130 million (of which £103.6 million has been drawn at 30 September 2018) and an uncommitted "accordion" facility of up to £60 million. In June 2018, the Fund exercised the option to extend the facility a further year, now expiring in June 2021.

Post the end of the period, all the outstanding facility was repaid from the proceeds of an equity issuance that closed in October 2018. At the date of issuing this report, the full committed facility of £130 million is available for acquisitions.

Share capital

As mentioned above, in October 2018, JLEN successfully issued a further 103 million shares at 102 pence per share raising gross proceeds of £105 million through the issuance programme originally announced in February for up to 200 million new ordinary shares and take the market capitalisation over £500 million. The proceeds of the capital raise were used to repay the revolving credit facility.

Valuation

The Net Asset Value at 30 September 2018 is £395.7 million, comprising £488.9 million portfolio valuation, £10.0 million of cash held by the Group, together with outstanding revolving credit debt of £103.6 million and a positive working capital balance of £0.4 million.

The Investment Adviser has prepared a fair market valuation of the portfolio as at 30 September 2018. This valuation is based on a discounted cash flow analysis of the future expected equity and loan note cash flows accruing to the Group from each portfolio investment. This valuation uses key assumptions which are recommended by the Investment Adviser using its experience and judgement, having taken into account available comparable market transactions and financial market data in order to arrive at a fair market value. The Directors have satisfied themselves as to the methodology used and the assumptions adopted and have approved the valuation of £488.9 million for the portfolio of 27 investments as at 30 September 2018.

The Directors have made a change to the valuation policy in respect of medium and long-term future power price assumptions, switching to the use of a blended curve informed by the forecast reports of two market consultants as is the norm within the listed renewables sector. Changes to forecast future electricity and gas prices, which incorporate this policy change, have increased the portfolio valuation by 0.7 pence per share compared to the forecast used at the last year end. The valuation policy remains unchanged in respect of short-term power price assumptions, where the season-ahead forward market is adopted for summer (Apr–Sep) and winter (Oct–Mar) periods for the next two years from the valuation date where fixed price arrangements are not already in place.

Outlook

The outlook for the Company is positive. In the period under review, the Company has made use of its broad “environmental infrastructure” mandate to continue to diversify into the AD sector, where assets with established operating track records can be acquired for attractive risk-adjusted returns. Following the recent over-subscribed fundraising that closed after the period end, the Company is now in an excellent position to capitalise on the reputation it has in that sector as a knowledgeable investor prepared to act in a collaborative manner with co-shareholders and operators.

The Investment Adviser has an identified pipeline of opportunities and the Company intends to make further investments that add to the strong performance of the existing AD portfolio.

The Company is also pursuing opportunities in wider bioenergy sectors such as energy-from-waste and biomass. These opportunities tend to be larger and so the recent fundraising and subsequent repayment of the Company’s credit facility has also put the Company in a good position as a credible bidder. Like the AD sector, deals tend to feature a relatively high proportion of revenues not connected to sale of wholesale electricity, consistent with the Company’s strategy of limiting exposure to wholesale power markets that can be volatile. The Board will continue to consider wind and solar investments where risk-adjusted returns in those sectors compare favourably with alternative environmental infrastructure sectors that the Company can invest in, and that is not currently the case for competitive bidding processes.

The Board continues to work closely with the Investment Adviser in assessing the risks and opportunities in the environmental infrastructure market. The Board considers that the principal risks and uncertainties for JLEN have not materially altered from those set out in the Supplementary Prospectus issued on 22 June 2018. The full Supplementary Prospectus is available on JLEN’s website, and a summary of the principal risks and uncertainties is included on pages 46 to 51 of the strategic report in the Annual Report for the year ended 31 March 2018.



Richard Morse

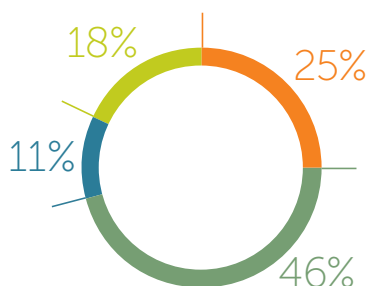
Chairman

21 November 2018

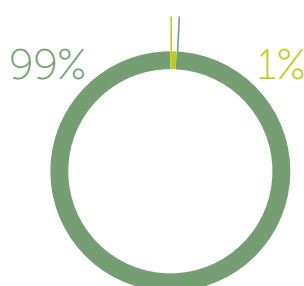
Investment portfolio and valuation

The JLEN portfolio comprises a diversified range of assets across different geographies, sectors, technologies and revenue types, as illustrated in the analysis below as at 30 September 2018 (by portfolio value and distributions from projects):

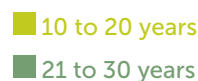
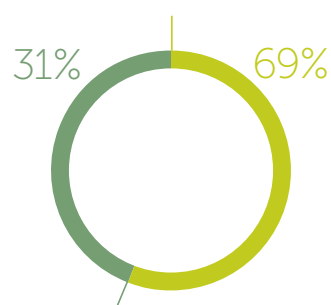
Portfolio value split by sector



Portfolio value split by geography

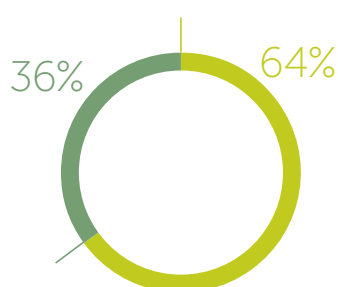


Portfolio value split by remaining asset life (years)

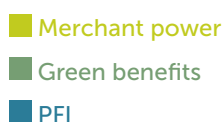
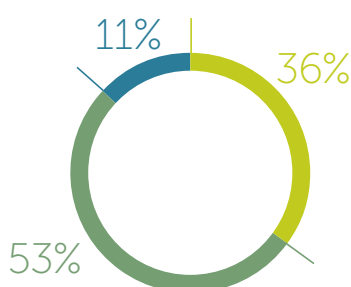


Weighted average remaining asset life of the portfolio is 18.3 years.

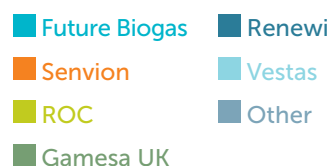
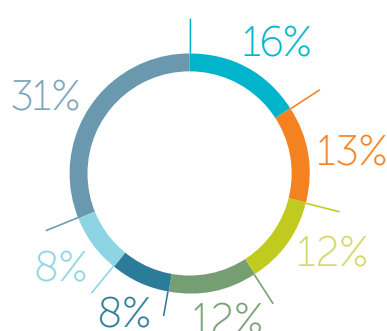
Portfolio distributions split by inflation linkage⁽¹⁾



Portfolio distributions split by revenue type⁽¹⁾



Portfolio operator exposure (percentage of total cost)



(1) Based on project revenues from volumes/generation over the previous year and assumes project cash flow distributions reflect revenue split at each project.

Vulcan Renewables Biomethane Plant

CO₂ analysis report



What do these savings mean?

The Vulcan Renewables Biomethane Plant has to date offset 19,091tCO₂e since commissioning and is expected to offset at least 95,456tCO₂e over its operational lifetime. This equates to:

Equivalent emissions produced by a mid-sized diesel car driving around Earth's equator



Mid-sized diesel cars removed from UK roads every year over the plant's lifetime



Asset introduction

The Vulcan Renewables Biomethane Plant is fed on a menu of 42,000 tonnes per annum of agricultural feedstocks including whole crop maize, rye, sugar beet and grass silage. The biogas plant has a designed export capacity of 450m³/hr biomethane with all biomethane produced exported directly to the national gas grid. A 500kW CHP provides heat and power to meet the energy requirements of the plant with surplus electricity exported to the grid. The plant was commissioned in October 2013 and to date has exported 14,000MWh of renewable electricity and a further 186,000MWh of biomethane.

CO₂ savings from biomethane

Biomethane offsets significant CO₂ emissions compared with fossil fuel derived gas and electricity. Conversion factors for fossil fuel derived electricity, natural gas and biomethane are shown below:

- UK generated electricity: 0.28037 kg CO₂e per kWh;
- natural gas: 0.18396 kg CO₂e per kWh (gross CV); and
- biomethane: 0.00037703 kg CO₂e per kWh (gross CV).

The calculated CO₂ savings shown within this report are based on the actual savings achieved by the site.

Source: AARDVARK Certification Limited

Average UK homes provided with gas for heating and cooking over the plant's lifetime

3,100



Average UK homes powered with renewable electricity over the plant's lifetime



1,000

Other environmental/social benefits

The Vulcan Renewables Biomethane Plant delivers several other environmental and local community benefits. These have included to date:

- £5,000 paid to a local community benefit fund in the last financial year which has been used for:
 - new playground equipment for a local primary school;
 - payment of Brownie and Girl Guide subscriptions;
 - purchase of a trailer for the local Scout group;
 - a new boiler for the local Methodist Church; and
 - payment of rent for the local gardening society.
- the resultant digestate from the plant is used on local farmland as a valuable biofertilizer. The liquid fraction has been particularly useful for establishment of cover crop, oilseed rape and grass; and
- use of the digestate as a direct replacement for traditional fertilisers offsets an estimated 472tCO₂e per annum.

Investment Adviser's report

JLEN's Net Asset Value as at 30 September 2018 increased to £395.7 million from £392.4 million at 31 March 2018, predominantly driven by increased forecast electricity prices. On a per share basis it increased to 100.4 pence from 99.6 pence.

About the Investment Adviser

JLEN is advised by John Laing Capital Management Limited ("JLCM"), a wholly owned subsidiary of John Laing Group plc. JLCM was incorporated in England and Wales on 19 May 2004 under the Companies Act 1985 (registered number 5132286) and has been authorised and regulated in the UK by the FCA (previously FSA) since December 2004.

The portfolio

At 30 September 2018, the Group's investment portfolio comprised of interests in 27 projects, 25 located in the UK and two in France:

Type	Asset	Location	Type	Ownership	Capacity (MWs)	Commercial operations date
	Bilsthorpe	UK (Eng)	Wind	100%	10.2	Mar 2013
	Burton Wold Extension	UK (Eng)	Wind	100%	14.4	Sep 2014
	Carscreugh	UK (Scot)	Wind	100%	15.3	Jun 2014
	Castle Pill	UK (Wal)	Wind	100%	3.2	Oct 2009
	Dungavel	UK (Scot)	Wind	100%	26.0	Oct 2015
	Ferndale	UK (Wal)	Wind	100%	6.4	Sep 2011
	Hall Farm	UK (Eng)	Wind	100%	24.6	Apr 2013
	Le Placis Vert	France	Wind	100%	4.0	Jan 2016
	Llynfi Afan	UK (Wal)	Wind	100%	24.0	Mar 2017
	Moel Moelogan	UK (Wal)	Wind	100%	14.3	2003 & 08
	New Albion	UK (Eng)	Wind	100%	14.4	Jan 2016
	Plouguernevel	France	Wind	100%	4.0	May 2016
	Wear Point	UK (Wal)	Wind	100%	8.2	Jun 2014
	Amber	UK (Eng)	Solar	100%	9.8	Jul 2012
	Branden	UK (Eng)	Solar	100%	14.7	Jun 2013
	CSGH	UK (Eng)	Solar	100%	33.5	Mar 2014 & 15
	Monksham	UK (Eng)	Solar	100%	10.7	Mar 2014
	Pylle Southern	UK (Eng)	Solar	100%	5.0	Dec 2015
	Panther	UK (Eng)	Solar	100%	6.5	2011–2014
	Icknield Farm	UK (Eng)	Anaerobic digestion	40%	5.0 ⁽¹⁾	Dec 2014
	Vulcan Renewables	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽²⁾	Oct 2013
	Egmere Energy	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽²⁾	Nov 2014
	Grange Farm Energy	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽²⁾	Dec 2014
	Merlin Renewables	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽²⁾	Sep 2014
	Dumfries & Galloway	UK (Scot)	Waste management	80%	n/a	2007
	ELWA	UK (Eng)	Waste management	80%	n/a	2006
	Tay	UK (Scot)	Wastewater	33%	n/a	Nov 2001

(1) MW_{th} (thermal) and an additional 0.4MW_e CHP engine for on-site power provision.

(2) MW_{th} (thermal) and an additional 0.5MW_e CHP engine for on-site power provision.

Investment performance

The change in total NAV reflects the updates for recent operational performance, changes in assumptions for future electricity and gas prices and value enhancements. The Directors have considered the current status of the electricity and gas markets as well as discount rates seen in the secondary markets for environmental infrastructure assets in arriving at the forecasts used in the valuation.

The NAV per share at 30 September 2018 was 100.4 pence, up from 99.6 pence at 31 March 2018.

JLEN has announced an interim dividend of 1.6275 pence per share for the quarter ended 30 September 2018, payable on 21 December 2018, in line with the full-year target of 6.51 pence per share for the year ending 31 March 2019 as set out in the 2018 Annual Report.

Portfolio performance

Total generation for the period from the renewables portfolio was 208 GWh of electrical generation and 125GWh_{th} of thermal production, 9% below the electrical budget but 5% above the thermal generation budget. Above budget performance from the solar assets was more than offset by low wind speeds affecting the wind portfolio but the growing AD segment displayed encouraging results.

For the solar assets, the majority of plants performed satisfactorily given the high levels of solar irradiance experienced over the period, an improvement on previous periods and evidence that the focus placed on solar asset management is making a difference. Generation was 1.6% above budget, including a transformer and switchgear failure in Branden in the end of May. The switchgear was repaired and the transformer replaced. Excluding these outages, generation was 2.8% above budget, on irradiation that was 3.7% higher than the long-term expectation. Temperatures were measured 1 to 2 degrees higher on average than long-term expectations, contributing to lower generation than would otherwise be expected given irradiance over the period.

For the AD assets, Vulcan Renewables and Icknield Farm were held throughout the period, with Egmore Energy and Grange Farm Energy acquired in July and Merlin Renewables shortly afterwards in August. Allowing for JLEN's period of ownership, performance across the AD portfolio has been very encouraging, with gas generation 5% above budget, a trend that has been seen consistently since our first acquisition in the sector in August 2017. Work has been progressing on the Vulcan capital upgrade project that is expected to result in a doubling of capacity at the plant, with no material impact on existing operations.

For the wind assets, the period was notable for very low wind speeds, with May, June, July and August all materially below budget. Overall, generation was 12.0% below budget for the Funds' reporting period, although this includes agreed curtailment at Carscreugh where the project is paid an attractive rate to switch off when requested by the network operator. Wind generation is expected to be seasonally lower during the summer and so variances to budget look greater on a relative basis. For example, for the six months to 30 June 2018, the variance to budget was -4.2%. New Albion experienced unavailability due to replacement work for generator bearings on three turbines; recovery is expected under the availability warranty. Notwithstanding the low level of wind resource, the performance of the other assets was satisfactory, with no material outages or performance issues to report. The Investment Adviser has also concluded a portfolio wide tender for management services, which has resulted in materially lower prices, which in turn has increased the NAV and should lead to clearer operational responsibility.

Investment Adviser's report continued

Portfolio performance continued

The continued growth of the AD portfolio also saw a good performance across the asset base with an average of 5% favourable variance against budgeted production. The assets displayed good availability over this reporting period with minimal unplanned downtime. Vulcan Renewables is undergoing its upgrade phase through its EPC contractor with expected completion for the latter part of 2019, thereafter doubling the asset's output. Further value enhancements are being considered by the Investment Adviser which would be applicable across the AD portfolio focusing on enhancing revenue further whilst managing operating costs.

Portfolio generation	2014-15	2015-16	2016-17	2017-18	2018-19 H1	Total
Wind portfolio actual generation (GWh _e)	82	184	217	399	151 ⁽²⁾	1,033
Variation from budget ⁽¹⁾	-7%	+11%	-15%	0%	-12%	-4%
Solar portfolio actual generation (GWh _e)	10	30	40	64	57	201
Variation from budget ⁽¹⁾	-1%	-2%	-12%	-9%	+2%	-5%
AD portfolio actual generation (GWh _{th})	—	—	—	51	125	176
Variation from budget	—	—	—	+8%	+4%	+6%

(1) Budgets adjusted to reflect operational energy yield assessments carried out under contracted true-up mechanisms post IPO.

(2) Actual generation voluntarily curtailed by 0.8GWh at Carscreugh and would have otherwise been commensurately higher.

The ELWA waste management project has continued to perform in line with expectations, with key contractual targets being met and the amount of waste delivered comfortably above the level that the project needs to meet budget. The Tay wastewater project has continued to experience unusually dry conditions and so revenues based on flows will be reduced, although cost controls are expected to mitigate the financial impact. The D&G waste concession agreement was terminated during the period, with the Council taking services in house and no further liability for JLEN as the majority shareholder of the project company. Once outstanding project company assets and liabilities have been settled, the project company will be wound up and any residual net cash distributed to JLEN as the subordinated creditor.

Environmental and social governance

JLEN takes its approach to environmental and social governance ("ESG") matters seriously and is of the opinion that the portfolio provides a wide range of positive environmental benefits. It is the intention of the Fund to provide an independent assessment of the environmental impact of each of its investments such that there is a clear and measurable set of metrics by which environmental benefit can be assessed. As at this half-year reporting date, five assets have been assessed and these reports are available on the JLEN website. JLEN engages in a variety of community activities where possible with their assets. An example of this is the establishment of a community fund by one of the AD projects whereby anyone living within the local area can apply for funding. Recent examples of this include the provision of heating units to residential care homes, equipment to Scouts and the contribution to an extension at the village hall and refurbishment of local sports facilities. More recently, our AD partner, Future Biogas, announced their intention to hire three apprentices who will be assigned to JLEN's AD plants for the duration of their four-year training scheme. The long-term operations agreements in place between JLEN and Future Biogas has ensured that this investment is made in the future of these three young individuals. It is rewarding to see the positive impact a JLEN investment is able to make in the communities it invests in.

Acquisitions

Since 31 March 2018, the Company has acquired three further AD assets and committed to a further investment in an existing portfolio asset for a total capital deployment of £62.6 million. The acquisitions and further investments were funded through a drawdown under the Company's £130 million revolving credit facility. The assets were as follows:

Vulcan Renewables, further investment

In June 2018, JLEN committed to invest a further c. £8.5 million into the Vulcan Renewables AD plant of which £4.3 million had been funded at 30 September 2018. The investment consists of the provision of funding to double the AD plant's biomethane and generating capacity.

Egmere Energy and Grange Farm Energy

On 9 July 2018, JLEN completed two further acquisitions of AD assets, Egmere Energy Limited and Grange Farm Energy Limited, for a total consideration of c. £36 million. The Egmere Energy AD plant is located in Egmere, North Norfolk and was commissioned in November 2014. The plant has a thermal capacity of c. 5MW and predominantly produces biomethane to be injected to the national gas grid. In addition, the plant also has a 0.5MW CHP engine and is accredited under the RHI and FiT schemes.

The Grange Farm Energy AD plant is located in Spidlington, Lincolnshire and was commissioned in December 2014. The plant has a thermal capacity of c. 5MW and predominantly produces biomethane to be injected to the national gas grid. In addition, the plant also has a 0.5MW CHP engine and is accredited under the RHI and FiT schemes.

Merlin Renewables

On 16 August 2018, JLEN completed the acquisition of Merlin Renewables Limited for a total consideration, including working capital of c. £18.1 million.

The Merlin Renewables AD plant is located in Hibaldstow, North Lincolnshire and was commissioned in September 2014. The plant has a thermal capacity of c. 5MW_{th} and predominantly produces biomethane to be injected to the national gas grid. In addition, the plant also has a 0.5MW_e CHP engine and is accredited under the RHI and FiT schemes.

Future Biogas Limited will continue to provide management, operations and maintenance services to the AD plants after the acquisition.

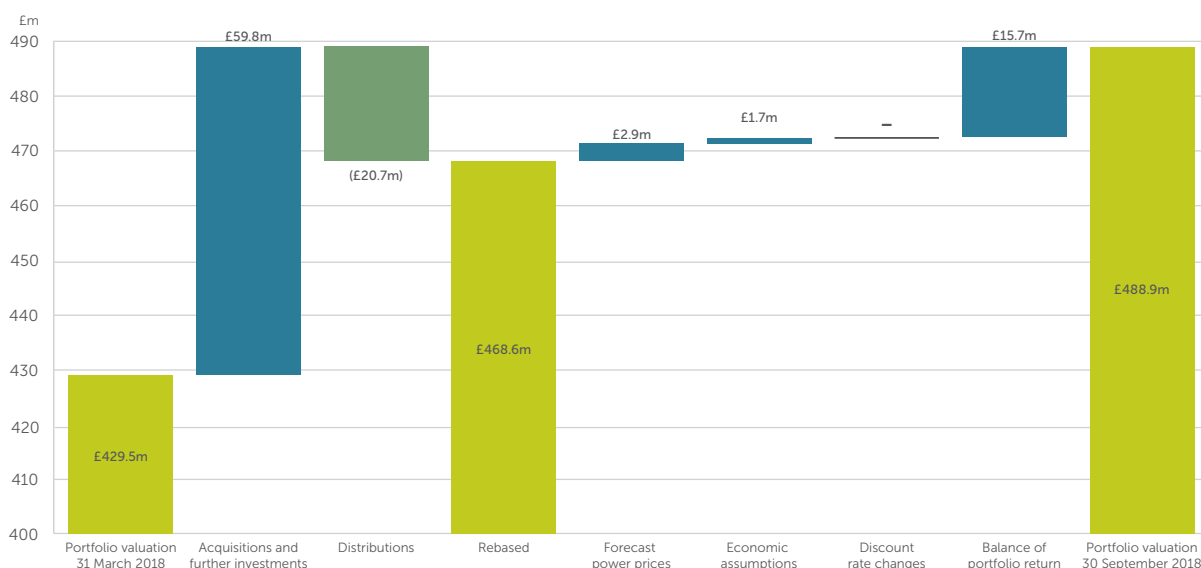
Investment Adviser's report continued

Portfolio valuation

The Investment Adviser is responsible for carrying out the fair market valuation of the Company's investments which is presented to the Directors for their approval and adoption. The valuation is carried out on a quarterly basis as at 30 June, 30 September, 31 December and 31 March each year.

The Directors' valuation of the portfolio at 30 September 2018 was £488.9 million, compared to £429.5 million at 31 March 2018. The increase of £59.4 million is the net impact of acquisitions, cash received from investments, changes in macroeconomic and power price assumptions, and underlying growth in the portfolio.

A reconciliation of the factors contributing to the growth in the portfolio during the period is shown in the chart below:



The total movement of investments during the period ended 30 September 2018 is shown in the table below:

	Six months ended 30 Sep 2018 (unaudited) £m
Valuation of portfolio at beginning of the period	429.5
Acquisitions and further investment in the period	59.8
Cash distributions from portfolio	(20.7)
Rebased opening valuation of portfolio	468.6
Changes in forecast power prices	2.9
Changes in economic assumptions	1.7
Changes in discount rates	—
Balance of portfolio return	15.7
Valuation of portfolio at end of the period	488.9
Fair value of Intermediate Holding Companies	(91.8)
Investments at fair value through profit or loss	397.1

Valuation assumptions

The investments in JLEN's portfolio are valued by discounting the future cash flows forecast by the underlying asset financial models.

Each movement between the rebased valuation and the 30 September 2018 valuation is considered below:

Forecast power prices

The project cash flows used in the portfolio valuation at 30 September 2018 reflect contractual fixed price arrangements under PPAs where they exist and short-term market forward prices for the next two years where they do not. The Company maintains a programme of rolling price fixes for its wind and solar projects, typically having the majority of projects on fixed price arrangements for the next 6-12 months in order to reduce the revenue risk from price volatility.

Where generating projects in the portfolio do not have a fixed price under their PPAs, JLEN has reflected the prices in the table below (gross of PPA discounts):

Avg £/MWh	Summer	Winter
Electricity	57 (March 2018: 43)	69 (March 2018: 49)
Gas	20 (March 2018: 14)	25 (March 2018: 17)

At 30 September 2018, 78% of the renewable energy portfolios' electricity price exposure was subject to a fixed price for the winter 2018 season and 43% for the summer 2019 season. Further fixes for the summer 2019 season were made post the period end.

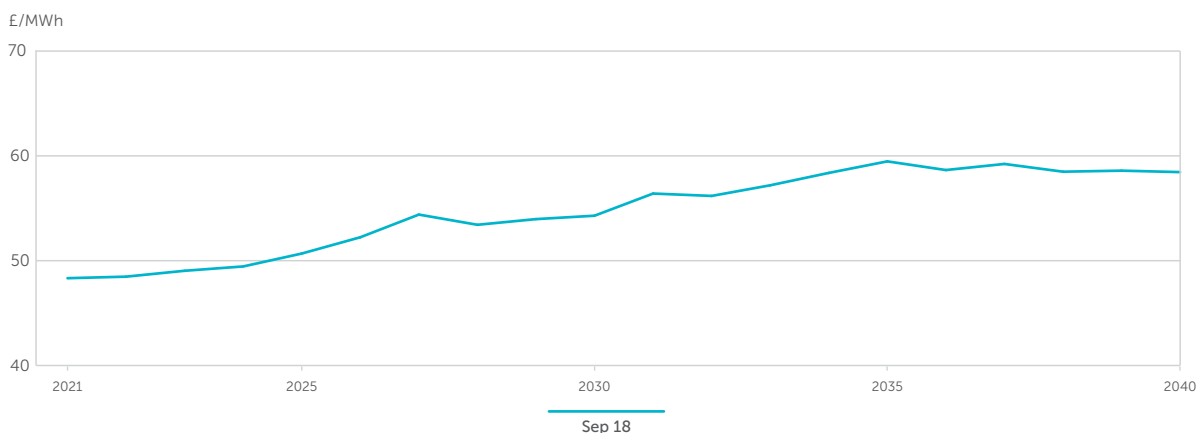
After the initial two-year period, the project cash flows assume future electricity and gas prices in line with a blended curve informed by the central forecasts from two established market consultants, adjusted by the Investment Adviser for project-specific arrangements and price cannibalisation as required. This is a change in valuation policy from the year ended 31 March 2018, where electricity and gas price assumptions were based on the forecast of a single market consultant. The Directors have adopted the new policy to bring the Company in line with the majority of other funds within the listed renewables sector to aid comparison and also with the intention of reducing the volatility observed in portfolio valuations due to reflecting additional views on medium and long-term electricity and gas prices. Changes to forecast power prices have added 0.7 pence per share to the NAV compared to the previous forecasts. If the Directors had maintained the previous policy in updating power price forecasts, NAV per share would have been 2.3 pence lower.

Investment Adviser's report continued

Valuation assumptions continued

Forecast power prices continued

The Company uses slightly different curves for wind and solar projects based on the generation profile, the Company's experience of actual capture rates, and expectations of future price cannibalisation resulting from increased penetration of low marginal cost, intermittent generators on the GB network. The graph below represents the blended curve used by the Company for wind and solar projects, weighted according to generation.



The real rate of price growth on a constant basis from the period end is 0.4%. Current electricity prices are generally considered to be high and the Directors note that there is a short-term reduction expected which means that the actual real rate of growth may increase.

Economic assumptions

Macroeconomic assumptions in respect of inflation, corporation tax and deposit interest rates have remained relatively constant during the period, RPI inflation rates assumed in the valuation at 30 September 2018 are 3.4% in 2018 (3.5% at 31 March 2018), 3.1% in 2019 (3.0% at 31 March 2018), 3.0% in 2020 (2.75% at 31 March 2018) and 2.75% for all subsequent years for UK assets, and 1.5% in 2018 (1.5% at 31 March 2018) and for all subsequent years for the French assets. The long-term UK corporation tax rate assumed is 19%, stepping down to 17% from April 2020 onwards, reflecting the rates enacted by legislation, which is in line with market practice. The equivalent rates for the French assets remain unchanged from those applied at 31 March 2018 at 28% in 2018, stepping down to 26.5% in 2021 and 25% from 2022. Deposit rates assumed in the valuation reflect a range of deposit rates in the UK from 1.5% in 2018 with a gradual increase to a long-term rate of 2.5% with effect from 2020 onwards. For the French assets the rate assumed is 0.5%. The euro/sterling exchange rate used to value the euro-denominated investments in France was €1.12/£1 (€1.14/£1 at 31 March 2018).

Discount rates

The discount rates used in the valuation exercise represent the Investment Adviser's and the Board's assessment of the rate of return in the market for assets with similar characteristics and risk profile. The discount rates are reviewed on a regular basis and updated, where appropriate, to reflect changes in the market and in the project risk characteristics.

During the period since 31 March 2018, there has continued to be strong demand for income-producing infrastructure assets, including environmental infrastructure projects as the market matures. Discount rates for the portfolio remain unchanged from those used at 31 March 2018, although the Investment Adviser notes discount rate benchmarks for UK agricultural AD projects are reducing and will continue to monitor this for future valuations.

Taking the above into account, and the change in mix of the portfolio during the period due to new acquisitions, the overall Weighted Average Discount Rate ("WADR") of the portfolio was 8.2% at 30 September 2018 (8.1% at 31 March 2018).

Balance of portfolio return

This represents the balance of valuation movements in the period excluding the factors noted above. The balance of the portfolio return mostly reflects the impact on the rebased portfolio value, all other measures remaining constant, of the effect of the discount rate unwinding and also some additional valuation adjustments from updates to individual project revenue assumptions. The total represents an uplift of £15.7 million.

Valuation sensitivities

The Net Asset Value of the Company is the sum of the discounted value of the future cash flows of the underlying asset financial models, the cash balances of the Company and the Intermediate Holding Companies, other assets and liabilities of the Group less Group debt.

The portfolio valuation is the largest component of the Net Asset Value and the key sensitivities are considered to be the discount rate applied in the valuation of future cash flows and the principal assumptions used in respect of future cash inflows and outflows.

A broad range of assumptions are used in our valuation models. These assumptions are based on long-term forecasts and are not affected by short-term fluctuations in inputs, be it economic or technical. The Investment Adviser exercises its judgement in assessing both the expected future cash flows from each investment based on the project's life and the financial models produced by each project company and the appropriate discount rate to apply.

The key assumptions are as follows:

Volumes

Base case forecasts for renewable energy projects assume a "P50" level of electricity output based on reports by technical consultants. The P50 output is the estimated annual amount of electricity generation (in MWh) that has a 50% probability of being exceeded – both in any single year and over the long term – and a 50% probability of being underachieved. Hence the P50 is the expected level of generation over the long term.

The P90 (90% probability of exceedance over a 10-year period) and P10 (10% probability of exceedance over a 10-year period) sensitivities reflect the future variability of wind and solar irradiation and the uncertainty associated with the long-term data source being representative of the long-term mean.

Agricultural AD facilities do not suffer from similar deviations as their feedstock input volumes (and consequently biogas production) are controlled by the site operator.

For the waste and wastewater processing projects, forecasts are based on projections of future flows and are informed by both the client authorities' own business plans and forecasts and independent studies where appropriate.

Revenues in the PPP projects are generally not very sensitive to changes in volumes due to the nature of their payment mechanisms.

Investment Adviser's report continued

Valuation sensitivities continued

Power prices

Power price assumptions are based on the following: for the first two years' cash flows for each project use forward electricity and/or gas prices based on market rates unless a contractual fixed price exists, in which case the model reflects the fixed price followed by the forward price for the remainder of the two-year period. For the remainder of the project life long-term blended central case forecasts are taken from established market consultants and other relevant information is used, and adjusted by the Investment Adviser for project-specific arrangements. The sensitivity assumes a 10% increase or decrease in electricity and gas prices relative to the base case for each year of the asset life after the first two-year period.

Inflation

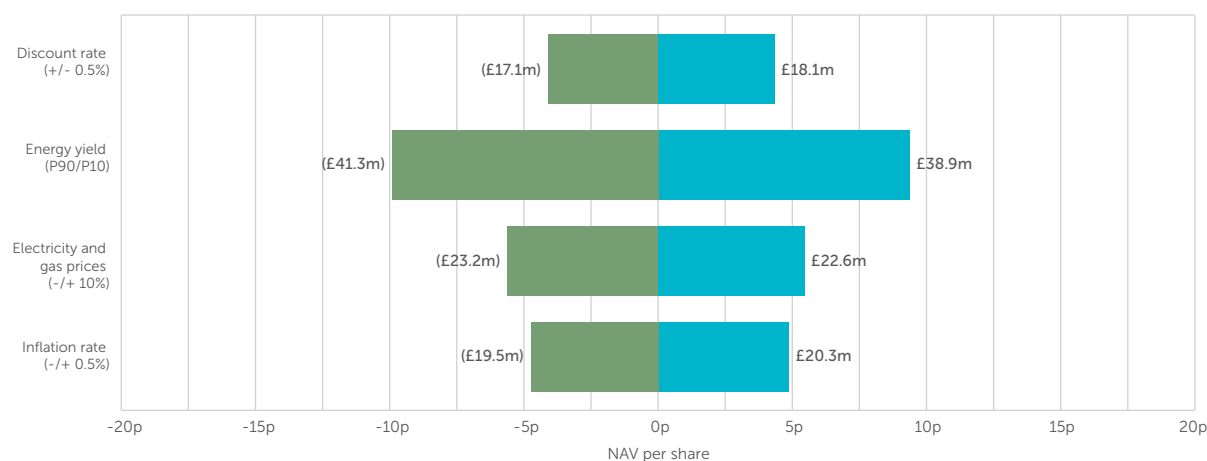
The inflation assumptions used in the valuation as at 30 September 2018 are 3.4% in 2018, 3.1% in 2019, 3.0% in 2020 with 2.75% for all subsequent years for UK assets, and 1.5% in 2018 and for all subsequent years for the French assets. Each project in the portfolio receives a revenue stream which is either fully or partially inflation linked. The sensitivity assumes a 0.5% increase or decrease in inflation relative to the base case.

Euro/sterling exchange rates

As the proportion of the portfolio assets with cash flows denominated in euros represented less than 1% of the portfolio value at 30 September 2018, JLCM considers the sensitivity to changes in euro/sterling exchange rates to be insignificant.

The chart below shows the impact of the key sensitivities on NAV per share, with the £ labels indicating the impact of the sensitivities on portfolio value.

Sensitivities – impact on NAV at 30 September 2018



Financing

JLEN benefits from a revolving credit facility with HSBC, NIBC, ING and Santander of £130 million (of which £103.6 million has been drawn at 30 September 2018) and an uncommitted "accordion" facility of up to £60 million. In June 2018, the Fund exercised the option to extend the facility a further year, now expiring in June 2021. The facility margin is 200 to 225 bps (depending on the loan-to-value ratio for the Fund) over LIBOR.

The facility gives JLEN an increased source of flexible funding outside of equity raisings at a lower cost. It will be used to make future acquisitions of environmental infrastructure projects to add to JLEN's current portfolio of wind, solar, AD and waste and wastewater processing assets, on a timely basis, reducing the performance drag associated with holding excess cash. As at the period end, drawings under the revolving credit facility were £103.6 million. Under its investment policy, JLEN may borrow up to 30% of its NAV.

Post the end of the period, all the outstanding facility was repaid from the proceeds of an equity issuance that closed in October 2018. At the date of issuing this report, the full committed facility of £130 million is available for acquisitions.

In addition to the revolving credit facility, several of the projects have underlying project level debt which is not reflected in these financial statements. There is an additional gearing limit in respect of such debt of 85% of the aggregate gross project value (being the fair market value of such portfolio companies increased by the amount of any financing held within the projects) for PFI/PPP projects and 65% for renewable energy generation projects.

The project-level gearing at 30 September 2018 across the portfolio was 35.5% (31 March 2018: 39.1%) being 29.4% (31 March 2018: 32.9%) for the renewable energy assets and 54.5% (31 March 2018: 56.4%) for the PFI processing assets. The decrease in the gearing for the renewable energy assets during the period reflects the acquisition of the AD plants in the period. Taking into account the amount drawn down under the revolving credit facility, the overall fund gearing at 30 September 2018 was 48.2% (31 March 2018: 45.4%). As discussed further below, the revolving credit facility was fully repaid in October 2018.

As at 30 September 2018, the Group, which comprises the Company and the Intermediate Holding Companies, had cash balances of £10.0 million (31 March 2018: £11.8 million).

Share capital

In October 2018, post the period end JLEN raised £105 million through the issue of 102.9 million new ordinary shares at a price of 102 pence per share, an estimated 1.6% premium to NAV at 30 September 2018 and accretive to existing shareholders. The issue was significantly over-subscribed and applications had to be scaled back in accordance with the terms of the placing. The proceeds of the share issue were used to repay the outstanding balance on the revolving credit facility, which had been drawn to finance the acquisition of the Llynfi wind farm and the new AD plant investments completed in the period.

Investment Adviser's report continued

Profit before tax

Profit before tax for the period was £16.1 million (30 September 2017: £6.3 million), generating earnings per share for the period of 4.1 pence (30 September 2017: 1.8 pence). The increase over the period to 30 September 2017 reflects the increase in forecast power prices and value enhancements included in the valuation of the portfolio.

All amounts presented in £million (except as noted)	Six months ended 30 Sep 2018 (unaudited) £m	Six months ended 30 Sep 2017 (unaudited) £m
Interest received on UK HoldCo loan notes	10.3	8.9
Dividends received from UK HoldCo	—	5.5
Net gains/(loss) on investments at fair value	8.6	(5.7)
Operating income	18.9	8.7
Operating cost	(2.8)	(2.4)
Profit before tax	16.1	6.3
Earnings per share	4.1p	1.8p

Ongoing charges

The "ongoing charges" ratio is an indicator of the costs incurred in the day-to-day management of the Fund. JLEN uses the Association of Investment Companies ("AIC") recommended methodology for calculating this ratio, which is an annual figure. For the year ended 31 March 2018 the ratio was 1.31% and it is anticipated that the full year ratio for the year ended March 2019 will be in line with this. The ongoing charges percentage is calculated on a consolidated basis and therefore takes into consideration the expenses of UK HoldCo as well as the Company's.

Net assets

Net assets increased from £392.4 million at 31 March 2018 to £395.7 million at 30 September 2018, primarily driven by the increase in forecast power prices assumed in the valuation of the portfolio.

Analysis of the Group's net assets

All amounts presented in £million (except as noted)	30 Sep 2018 (unaudited)	31 Mar 2018 (audited)
Portfolio value	488.9	429.5
Intermediate Holding Companies cash	9.8	6.3
Intermediate Holding Companies revolving credit facility	(103.6)	(48.4)
Intermediate Holding Companies other assets	2.0	1.1
Fair value of the Company's investment in UK HoldCo	397.1	388.5
Company's cash	0.2	5.5
Company's other net liabilities	(1.6)	(1.6)
Net Asset Value	395.7	392.4
Number of shares	394,077,029	394,077,029
Net Asset Value per share	100.4p	99.6p

The movement in the portfolio value of environmental infrastructure assets during the period is summarised as follows:

	£m
Value at 31 March 2018 (audited)	429.5
Acquisitions and further investment	59.8
Growth in value of portfolio	20.3
Distributions received from investments	(20.7)
Portfolio value at 30 September 2018 (unaudited)	488.9

Cash flow

At 30 September 2018, the Group (Company plus Intermediate Holding Companies) had a total cash balance of £10.0 million (31 March 2018: £11.8 million), including £0.2 million (31 March 2018: £5.5 million) in the Company's balance sheet and £9.8 million (31 March 2018: £6.3 million) in the Intermediate Holding Companies, which is included in the Company's balance sheet within "investments at fair value through profit or loss".

At 30 September 2018, UK HoldCo had £103.6 million drawn down (31 March 2018: £48.4 million) under its revolving credit facility.

Cash flows of the Group for the period are summarised as follows:

	Six months ended 30 Sep 2018 (unaudited) £m	Six months ended 30 Sep 2017 (unaudited) £m
Cash received from environmental infrastructure investments	20.7	15.4
Administrative expenses	(0.4)	(0.6)
Directors' fees and expenses	(0.1)	(0.1)
Investment advisory fees	(2.2)	(1.8)
Financing costs (net of interest income)	(1.3)	(0.8)
Cash flow from operations	16.7	12.1
(Expenses)/net proceeds from share issues	(0.3)	39.5
Drawdown under the revolving credit facility	55.2	3.3
Arrangement fee for revolving credit facility	(0.4)	(1.2)
Acquisition of investment assets and further investment	(58.7) ⁽¹⁾	(52.8)
Acquisition costs (including stamp duty)	(1.7)	(1.4)
Dividends paid in cash to shareholders	(12.6)	(11.2)
Cash movement in the period	(1.8)	(11.7)
Opening cash balance	11.8	26.1
Group cash balance at 30 September	10.0	14.4

(1) Excludes acquisition costs recovered from the sellers.

During the period, the Group received cash distributions of £20.7 million from its environmental infrastructure investments, in line with distributions expected by the Group.

The Company has declared an interim dividend of 1.6275 pence per share for the quarter to 30 September 2018 (estimated based on the shares in issue at the date of this Half-year Report to have a cash cost of £8.1 million), which is payable on 21 December 2018.

Investment Adviser's report continued

Outlook

In the period under review, the Company has benefited from having its broad environmental infrastructure investment mandate. Acquisition opportunities in AD and wider bioenergy have compared favourably with alternatives in wind and solar, with the outcome that the Company has added only AD projects in the period. These projects have attractive revenue characteristics, with high levels of RPI-linked subsidy support and correspondingly low exposure to wholesale gas and electricity markets. The Company sees further opportunities in the AD sector and is in discussions with a number of asset owners about future transactions.

The Company also sees opportunities in the biomass and energy-from-waste sectors. Each of these sectors is represented in the pipeline of assets covered by the First Offer Agreement that the Company has with John Laing Group plc. In addition, the Company is aware of third-party bioenergy assets that are available for sale and is continuing to position itself for those transactions that fit with the Company's strategic objectives.

The Company views the typically low level of revenue exposure of bioenergy projects to wholesale gas and electricity markets as a positive. In the period under review, short-term prices have increased significantly, from £49/MWh for winter contracts at 31 March 2018 to £69/MWh at this period end. Post the period end, electricity prices have started to fall back, demonstrating the inherent variability in these revenues. The Company's strategy remains to target assets with low exposure to wholesale power markets in their revenue mix where possible to minimise this risk.

The Company will also continue to maintain a series of rolling price fixes such that the portfolio has a very low exposure to movements in wholesale markets the closer to generating power it gets.

The shape of a Brexit deal, or indeed no deal, remains very uncertain. As far as is possible, the Directors have considered the consequences for the Company of different Brexit outcomes and have not identified any first-order implications for the Company's operations or its very substantially mainland Britain-based portfolio. Even for the two French wind farms (<1% of the portfolio value), there are no potential obstacles apparent for the Company as an owner. The pipeline of asset opportunities available to the Company is very heavily focused on UK assets in the short term and so the Directors do not consider Brexit to be a significant risk at the present time.

Progress has also been made on the operations of the existing portfolio. The Investment Adviser has continued to strengthen its core team in this area, with an experienced Head of AD asset management joining in the period, and a new Head of Wind asset management starting post the period end.

For the solar projects, the majority of sites are performing well, as demonstrated by the positive generation variance over the period, reflecting high solar irradiance. Initiatives are underway to improve pre-emptive repairs and to optimise spares retention. For the wind portfolio, notwithstanding low wind speeds during the period, availability performance has been good, with the focus now on achieving a number of site-specific enhancement opportunities and continuing to implement turbine upgrades to deliver increased generation. Across both the wind and solar portfolios, discussions continue with landowners to extend leases where feasible in order to benefit from extended operational asset life and increase the NAV.

For the AD portfolio, feedstock supplies for 2019 have mostly been secured and harvested to the sites. Feedstock crop yields have been lower than expected in 2018 due to a cold spring and low rainfall during the summer period. However due to the prolonged elevated temperatures, feedstock quality (a measure of the gas potential) is better than expected. In turn these factors may result to in a potential marginal increase in cost of sales, whilst being mitigated by requiring less feedstock due to improved quality. The AD plants continue to offer interesting value enhancement opportunities due to the ability to optimise different stages of the AD process and also due to the increasing scale of the JLEN AD portfolio.

Responsibility statement

We confirm that to the best of our knowledge:

- the condensed set of unaudited financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting and in accordance with the accounting policies set out in the audited Annual Report to 31 March 2018; and
- the Chairman's statement and Investment Adviser's report meet the requirements of an interim management report and include a fair review of the information required by:
 - a) DTR 4.2.7R, being an indication of important events during the first six months of the financial year and a description of principal risks and uncertainties for the remaining six months of the year; and
 - b) DTR 4.2.8R, being the disclosure of related parties' transactions and changes therein.

This responsibility statement was approved by the Board of Directors on 21 November 2018 and is signed on its behalf by:



Richard Morse

Chairman

21 November 2018

Independent review report

to John Laing Environmental Assets Group Limited

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2018 which comprises the condensed income statement, the condensed statement of financial position, the condensed statement of changes in equity, the condensed cash flow statement and related notes 1 to 18. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Statutory Auditor,
Guernsey, Channel Islands

21 November 2018

Condensed unaudited income statement

for the six months ended 30 September 2018

	Notes	Six months ended 30 Sep 2018 (unaudited) £'000s	Six months ended 30 Sep 2017 (unaudited) £'000s
Operating income	8	18,951	8,756
Operating expenses	4	(2,853)	(2,412)
Operating profit		16,098	6,344
Profit before tax		16,098	6,344
Tax	5	—	—
Profit for the period		16,098	6,344
Earnings per share			
Basic and diluted (pence)	7	4.1	1.8

The accompanying notes form an integral part of the condensed set of financial statements.

All results are derived from continuing operations.

There are no items of other comprehensive income in either the current or preceding period, other than the profit for the period and therefore no separate statement of comprehensive income has been presented.

Condensed unaudited statement of financial position

as at 30 September 2018

	Notes	30 Sep 2018 (unaudited) £'000s	31 Mar 2018 (audited) £'000s
Non-current assets			
Investments at fair value through profit or loss	8	397,090	388,468
Total non-current assets		397,090	388,468
Current assets			
Trade and other receivables	9	23	20
Cash and cash equivalents		170	5,509
Total current assets		193	5,529
Total assets		397,283	393,997
Current liabilities			
Trade and other payables	10	(1,552)	(1,610)
Total current liabilities		(1,552)	(1,610)
Total liabilities		(1,552)	(1,610)
Net assets		395,731	392,387
Equity			
Share capital account	12	389,138	389,262
Retained earnings	13	6,593	3,125
Equity attributable to owners of the Company		395,731	392,387
Net assets per share (pence per share)		100.4	99.6

The accompanying notes form an integral part of the condensed set of financial statements.

The condensed set of unaudited financial statements were approved by the Board of Directors and authorised for issue on 21 November 2018.

They were signed on its behalf by:



Richard Morse
Chairman



Christopher Legge
Director

Condensed unaudited statement of changes in equity

for the six months ended 30 September 2018

	Notes	Six months ended 30 Sep 2018 (unaudited)		
		Share capital account £'000s	Retained earnings £'000s	Total £'000s
Balance at 1 April 2018		389,262	3,125	392,387
Profit and total comprehensive income for the period		—	16,098	16,098
Issue of share capital	12	—	—	—
Expenses of issue of equity shares	12	(124)	—	(124)
Dividends paid	6, 13	—	(12,630)	(12,630)
Balance at 30 September 2018		389,138	6,593	395,731

	Notes	Six months ended 30 Sep 2017 (unaudited)		
		Share capital account £'000s	Retained earnings £'000s	Total £'000s
Balance at 1 April 2017		334,858	5,190	340,048
Profit and total comprehensive income for the period		—	6,344	6,344
Issue of share capital	12	40,000	—	40,000
Expenses of issue of equity shares	12	(551)	—	(551)
Dividends paid	6, 13	—	(11,184)	(11,184)
Balance at 30 September 2017		374,307	350	374,657

The accompanying notes form an integral part of the condensed set of financial statements.

Condensed unaudited cash flow statement

for the six months ended 30 September 2018

	Notes	Six months ended 30 Sep 2018 (unaudited) £'000s	Six months ended 30 Sep 2017 (unaudited) £'000s
Profit from operations		16,098	6,344
Adjustments for:			
Interest received		(10,329)	(8,969)
Dividends received		—	(5,500)
Net (gain)/loss on investments at fair value through profit or loss		(8,622)	5,713
Operating cash flows before movements in working capital		(2,853)	(2,412)
(Increase)/decrease in receivables		(3)	8
(Decrease)/increase in payables		(58)	145
Net cash flow from operating activities		(2,914)	(2,259)
Investing activities			
Investment in subsidiaries		—	(17,500)
Loans to subsidiaries	11	—	(22,000)
Interest received		10,329	8,969
Dividends received		—	5,500
Net cash flow from investing activities		10,329	(25,031)
Financing activities			
Gross proceeds on issue of share capital	12	—	40,000
Expenses relating to issue of shares	12	(124)	(551)
Dividends paid	6	(12,630)	(11,184)
Net cash flow from financing activities		(12,754)	28,265
Net (decrease)/increase in cash and cash equivalents		(5,339)	975
Cash and cash equivalents at beginning of period		5,509	4,150
Cash and cash equivalents at end of period		170	5,125

The accompanying notes form an integral part of the condensed set of financial statements.

Notes to the condensed unaudited financial statements

for the six months ended 30 September 2018

1. General information

John Laing Environmental Assets Group Limited (the "Company" or "JLEN") is a closed-ended investment company domiciled and incorporated in Guernsey, Channel Islands, under Section 20 of the Companies (Guernsey) Law. The shares are publicly traded on the London Stock Exchange under a Premium Listing. The condensed set of financial statements of the Company are for the six-month period ended 30 September 2018 and have been prepared on the basis of the accounting policies set out in the Company's latest annual audited financial statements. The condensed set of financial statements comprise the Company and its investment in John Laing Environmental Assets Group (UK) Limited ("UK HoldCo"). The Company and its subsidiaries invest in environmental infrastructure projects that utilise natural or waste resources or support more environmentally friendly approaches to economic activity.

2. Significant accounting policies

(a) Basis of preparation

The condensed set of financial statements were approved and authorised for issue by the Board of Directors on 21 November 2018. The condensed set of financial statements included in this Half-year Report have been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies are consistent with those used in the latest audited financial statements to 31 March 2018 and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 March 2018.

As a result of adopting the amendments to IFRS 10, IFRS 12 and IAS 28 first adopted in the Company's Annual Report to 31 March 2015, the Company is required to hold its subsidiaries that provide investment services at fair value, in accordance with IAS 39 Financial Instruments: Recognition and Measurement, and IFRS 13 Fair Value Measurement.

The Investment Adviser has performed a detailed analysis of the potential impact of IFRS 9 and IFRS 15 on the Company, intermediate holding companies and underlying portfolio companies. The Directors have concluded that IFRS 9 and IFRS 15 do not have a material impact on the condensed financial statements.

The Company accounts for its investment in its wholly owned direct subsidiary UK HoldCo at fair value.

The Company, together with its wholly owned direct subsidiary UK HoldCo, the intermediate holding subsidiary HWT Limited and JLEAG Solar 1 Limited, comprise the Group (the "Group") investing in environmental infrastructure assets.

The net assets of the intermediate holding companies (comprising UK HoldCo, HWT Limited and JLEAG Solar 1 Limited), which at 30 September 2018 principally comprise working capital balances, the bank loan and investments in projects, are required to be included at fair value in the carrying value of investments.

(b) Going concern

The Directors, in their consideration of going concern have reviewed comprehensive cash flow forecasts prepared by the Company's Investment Adviser, which are based on prudent market data and consider, based on those forecasts and an assessment of the Company's subsidiary's banking facilities, that it is appropriate to prepare the condensed financial statements of the Company on the going concern basis. In arriving at their conclusion that the Company has adequate financial resources, the Directors were mindful that the Group had unrestricted cash of £10.0 million as at 30 September 2018 and a banking facility available for investment in new or existing projects and for working capital of £130.0 million. £103.6 million of this facility was drawn at the period end and the facility is repayable in June 2021. The facility was fully repaid in October 2018 with proceeds from the recent capital raise of £105 million.

All key financial covenants are forecast to continue to be complied with at least 12 months from the date of signing these condensed financial statements.

The Directors are satisfied that the Company has sufficient resources to continue to operate for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing these condensed financial statements.

(c) Segmental reporting

The Board is of the opinion that the Company is engaged in a single segment of business, being investment in environmental infrastructure to generate investment returns while preserving capital. The financial information used by the Board to allocate resources and manage the Company presents the business as a single segment comprising a homogeneous portfolio.

(d) Statement of compliance

Pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 the Company is a Registered Closed-Ended Investment Scheme. As a registered scheme, the Company is subject to certain ongoing obligations to the Guernsey Financial Services Commission and is governed by the Companies (Guernsey) Law, 2008 as amended.

3. Seasonality

Neither operating income nor profit are impacted significantly by seasonality. While meteorological conditions resulting in the fluctuation in the levels of wind and sunlight can affect revenues of the Company's environmental infrastructure projects, due to the diversified mix of projects, these fluctuations do not materially affect the Company's operating income or profit.

Notes to the condensed unaudited financial statements continued

for the six months ended 30 September 2018

4. Operating expenses

	Six months ended 30 Sep 2018 (unaudited) £'000s	Six months ended 30 Sep 2017 (unaudited) £'000s
Investment advisory fees	2,383	1,977
Directors' fees and expenses	121	137
Administration fee	49	44
Other expenses	300	254
	2,853	2,412

5. Tax

Income tax expense

The Company has obtained exempt status from income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989.

The income from its investments is therefore not subject to any further tax in Guernsey, although the investments provide for and pay taxation at the appropriate rates in the jurisdictions in which they operate. The underlying tax within the subsidiaries and environmental infrastructure assets, which are held as investments at fair value through profit or loss, are included in the estimate of the fair value of these investments.

6. Dividends

	Six months ended 30 Sep 2018 (unaudited) £'000s	Six months ended 30 Sep 2017 (unaudited) £'000s
Amounts recognised as distributions to equity holders during the period (pence per share):		
Final dividend for the year ended 31 March 2018 of 1.5775 (31 March 2017: 1.535)	6,216	5,214
Interim dividend for the quarter ended 30 June 2018 of 1.6275 (30 June 2017: 1.5775)	6,414	5,970
	12,630	11,184

A dividend for the quarter to 30 September 2018 of 1.6275 pence per share was approved by the Board on 21 November 2018 and is payable on 21 December 2018. The dividend has not been included as a liability at 30 September 2018.

7. Earnings per share

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

	Six months ended 30 Sep 2018 (unaudited) £'000s	Six months ended 30 Sep 2017 (unaudited) £'000s
Earnings		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to owners of the Company	16,098	6,344
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	394,077,029	357,892,383

The denominator for the purposes of calculating both basic and diluted earnings per share is the same as the Company had not issued any share options or other instruments that would cause dilution.

	Six months ended 30 Sep 2018 (unaudited)	Six months ended 30 Sep 2017 (unaudited)
Basic and diluted earnings per share (pence)	4.1	1.8

8. Investments at fair value through profit or loss

As set out in note 1, the Company accounts for its interest in its 100% wholly owned subsidiary UK HoldCo as an investment at fair value through profit or loss. UK HoldCo, in turn, owns investments in Intermediate Holding Companies and environmental infrastructure projects.

The table below shows the movement in the Company's investment in UK HoldCo as recorded in the Company's statement of financial position:

	30 Sep 2018 (unaudited) £'000s	31 Mar 2018 (audited) £'000s
Fair value of environmental infrastructure investments	488,887	429,494
Fair value of Intermediate Holding Companies	(91,797)	(41,026)
Total fair value of investments	397,090	388,468

Notes to the condensed unaudited financial statements continued

for the six months ended 30 September 2018

8. Investments at fair value through profit or loss continued

Reconciliation of movement in fair value of portfolio of assets

The table below shows the movement in the fair value of the Company's portfolio of environmental infrastructure assets. These assets are held through other Intermediate Holding Companies. The table below also presents a reconciliation of the fair value of the asset portfolio to the Company's condensed unaudited statement of financial position as at 30 September 2018, by incorporating the fair value of these Intermediate Holding Companies.

	Six months to 30 Sep 2018 (unaudited)			Year to 31 Mar 2018 (audited)		
	Portfolio value £'000s	Cash, working capital and debt in Intermediate Holding Companies £'000s	Total £'000s	Portfolio value £'000s	Cash, working capital and debt in Intermediate Holding Companies £'000s	Total £'000s
Opening balance	429,494	(41,026)	388,468	327,647	9,274	336,921
Acquisitions						
Portfolio of assets acquired/ further investment	59,751	—	59,751	110,789	—	110,789
Post-acquisition price adjustments	—	—	—	(3,591)	—	(3,591)
	59,751	—	59,751	107,198	—	107,198
Growth in portfolio⁽¹⁾	20,342	—	20,342 ⁽¹⁾	28,058	—	28,058 ⁽¹⁾
Cash yields from portfolio to Intermediate Holding Companies	(20,700)	20,700	—	(33,409)	33,409	—
Yields from Intermediate Holding Companies						
Interest on loan notes ⁽¹⁾	—	(10,329)	(10,329) ⁽¹⁾	—	(18,631)	(18,631) ⁽¹⁾
Dividends from UK HoldCo to the Company ⁽¹⁾	—	—	— ⁽¹⁾	—	(10,400)	(10,400) ⁽¹⁾
	—	(10,329)	(10,329)	—	(29,031)	(29,031)
Other movements						
Investment in working capital in UK HoldCo	—	(4,601)	(4,601)	—	(16,798)	(16,798)
Administrative expenses borne by Intermediate Holding Companies ⁽¹⁾	—	(1,391)	(1,391) ⁽¹⁾	—	(1,980)	(1,980) ⁽¹⁾
Drawdown of UK HoldCo credit facility borrowings	—	(55,150)	(55,150)	—	(35,900)	(35,900)
Fair value of the Company's investment in UK HoldCo	488,887	(91,797)	397,090	429,494	(41,026)	388,468

(1) The net gain on investments at fair value through profit or loss for the period ended 30 September 2018 is £8,622,000 (year ended 31 March 2018: loss of £2,953,000, six-month period ended 30 September 2017: loss of £5,713,000). This, together with interest received on loan notes of £10,329,000 (year ended 31 March 2018: £18,631,000, six-month period ended 30 September 2017: £8,969,000) and dividend income of Enil (year ended 31 March 2018: £10,400,000, six-month period ended 30 September 2017: £5,500,000) comprises operating income in the condensed income statement.

The balances in the above table represent the total net movement in the fair value of the Company's investment. The "cash, working capital and debt in Intermediate Holding Companies" balances reflect investment in, distributions from or movement in working capital and are not value generating.

Fair value of portfolio of assets

The Investment Adviser has carried out fair market valuations of the investments as at 30 September 2018.

The Directors have satisfied themselves as to the methodology used and the discount rates applied for the valuation. Investments are all investments in environmental infrastructure projects and are valued using a discounted cash flow methodology, being the most relevant and most commonly used method in the market to value similar assets to the Company's. The Company's holding of its investment in UK HoldCo represents its interest in both the equity and debt instruments. The equity and debt instruments are valued as a whole using a blended discount rate and the value attributed to the equity instruments represents the fair value of future dividends and equity redemptions in addition to any value enhancements arising from the timing of loan principal and interest receipts from the debt instruments, while the value attributed to the debt instruments represents the principal outstanding and interest due on the loan at the valuation date.

The valuation techniques and methodologies have been applied consistently with the valuation performed since the launch of the Fund in March 2014.

Discount rates applied to the portfolio of assets range from 6.5% to 9.8% (weighted average 8.2%) (at 31 March 2018: from 6.5% to 9.2% – weighted average 8.1%).

The following economic assumptions were used in the discounted cash flow valuations:

	30 Sep 2018	31 Mar 2018
UK – inflation rates	3.4% for 2018 gradually reducing to 2.75% from 2021	3.5% for 2018 decreasing to 2.75% from 2020
France – inflation rates	1.5%	1.5%
UK – deposit interest rates	1.5% for 2018 gradually rising to 2.5% from 2020	1.5% for 2018, gradually rising to 2.5% from 2020
France – deposit rates	0.5%	0.5%
Euro/sterling exchange rate	1.12	1.14

The long-term UK corporation tax rate assumed in the 30 September 2018 portfolio valuation is 19%, stepping down to 17% in April 2020 (in line with market practice). The equivalent rate for the French assets is 28% in 2018, stepping down to 26.5% in 2021 and 25% from 2022.

Fair value of Intermediate Holding Companies

The assets in the Intermediate Holding Companies substantially comprise working capital, cash balances and the outstanding revolving credit facility debt, therefore the Directors consider the fair value to be equal to the book values.

Details of investments made during the period

On 22 June 2018, the Group completed a further investment of £4.3 million into the Vulcan Renewables AD plant to double the plant's biomethane generating capacity.

On 9 July 2018, the Group acquired the two AD plants, Egmore Energy and Grange Farm Energy for a total consideration of £36.9 million.

On 16 August 2018, the Group acquired the Merlin AD plant for a total consideration, including working capital of £18.5 million.

Notes to the condensed unaudited financial statements continued

for the six months ended 30 September 2018

9. Trade and other receivables

	30 Sep 2018 (unaudited) £'000s	31 Mar 2018 (audited) £'000s
Prepayments	23	20
Closing balance	23	20

10. Trade and other payables

	30 Sep 2018 (unaudited) £'000s	31 Mar 2018 (audited) £'000s
Accruals	1,552	1,610
Closing balance	1,552	1,610

11. Loans and borrowings

The Company had no outstanding loans or borrowings at 30 September 2018 (31 March 2018: none), as shown in the Company's condensed statement of financial position.

The Company's immediate subsidiary, UK HoldCo, as Borrower, and the Company, as Guarantor, benefit from a three-year revolving credit facility with HSBC, ING, NIBC and Santander. On 14 June 2017, the Fund signed a new three-year facilities agreement which provides for a committed revolving credit facility of £130 million and an uncommitted accordion facility of up to £60 million. Furthermore, the facility incorporates an uncommitted option to extend for a further year which was exercised on 1 June 2018. The facility margin is 200 to 225 bps (depending on the loan-to-value ratio for the Fund) over LIBOR. The facility will be used to finance the acquisitions of environmental infrastructure projects and to cover working capital requirements.

As at 30 September 2018, UK HoldCo had an outstanding balance of £103.6 million under the facility (31 March 2018: £48.4 million). The loan bears interest of LIBOR +200 to 225 bps and was subsequently repaid after the period end from the proceeds of the capital raise.

As at 30 September 2018, the Company held loan notes of £228.9 million which were issued by UK HoldCo (31 March 2018: outstanding amount of £228.9 million).

There were no other outstanding loans and borrowings in either the Company, UK HoldCo, HWT or JLEAG Solar 1 at 30 September 2018.

12. Share capital account

	30 Sep 2018 (unaudited)		31 Mar 2018 (audited)	
	Number of shares	£'000s	Number of shares	£'000s
Opening balance	394,077,029	389,262	339,642,078	334,858
Shares issued in the period	—	—	54,434,951	55,522
Expenses of issue of equity shares	—	(124)	—	(1,118)
Closing balance	394,077,029	389,138	394,077,029	389,262

All shares issued rank pari passu and include the right to receive all future dividends and distributions declared or paid.

13. Retained earnings

	30 Sep 2018 (unaudited) £'000s	31 Mar 2018 (audited) £'000s
Opening balance	3,125	5,190
Profit for the period/year	16,098	21,060
Dividends paid	(12,630)	(23,125)
Closing balance	6,593	3,125

14. Transactions with Investment Adviser and other related parties

Transactions between the Company and its subsidiaries, which are related parties of the Company, are transacted at arm's length and are disclosed within this note. Details of transactions between the Company and other related parties are disclosed below. This note also details the terms of the Company's engagement with John Laing Capital Management Limited as Investment Adviser, together with the details of investment acquisitions from John Laing Group plc, of which JLCM is a wholly owned subsidiary.

Transaction with the Investment Adviser

JLCM is the Company's Investment Adviser. JLCM's appointment as Investment Adviser is governed by an Investment Advisory Agreement which may be terminated after an initial four-year term, starting 31 March 2014, by either party giving one year's written notice.

JLCM is entitled to a base fee equal to a) 1.0% per annum of the Adjusted Portfolio Value⁽¹⁾ of the Fund⁽²⁾ up to and including £500 million; and b) 0.8% per annum of the Adjusted Portfolio Value of the Fund in excess of £500 million.

The total Investment Adviser fee charged to the income statement for the six months ended 30 September 2018 was £2,383,000 (six-month period ended 30 September 2017: £1,977,000) of which £1,295,000 remained payable as at 30 September 2018 (31 March 2018: £1,103,000).

(1) Adjusted Portfolio Value is defined in the Investment Advisory Agreement as:

- a) the fair value of the investment portfolio; plus
- b) any cash owned by or held to the order of the Fund; plus
- c) the aggregate amount of payments made to shareholders by way of dividend in the quarterly period ending on the relevant valuation day, less
 - i. any other liabilities of the Fund (excluding borrowings); and
 - ii. any uninvested cash.

(2) Fund means the Company and John Laing Environmental Assets Group (UK) Limited together with their wholly owned subsidiaries or subsidiary undertakings (including companies or other entities wholly owned by them together, individually or in any combination, as appropriate) but excluding project entities.

Notes to the condensed unaudited financial statements continued

for the six months ended 30 September 2018

14. Transactions with Investment Adviser and other related parties continued

Other transactions with related parties

The Directors of the Company, who are considered to be key management, received fees for their services for the six-month period of £119,650 (six-month period ended 30 September 2017: £135,500). The Directors were paid expenses of £1,009 in the six-month period (six-month period ended 30 September 2017: £1,055).

The Directors held the following shares:

	Total number of shares held at 30 Sep 2018	Total number of shares held at 31 Mar 2018
Richard Morse	83,042	83,042
Christopher Legge	29,896	29,896
Denise Mileham	28,160	28,160
Peter Neville	29,896	29,896
Richard Ramsay	53,813	53,813

All of the above transactions were undertaken on an arm's length basis.

The Directors were paid dividends in the period of £7,205 (six-month period ended 30 September 2017: £6,962).

15. Financial instruments

Financial instruments by category

The Company held the following financial instruments at fair value at 30 September 2018. There have been no transfers of financial instruments between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

	30 Sep 2018 (unaudited)				
	Cash and bank balances £'000s	Loans and receivables £'000s	Financial assets at fair value through profit or loss £'000s	Financial liabilities at amortised cost £'000s	Total £'000s
Levels	1	1	3	1	
Non-current assets					
Investments at fair value through profit or loss (Level 3)	—	—	397,090	—	397,090
Current assets					
Trade and other receivables	—	23	—	—	23
Cash and cash equivalents	170	—	—	—	170
Total financial assets	170	23	397,090	—	397,283
Current liabilities					
Trade and other payables	—	—	—	(1,552)	(1,552)
Total financial liabilities	—	—	—	(1,552)	(1,552)
Net financial instruments	170	23	397,090	(1,552)	395,731

31 Mar 2018 (audited)					
	Cash and bank balances £'000s	Loans and receivables £'000s	Financial assets at fair value through profit or loss £'000s	Financial liabilities at amortised cost £'000s	Total £'000s
Levels	1	1	3	1	
Non-current assets					
Investments at fair value through profit or loss (Level 3)	—	—	388,468	—	388,468
Current assets					
Trade and other receivables	—	20	—	—	20
Cash and cash equivalents	5,509	—	—	—	5,509
Total financial assets	5,509	20	388,468	—	393,997
Current liabilities					
Trade and other payables	—	—	—	(1,610)	(1,610)
Total financial liabilities	—	—	—	(1,610)	(1,610)
Net financial instruments	5,509	20	388,468	(1,610)	392,387

The table on page 40 provides an analysis of financial instruments that are measured subsequent to their initial recognition at fair value as follows:

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

There were no transfers between Level 1 and 2, Level 1 and 3, or Level 2 and 3 during the period.

In the table on page 40, financial instruments are held at carrying value as an approximation to fair value unless stated otherwise.

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

An analysis of the movement between opening to closing balances of the investments at fair value through profit or loss is given in note 8.

The fair value of the investments at fair value through profit or loss includes the use of Level 3 inputs. Please refer to note 8 for details on the valuation methodology.

Notes to the condensed unaudited financial statements continued

for the six months ended 30 September 2018

15. Financial instruments continued

Sensitivity analysis of the portfolio

The discount rate is considered the most significant unobservable input through which an increase or decrease would have a material impact on the fair value of the investments at fair value through profit or loss.

The sensitivity of the portfolio to movements in the discount rate is as follows:

30 Sep 2018 (unaudited)

Discount rate	Minus 0.5%	Base 8.2%	Plus 0.5%
Change in portfolio valuation	Increases £18.1m	£488.9m	Decreases £17.1m
Change in NAV per share	Increases 4.6p	100.4p	Decreases 4.3p

31 Mar 2018 (audited)

Discount rate	Minus 0.5%	Base 8.1%	Plus 0.5%
Change in portfolio valuation	Increases £16.8m	£429.5m	Decreases £15.8m
Change in NAV per share	Increases 3.9p	99.6p	Decreases 3.7p

The sensitivity of the portfolio to movements in long-term inflation rates is as follows:

30 Sep 2018 (unaudited)

Inflation rates	Minus 0.5%	Base 2.75%	Plus 0.5%
Change in portfolio valuation	Decreases £19.5m	£488.9m	Increases £20.3m
Change in NAV per share	Decreases 4.9p	100.4p	Increases 5.2p

31 Mar 2018 (audited)

Inflation rates	Minus 0.5%	Base 2.75%	Plus 0.5%
Change in portfolio valuation	Decreases £18.9m	£429.5m	Increases £20.2m
Change in NAV per share	Decreases 4.4p	99.6p	Increases 4.7p

Wind and solar assets are subject to electricity price and electricity generation risks. The sensitivities of the investments to movements in the level of electricity output and electricity price are as follows:

The fair value of the investments is based on a "P50" level of electricity output for the renewable energy assets, being the expected level of generation over the long term. The sensitivity of the portfolio to movements in energy yields based on an assumed "P90" level of electricity output (i.e. a level of generation that is below the "P50", with a 90% probability of being exceeded) and an assumed "P10" level of electricity output (i.e. a level of generation that is above the "P50", with a 10% probability of being achieved) is as follows:

30 Sep 2018 (unaudited)

Energy yield	P90 (10 year)	Base P50	P10 (10 year)
Change in portfolio valuation	Decreases £41.3m	£488.9m	Increases £38.9m
Change in NAV per share	Decreases 10.5p	100.4p	Increases 9.9p

31 Mar 2018 (audited)

Energy yield	P90 (10 year)	Base P50	P10 (10 year)
Change in portfolio valuation	Decreases £43.4m	£429.5m	Increases £42.6m
Change in NAV per share	Decreases 10.1p	99.6p	Increases 9.9p

The sensitivity of the portfolio to movements in energy prices is as follows:

30 Sep 2018 (unaudited)

Energy prices	Minus 10%	Base	Plus 10%
Change in portfolio valuation	Decreases £23.2m	£488.9m	Increases £22.6m
Change in NAV per share	Decreases 5.9p	100.4p	Increases 5.7p

31 Mar 2018 (audited)

Energy prices	Minus 10%	Base	Plus 10%
Change in portfolio valuation	Decreases £23.4m	£429.5m	Increases £23.0m
Change in NAV per share	Decreases 5.4p	99.6p	Increases 5.3p

Waste and wastewater assets do not have significant volume and price risks.

Euro/sterling exchange rates sensitivity

As the proportion of the portfolio assets with cash flows denominated in euros represented less than 1% of the portfolio value at 30 September 2018, the Directors consider the sensitivity to changes in the euro/sterling exchange rate to be insignificant.

The Directors consider that the carrying value amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements are approximately equal to their fair values.

16. Guarantees and other commitments

As at 30 September 2018, the Company has provided a guarantee under the Company's wholly owned subsidiary UK HoldCo's £130 million revolving credit facility. Following a one-year extension signed in June 2018, the revolving credit facility is now due to expire in June 2021.

The Company had no other commitments or guarantees.

Notes to the condensed unaudited financial statements continued

for the six months ended 30 September 2018

17. Subsidiaries

The following subsidiaries have not been consolidated in these financial statements as a result of applying the requirements of "Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 27)":

Name	Category	Place of business	Registered office	Ownership interest	Voting rights
John Laing Environmental Assets Group (UK) Limited	Intermediate holding	UK	A	100%	100%
HWT Limited	Intermediate holding	UK	B	100%	100%
JLEAG Solar 1 Limited	Intermediate holding	UK	A	100%	100%
Croft Solar PV Limited	Operating subsidiary	UK	C	100%	100%
Cross Solar PV Limited	Operating subsidiary	UK	C	100%	100%
Domestic Solar Limited	Operating subsidiary	UK	C	100%	100%
Ecossol Limited	Operating subsidiary	UK	C	100%	100%
Hill Solar PV limited	Operating subsidiary	UK	C	100%	100%
Share Solar PV Limited	Operating subsidiary	UK	C	100%	100%
Tor Solar PV limited	Operating subsidiary	UK	C	100%	100%
Residential PV trading Limited	Operating subsidiary	UK	C	100%	100%
South-Western Farms Solar Limited	Operating subsidiary	UK	C	100%	100%
Angel Solar Limited	Operating subsidiary	UK	C	100%	100%
Easton PV Limited	Project holding company	UK	D	100%	100%
Pylle Solar Limited	Project holding company	UK	D	100%	100%
Second Energy Limited	Operating subsidiary	UK	D	100%	100%
ELWA Holdings Limited	Project holding company	UK	E	80%	80%
ELWA Limited ⁽¹⁾	Operating subsidiary	UK	E	80%	81%
JLEAG Wind Holdings Limited	Project holding company	UK	A	100%	100%
JLEAG Wind Limited	Project holding company	UK	A	100%	100%
Amber Solar Parks (Holdings) Limited	Project holding company	UK	F	100%	100%
Amber Solar Park Limited	Operating subsidiary	UK	F	100%	100%
Fryingdown Solar Park Limited	Operating subsidiary (dormant)	UK	F	100%	100%
Five Oaks Solar Parks Limited	Operating subsidiary (dormant)	UK	F	100%	100%
Bilsthorpe Wind Farm Holdings Limited	Project holding company	UK	F	100%	100%
Bilsthorpe Wind Farm Limited	Operating subsidiary	UK	F	100%	100%
Ferndale Wind Limited	Project holding company	UK	F	100%	100%
Castle Pill Wind Limited	Project holding company	UK	F	100%	100%
Wind Assets LLP	Operating subsidiary	UK	F	100%	100%
Shanks Dumfries and Galloway Holdings Limited	Project holding company	UK	G	80%	80%
Shanks Dumfries and Galloway Limited	Operating subsidiary	UK	G	80%	80%
JL Hall Farm Holdings Limited	Project holding company	UK	F	100%	100%
Hall Farm Wind Farm Limited	Operating subsidiary	UK	F	100%	100%
Branden Solar Parks (Holdings) Limited	Project holding company	UK	F	100%	100%
Branden Solar Parks Limited	Operating subsidiary	UK	F	100%	100%
KS SPV 3 Limited	Operating subsidiary	UK	F	100%	100%
KS SPV 4 Limited	Operating subsidiary	UK	F	100%	100%
Carscreugh (Holdings) Limited	Project holding company	UK	F	100%	100%
Carscreugh Renewable Energy Park Limited	Operating subsidiary	UK	F	100%	100%
Wear Point Wind Holdco Limited	Project holding company	UK	F	100%	100%

(1) ELWA Holdings Limited holds 81% of the voting rights and 100% share of the economic benefits in ELWA Limited.

Name	Category	Place of business	Registered office	Ownership interest	Voting rights
Wear Point Wind Limited	Operating subsidiary	UK	F	100%	100%
Monksham Power Ltd	Project holding company	UK	D	100%	100%
Frome Solar Limited	Operating subsidiary	UK	D	100%	100%
BL Wind (Holdings) Limited	Project holding company	UK	F	100%	100%
BL Wind Limited	Operating subsidiary	UK	F	100%	100%
Burton Word Extension Limited	Operating subsidiary	UK	F	100%	100%
New Albion Wind Farm (Holdings) Limited	Project holding company	UK	F	100%	100%
New Albion Wind Limited	Operating subsidiary	UK	F	100%	100%
Dreacmhór Wind (Holdings) Limited	Project holding company	UK	F	100%	100%
Dreacmhór Wind Farm Limited	Operating subsidiary	UK	F	100%	100%
France Wind GP Germany GmbH	Project holding company	DE	K	100%	100%
France Wind Germany GmbH & Co. KG	Project holding company	DE	K	100%	100%
Parc Eolien Le Placis Vert SAS	Operating subsidiary	FR	I	100%	100%
Energie Eolienne de Plouguernevel SAS	Operating subsidiary	FR	J	100%	100%
CSGH Solar Limited	Project holding company	UK	A	100%	100%
CSGH Solar (1) Limited	Project holding company	UK	A	100%	100%
Catchment Tay Holdings Limited	Project holding company	UK	H	33.3%	33.3%
Catchment Tay Limited	Operating subsidiary	UK	H	33.3%	33.3%
sPower Holdco 1 (UK) Limited	Operating subsidiary	UK	D	100%	100%
sPower Finco 1 (UK) Limited	Operating subsidiary	UK	D	100%	100%
Higher Tregarne Solar (UK) Limited	Operating subsidiary	UK	D	100%	100%
Crug Mawr Solar (UK) Limited	Operating subsidiary	UK	D	100%	100%
Golden Hill Solar (UK) Limited	Operating subsidiary	UK	D	100%	100%
Shoals Hook Solar (UK) Limited	Operating subsidiary	UK	D	100%	100%
CGT Investment Limited	Project holding company	UK	L	100%	100%
CWMNI GWYNT TEG CYF	Operating subsidiary	UK	L	100%	100%
Moelogan 2 (Holdings) Cyfyngedig	Project holding company	UK	L	100%	100%
Moelogan 2 C.C.C.	Operating subsidiary	UK	L	100%	100%
Llynfi Afan Renewable Energy Park (Holdings) Limited	Project holding company	UK	A	100%	100%
Llynfi Afan Renewable Energy Park Limited	Operating subsidiary	UK	A	100%	100%
Green Gas Oxon Limited	Project holding company	UK	N	40%	40%
Icknield Gas Limited	Operating subsidiary	UK	N	40%	40%
Slapton Power Company Limited	Operating subsidiary	UK	N	40%	40%
Vulcan Renewables Limited	Operating subsidiary	UK	M	100%	100%
Egmore Energy Limited	Operating subsidiary	UK	A	100%	100%
Grange Farm Energy Limited	Operating subsidiary	UK	A	100%	100%
Merlin Renewables Limited	Operating subsidiary	UK	A	100%	100%

Notes to the condensed unaudited financial statements continued

for the six months ended 30 September 2018

17. Subsidiaries continued

Registered office

- A) 1 Kingsway, London WC2B 6AN
- B) 50 Lothian Road, Festival Square, Edinburgh, Midlothian EH3 9WJ
- C) Calder & Co, 16 Charles II Street, London SW1Y 4NW
- D) Long Barn, Manor Farm, Stratton-on-the-Fosse, Radstock BA3 4QF
- E) Dunedin House, Auckland Park, Mount Farm, Milton Keynes MK1 1BU
- F) 8 White Oak Square, London Road, Swanley, Kent BR8 7AG
- G) 16 Charlotte Square, Edinburgh EH2 4DF
- H) Infrastructure Managers Limited, 2nd floor, 11 Thistle Street, Edinburgh EH2 1DF
- I) Parc Eolien le Placis Vert, Rue du Pre Long 35770 Vern Sur Seiche, France
- J) 3 Rue Benjamin Delessert, 56104 Lorient Cedex 04, France
- K) Steinweg 3-5, Frankfurt am Main, 60313, Germany
- L) Cae Sgubor Ffordd Pennant, Eglwysbach, Colwyn Bay, Conwy LL28 5UN
- M) 10-12 Frederick Sanger Road, Guildford, Surrey GU2 7YD
- N) Friars Ford, Manor Road, Goring, Reading RG8 9EL

18. Events after the reporting period

A dividend for the quarter ended 30 September 2018 of 1.6275 pence per share was approved by the Board on 21 November 2018. Please refer to note 6 for further details.

In October 2018, the Company issued a further 103 million shares at 102 pence per share raising gross proceeds of £105 million through the issuance programme originally announced in February 2018 for up to 200 million new ordinary shares. The proceeds of the capital raise were used to repay all of the outstanding revolving credit facility.

There are no other significant events since the period end which would require to be disclosed.

Directors and advisers

Directors

Richard Morse (Chairman)
Christopher Legge
Denise Mileham
Peter Neville
Richard Ramsay

Administrator to the Company, Company Secretary and Registered Office

Praxis Fund Services Limited

Sarnia House
Le Truchot
St Peter Port
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Channel Islands

Registrar

Link Registrars (Guernsey) Limited (formerly Capita Asset Services)

Mont Crevelt House
Bulwer Avenue
St Sampson
Guernsey GY2 4LH
Channel Islands

UK Transfer Agent

Link Asset Services (formerly Capita Asset Services)

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London EC2V 7NQ
United Kingdom

Auditor

Deloitte LLP

Regency Court
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Guernsey GY1 3HW
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Investment Adviser

John Laing Capital Management Limited

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50 Basinghall Street
London EC2V 5DE
United Kingdom

Corporate Brokers

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The Atrium Building
Cannon Bridge House
25 Dowgate Hill
London EC4R 2GA
United Kingdom

Corporate Bankers

HSBC

PO Box 31
St Peter Port
Guernsey GY1 3AT
Channel Islands

Glossary of key terms

AD

Anaerobic digestion

bps

basis points

the Company or JLEN or the Fund

John Laing Environmental Assets Group Limited

EPC

Engineering, Procurement and Construction

First Offer Agreement

the First Offer Agreement between the Company and John Laing

FiT

the Feed-in Tariff

gross project value

the fair market value of the investment interests held in a project as increased by the amount of any financing in the relevant project entity

Group

John Laing Environmental Assets Group Limited and its Intermediate Holding Companies UK HoldCo, HWT and JLEAG Solar 1

GWh

gigawatt hour

Intermediate Holding Companies

companies within the Group which are used as pass through vehicles to invest in underlying environmental infrastructure assets, namely UK HoldCo, HWT and JLEAG Solar 1

Investment Adviser or JLCM

John Laing Capital Management Limited

IPO

Initial Public Offering

IRR

internal rate of return

John Laing

John Laing Group plc and its subsidiary companies

MW_e

megawatt electric

MWh

megawatt hour

MW_{th}

megawatt thermal

NAV

Net Asset Value

OECD

Organisation for Economic Co-operation and Development

portfolio

the 27 investments in which JLEN had a shareholding as at 30 September 2018

portfolio valuation

the sum of all the individual investments' net present values

PPAs

Power Purchase Agreements

PPP/PFI

the Public Private Partnership procurement model

Price cannibalisation

The depressive influence on the wholesale power price at timings of high output from intermittent weather driven generation such as solar and wind

PV

photovoltaic

RHI

Renewable Heat Incentive

ROCs

Renewables Obligation Certificates

total shareholder return

total shareholder return combines the share price movement and dividends since IPO expressed as an annualised percentage

UK HoldCo

John Laing Environmental Assets Group (UK) Limited, wholly-owned subsidiary of John Laing Environmental Assets Group Limited

WADR

the weighted average discount rate

Cautionary statement

Pages 1 to 25 of this report, including the about us, highlights, portfolio at a glance, fund objectives, Chairman's statement, investment portfolio and valuation and the Investment Adviser's report (together the review section) have been prepared solely to provide additional information to shareholders to assess JLEN's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The review section may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "forecasts", "projects", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Adviser concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, opportunities and distribution policy of the Company and the markets in which it invests.

These forward-looking statements reflect current expectations regarding future events and performance and speak only as at the date of this report. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance or results and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. The Company's actual investment performance, results of operations, financial condition, liquidity, prospects, opportunities, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this report.

Subject to their legal and regulatory obligations, the Directors and the Investment Adviser expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

In addition, the review section may include target figures for future financial periods. Any such figures are targets only and are not forecasts.

This Half-year Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to John Laing Environmental Assets Group Limited and its subsidiary undertakings when viewed as a whole.



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Joint Lining Environmental Assets Group Limited Half-year Report for the six months ended 30 September 2018