JLEN

John Laing Environmental Assets Group Limited

Annual Report

for the year ended 31 March 2017

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 31 March 2017, the portfolio includes onshore wind, PV solar, and waste and wastewater processing projects in the UK and France. Wind and solar projects are supported by the UK's and France's commitment to support low-carbon electricity targets and the waste and wastewater processing projects benefit from long-term contracts backed by the UK Government.

Wind

Solar

Waste & wastewater management

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At a glance

at 31 March 2017

£370.2m
Market capitalisation

109.0p
Share price

6.14p
Annual dividend per share

£340.0m
Net Asset Value

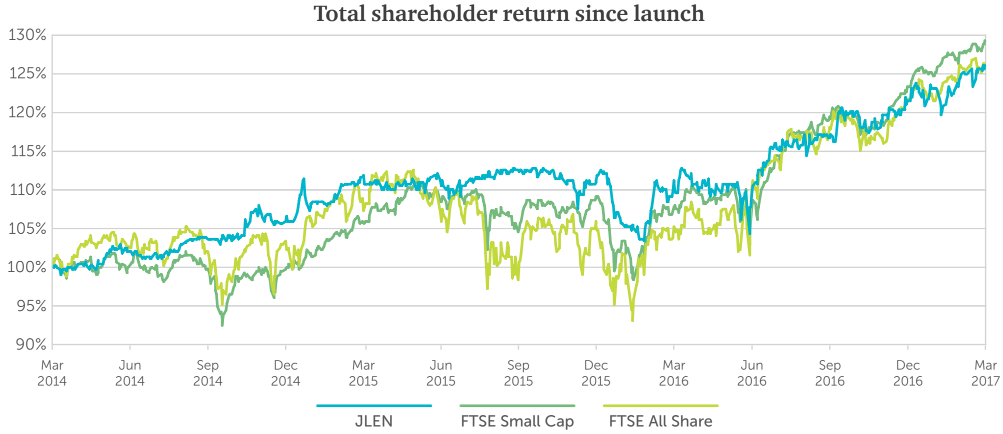
100.1p
Net Asset Value per share

£327.6m
Portfolio value

Highlights

- Dividend of 6.14p per share declared for the year to 31 March 2017 (2016: 6.054p per share)
- NAV per share 100.1p, up from 96.7p at 31 March 2016, due primarily to impact on valuation of an increase in forecast electricity prices during the year
- Profit before tax for the year of £25.6m (2016: £6.2m)
- Share price total return for the period since IPO of 27.4%, an annualised return of 8.4%
- Resilient financial and operational performance against a backdrop of improving electricity prices and variable wind conditions
- Successfully raised £115.6m via placings and a tap issuance programme during the year
- Four asset acquisitions completed during the year totalling £53.9m, giving a total of 19 assets
- Successfully increased the revolving credit facility to £75m in July 2016
- Strong pipeline of assets for further growth both under First Offer Agreement with John Laing and from third parties

Total shareholder return since launch



Source: Morningstar

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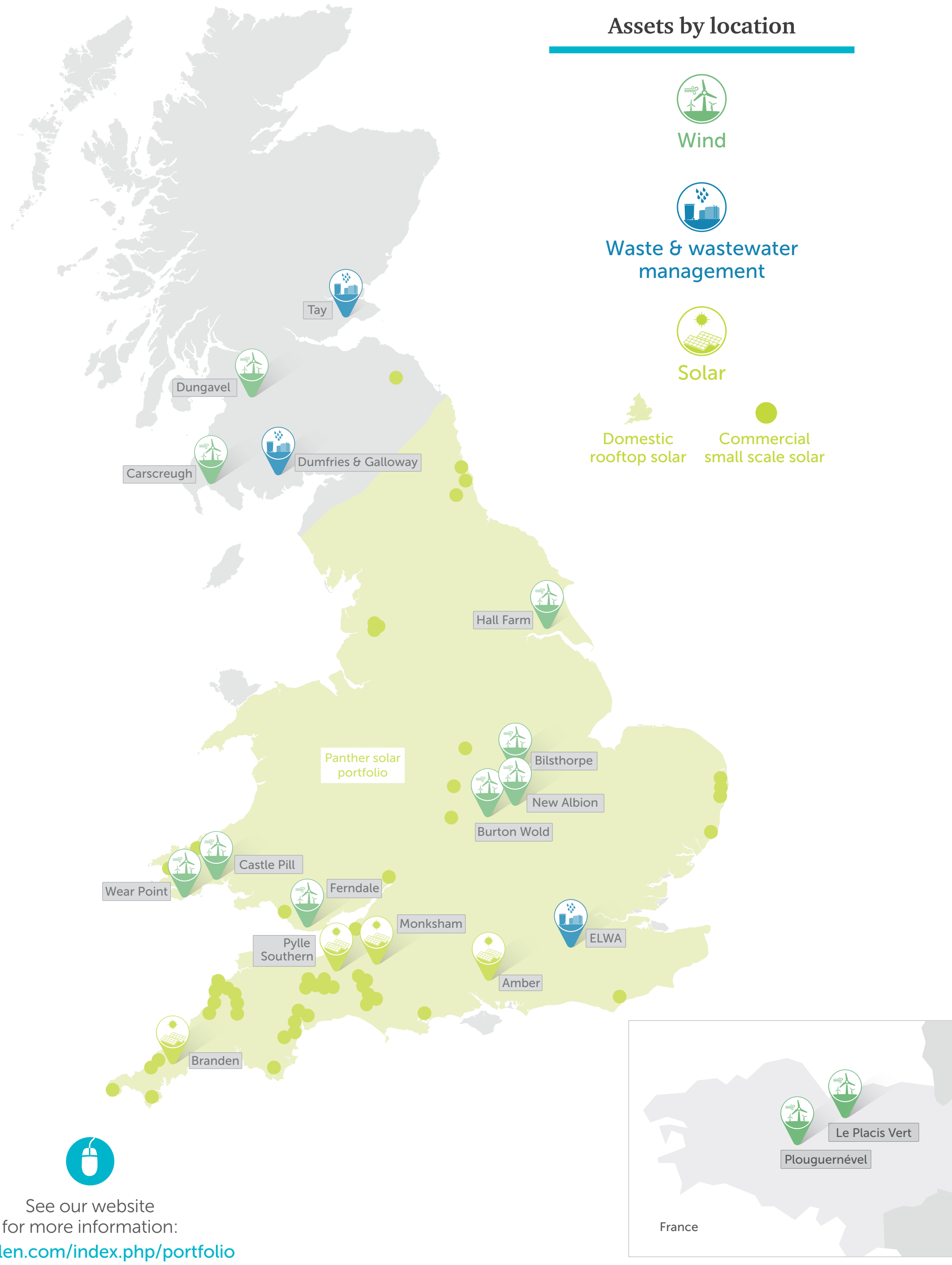
Portfolio at a glance

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



See our website for more information:
www.jlen.com/index.php/portfolio

Wind

Bilsthorpe 100%

10.2MW 1.0 ROC wind farm located within the reclaimed Bilsthorpe Colliery in Nottinghamshire. Five MM82 Senvion turbines.

Burton Wold Extension 100%

14.4MW 0.9 ROC wind farm located near Burton Latimer in Northamptonshire. Nine General Electric 1.6MW-100 turbines.

Carscreugh 100%

15.3MW 0.9 ROC wind farm located near Glenluce in Dumfries & Galloway, Scotland. 18 Gamesa G52 turbines.

Castle Pill 100%

3.2MW 1.0 ROC wind farm located near Milford Haven, Wales. Three 900kW EWT and one 500kW Nordtank turbines.

Dungavel 100%

26MW 0.9 ROC wind farm located in South Lanarkshire, South West Scotland. 13 Vestas 2MW V80 turbines.

Ferndale 100%

6.4MW 1.0 ROC wind farm located in the Rhonda Valley, Wales. Eight 800kW Enercon turbines.

Hall Farm 100%

24.6MW 1.0 ROC wind farm based in Routh, near Beverley, East Riding of Yorkshire. 18 MM82 Senvion turbines.

Le Placis Vert 100%

4MW FiT accredited wind farm located in the municipality of Saint-Gouéno in Brittany in northwest France. Five Enercon E-53 turbines.

New Albion 100%

14.4MW 0.9 ROC wind farm located near Kettering, Northamptonshire. Seven MM92 Senvion turbines.

Plouguernével 100%

4MW FiT accredited wind farm located in the municipality of Plouguernével in Brittany in northwest France. Five Enercon E-53 turbines.

Wear Point 100%

8.2MW 0.9 ROC wind farm located near Milford Haven, Wales. Four Senvion MM82 turbines.

Solar

Amber 100%

Comprises two separate sites located in Five Oaks, West Sussex with total generating capacity of 4.8MW and in Fryingdown, Hampshire with total generating capacity of 5MW accredited under the pre-August 2011 UK Feed-in Tariff regime.

Branden 100%

Comprises two separate sites located near St Austell in Cornwall, with total generating capacity of 8.9MW and 5.8MW and is accredited for two ROCs.

Monksham 87%(1)

Located near Frome, Somerset with total generating capacity of 10.7MW and is accredited for 1.6 ROCs.

Pylle Southern 100%

Located near Shepton Mallet, Somerset with total generating capacity of 5MW and is accredited under the UK Feed-in Tariff regime.

Panther – small scale solar portfolio 100%

The Panther portfolio comprises 6.5MW of domestic rooftop, commercial rooftop and ground mount solar installations, with a total of 1,099 systems, distributed across England, Scotland and Wales.

Waste & wastewater management

Dumfries & Galloway 80%

The D&G project treats and disposes of waste in the Dumfries & Galloway region of western Scotland.

ELWA 80%

The ELWA project processes around 440,000 tonnes of household waste each year from four London boroughs.

Tay 33%

The Tay wastewater treatment project services the equivalent of around 250,000 people from the Dundee and Arbroath areas.

(1) Effective economic interest (please refer to page 108 for further details).

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 6.14p per share for the year to 31 March 2017, 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.

KPI

Predictable income growth for shareholders

- 6.14p dividend for year
- Payments from 1 April 2016 uplifted for inflation

Preservation of capital over the longer term

- NAV per share 100.1p, up from 96.7p at 31 March 2016
- Increase in valuation largely due to increase in electricity price forecasts during the year
- Portfolio value £327.6m up from £264.5m at 31 March 2016

Investment, growth and diversification

- Predominantly UK portfolio balanced by sector (47% wind, 34% solar, 19% waste & wastewater)
- 19 project investments
- Largest individual asset 13.7% (limit 25%)
- Revenue mix 32% electricity, 53% green benefits, 15% PFI

Principal risks For details see pages 42 to 48

Predictable income growth for shareholders

- Volume of resource
- Electricity prices
- Inflation
- Changes in the legislative and regulatory framework that affect renewables and PPP projects
- Operational risks in the portfolio

Preservation of capital over the longer term

- Valuation risks (volume/electricity price/inflation/operational performance)
- Lack of future pipeline and/or funding
- Increased competition
- Changes in the legislative and regulatory framework that affect renewables and PPP projects

Investment, growth and diversification

- Lack of future pipeline and/or funding
- Increased competition
- Changes in the legislative and regulatory framework that affect renewables and PPP projects

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) These are targets only and not profit forecasts. There can be no assurance that these targets will be met.

Chairman's statement

JLEN has continued to demonstrate the strength of its diversified portfolio with a resilient performance during the year against a backdrop of improved electricity prices and variable wind conditions.

Richard Morse
Chairman

On behalf of the Board, I am pleased to present the Annual Report of the Company for the year ended 31 March 2017.

Results

The Company has continued to make good progress in the development of its portfolio of environmental infrastructure assets during its third full year of trading since IPO, producing a satisfactory operational performance against a backdrop of improved electricity prices and variable wind conditions. The year saw a further expansion of the portfolio, with four acquisitions totalling £53.9 million. As a result, at the year end, JLEN has a diversified portfolio of 19 operational solar, onshore wind, waste and wastewater processing projects based in the UK and France.

The Net Asset Value ("NAV") per share at 31 March 2017 was 100.1 pence, compared with 96.7 pence at 31 March 2016. The increase in NAV per share was due primarily to the increase in both short-term electricity prices and forecasts for longer-term prices during the year and at the year end, leading to an improvement in the portfolio valuation of the renewable energy assets. This was offset to an extent by the poor wind conditions reported by all wind farm operators during the winter, leading to lower than anticipated revenues during that period, and the impact on future revenue projections and hence valuations of the final proposals by Ofgem regarding the payment of Triads for renewable energy assets.

Profit after tax for the year was £25.6 million (2016: £6.2 million) resulting in earnings per share of 9.31 pence (2016: 3.01 pence). The Directors have recommended and declared a total dividend in respect of the year ended 31 March 2017 of 6.14 pence per share (2016: 6.054 pence).

Cash received from the portfolio assets by way of distributions, which includes interest, loan repayments and dividends, was £25.4 million during the year. After operating and finance costs, cash flow from operations of the Company of £19.0 million covered the cash dividends paid during the year of 6.12 pence per share by 1.17 times and the declared interim dividends applicable to the year of 6.14 pence per share 1.06 times.

Dividends

It is the Directors' intention to pay shareholders a sustainable dividend, paid quarterly, that increases progressively in line with inflation, subject to market conditions, performance, financial position and outlook.

During the year, the Company paid a final dividend for the period ended 31 March 2016 of 1.5135 pence per share (£3.4 million). Interim dividends of 1.54 pence per share were paid in September 2016 (£4.1 million), of 1.53 pence per share in December 2016 (£4.3 million) and of 1.535 pence per share in February 2017 (£4.4 million).

The Board is pleased to confirm the quarterly dividend in respect of the quarter to 31 March 2017 of 1.535 pence per share, which was approved on 31 May 2017 and will be paid on 30 June 2017, bringing the total to the target of 6.14 pence per share for the full year.

The Company is targeting a full year dividend for the year ending 31 March 2018 of 6.31 pence per share.(1)

Portfolio performance

During the year, overall generation from the renewable energy portfolio has been below budget, with the wind assets achieving overall generation 15% below budget following poor wind conditions during the winter period, and the solar assets achieving overall generation 12% below budget.

5% of the solar shortfall was predominantly due to low solar irradiation and 7% due to two asset-specific issues which I reported on in my half-year statement. The main asset-specific issue was on the Branden project, which experienced a number of technical issues with inverters and string connectors during the year. This led to periods of intermittent unavailability and lower than expected generation during the year. After investigations and discussions with the contractors, replacement parts were installed under warranty in April, May and June 2017 and we will continue to monitor progress following this remedial work.

Monksham experienced a lightning strike in late August that initially rendered the whole solar park offline following damage to switchgear. The asset manager, in conjunction with the operations and maintenance provider, managed to bring 75% of the park back to generation for September 2016 pending delivery of replacement components, and the park was restored to full operations in December 2016. Insurance covered substantially all of the costs and losses associated with the lightning strike.

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

The results from our renewable energy assets are dependent in part on the level of electricity prices, which have trended noticeably lower since the time of IPO in March 2014, although they have shown some recovery during the financial year from the very low levels experienced during the winter of 2015/16. Compared to the assumptions used in the portfolio valuation at 31 March 2016, on a time weighted average basis, the increase in the electricity price assumptions is approximately 6.9% over a 25-year period. JLEN has taken advantage of the improvement in short-term electricity price forecasts during the year by fixing prices under existing PPA arrangements for a significant proportion of the renewable energy portfolio for periods of up to 24 months. The waste and wastewater processing assets are not affected by the level of electricity prices.

For the waste and wastewater processing assets, financial performance has been in line with expectations and volumes for the waste assets have been broadly in line with expected levels with wastewater volumes being below budget due to the dry winter. As referred to in the Half-year Report, the facilities at the Frog Island facility (part of the ELWA project) which were affected by a fire in August 2014 returned to full operations in August 2016 and during the period when operations were affected, the contract with East London Waste Authority continued to be fulfilled with no impact on distributions to the Company.

The resilience of the Company's NAV during the year, benefitting from improved electricity price forecasts but also impacted by the changes introduced in embedded benefit payments and poor winter wind conditions noted above, continues to demonstrate the benefits of the Company's portfolio diversification across a range of environmental infrastructure projects and its operational resilience.

Investment performance

Over the 12 month period to 31 March 2017, shareholders have seen a share price total return of 16.8% whilst over the same period the NAV total return per share was 8.9%. The difference is largely due to the increase in the premium of share price to NAV from 2.6% at 31 March 2016 to 9.0% at 31 March 2017.

Acquisitions

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

Dungavel wind farm

Dungavel wind farm was purchased in June 2016. The wind farm, which is located in South Lanarkshire, South West Scotland, comprises 13 Vestas 2MW V80 turbines with a total generating capacity of 26MW and is accredited for 0.9 ROCs.

New Albion wind farm

New Albion wind farm was purchased in July 2016. The wind farm, which is located near Kettering, Northamptonshire, comprises seven Senvion MM92 turbines with a total generating capacity of 14.4MW and is accredited for 0.9 ROCs.

Both Dungavel and New Albion were purchased from John Laing under the First Offer Agreement, underlining its continuing importance to the Company's acquisition pipeline.

Investment performance continued

Acquisitions continued

Le Placis Vert wind farm

Le Placis Vert wind farm was acquired in July 2016 from its developer Energiequelle GmbH. The wind farm is located in the municipality of Saint-Gouéno in Brittany in northwest France, and comprises five Enercon E-53 turbines with a total generating capacity of 4MW. The project benefits from a 15-year FiT regime at a fixed rate adjusted annually for inflation.

Plouguernével wind farm

Plouguernével wind farm was acquired in December 2016, also from Energiequelle GmbH. The wind farm is located in the municipality of Plouguernével in Brittany in northwest France, and comprises five Enercon E-53 turbines with a total generating capacity of 4MW. The project benefits from a 15-year FiT regime at a fixed rate adjusted annually for inflation.

These acquisitions were funded by utilising JLEN's existing cash balances and revolving credit facility and brought the total capacity of the renewable energy assets in the JLEN portfolio to 177.4MW.

The acquisitions from Energiequelle represented an important milestone for the Company, being its first non-UK acquisitions. Support from the French government for renewable energy remains strong with the FiT regime not being exposed to changes in electricity prices and the assets acquired are located in attractive wind areas. The French acquisitions are consistent with JLEN's strategy of diversification and, in line with our investment policy, the Board will continue to look at attractive opportunities in both the UK and Europe that meet our financial and risk criteria.

Subsequent to the year end, JLEN acquired the Moel Moelogan 1 and 2 wind farms in North Wales. These have a combined capacity of 16.9MW and were acquired for a total consideration of £25.7 million.

Also post year end, JLEN acquired a portfolio of four ground mounted solar parks. Higher Tregarne, located in Cornwall, has been operational since March 2014, has a generation capacity of 5MW and is accredited for 1.6 ROCs. The other three solar parks, Crug Mawr, Golden Hill and Shoals Hook, located in South Wales, have been operational since March 2015, and have a total generation capacity of 28.5MW and are accredited for 1.4 ROCs. The CSGH solar portfolio was acquired for a total consideration of £12.2 million.

Share issues and financing

In May 2016, JLEN successfully raised equity under its then existing placing programme, raising gross proceeds of £35.2 million through the issue of 36 million ordinary shares at 97.75 pence per share. This enabled JLEN to reduce the balance outstanding on its revolving credit facility and consequently to free up the facility in order to fund the Dungavel acquisition noted previously.

The Company's revolving credit facility was increased in July 2016 to £75 million, reflecting the increased asset base of the Company following the May 2016 equity fundraising and to assist in the acquisitions of the New Albion, Le Placis Vert and Plouguernével wind farms.

On 28 July 2016, in light of the premium at which the ordinary shares of the Company were then trading, JLEN announced a tap issuance programme to satisfy excess demand in the secondary market, subject to JLEN's capital requirements. New shares issued under the tap issuance programme were issued at a premium to NAV (net of costs) and were accretive to existing shareholders. The net proceeds from the issue of new shares were used to repay the Company's revolving credit facility. In total, 24,285,643 shares were issued under the programme at an average issue price of 102.1 pence per share, raising gross proceeds of £24.8 million.

On 16 December 2016, the Company published a Prospectus for a placing programme of up to 150 million shares, following shareholder approval at an EGM on 15 December 2016, to allow flexibility for equity fundraising during 2017 to meet the expected pattern of acquisitions from both John Laing and third parties. In January 2017, the Company announced that it was proposing to raise £25 million by way of an initial placing under the placing programme. We were delighted by the response from investors to the first raise under the new programme, with JLEN successfully raising gross proceeds of £55.6 million through the issue of 55,000,000 ordinary shares at 101 pence per share, pursuant to a significantly oversubscribed placing.

JLEN is in advanced negotiations for the renewal and enlargement of its revolving credit facility, which it envisages concluding in the near future.

Valuation

The Net Asset Value at 31 March 2017 is £340.0 million, comprising £327.6 million portfolio valuation, £26.1 million of cash held by the Group, less £12.5 million drawn on the Company's immediate subsidiary's revolving credit facility, together with negative working capital balances of £1.2 million.

The Investment Adviser has prepared a fair market valuation of the portfolio as at 31 March 2017. 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.

To provide assurance to the Board with respect to the valuation, an independent verification exercise of the methodology and assumptions applied by JLCM is performed by a leading accountancy firm and an opinion is provided to the Directors.

The Directors have satisfied themselves as to the methodology used and the assumptions adopted and have approved the valuation of £327.6 million for the portfolio of 19 investments as at 31 March 2017.

Risks and uncertainties

While it is the Investment Adviser who manages the risks facing the Company on a day-to-day basis, it is the Board of the Company which retains ultimate responsibility. The Company's Risk and Audit Committees, which report to the Board, were formed to review the effectiveness of the Company's (and that of the Investment Adviser, Administrator and other third party service providers as it deems fit) internal control policies and procedures for the identification, assessment and reporting of risks.

The Board considers that the principal risks and uncertainties for JLEN have not materially altered from those set out in the Prospectus. The full Prospectus is available on JLEN's website, and a summary of the principal risks and uncertainties is included on pages 42 to 48 of the strategic report. This specifically discusses the risks associated with the Base Erosion and Profit Shifting project ("BEPS"), an initiative between OECD countries relevant to our industry primarily due to new restrictions in the deductibility of interest payments for tax purposes, and the decision in the UK referendum to leave the EU. Measures to address the issue of interest deductibility and BEPS were introduced from 1 April 2017 and are subject only to formal enactment of the 2017 Finance Bill. Assuming the bill is enacted without significant amendment, analysis of its provisions shows no material impact on the projects in which JLEN invests. Regarding Brexit, whilst economic and political uncertainty will remain for some time to come as the negotiations on exit terms and a new trade agreement continue, investor demand for the shares in JLEN shows the continued attractiveness, even in a period of extreme uncertainty, of the Fund's proposition of investing in a diversified portfolio of environmental infrastructure assets with the benefit on long-term, predictable, wholly or partially inflation linked cash flows.

Annual general meeting

The annual general meeting will be held on 16 August 2017 at 10am at the Company's registered office in Guernsey.

Governance and Board effectiveness

I am pleased to report that the Board has completed its first independent external effectiveness evaluation and the results were presented to the Directors in May 2017. It was concluded that the Company maintained high standards of corporate governance practice and, in the context of the Company, the main principles of the AIC Code of Corporate Governance continued to be applied effectively. Further details are provided in the corporate governance report.

Investment Adviser management changes

As announced on 19 May 2017, David Hardy of JLCM has taken up the role of investment adviser to John Laing Infrastructure Fund (JLIF) although will continue to be involved with JLEN until his replacement is in post.

David, alongside Chris Tanner, has made a significant contribution to the success of the Company since IPO and we wish him well in his new role. The Board is confident that, under the management of Chris Tanner and the wider team at JLCM, the Company's strong performance will continue and JLEN remains well placed for the next phase of growth.

Outlook

The Board continues to work closely with the Investment Adviser in assessing the risks and opportunities in the environmental infrastructure market and reviewing the operational and financial performance of the Company. As discussed above, during the last year of trading we have seen an improvement in Net Asset Value as electricity price forecasts have improved despite adverse wind conditions during the last winter. JLEN achieved a cash dividend cover of 1.17 times and is targeting an increase in its dividend for the year to 31 March 2018 consistent with inflation.

A key strength of the Company is its strategy of diversification across a range of geographies, sectors and revenue sources within the environmental infrastructure space. This strategy has enabled the Company to continue to offer attractive, long-term returns for shareholders and the portfolio has continued to demonstrate resilience since launch in the light of seasonal weather volatility and, until the last year, a downward shift in electricity prices.

In implementing its strategy, the Board is conscious of the volatility in UK and global financial markets, particularly in light of the UK EU referendum vote outcome, the outcome of the elections in the UK, US and France and impending elections in other important European countries. While it will take some time for the exact details of arrangements relating to the UK's exit from the EU to emerge, Government policy commitments for clean energy continue in the UK and climate change remains one of the important areas of focus not only for the UK but globally. The UK has ambitious domestic targets under the Climate Change Act of 2008 and while leaving the EU may mean the UK is no longer obliged to hit the current or any successor targets under the EU Energy Directive (unless agreed as part of any secession agreement), the renewables projects required to meet the 2020 target have already been largely built or are expected to be commissioned. In respect of longer-term commitments, the Climate Change Act's ambitious carbon reduction targets will require a substantial and continued contribution from renewables.

The Chancellor's Autumn Statement in November 2016 outlined his priorities for taxes and spending in the wake of the referendum vote, and delivered the widely anticipated fiscal stimulus to boost infrastructure spending.

The success of the Company's recent fundraising activity demonstrates that good demand exists for yielding infrastructure assets and that placings and tap issuance programmes can be flexible and cost effective tools in the Company's financing options.

The Board, through its Investment Adviser JLCM, actively continues to seek suitable projects to add to the portfolio both from John Laing and third parties. JLEN has the benefit of a First Offer Agreement with John Laing over a significant pipeline of environmental infrastructure projects which supports its growth plans in the next few years. Despite current market uncertainties, the Company continues to see attractive acquisition opportunities in the market and will continue to look for suitable growth opportunities, without incurring undue risk, to support its long-term targets for its shareholders.

The Board has today announced a placing for up to £40 million to repay the Company's outstanding balance under its revolving credit facility and place the Company in a strong position to continue to deliver on its commitments to shareholders and to fund the strong pipeline of environmental infrastructure opportunities available as we continue to build the portfolio.

Richard Morse
Chairman

14 June 2017

Strategic report

This strategic report has been prepared to clearly set out to shareholders the objectives, strategy, performance and principal risks of JLEN.

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Investment objectives

To provide investors with a sustainable dividend per share, paid quarterly, that increases in line with inflation, and to preserve the capital value of its portfolio over the long term.

The Company aims to provide its investors with a sustainable dividend per share, paid quarterly, that increases progressively in line with inflation, and to preserve and where possible enhance the capital value of its portfolio on a real basis through the reinvestment of cash flows not required for the payment of dividends. The dividend for the year ended 31 March 2017 is 6.14 pence per share. Over the longer term, the Company targets an IRR of 7.5% to 8.5% (net of fees and expenses) on the IPO issue price of 100 pence per share, through investment in a diversified portfolio of environmental infrastructure projects.[1]

The Company seeks to maintain strong relationships with all its stakeholders and those of its investments, including investors, funders, key contractors and partners, national and local government and local communities.

(1) These are targets only and not profit forecasts. There can be no assurance that these targets will be met.

Strategy and investment policy

Investment in a diversified portfolio of operational environmental infrastructure projects.

The Company seeks to achieve its objectives by investing in a diversified portfolio of environmental infrastructure projects:

- that have the benefit of long-term, predictable, wholly or partially inflation-linked cash flows;
- that are supported by long-term contracts or stable and well-proven regulatory and legal frameworks; and
- that feature well-established technologies, demonstrable operational performance and a track record of producing long-term predictable revenues.

JLEN defines environmental infrastructure as infrastructure projects that utilise natural or waste resources or support more environmentally-friendly approaches to economic activity. This could involve the generation of renewable energy (including solar, wind, hydropower and biomass technologies), the supply and treatment of water, the treatment and processing of waste, and projects that promote energy efficiency.

The Company will invest in environmental infrastructure projects either directly or through holding or other structures that give the Company an investment exposure to environmental infrastructure projects.

Whilst there are no restrictions on the amount of the Company's assets that may be invested in any individual type of environmental infrastructure, the Company will, over the long term, seek to invest in a diversified spread of investments both geographically (although the UK will always represent a minimum of 50% of the portfolio by value) and across different types of environmental infrastructure in order to achieve a broad spread of risk in the Company's portfolio.

The projects comprising the current portfolio are underpinned by well-established technologies, and it is intended that the equipment and systems used by the assets in the portfolio will not rely substantially on new technology and that they will have a significant track record of use in other projects. On acquisition, the relevant equipment will also have demonstrated operational performance. However, as environmental infrastructure is a relatively new asset class and the technologies that underpin it may be subject to technological advancements in the future, the actual investment allocation will depend on the development of the environmental infrastructure market, underlying technologies and the judgement of the Directors (on the advice of the Investment Adviser) as to what is in the best interests of the Company at the time of investment.

Investment restrictions

With the objective of achieving a spread of risk, the following investment restrictions will apply to the acquisition of investment interests in the portfolio:

- the substantial majority of projects in the portfolio by value and number will be operational. The Fund will not acquire investment interests in any project if as a result of such investment, 15% or more of the NAV is attributable to projects that are in construction and are not yet fully operational;
- at least 50% of the portfolio (by value) will be based in the UK and the Fund will only invest in projects that are located in OECD countries;
- it is intended that investment interests in any single project acquired will not have an acquisition price greater than 25% of the NAV immediately post-acquisition. In no circumstances will a new acquisition exceed a maximum limit of 30% of the NAV immediately post-acquisition;
- the Company will make use of short-term debt financing to facilitate the acquisition of investments. Borrowing may be secured against the assets comprising the portfolio. It is intended that such debt will be repaid periodically by the raising of new equity finance by the Company. The level of such debt is limited to 30% of the Company's Net Asset Value immediately after the acquisition of any further investment. Such debt will not include (and will be subordinate to) any project level gearing, which shall be in addition to any borrowing at Fund level; and
- the Fund may acquire investment interests in respect of projects that have non-recourse project finance in place at the project entity level. The Company is limited to aggregate non-recourse financing attributable to renewable energy generation and PPP projects not exceeding 65% and 85% respectively of the aggregate gross project value of such projects.

Hedging

Where investments are made in currencies other than pounds sterling, the Fund will consider whether to hedge currency risk in accordance with the Fund's currency and hedging policy as determined from time to time by the Directors. Interest rate hedging may be carried out to provide protection against increasing costs of servicing debt drawn down by the Fund to finance investments. This may involve the use of interest rate derivatives and similar derivative instruments. Hedging against inflation may also be carried out and this may involve the use of RPI swaps and similar derivative instruments. The currency, interest rate and any inflationary hedging policies will be reviewed by the Directors on a regular basis to ensure that the risks associated with movements in foreign exchange rates, interest rates and inflation are being appropriately managed.

Cash balances

Pending reinvestment or distribution of cash receipts, cash received by the Fund will be invested in cash, cash equivalents, near-cash instruments, money market instruments and money market funds and cash funds. The Fund may also hold derivative or other financial instruments designed for efficient portfolio management or to hedge interest, inflation or currency rate risks. The Company and any other member of the Group may also lend cash which it holds as part of its cash management policy.

Origination of further investments

Each of the investments comprising the portfolio complies with the Company's investment policy and further investments will only be acquired if they comply with the Company's investment policy.

The Company has the contractual right of first offer (in accordance with the First Offer Agreement) for environmental infrastructure projects in the UK, Ireland, Sweden and any other country in the European Union or the European Free Trade Association, which John Laing wishes to dispose of and that are consistent with the Company's investment policy. Subject to due diligence and agreement on price, the Fund will seek to acquire those projects that fit the investment objectives and investment policy of the Company.

The Fund will also seek out and review acquisition opportunities not connected with John Laing and will, where appropriate, carry out the necessary due diligence. If, in the opinion of the Directors the risk characteristics, valuation and price of the investment interests in the project or projects for sale are acceptable and consistent with the Company's investment objective and investment policy, then (subject to the Fund having sufficient sources of capital) an offer will be made (without seeking the prior approval of shareholders) and, if successful, the investment interests in the relevant project or projects will be acquired by the Fund.

Amendments to and compliance with the investment policy

Material changes to the investment policy of the Company may only be made in accordance with the approval of the shareholders by way of ordinary resolution and (for so long as the ordinary shares are listed on the official list maintained by the UK Listing Authority) in accordance with the Listing Rules. Minor changes to the investment policy must be approved by the Directors.

The investment restrictions detailed above apply at the time of the acquisition of investment interests and the values of existing investment interests shall be as at the date of the most recently published NAV of the Company unless the Directors believe that such valuation materially misrepresents the value of the Fund's investment interests at the time of the relevant acquisition. The Fund will not be required to dispose of investment interests and to rebalance its portfolio as a result of a change in the respective valuations of investment interests.

Key performance measures

The key performance measures used by the Company to assess its performance over time against the objectives and strategy set out previously are as follows:

- market capitalisation;
- dividend per share (declared);
- share price;
- total shareholder return for the period (share price basis);
- Net Asset Value;
- Net Asset Value per share;
- Net Asset Value per share growth (adjusting for dividends);
- portfolio value;
- number of investments; and
- largest single investment as a percentage of portfolio value.

The key performance measures for the year ended 31 March 2017 are set out on page 22 of the strategic report.

Business model

Guernsey-registered investment company with a premium listing on the London Stock Exchange.

Introduction

The Company is a Guernsey-registered investment company with a premium listing on the London Stock Exchange. The Company makes its investments via a group structure involving John Laing Environmental Assets Group (UK) Limited ("UK HoldCo"), an English limited company and wholly owned subsidiary of the Company, and additional intermediate holding companies for certain projects (the Company and UK HoldCo, together with their wholly owned intermediate holding companies, the "Group"). Through the Group structure, at 31 March 2017 the Company owns a portfolio of 19 environmental infrastructure investments in the UK and France. The Company has a 31 March financial year end and announces half-year results in November and full year results in June. The Company pays dividends quarterly, targeting payments in June, September, December and March each year.

The Company is a self-managed Alternative Investment Fund under the European Union's Alternative Investment Fund Managers Directive. The Company has a Board of five independent non-executive Directors (details of whom can be found on page 52) whose role is to manage the governance of the Company in the interests of shareholders and other stakeholders. In particular, the Board scrutinises the performance of the Investment Adviser, approves and monitors adherence to the investment policy, determines the risk appetite of the Group, and sets Group policies. The Board meets a minimum of four times per year for regular Board meetings and there are a number of ad hoc meetings dependent upon business need. In addition, the Board has three committees covering Audit, Risk and Nomination. Investment decisions are delegated to an Investment Committee comprising all members of the Board. The Board fulfils the responsibilities typically undertaken by a remuneration committee.

The Board as a whole also fulfils the functions of an investment advisory engagement committee. The Board will review and make recommendations on any proposed amendment to the Investment Advisory Agreement, keeps under review the performance of the Investment Adviser and manages the risks of the delegation of certain activities to the Investment Adviser. The Board also performs a review of the performance of the other key service providers to the Fund and meets to conduct these reviews at least once a year.

The Board takes advice from the Investment Adviser, John Laing Capital Management Limited ("JLCM"), on matters concerning the market, the portfolio and new investment opportunities. Day-to-day management of the Group's portfolio is delegated to the Investment Adviser. The Company has an Investment Advisory Agreement in place with JLCM which can be terminated on 12 months' notice from 31 March 2018.

The key roles of the Investment Adviser are as follows:

- monitoring financial performance against Group targets and forecasts;
- advising the Board on investment strategy and portfolio composition to achieve the desired target returns within the agreed risk appetite;
- sourcing, evaluating and implementing the pipeline of new investments for the portfolio;
- monitoring the operational management of, and managing the investment cash flows from, the Group's investments;
- minimising cash drag (having uninvested cash on the balance sheet) and improving cash efficiency generally;
- managing the process and analysis for semi-annual valuations of the Group's portfolio submitted to the Board for approval;
- ensuring good financial management of the Group, having regard to accounting, tax, and debt covenants;
- hedging non-sterling investments; and
- managing the Company's investor reporting and investor relations activities.

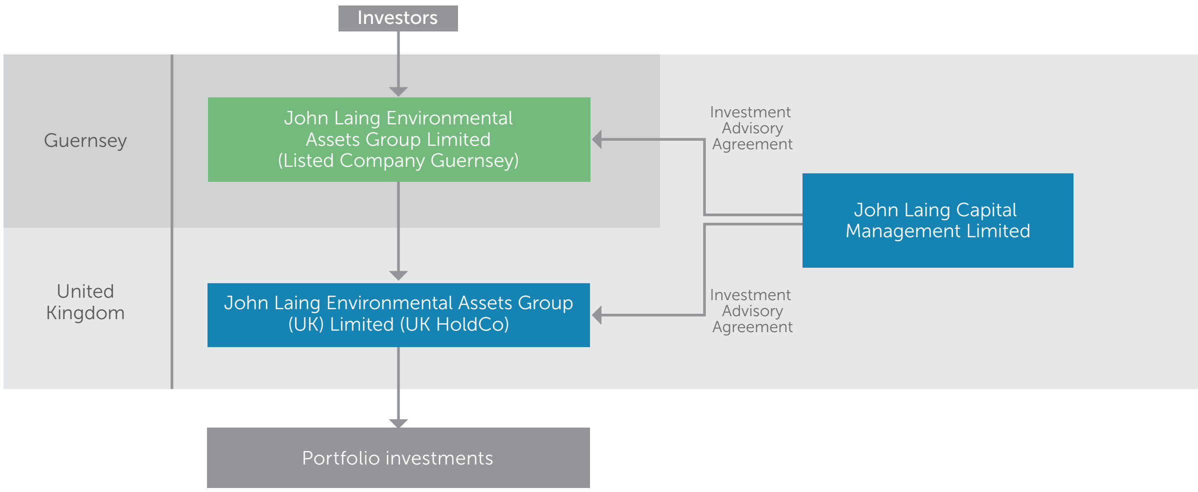
Further details on the Investment Adviser are set out on page 54 and in note 15 to the financial statements on page 99 with respect to fees.

Praxis Fund Services Limited is Company Secretary and Administrator to the Fund. Other key service providers to the JLEN Group include Winterflood Securities and Barclays as joint brokers, Redleaf Communications as financial public relations advisers, Mourant Ozannes as legal advisers as to Guernsey law, Hogan Lovells as legal advisers as to English law, Capita Registrars as registrars, Deloitte LLP as auditor, and NIBC and HSBC as lenders to the Group via the £75 million revolving credit facility.

The Board reviews the performance of all key service providers on an annual basis.

Group structure

JLEN's Group structure is illustrated below.[1]



(1) The diagram is a representative diagram showing the principal investment advisory relationships. It is not intended to (and does not) show all of the contractual and other relationships in respect of the Fund.

Acquisitions

As noted above, it is expected that further investments will include investments that will be acquired from John Laing under the terms of the First Offer Agreement as well as investments purchased from non-related parties.

The Company has established procedures to deal with any potential conflicts of interest that may arise from individuals at John Laing both advising the Directors on the "buy-side" (for the Fund) and acting on the "sell-side" (for John Laing and its subsidiaries) in relation to any acquisition of projects from John Laing. These procedures include:

- the creation of a separate "buy-side" committee (representing the interests of the Fund as purchaser) and a separate "sell-side" committee (representing the interests of the relevant John Laing company as seller), with each member of the "buy-side" committee having the benefit of a release from his or her duties as a John Laing employee to the extent that these duties conflict with their duties to act in the interests of the Fund as a member of the "buy-side" committee;
- a requirement for the "buy-side" committee to conduct due diligence on the investment interests proposed to be purchased which is separate from and independent of any due diligence conducted for John Laing, and for a report on the fair market value of the investment interests to be obtained from an independent expert; and
- the establishment of information barriers between members of the "buy-side" and "sell-side" committees to ensure confidentiality and integrity of commercially sensitive information, and for individuals with economic interests in the investment interests to abstain from participating in committee discussions and votes on the relevant projects.

The Fund will seek to acquire further investments going forward from both John Laing and the wider market. In selecting the projects to acquire, the Investment Adviser and the Directors will be obliged to ensure that these projects meet the Company's investment policy.

The Investment Adviser will be subject to the overall supervision of the Board and all decisions on the acquisition of new investments and the disposal of existing investments will be subject to the approval of the Directors, all of whom are independent of John Laing. To the extent that any Director is appointed to the Board in the future who is not independent from John Laing, any such Director will not participate in any decision to acquire investments from or sell investments to John Laing.

In view of the procedures and protections set out above and the fact that it is a key part of the Company's investment policy to acquire assets from John Laing, the Company will not seek the approval of shareholders for acquisitions of assets from John Laing in the ordinary course of the Company's investment policy.

The Registered Collective Investment Scheme ("RCIS") Rules require that any arrangements between a relevant person (as defined in the RCIS Rules) and the Company are at least as favourable to the Company as would be any comparable arrangement effected on normal commercial terms negotiated at arm's length between the relevant person and an independent party.

Potential disposal of investments

Whilst the Directors may elect to retain investment interests in the portfolio projects that the Fund acquires and any other further investments made by the Fund over the long term, the Investment Adviser will regularly monitor the valuations of such projects and any secondary market opportunities to dispose of investment interests and report to the Directors accordingly. The Directors only intend to dispose of investments where they consider that appropriate value can be realised for the Fund or where they otherwise believe that it is appropriate to do so. Proceeds from the disposal of investment interests may be reinvested or distributed at the discretion of the Directors.

Discount management

By special resolution of the shareholders of the Company, passed on 17 August 2016, the Company has been granted shareholder authority (subject to the Listing Rules and all other applicable legislation and regulations) to purchase in the market up to 14.99% per annum of the ordinary shares in issue immediately following the passing of the resolution. This authority will expire at the conclusion of the next annual general meeting of the Company in August 2017. The Directors intend to seek renewal of this authority from shareholders at each annual general meeting.

It is the Company's investment objective to return value to shareholders in the form of dividends and capital distributions. The Company intends to distribute net income in the form of dividends. Furthermore, in normal market circumstances the Directors intend to favour pro rata capital distributions ahead of ordinary share repurchases in the market. However, if the ordinary shares have traded at a significant discount to NAV for a prolonged period the Board will seek to prioritise the use of net income after the payment of dividends on market repurchases over other uses of capital.

As part of the Company's discount management policies, the Board intends to propose a continuation vote if the ordinary shares trade at a significant discount to Net Asset Value per share for a prolonged period of time. If, in any financial year, the ordinary shares have traded, on average, at a discount in excess of 10% to the Net Asset Value per share, the Board will propose a special resolution at the Company's next annual general meeting that the Company ceases to continue in its present form. If such a vote is passed, the Board will be required to formulate proposals to be put to shareholders within four months to wind up or otherwise reconstruct the Company, bearing in mind the illiquid nature of the Company's underlying assets.

The discount prevailing on each business day will be determined by reference to the closing market price of ordinary shares on that day and the most recently published Net Asset Value per share.

Operational and financial review

The financial performance of the portfolio has been resilient, reflecting improved forecasts for electricity prices during the year and operational availability has generally been at or above expectations.

Key performance measures

The key performance measures for the year ended 31 March 2017 are summarised below:

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Market capitalisation	£370.2m	£222.7m
Dividend per share (declared)	6.14p	6.054p
Share price	109.0p	99.25p
Total shareholder return for the period (share price basis)	16.8%	-2.5%
Net Asset Value	£340.0m	£216.9m
Net Asset Value per share	100.1p	96.7p
Net Asset Value per share growth (adjusting for dividends)	3.5%	-3.1%
Portfolio value	£327.6m	£264.5m
Number of investments	19	15
Largest single investment as % of portfolio value	13.7%	16.6%

Portfolio performance

Operating performance of the portfolio during the year ended 31 March 2017 was resilient and generally in line with expectations, apart from poor wind speeds experienced during the winter season and some operational issues on two of the solar parks as previously reported in the Half-year Report.

The year under review has again been categorised by variable weather patterns in the British Isles and northern France.

The wind projects experienced good wind conditions over the summer of 2016, leading to generation in line with budget. However, the four months to 31 January 2017 saw particularly low and unseasonal wind speeds across the UK and northern France, leading to generation at the Company's wind assets over this period some 40% below expectations, although the last two months of the financial year produced generation slightly above budget as wind conditions improved. Overall, generation from the wind assets of 217GWh during the year was 15% below budget but ahead of the previous year of 184GWh, due to the impact of new acquisitions during the last 12 months.

Generation from the solar assets during the period at 40GWh was 12% below budget. This was due to a combination of low solar irradiation (approximately 5% of the shortfall) and two asset-specific issues (approximately 7% of the shortfall). For the solar portfolio as a whole, generation was approximately 5% below budget due to the irradiation levels which were lower than long-term average during the year, despite the assets themselves generally operating at or above expected availability and performance levels.

The main asset-specific issue was on the Branden project, which experienced a number of technical issues with inverters and string connectors during the year under review. This led to intermittent periods of unavailability and persistently lower than expected generation as investigations were undertaken to identify and resolve the problem. The Investment Adviser has been discussing the issues with the relevant contractual parties and a programme to replace affected connectors at Branden during the lower generation winter period was completed in June 2017. The cost of the replacement programme will be mitigated to some extent by contractual protections and lost generation by business interruption insurance where applicable.

Monksham experienced a lightning strike in late August 2016 that initially rendered the whole solar park offline following damage to switchgear. The asset manager, in conjunction with the operations and maintenance provider, managed to bring 75% of the park back to generation by September 2016 pending delivery of replacement components, and full operations were restored in mid-December 2016. Insurance covered substantially all of the costs and losses associated with the lightning strike.

Apart from the issues noted at Branden and Monksham, the wind farms and the solar parks have achieved high levels of technical and operational availability during the year, with no significant operational disruption experienced.

For the year ended 31 March 2017, generation from the renewable energy portfolio was below budget, with generation from the wind assets 15% below expectations and generation from the solar assets 12% below budget. This situation is contrasted with financial year 2016, where generation from the wind assets was in excess of expectations and solar assets was in line with expectations. Overall generation across the portfolio of wind and solar assets since IPO for the 36 months to 31 March 2017 was approximately 5% and 7% below budget respectively, which, when allowing for the technical issues noted earlier, is within the range of expectations.

Overall, the generation of the renewable energy assets in the portfolio since IPO is summarised as follows:

Portfolio generation (GWh)	2014-15	2015-16	2016-17	Total
Wind portfolio actual generation	82	184	217	**483**
Variation from budget(1)	-7%	+11%	-15%	**-5%**
Solar portfolio actual generation	10	30	40	**80**
Variation from budget(1)	-1%	-2%	-12%	**-7%**

The environmental processing plants have achieved full availability during the year, save for the Frog Island Mechanical Biological Treatment facility at the ELWA waste project which was affected by a fire in August 2014. We updated shareholders on the progress of reinstatement in the 2016 Annual Report and confirmed in the Half-year Report that the affected facilities were returned to full operations in August 2016. During the period of disruption, the contract with East London Waste Authority continued to be fulfilled and operated, diversion from landfill targets met and the project continued to make distributions in line with budgets.

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

Portfolio performance continued

Waste flows have been broadly in line with budget for the year although wastewater volumes are below budget as a consequence of the very dry winter of 2016. The environmental processing projects are relatively insensitive to volume changes due to the presence of banded payment arrangements that see little movement in profit for a marginal unit of waste.

Following a rapid and sustained reduction in both short-term market prices and long-term forecasts for electricity prices during the financial year to March 2016, with a simple average reduction over 25 years of 12% from corresponding levels at the start of that financial year, JLEN has experienced an improvement in both actual and forecast electricity prices during the year to 31 March 2017. Compared to the assumptions used in the portfolio valuation at 31 March 2016, on a time weighted average basis, the increase in the electricity price assumptions is approximately 6.9% over a 25-year period (being a simple average increase over 25 years of approximately 6.3%, including an increase in market forward prices (gross of any discounts under PPAs) over the next two years of nearly 25%.)

Overall, 32% of the portfolio distributions are exposed to market electricity prices. JLEN has taken advantage of the improvement in short-term electricity price forecasts during the year by fixing prices under existing PPA arrangements for a significant proportion of the renewable energy portfolio for periods of up to 24 months. At 31 March 2017, 88% of the renewable energy portfolio's electricity exposure was subject to a price fix for the summer 2017 season and 40% for the winter 2017 season, with the generation weighted average price fixes achieved, gross of any PPA discounts, being £39/MWh for summer 2017 and £41/MWh for winter 2017.

The impact on revenues and portfolio valuation is discussed in more detail in the analysis of financial results and investment portfolio and valuation sections below.

The effects of monthly variability and seasonality in production expected in a portfolio of intermittent renewables projects are reduced by the overall technology diversification in JLEN's portfolio. In particular, the environmental processing assets, apart from Tay, have revenues independent of weather and all have revenues that vary little with changes in volume of waste and wastewater processed.

Acquisitions

During the year ended 31 March 2017, the Company made four acquisitions for a total cash consideration, including working capital, of £53.9 million. The assets were as follows:

Dungavel wind farm

Dungavel wind farm was purchased in June 2016 from John Laing for a cash consideration, including working capital, of £38.2 million. The wind farm is located in South Lanarkshire, South West Scotland and comprises 13 Vestas 2MW V80 turbines with a total generating capacity of 26MW and is accredited for 0.9 ROCs. The site has been operational since October 2015.

New Albion wind farm

New Albion wind farm was purchased in July 2016 from John Laing for a cash consideration, including working capital, of £11.8 million. The wind farm is located near Kettering, Northamptonshire and comprises seven Senvion MM92 turbines with a total generating capacity of 14.4MW and is accredited for 0.9 ROCs. The site has been operational since January 2016.

The acquisitions were agreed in accordance with the First Offer Agreement between John Laing and JLEN.

Le Placis Vert wind farm

Le Placis Vert wind farm was acquired in July 2016 for €2.5 million from its developer Energiequelle GmbH ("Energiequelle"). The wind farm is located in the municipality of Saint-Gouéno in Brittany in northwest France and comprises five Enercon E-53 turbines with a total generating capacity of 4MW. The project benefits from a 15-year FiT regime at a fixed rate adjusted annually for inflation. The site has been fully operational since January 2016, and Energiequelle continues to provide technical and commercial management services for the project.

Plouguernével wind farm

Plouguernével wind farm was acquired in December 2016 for €2.1 million, also from Energiequelle. The wind farm is located in the municipality of Plouguernével in Brittany in northwest France and comprises five Enercon E-53 turbines with a total generating capacity of 4MW. The project benefits from a 15-year FiT regime at a fixed rate adjusted annually for inflation. The site has been fully operational since May 2016, and Energiequelle continues to provide technical and commercial management services for the project.

These acquisitions brought the total capacity of the renewable energy assets in the JLEN portfolio to 177.4MW.

Financing

In May 2016, JLEN successfully raised further equity under its then existing placing programme, raising gross proceeds of £35.2 million through the issue of 36 million ordinary shares at 97.75 pence per share. This enabled JLEN to reduce the balance outstanding on its revolving credit facility and to consequently free up the facility in order to fund the Dungavel acquisition noted previously.

The Company's revolving credit facility with HSBC and NIBC gives it the flexibility to acquire further assets on a timely basis, reducing the performance drag associated with holding excess cash. This facility, originally secured in October 2014 at a level of £50 million and increased to £65 million in March 2016, was further increased in July 2016, on the same terms, to £75 million, reflecting the increased asset base of the Company following the May 2016 equity fundraising and to assist in the acquisitions of the New Albion, Le Placis Vert and Plouguernével wind farms.

On 28 July 2016, in light of the premium at which the ordinary shares of the Company were then trading, JLEN announced a tap issuance programme to satisfy excess demand in the secondary market, subject to JLEN's capital requirements. New shares issued under the tap issuance programme were issued at a premium to NAV (net of costs) and were accretive to existing shareholders. The net proceeds from the issue of new shares were used to repay the Company's revolving credit facility. In total, 24,285,643 shares were issued under the programme at an average issue price of 102.1 pence per share, raising gross proceeds of £24.8 million.

Financing continued

On 16 December 2016, the Company published a Prospectus for a placing programme of up to 150 million shares, following shareholder approval at an EGM on 15 December 2016, to allow flexibility for equity fundraising during 2017 to meet the expected pattern of acquisitions from both John Laing and third parties. In January 2017, the Company announced that it was proposing to raise £25 million by way of an initial placing under the placing programme. The issue was oversubscribed and the Directors agreed to the issue of 55,000,000 shares at a price of 101 pence per share, representing a premium to the estimated ex-dividend NAV at that date of around 2%, adequately covering the costs of the issue. The shares were admitted to the market on 13 February 2017.

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 31 March 2017 across the portfolio was 42.9% (31 March 2016: 43.6%) being 32.7% (31 March 2016: 27.1%) for the renewable energy assets and 59.8% (31 March 2016: 62.2%) for the PFI processing assets. The increase in the gearing for the renewable energy assets during the period reflects the acquisitions of Dungavel, New Albion, Le Placis Vert and Plouguernével wind farms, all of which have project-level debt. Taking into account the amount drawn down under the revolving credit facility, the overall fund gearing at 31 March 2017 was 44.9% (31 March 2016: 53.9%).

As at 31 March 2017, the Group, which comprises the Company and the Intermediate Holding Companies, had cash balances of £26.1 million (31 March 2016: £6.2 million). Year-end cash levels were higher than normal due to cash drawn down to finance acquisitions anticipated to reach close by 31 March 2017 which were delayed until after the year end date.

Analysis of financial results

The financial statements of the Company for the year ended 31 March 2017 are set out on pages 82 to 109.

The Company prepared the financial statements for the year ended 31 March 2017 in accordance with International Financial Reporting Standards ("IFRS") as published by the EU. In order to continue providing useful and relevant information to its investors, the financial statements also refer to the "Group" which comprises the Company, its wholly owned subsidiary (John Laing Environmental Assets Group (UK) Limited ("UK HoldCo") and the indirectly held wholly owned subsidiaries HWT Limited (which holds the investment interest in the Tay project) and JLEAG Solar 1 Limited (which holds the investment interest in the Panther solar portfolio).

Basis of accounting

The Company applies IFRS 10 and Investment Entities: Amendments to IFRS 10, IFRS 12 and IAS 28, which states that investment entities should measure all their subsidiaries that are themselves investment entities at fair value. The Company accounts for its interest in its wholly owned direct subsidiary John Laing Environmental Assets Group (UK) Limited as an investment at fair value through profit or loss.

The primary impact of this application in comparison to consolidating subsidiaries, is that the cash balances, the working capital balances and borrowings in the intermediate holding companies are presented as part of the Company's fair value of investments.

The Company's intermediate holding companies provide services that relate to the Company's investment activities on behalf of the parent which are incidental to the management of the portfolio. These companies are recognised in the financial statements at their fair value which is equivalent to their net assets.

The Group holds investments in the 19 portfolio assets which make distributions comprising returns on investments (interest on loans and dividends on equity) together with repayments of investments (loan repayments and equity redemptions).

Results for the year ended 31 March 2017

All amounts presented in £million (except as noted)	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Net assets[1]	**340.0**	216.9
Portfolio value[2]	**327.6**	264.5
Intermediate holding companies' net assets/(liabilities)[2]	**9.3**	(50.1)
Operating income	**29.8**	9.3
Net assets per share	**100.1p**	96.7p
Distributions, repayments and fees from portfolio	**25.4**	18.6
Profit before tax	**25.6**	6.2

(1) Also referred to as Net Asset Value or "NAV".

(2) Classified as investments at fair value through profit or loss on the statement of financial position.

Net assets

Net assets increased from £216.9 million at 31 March 2016 to £340.0 million at 31 March 2017, primarily driven by the capital raises during the year.

The net assets of £340.0 million comprise £327.6 million portfolio value of environmental infrastructure investments and the Company's cash balances of £4.2 million, £9.3 million related to the fair value of the intermediate holding companies offset by other net liabilities of £1.1 million.

The intermediate holding companies' fair value of £9.3 million comprises cash balances of £21.9 million, offset by net liabilities of £12.6 million principally comprising the £12.5 million credit facility loan.

Analysis of the Group's net assets at 31 March 2017

All amounts presented in £million (except as noted)	At 31 Mar 2017	At 31 Mar 2016
Portfolio value	**327.6**	264.5
Intermediate holding companies' cash	**21.9**	2.9
Intermediate holding companies' revolving credit facility	**(12.5)**	(54.8)
Intermediate holding companies' other (liabilities)/assets	**(0.1)**	1.8
Fair value of the Company's investment in UK HoldCo	**336.9**	214.4
Company's cash	**4.2**	3.3
Company's other liabilities	**(1.1)**	(0.8)
Net Asset Value at 31 March	**340.0**	216.9
Number of shares	**339,642,078**	224,356,435
Net Asset Value per share	**100.1p**	96.7p

At 31 March 2017, the Group (Company plus intermediate holding companies) had a total cash balance of £26.1 million (31 March 2016: £6.2 million), including £4.2 million in the Company's balance sheet (31 March 2016: £3.3 million) and £21.9 million in the intermediate holding companies (31 March 2016: £2.9 million), which is included in the Company's balance sheet within 'investments at fair value though profit or loss'.

At 31 March 2017, UK HoldCo had drawn £12.5 million of its revolving credit facility (31 March 2016: £54.8 million) which is included in the Company's balance sheet within 'investments at fair value through profit or loss'.

The movement in the portfolio value from 31 March 2016 to 31 March 2017 is summarised as follows:

All amounts presented in £million (except as noted)	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Portfolio value at start of the year	**264.5**	197.7
Acquisitions (net of post acquisition adjustments)	**55.3**	73.7
Distributions received from investments	**(25.4)**	(18.6)
Growth in value of portfolio	**33.2**	11.7
Portfolio value at 31 March	**327.6**	264.5

Further details on the portfolio valuation and an analysis of movements during the year are provided in the investment portfolio and valuation section on page 32.

Income

The Company's profit before tax for the year ended 31 March 2017 is £25.6 million, generating earnings per share of 9.3 pence.

All amounts presented in £million (except as noted)	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Interest received on UK HoldCo loan notes	14.2	10.2
Dividends received from UK HoldCo	7.0	7.5
Net gains/(losses) on investments at fair value	8.6	(8.4)
Operating income	**29.8**	9.3
Operating expenses	(4.2)	(3.1)
Profit before tax	**25.6**	6.2
Earnings per share	9.3p	3.0p

In the year to 31 March 2017, the operating income was £29.8 million, including the receipt of £14.2 million interest on the UK HoldCo loan notes, £7.0 million of dividends also received from UK HoldCo and a net gain on investments at fair value of £8.6 million.

The operating expenses included in the income statement for the year were £4.2 million, in line with expectations. These comprise £0.9 million operating expenses and £3.3 million Investment Adviser fees. Investment Adviser fees are charged at 1% of Adjusted Portfolio Value as set out in more detail in note 15 to the financial statements.

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 AIC recommended methodology for calculating this ratio, which is an annual figure.

The ongoing charges percentage for the year to 31 March 2017 was 1.46% (year ended 31 March 2016: 1.53%). The ongoing charges have been calculated, in accordance with AIC guidance, as annualised ongoing charges (i.e. excluding acquisition costs and other non-recurring items) divided by the average published undiluted Net Asset Value in the period. The ongoing charges percentage has been calculated on the consolidated basis and therefore takes into consideration the expenses of UK HoldCo as well as the Company. Adjusting for the impact of the drawdown amount under the revolving credit facility, the ongoing charges ratio would be 1.2% (31 March 2016: 1.4%). JLCM believes this to be competitive for the market in which JLEN operates and the stage of development and size of the Fund, demonstrating that management of the Fund is efficient with minimal expenses incurred in its ordinary operation.

Cash flow

The Company had a total cash balance at 31 March 2017 of £4.2 million (2016: £3.3 million). The breakdown of the movements in cash during the year is shown below.

Cash flows of the Company for the year (£million):

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Cash balance at 1 April	**3.3**	3.6
Net proceeds from share issues	**113.7**	63.8
Investment in UK HoldCo (equity and loan notes)	**(113.9)**	(63.8)
Interest on loan notes received from UK HoldCo	**14.2**	10.2
Dividends received from UK HoldCo	**7.0**	7.5
Directors' fees and expenses	**(0.2)**	(0.2)
Investment Adviser fees	**(3.2)**	(2.3)
Administrative expenses	**(0.5)**	(0.5)
Dividends paid in cash to shareholders	**(16.2)**	(15.0)
Company cash balance at 31 March	**4.2**	3.3

The Group had a total cash balance at 31 March 2017 of £26.1 million (2016: £6.2 million) and borrowings under the revolving credit facility of £12.5 million (2016: £54.8 million). The breakdown of the movements in cash during the year is shown below.

Cash flows of the Group for the year (£million):

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Cash received from environmental infrastructure investments	**25.4**	18.6
Administrative expenses	**(0.7)**	(0.6)
Directors' fees and expenses	**(0.2)**	(0.2)
Investment Adviser fees	**(3.2)**	(2.3)
Financing costs (net of interest income)	**(2.3)**	(1.2)
Cash flow from operations	**19.0**	14.3
Net proceeds from share issues	**113.7**	63.8
Acquisition of investment assets	**(55.3)**	(75.7)
Reduction in acquisition price	**2.0**	–
Acquisition costs (including stamp duty)	**(1.0)**	(0.8)
Debt arrangement fee cost	**–**	(0.1)
(Repayment)/proceeds from borrowings under the revolving credit facility	**(42.3)**	11.1
Dividends paid in cash to shareholders	**(16.2)**	(15.0)
Cash movement in the year	**19.9**	(2.4)
Opening cash balance	**6.2**	8.6
Group cash balance at 31 March	**26.1**	6.2

During the year, the Group received cash distributions of £25.4 million from its environmental infrastructure investments, in line with the distributions expected by the Group after adjusting for acquisitions during the year.

Cash received from investments in the year more than covers the operating and administrative expenses and financing costs as well as the dividends declared to shareholders in respect of the year ended 31 March 2017. Cash flow from operations of the Group of £19.0 million covers dividends paid in the year to 31 March 2017 of £16.2 million by 1.17 times. Dividend cover based on dividends declared in respect of the year to 31 March 2017 was 1.06.

The Group anticipates that future revenues from its environmental infrastructure investments will continue to be in line with expectations and therefore will continue to fully cover future costs as well as planned dividends payable to its shareholders.[1]

Dividends

During the year, the Company paid a final dividend for the period ended 31 March 2016 of 1.5135 pence per share in June 2016 (£3.4 million) in respect of the quarter to 31 March 2016.

Interim dividends of 1.54 pence per share were paid in September 2016 (£4.1 million) in respect of the quarter to 30 June 2016, of 1.53 pence per share in December 2016 (£4.3 million) in respect of the quarter to 30 September 2016, and of 1.535 pence per share in February 2017 (£4.4 million) in respect of the quarter to 31 December 2016. The Company has declared an interim dividend of 1.535 pence per share in respect of the quarter ended 31 March 2017 (£5.2 million), which is payable on 30 June 2017.

The target dividend for the year to 31 March 2018 is 6.31 pence per share, being the amount declared in respect of the year to 31 March 2017 of 6.14 pence per share, adjusted for inflation.[1]

(1) These are targets only and not profit forecasts. There can be no assurance that these targets will be met.

Investment portfolio and valuation

Portfolio value increased to £327.6 million at 31 March 2017 from £264.5 million at 31 March 2016.

Investment portfolio

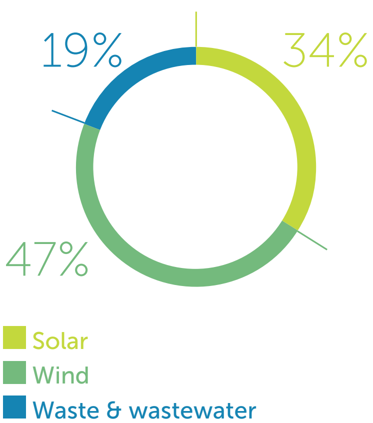
At 31 March 2017, the Group's investment portfolio comprised of interests in 19 project vehicles, located in the UK and France:

Asset	Location	Type	Ownership	Capacity (MW)	Commercial operations date
Amber	UK (England)	Solar	100%	9.8	July 2012
Branden	UK (England)	Solar	100%	14.7	June 2013
Monksham	UK (England)	Solar	(1)	10.7	March 2014
Panther	UK (England)	Solar	100%	6.5	2011 – 14
Pylle Southern	UK (England)	Solar	100%	5.0	December 2015
Bilsthorpe	UK (England)	Wind	100%	10.2	March 2013
Burton Wold Extension	UK (England)	Wind	100%	14.4	September 2014
Carscreugh	UK (Scotland)	Wind	100%	15.3	June 2014
Castle Pill	UK (Wales)	Wind	100%	3.2	October 2009
Dungavel	UK (Scotland)	Wind	100%	26.0	October 2015
Ferndale	UK (Wales)	Wind	100%	6.4	September 2011
Hall Farm	UK (England)	Wind	100%	24.6	April 2013
Le Placis Vert	France	Wind	100%	4.0	January 2016
New Albion	UK (England)	Wind	100%	14.4	January 2016
Plouguernével	France	Wind	100%	4.0	May 2016
Wear Point	UK (Wales)	Wind	100%	8.2	June 2014
Dumfries & Galloway	UK (Scotland)	Waste mgnt.	80%	n/a	2007
ELWA	UK (England)	Waste mgnt.	80%	n/a	2006
Tay	UK (Scotland)	Wastewater	33%	n/a	November 2001

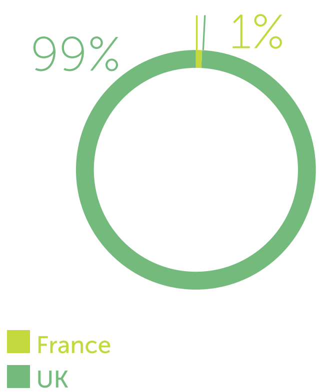
(1) 100% of "B" shares plus 100% of loans to the project. The "A" shareholders, investors under the Enterprise Investment Scheme, remain invested in the project. Including the loans, JLEN held an effective economic interest over 87% of the value of the project's cash flow (as calculated at acquisition).

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 31 March 2017 (by portfolio value and distributions from projects):

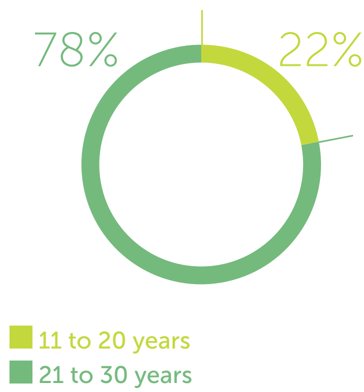
Portfolio value split by sector



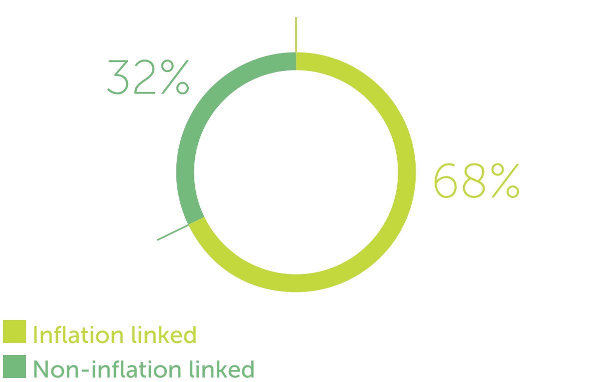
Portfolio value split by geography



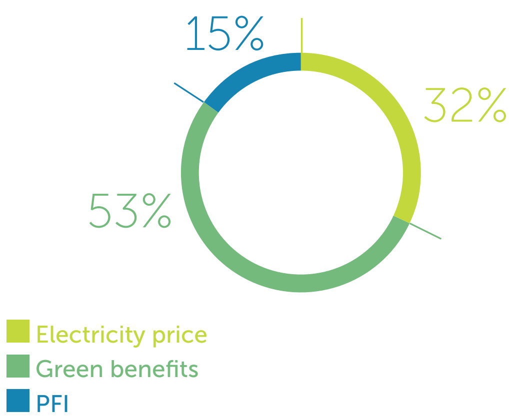
Portfolio value split by remaining asset life (years)



Portfolio distributions split by inflation linkage(1)



Portfolio distributions split by revenue type



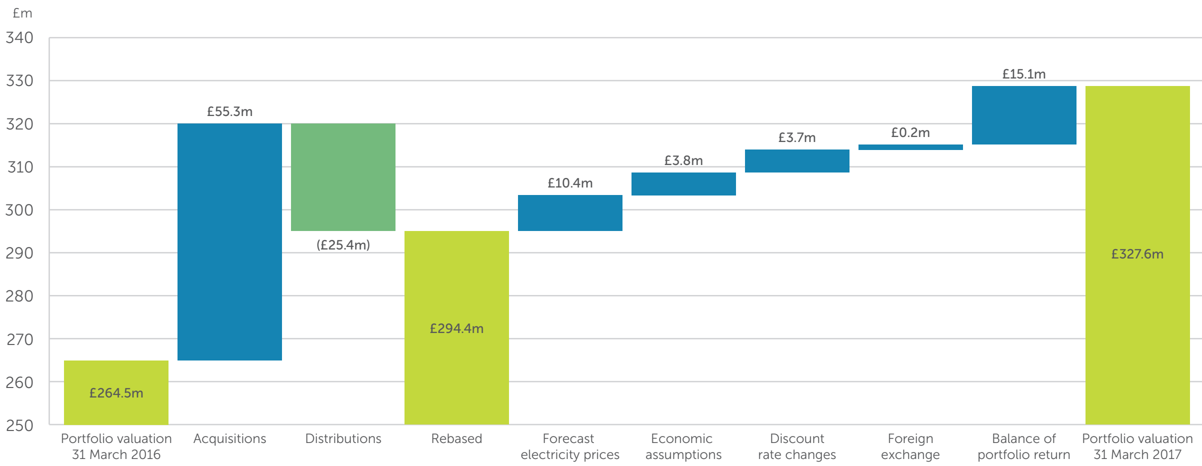
(1) Based on project revenues from volumes/generation during the year and assumes project cash flow distributions reflect revenue split at each project.

Investment portfolio and valuation 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 31 March 2017 was £327.6 million, compared to £264.5 million at 31 March 2016. The increase of £63.1 million is the net impact of new acquisitions, cash received from investments, changes in macroeconomic, electricity price and discount rate assumptions and underlying growth in the portfolio. A reconciliation of the factors contributing to the growth in the portfolio during the year is shown in the chart below.



The movement in value of investments during the year ended 31 March 2017 is shown in the table below:

	2017 £m	2016 £m
Valuation of portfolio at opening balance	**264.5**	197.7
Acquisitions in the year (including post acquisition adjustments and deferred consideration)	**55.3**	73.7
Cash distributions from portfolio	**(25.4)**	(18.6)
Rebased opening valuation of portfolio	**294.4**	252.8
Changes in forecast electricity prices	**10.4**	(16.6)
Changes in economic assumptions	**3.8**	(0.3)
Changes in discount rates	**3.7**	7.2
Changes in exchange rates	**0.2**	–
Balance of portfolio return	**15.1**	21.4
Valuation of portfolio at 31 March	**327.6**	264.5
Fair value of intermediate holding companies	**9.3**	(50.1)
Investments at fair value through profit or loss	**336.9**	214.4

Allowing for investments of £55.3 million (including post acquisition adjustments and deferred consideration) and cash receipts from investments of £25.4 million, the rebased valuation is £294.4 million. The portfolio valuation at 31 March 2017 is £327.6 million (2016: £264.5 million), representing an increase over the rebased valuation of 11.3% over the year (2016: 4.6%).

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 31 March 2017 valuation is considered below:

Forecast electricity prices

The project cash flows used in the portfolio valuation at 31 March 2017 reflect contractual fixed price arrangements under PPAs where they exist and short-term market forward prices where they do not for the next two years. Thereafter, the project cash flows assume future electricity prices in line with central forecasts from an established market consultant, adjusted by the Investment Adviser for project specific arrangements if required.

In common with generators selling into the wholesale market, following a period of declining electricity prices JLEN has experienced an improvement in both actual and forecast electricity prices during the year. Compared to the assumptions used in the valuation at 31 March 2016, on a time weighted average basis, the increase in the electricity price assumptions is approximately 6.9% over a 25-year period (being a simple average increase over 25 years of approximately 6.3%, including an increase in market forward prices (gross of any discounts under PPAs) over the next two years of nearly 25%, up to an average of £45/MWh for winter (31 March 2016: £37/MWh) and £40/MWh (31 March 2016: £32/MWh) for summer). JLEN has taken advantage of the improvement in short-term price forecasts during the year by fixing prices under existing PPA arrangements for a significant proportion of the renewable energy portfolio for periods of up to 24 months. At 31 March 2017, 88% of the renewable energy portfolio's electricity exposure was subject to a price fix for the summer 2017 season and 40% for the winter 2017 season, with the generation weighted average price fixes achieved, gross of any PPA discounts, being £39/MWh for summer 2017 and £41/MWh for winter 2017.

The increase in forecasts for future electricity prices compared to forecasts at 31 March 2016 has increased the valuation of the portfolio by £10.4 million.

Economic assumptions

Macroeconomic assumptions in respect of inflation, corporation tax and deposit interest rates have remained relatively constant during the year and, whilst short-term inflation forecasts have increased, the overall movement in valuation is not significant. Inflation rates assumed in the valuation at 31 March 2017 are 3.7% in 2017, 3.3% in 2018 with 2.75% for all subsequent years for UK assets, and 1.5% in 2017 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 rate for the French assets is 33.3%. Deposit rates assumed in the valuation reflect a range of deposit rates in the UK from 1.5% in 2017 with a gradual increase to a long-term rate of 2.75% with effect from 2019 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 €1.17/£1 (31 March 2016: n/a).

Portfolio valuation continued

Valuation assumptions continued

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 2016, there has continued to be strong demand for income-producing infrastructure assets, including environmental infrastructure projects as the market matures. The Investment Adviser, based on its experience of bidding in the secondary market for onshore wind, solar PV and environmental processing projects and the discount rates achieved on transactions in those sectors, has maintained the discount rates applied to the 31 March 2017 valuation at the same level as 31 March 2016, except in relation to the onshore wind assets where it has reflected the reducing trend in discount rates seen during the year.

Taking the above into account, and the change in mix of the portfolio during the year, the overall Weighted Average Discount Rate ("WADR") of the portfolio was 8.2% at 31 March 2017 (8.2% at 31 March 2016).

Balance of portfolio return

This represents the balance of valuation movements in the year 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 £15.1 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 UK HoldCo, and the 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 revenues and costs.

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, whether 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:

Discount rate

The WADR of the portfolio at 31 March 2017 was 8.2% (8.2% at 31 March 2016). A variance of plus or minus 0.5% is considered to be a reasonable range of alternative assumptions for discount rates.

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.

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.

Electricity prices

Electricity price assumptions are based on the following: for the first two years, cash flows for each project use forward electricity 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 central case forecasts from an established market consultant 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 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 31 March 2017 are 3.7% for 2017, 3.3% for 2018 and 2.75% (31 March 2016: 2.75%) for the long term for the UK assets, and 1.5% for both 2017 and the long term (31 March 2016: n/a) 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 for each year of the asset life.

Portfolio valuation continued

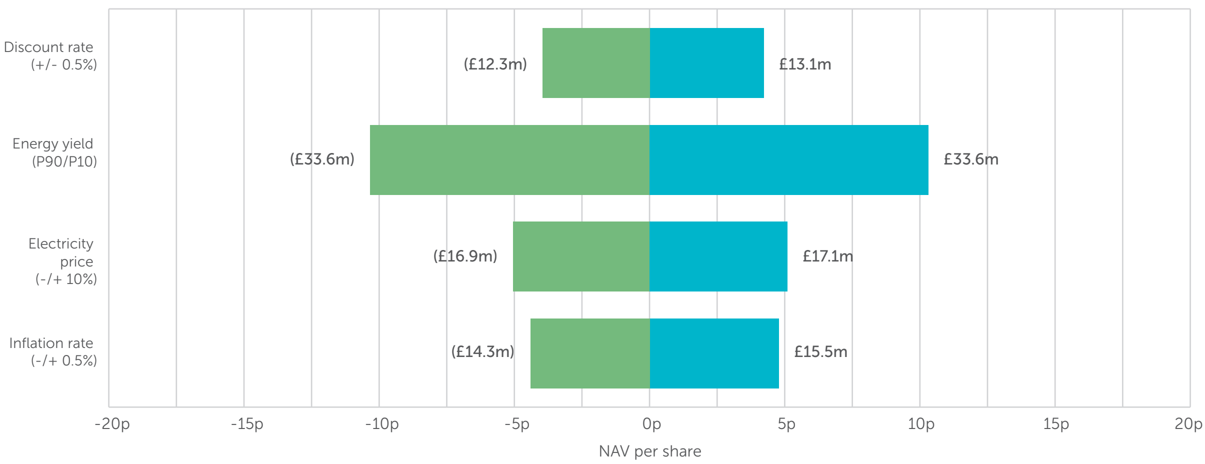
Valuation sensitivities continued

Euro/sterling exchange rates

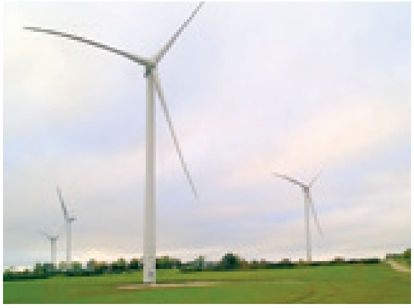
As the proportion of the portfolio assets with cash flows denominated in euros represented approximately 1% of the portfolio value at 31 March 2017, the Directors consider the sensitivity to changes in euro/sterling exchange rates to be insignificant.

Sensitivities – impact on NAV at 31 March 2017

The following chart shows the impact of the key sensitivities on Net Asset Value per share, with the £ labels indicating the impact of the sensitivities on portfolio value.



Market outlook



Based on the current outlook for the portfolio and the markets in which it operates, the Board believes that the current portfolio is well-positioned to continue to deliver the target returns of the Company.

Despite the current political and economic uncertainty in the UK and Europe, in particular following the UK referendum on membership of the EU in June 2016, the outcome of the recent elections in the UK and France, impending elections in several European countries and the recent US election result, we believe that the Company's strategy of investing in a diversified portfolio of assets in the wider environmental infrastructure sector and of providing consistent long-term income with NAV resilience remains achievable.

Whilst it will take some time for the exact details of arrangements post exit from the EU to emerge, government policy commitments for clean energy continue in the UK and climate change remains one of the important areas of focus, not only for the UK but globally. The UK has ambitious domestic targets, with the Climate Change Act of 2008 establishing a target to reduce its emissions by at least 80% from 1990 levels by 2050. The Act established a system of five-yearly carbon budgets, the fifth of which was formally approved by Parliament on 30 June 2016 and aims to limit annual emissions to an average of 57% below 1990 levels by 2032.

In addition, electricity capacity margins remain especially tight in the UK, compounded now by increased uncertainty as to whether planned additional electricity interconnector capacity with Europe will be built following the UK's exit from the EU.

As an EU member, the UK is required to generate 15% of its energy from renewables by 2020 under the European Union's Renewable Energy Directive. Although by leaving the EU, the UK may no longer be obliged to hit these targets or any successor targets (unless agreed as part of any secession agreement), the renewables projects required to meet the 2020 target have already been largely built or are expected to be commissioned. In respect of longer-term commitments, the Climate Change Act's ambitious carbon reduction targets will require a substantial and continued contribution from renewables.

Market outlook continued

In the 2016 Annual Report, we commented on the fact that the UK and European renewables markets in 2015 and 2016 had continued to be affected by low electricity prices, mainly driven by consistently falling oil and gas prices since the end of 2014. In recent months, and particularly since the EU referendum result, spot electricity prices have recovered and we have also seen an increase in forecast electricity prices, particularly over the short term. This has largely been driven by the movement in sterling exchange rates, with higher import prices for dollar/euro-denominated coal and gas inputs for the electricity market. As gas-fired power stations tend to set the marginal cost of electricity in the UK, natural gas price rises tend to result in higher electricity prices. Increases in electricity price forecasts in turn increase the valuation of JLEN's portfolio as currently about 32% of the project-level revenues are exposed to electricity prices. This is achieved by either "locking-in" improved market conditions by fixing electricity prices for periods up to 24 months under existing PPAs or reflecting higher short-term forecasts in our cash flows where no fix is in place in line with our valuation policy.

The timing and extent of changes to electricity prices will depend on a range of factors, including the impact of continued pressure on the UK capacity margin due to planned closures of coal-fired generation plants and the continued delay in the commissioning of new nuclear plants. The Board and the Investment Adviser will continue to monitor markets and forecasts quarterly and reflect this in the reported NAV as appropriate.

The secondary market for environmental infrastructure projects remains both active and significant. The Investment Adviser continues to investigate potential markets and investments and has seen a steady flow of opportunities across all JLEN's asset classes during the year.

Whilst activity in UK solar has inevitably tailed off following the removal of ROC incentives, opportunities still remain and will be pursued, where attractive. As for wind, the early removal of green subsidy support has impacted developers but there remains a large number of existing operational projects and projects to be completed under existing transitional arrangements to provide a strong secondary market in the short to medium term.

Although smaller in number, the Investment Adviser has been pleased with the level of environmental infrastructure opportunities outside of wind and solar that it has seen, particularly in the biomass and bioenergy sectors. The Investment Adviser believes that the Company is an attractive counterparty for developers and early-stage investors seeking to recycle capital from environmental infrastructure projects.

The Investment Adviser continues to monitor European markets with stable regulatory frameworks as permitted under the Fund's investment policy. During the year, JLEN made its first non-UK acquisitions when it acquired the Le Placis Vert and Plouguernével wind farms in France. We continue to see a number of opportunities in onshore wind, both in the UK and Europe, which we will continue to evaluate.

JLEN has the benefit of a First Offer Agreement with John Laing over a significant pipeline of environmental infrastructure projects which supports its growth plans in the next few years. The Company expects that, pursuant to the First Offer Agreement, environmental infrastructure projects that are in accordance with its Investment Policy with a combined investment value for the Fund of approximately £345 million will become available for acquisition by the Fund within the period to 31 December 2019.

JLEN invests in environmental infrastructure assets which are long term in nature. Whilst the Investment Adviser expects to see the sort of short-term variability in performance witnessed over the last 18 months, the outlook for the portfolio remains good and, other than the changes in valuation assumptions noted above, there are no changes to our long-term assumptions underlying the cash flow projections and valuation of the portfolio. A key feature of JLEN is its diversified portfolio and the spread of risks across a variety of technologies.

The Chancellor's first Autumn Statement on 23 November 2016 outlined his priorities for taxes and spending in the wake of the referendum vote and, as anticipated, this included a statement confirming the Government's support for investment in UK infrastructure. Also, the 2017 Finance Bill has now provided clarification on the proposals to implement the OECD's Base Erosion and Profit Shifting measures which, as noted elsewhere in this report, have not had a material impact on the Fund.

Based on the current outlook for the portfolio and the markets in which it operates, JLEN is well-positioned to continue to deliver the target returns of the Company, although it should be noted that delivery of the long-term IRR targets will depend, to an extent, on the continued recovery of electricity price forecasts from current levels. The Investment Adviser will also continue to seek opportunities to improve the performance of the portfolio assets ahead of target through the delivery of additional operational scale efficiencies and through prudent portfolio and financial management.

Risks and risk management

JLEN has a comprehensive risk management framework overseen by the Risk Committee comprising independent non-executive Directors.

Risk is the potential for events to occur that may result in damage, liability or loss. Such occurrences could adversely impact the Group's business model, reputation or financial standing. Alternatively, under a well-formed risk management framework, potential risks can be identified in advance and can either be mitigated or possibly even converted into opportunities.

The Prospectus details all the potential risks that the Directors consider are material that could occur in an environmental infrastructure project and in particular those in relation to renewable energy generation and PPP/PFI projects.

Given that the Company delegates certain activities to the Investment Adviser and Administrator, reliance is also placed on the controls of the Group's service providers.

In the normal course of business, each project will have developed a rigorous risk management framework including a comprehensive risk register that is reviewed and updated regularly and approved by its Board. The purpose of JLEN's risk management policies and procedures is not to eliminate risk completely, as this is possible but not commercially advisable. Rather, it is to reduce the likelihood of occurrence and to ensure that JLEN is adequately prepared to deal with risks so as to minimise their impact should they materialise.

Risk identification and monitoring

JLEN has a separate Risk Committee, comprising three non-executive Directors, which is responsible for overseeing and advising the Board on the current and potential risk exposures of the Fund, with particular focus on the Group's principal risks, being those with the greatest potential to influence shareholders' economic decisions, and the controls in place to mitigate those risks.

The identification, assessment and management of risk are integral aspects of the Investment Adviser's and Administrator's work in both managing the existing portfolio on a day-to-day basis and pursuing new investment opportunities (though the Board has ultimate responsibility for the risk management activities of the Group). The Investment Adviser and Administrator have established internal controls to manage these risks and they review and consider the Group's key risks with the Risk Committee on a quarterly basis, including new risks arising and/or changes in the likelihood of any particular risk occurring. These systems of internal control were in place for the year under review and up to the date of the Annual Report.

The Board's investment advisory engagement committee reviews the performance of the Investment Adviser and Administrator, as well as other key service providers, annually.

JLEN has a comprehensive risk management framework and risk register that assesses a) the probability of each identified risk materialising and b) the impact it may have on JLEN. This is captured by a rating system assigning a red, orange, amber or green categorisation to prioritise and focus JLEN's risk management policies and procedures:

- red – very likely to occur or has occurred in the recent past, with a significant potential impact on the Group's stakeholders, reputation and/or financial standing if the risk occurred;
- orange – a non-negligible chance of occurring, with a material impact if it did occur;
- amber – more likely to occur than green, with a medium impact if the risk did occur; or
- green – unlikely to occur and with a minor impact should the risk materialise.

Mitigation actions have been developed with respect to each risk so as first to reduce the likelihood of such risk occurring and secondly to minimise the severity of its impact in the case that it does occur.

The risk register is a "live" document that is reviewed and updated regularly by the Risk Committee as new risks emerge and existing risks change. The principal risks faced by the Group are formally reviewed by the Risk Committee at each quarterly meeting and a report from the Committee is presented to the Board for consideration and approval. Each of the underlying projects is overseen by an experienced general or contracts manager who reports to their individual project board. The general and contract managers maintain strong relationships between clients, sub-contractors and other stakeholders. This ensures effective management of potential risks.

JLEN's risk register covers five main areas of risk:

- strategic, economic and political;
- operational, business, processes and resourcing;
- financial and taxation;
- compliance and legal; and
- asset specific.

Each of these areas, together with the principal risks within that category, are summarised in the table overleaf, followed by a detailed discussion of the mitigating factors.

Risks and risk management continued

Strategic, economic and political

Risk	Potential impact	Mitigation
1 Inflation and interest rates	• The underlying assets in the portfolio and therefore the returns expected from them have some exposure to inflation. • The Company has some interest rate exposure, through its own cash deposits and bank funding and deposits and funding within the projects themselves.	• Returns from the assets in the portfolio are highly correlated with inflation due to revenues from PFI assets, green benefits for renewable energy assets and most operational costs being directly linked to an inflation index. This results in a "natural hedge", removing the need for the use of derivatives to mitigate inflation risk. • Through the use of interest rate swaps and fixed rate loans, finance costs are fixed at the time of the contract being signed, substantially reducing interest rate risk.
2 Acquisitions and pipeline	• JLEN's intention is to grow the portfolio through the acquisition of further environmental infrastructure projects. However, there is a risk that a pipeline of acquisitions does not materialise.	• JLEN benefits from a First Offer Agreement with John Laing giving it the right of first offer over a pipeline of environmental infrastructure projects, valued by John Laing at approximately £345 million for the period to 31 December 2019. In addition, JLEN continually receives and seeks opportunities from the wider secondary market and developers, both in the UK and overseas.
3 Funding of acquisitions and future equity fundraising	• There is a risk that JLEN is unable to achieve its stated ambition of growing the portfolio by acquiring new assets due to a lack of funding, both from corporate debt and equity capital from investors.	• JLEN has a three-year, £75 million revolving credit facility providing short-term finance to pursue acquisitions. This is used to finance acquisitions prior to raising capital, mitigating the risk of inadequate funding affecting growth. • Investors have been supportive of the infrastructure class in general and the environmental infrastructure/renewable energy class in particular and recent capital raises by JLEN and other listed infrastructure funds confirm the appetite investors have for infrastructure as an asset class.
4 Competition	• JLEN, in pursuing investment opportunities and in seeking to raise further capital, competes against a number of other listed and private infrastructure funds. There is a risk that such competition could limit growth of the Fund.	• JLEN differentiates itself from its peer group in a number of ways, including its investment policy of investing in a diversified range of environmental infrastructure technologies and revenue streams, its aim to only raise capital against committed investments and through its First Offer Agreement with John Laing.
5 Future of UK capital spending	• Under its investment policy, JLEN is required to hold at least 50% of its portfolio by value in UK assets. JLEN therefore has a significant interest in the future of UK infrastructure spending. Government financial support for new renewable energy and environmental processing assets has reduced significantly in recent years and there is a risk that spending is either reduced or stopped altogether or that the model used to procure environmental infrastructure and/or renewable energy projects offers a risk profile that would not allow JLEN to invest under its investment policy.	• Should either of these risks materialise, the immediate impact on JLEN and the secondary PPP/renewable energy market would be small as there is sufficient deal flow in the UK market to sustain this space in the short to medium term, as primary participants seek to recycle equity to reinvest in new infrastructure projects. • In addition, JLEN has the ability to mitigate the impact of a slowdown in UK deal flow through overseas acquisitions in order to diversify the portfolio and reduce its reliance on the UK for investment opportunities.

Strategic, economic and political continued

Risk	Potential impact	Mitigation
6 UK referendum on EU membership	• In June 2016, the UK voted in favour of leaving the EU and on 29 March 2017 formally notified the European Council of its intention to leave the EU under Article 50 of the Lisbon Treaty. As a result of this outcome there is likely to be a prolonged period of market uncertainty as the exact details are negotiated between the UK Government and the rest of the EU, which could result in adverse conditions for JLEN and an increase in the risks noted in this section, particularly volatility in macroeconomic indicators such as inflation and interest rates and changes in regulations. • In response to the decision by the UK to leave the EU, in March 2017 the Scottish parliament voted in favour of seeking a second Scottish independence referendum, although the UK Government has indicated such a vote should not occur before the UK has formally left the EU.	• At this stage it is not clear what the precise impact on the UK environmental infrastructure industry will be of an exit from the EU. In the November 2016 Autumn Statement and the budget in March 2017 the Chancellor stated that the UK Government remains committed to UK infrastructure development and there continues to be evidence that investors see listed infrastructure as a "safe haven" in times of market turbulence. The mitigation measures for the principal macroeconomic risks are those described above in relation to inflation and interest rates. Given the current level of investment in non-UK assets JLEN has a non-significant exposure to changes in exchange rates. And whilst the UK Government may not in future be bound by EU set renewable obligations, the UK is still bound by national and international renewable obligations including the 2008 Climate Change Act. As such JLEN believes that a low carbon and renewable energy generation agenda will remain a key part of UK policy. • Regarding a Scottish referendum, JLEN will continue to monitor the situation as it develops and will identify potential risks when the likely course of events becomes clearer and it is possible to assess their nature and extent.

Operational, business, processes and resourcing

Risk	Potential impact	Mitigation
7 Volume of resource	• By the very nature of environmental infrastructure projects, their financial performance is dependent on the volume of resource available, be it solar irradiation, wind, waste or water. These are factors outside the control of JLEN or the projects themselves, with the risk of a significant effect on performance if the outcome is significantly different from the assumptions made in forecasting revenue and costs and hence returns to JLEN.	• For renewable energy projects there is a degree of protection from this variability in weather resource from portfolio diversification, as solar is more productive in the summer and wind more productive in the winter, with the absolute level of resource being uncorrelated. • In addition, the waste and wastewater projects benefit from "banded" volumetric payment arrangements that mean the projects are relatively insensitive to falling volumes. The projects also benefit from contractual exclusivity over the available waste or water stream and, in the case of the waste projects, minimum guaranteed volumes, further mitigating this risk. • On all projects, technical consultants are employed to advise on the assumptions which should be made regarding volume and its impact on performance for each individual asset. • When acquiring wind farms with limited operational life, the aim is to seek to include where possible "energy yield true-up" mechanisms in acquisition agreements which apply when a reasonable operational period has been completed. Under this true-up the energy yield will be reforecast based on all available data and the purchase price adjusted subject to de minimis thresholds and caps.

Risks and risk management continued

Operational, business, processes and resourcing continued

Risk	Potential impact	Mitigation
8 Electricity prices	• The revenues of the renewable energy solar and wind assets are dependent to some extent on the market price of electricity, which is out of the control of JLEN. There is a risk that the actual prices received vary significantly from the model assumptions leading to a shortfall in anticipated revenues to JLEN.	• The risk of exposure to variations in electricity prices from assumptions made is mitigated by JLEN in the following ways: (i) short-term PPAs are used to fix prices for between one and three years depending on market conditions and many have floor prices; (ii) forward prices based on market rates are used for the first two years where no fix is in place; (iii) quarterly reports from an independent established market consultant are used to inform the electricity prices over the longer term used in the financial models. • Due to the diversification in the portfolio, JLEN has relatively low exposure to electricity prices for the sector.
9 Reliance on Investment Adviser	• The Company is heavily reliant on the Investment Adviser to identify, acquire and manage JLEN's investments. A performance deterioration by the Investment Adviser could have an impact on the Company's performance and there is a risk that the Company may not be able to find an appropriate replacement Investment Adviser should the engagement with the Investment Adviser be terminated.	• The Investment Adviser has a strong track record of accomplishment of investing and managing infrastructure projects. JLCM, being a wholly owned subsidiary of John Laing Group plc, has access to the depth of resource provided by its parent company, as well as robust policies, procedures, compliance systems and risk controls. John Laing Group plc has significant personnel to draw from to provide the services under the Investment Advisory Agreement. Ultimately, in the event of ongoing underperformance by the Investment Adviser, JLEN has the ability to serve notice and to replace JLCM as Investment Adviser.
10 Cyber risk	• There exists a threat of cyber-attack in which a hacker or computer virus may attempt to access the IT systems of the Group, the Investment Adviser, the Administrator or one of the project companies and attempt to destroy or use the data for malicious purposes. While JLEN considers that it is unlikely to be the deliberate target of a cyber-attack, there is the possibility that it could be targeted as part of a random or general act.	• JLEN has no dedicated IT systems and it relies on those of its service providers, principally the Investment Adviser and Administrator, who have procedures in place to mitigate cyber-attacks and have robust business continuity plans in place. JLEN carries out ongoing compliance checks and reviews on these procedures to ensure the risk is mitigated.

Financial and taxation

Risk	Potential impact	Mitigation
11 Portfolio valuation	• 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. Increased underlying gilt rates may lead to increased discount rates being applied by the market and a consequential decrease in the portfolio value. • Asset values may not run in parallel to evolving forecasts for future electricity prices and investors should expect some variation in asset valuation from period to period, as and when a material movement from prior expectations is identified.	• 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. • In general, independent forecasters expect UK wholesale electricity prices to continue to rise in real terms over the long term, based on tighter UK capacity margins in the short term and global energy supply and demand in the long term. • To provide additional assurance to both the Board and JLEN's shareholders with respect to the valuation, an independent verification exercise of the methodology and assumptions applied by JLCM is performed by a leading accountancy firm and an opinion provided to the Directors.
12 Changes to tax legislation and rates	• JLEN values its portfolio based on current enacted corporation tax rates and tax rules in the jurisdictions in which it operates. Changes to these rates or rules in the future could impact the valuation of the portfolio and the level of distributions received from the portfolio.	• JLEN works closely with expert tax advisers and adopts tax positions which are based on industry practice and in line with the wider group strategy However, other than participating in industry consultation processes, there is little within the power of the Company that is able to mitigate changes in corporation tax rates and tax legislation. • With respect specifically to the OECD's Base Erosion Profit Shifting ("BEPS") initiative, the Company, along with others in the infrastructure industry, has and will continue to take part in consultation processes on the development of detailed proposals with UK HMRC. The most important of the BEPS recommendations from an infrastructure investments perspective related to restrictions on the deductibility of interest costs, the details of which have been announced in the 2017 Finance Bill. Based on the provisions set out in the Finance Bill, the Investment Adviser's assessment is that the impact on the Company's NAV is not expected to be material. • JLEN continues to monitor and participate in the consultation processes with UK HMRC and to assess the impact of any additional changes which may result from the wider BEPS initiative.

Risks and risk management continued

Compliance and legal

Risk	Potential impact	Mitigation
13 Regulatory – general	• JLEN is required to comply with certain London Stock Exchange, UK Listing Authority and Guernsey regulatory requirements, regulations under the Alternative Investment Fund Managers Directive ("AIFMD") and the Foreign Account Tax Compliance Act ("FATCA"). There is a risk that failure to comply with any of the relevant rules could result in a negative reputational or financial impact on the Company.	• Through a comprehensive compliance monitoring programme, JLEN ensures that it remains well informed as to the legislation, regulation and guidance relevant to both the Company itself as well as the project entities in which it invests. The Board monitors compliance information provided by the Administrator, Company Secretary, Investment Adviser and legal counsel and monitors ongoing compliance developments in the Channel Islands and with the London Stock Exchange and Financial Conduct Authority.
14 Regulatory – support for renewables	• Changes in Government policy to new renewable energy have resulted in changes to, and in some cases, early closure of, the Renewables Obligation and Feed-in Tariff regimes. If these were applied retrospectively to current operating projects including those in the Group's portfolio, this could adversely impact the market price for renewable energy or the value of the green benefits earned from generating renewable energy.	• The Government has evolved the regulatory framework for new projects being developed but has consistently stood behind the framework that supports operating projects as it understands the need to ensure investors can trust regulation. This principle of "grandfathering" was confirmed in the Energy Act 2013.

Asset specific

Risk	Potential impact	Mitigation
15 Operational risks	• JLEN invests in projects where the majority of operational risk is retained by the public sector counterparty (relevant to PFI projects) or passed down to sub-contractors. However, in all cases, some risk is retained by the project as set out above and identified in the Prospectus. • There is a risk that poor performance by subcontractors or, in the event of having to replace a subcontractor, that a replacement may only be found at a higher cost, could adversely affect project cash flows. • In the event of a single project suffering from a material issue, distributions to the Fund could possibly be impacted absolutely or for a period of time whilst the issue is resolved.	• The portfolio is constantly monitored by the Investment Adviser to address risks as they are identified. • The use of a diverse range of service providers supplying management, operational and maintenance services ensures any failure of a single service provider has a minimal impact on the portfolio as a whole. • This risk is mitigated in part by the diversification represented by JLEN's portfolio of assets.

Corporate social responsibility

The business of the Company is to invest in environmental infrastructure projects. JLEN recognises the business imperative and moral obligation to carry out its activities in a socially responsible, safe and environmentally sustainable manner, with due consideration to human rights.

JLEN recognises the environmental, social and economic needs of the communities in which it works and looks for suitable opportunities to engage and support communities. The commitment to corporate social responsibility ("CSR") is delivered through programmes directly supported by JLEN and through the activities of JLCM, Praxis and JLEN's other partners who manage the projects and/or provide operations and maintenance services to the portfolio assets. JLEN actively encourages its partners to engage with the local communities in which our projects are located. It is the engagement of these teams that operate our assets on a daily basis and support the communities in which they operate that makes the greatest difference. Examples of how the assets and partners have contributed to achieving JLEN's CSR ambitions are provided below.

Renewable energy projects

Each of the projects in the renewable energy portfolio seeks to engage with and support the local communities in which they are located and operate throughout their term of operation, which in most cases is over 20 years. During the construction of the wind farms and solar parks projects seek, wherever possible, to employ local construction companies and suppliers. Once operational, local suppliers and landowners continue to be involved in the day to day operations of the sites and across the portfolio many projects have committed to providing funding to support local economic, social and environmental benefits in the community. For the year ended 31 March 2017, JLEN provided a total of £0.2 million to local community funds, either through long-term agreements or via ad hoc requests to support local causes.

Renewable energy projects continued

At our Placis Vert wind farm in Brittany, JLEN, in conjunction with our local operator P&T Technologies, hosted an open day for the local and regional community to celebrate the completion of the wind farm. The main aim of the day was not only to thank the local community for their valued support during the planning and construction of the project but also to provide education on how the farm operates and the environmental benefits it brings to the local community.

Environmental processing projects

JLEN's waste and wastewater projects support the provision of essential public services in the localities in which they are located and provide employment opportunities for local communities. In addition, they contribute to the continuing education of local communities in respect of waste minimisation via re-use, recycling and waste reduction. At the ELWA project in East London the operator, Shanks Waste Management, invests each year in education programmes for local schools and works with Keep Britain Tidy, a registered charity, who in turn provide one education officer who focuses on school education programmes and workshops for under-13s at the Jenkins Lane site education facility. The aim of these programmes is to increase recycling performance in schools, enhance knowledge of types of materials and those which can be recycled and to work towards Eco-Schools awards (Bronze, Silver and Green Flag). Similarly, the Hatton works at the Tay project hosts visits from local schools throughout the year and the project contributes via sponsorship to the Tay Estuary Forum, a local coastal partnership and attends committee meetings.

John Laing

The John Laing Group's community investment strategy is delivered through its employees and a number of partners.

Since 2006 John Laing has been an active Patron of the Prince's Trust, which has allowed them to support disadvantaged and vulnerable young people across the UK, to help them move into work, education or training. The Group encourages its staff to become involved in activities and initiatives that benefit local communities and environments.

The John Laing Charitable Trust ("JLCT") supports the work of welfare visitors who look after the needs of former employees and their surviving partners. Its trustees set aside considerable funds each year to provide financial help and assistance. All John Laing employees or members of their immediate family directly involved in a charity are able to apply to JLCT for a grant to support a good cause and additionally JLCT is able, within certain limits, to match charitable donations raised by employees.

Praxis Fund Services

The PraxisIFM Group supports the local communities in which it operates, focusing on equipping people with the skills they need to lead successful and rewarding lives by supporting initiatives which provide learning, training and development opportunities and/or encourage people to lead healthy lifestyles. In Guernsey, this includes sponsoring the Delancey Flyers Cycling League, Les Bourgs Hospice and the Guernsey Youth Commission.

Health and safety

The physical location, operation and maintenance of environmental infrastructure projects may, if inappropriately assessed and managed, pose health and safety risks to those involved. The operation and maintenance of facilities may result in bodily injury or industrial accidents. If an accident were to occur in relation to one or more of the Group's investments and if the Group were deemed to be at fault, the Group could be liable for damages or compensation to the extent such loss is not covered under insurance policies. In addition, adverse publicity or reputational damage could ensue.

The JLEN, UK HoldCo and individual project entity Boards have health and safety policies and review health and safety at each of their respective scheduled Board meetings. The Group engages the Investment Adviser to carry out a rolling programme of independent audits of the health and safety policies and compliance of its projects and all major suppliers.

Environment

JLEN takes its environmental responsibilities very seriously and seeks to ensure effective environmental management, not only of its own direct activities, but also the indirect aspects and impacts resulting from the occupation and use of its environmental infrastructure projects. The overall environmental contribution of the investment portfolio is substantial, with the portfolio as at 31 March 2017 capable of producing enough clean energy annually to power the equivalent of 115,000 homes in the UK and France. In addition, each of JLEN's renewable energy sites has an environmental or habitat management plan agreed with the relevant local authorities under planning approvals which ensures the projects are sympathetic to the local environment in which they are located and protect local wildlife and habitats.

This strategic report is approved by the Board of Directors.

Richard Morse
Chairman

14 June 2017

Board of Directors

Members of JLEN's Board of Directors, all of whom are non-executive and independent of the Investment Adviser, are listed below.

Richard Morse

Chairman

Richard has more than 31 years' experience in energy and infrastructure, including environmental energy. He is a partner at Opus Corporate Finance where he leads the environmental energy practice. His current boardroom experience includes Bazalgette Tunnel Limited (deputy Chairman and Chairman of the Audit Committee), Woodard Corporation (Chairman), and Heathrow Southern Rail Limited (non-executive Director).

Past experience

Richard trained as an investment banker, becoming Deputy Head of Corporate Finance and head of the utilities and energy team at Dresdner Kleinwort Wasserstein, before taking up senior roles in the energy and utilities practices at Goldman Sachs and Greenhill International, and a Senior Adviser role at Matrix Corporate Capital.

Committee memberships

NC

Christopher Legge

Director

Chris worked for Ernst & Young in Guernsey from 1983 to 2003 and was head of Audit and Accountancy from 1990 to 1998 where he was responsible for the audits of a number of banking, insurance, investment fund, property fund and other financial services clients. He was appointed managing partner in 1998.

Past experience

Since retiring from Ernst & Young in 2003, Chris has held numerous non-executive directorships in the UK listed financial services sector, including TwentyFour Select Monthly Income Fund Limited, Sherborne Investors (Guernsey) B Limited, Third Point Offshore Investors Limited and Ashmore Global Opportunities Limited, all of which are UK listed and where he also chairs the Audit Committee. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Committee memberships

AC RC

Denise Mileham

Director

Denise has acted in non-executive director roles for the past eight years and previously sat on the board of Resolution Limited, the FTSE 100 listed company and owner of the Friends Life Group. She was previously an executive director of Kleinwort Benson (Channel Islands) Fund Services, acting as Head of Fund Administration and Deputy Head of Fund Services (which included custody). She also worked at Close Fund Services, where she was Director of New Business, running a team responsible for marketing, sales and implementation.

Past experience

In Denise's early career she worked in the funds department of Barclaytrust before moving to Credit Suisse where she undertook a number of roles, including Compliance Officer in the fund administration department. She has been a Fellow of the Securities and Investment Institute since 2006 and is also a member of the Institute of Directors, the Guernsey NED Forum and Guernsey Investment Fund Association and previously sat on their Technical Committee.

Committee memberships

NC RC

Note: details of directorships in listed companies are contained on page 111.

Peter Neville

Director

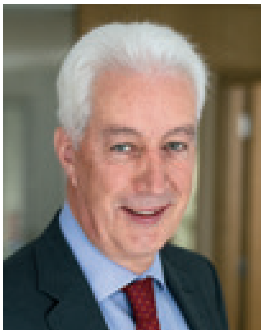
Peter has more than 37 years' experience in the financial services and financial services regulatory sectors in the UK and overseas. He has worked in merchant banking and corporate finance in the UK and the Far East, undertaking IPOs, corporate restructurings, mergers and acquisitions and project finance. In addition to his other non-executive positions, Peter currently holds a number of non-executive directorships including at both Channel Islands Competition and Regulatory Authorities, and also at Kleinwort Benson (Channel Islands) Limited, the Guernsey based bank, and its holding company.

Past experience

Peter was Director General of the Guernsey Financial Services Commission from 2001 until 2009. His boardroom experience has included acting as a non-executive director of Mytrah Energy Limited.

Committee memberships

AC NC RC



Richard Ramsay

Senior Independent Director

Richard is a chartered accountant with considerable experience of the energy sector and the closed-end fund industry. He is currently chairman of Seneca Global Income & Growth Trust plc, an investment trust. He is also chairman of Northcourt Limited, Wolsey Group Limited and a director of Castle Trust Capital plc and URICA Limited, all unlisted companies in the financial services sector.

Past experience

His energy sector experience includes: leading the Barclays de Zoete Wedd team that privatised the Scottish electricity industry; a period at Ofgem as Managing Director Finance and Regulation; and working as director of the Shareholder Executive, principally involved with government businesses in the nuclear sector. At Ivory & Sime, Barclays de Zoete Wedd and latterly at Intelli Corporate Finance he has worked as a corporate adviser in the closed-end funds sector, completing over £2.5 billion of transactions. He has been a director of two investment trusts and one venture capital trust.

Committee memberships

AC

Key

AC Audit Committee

NC Nomination Committee

RC Risk Committee

The Investment Adviser

JLEN is advised by John Laing Capital Management Limited ("JLCM"). JLCM is a wholly owned subsidiary of John Laing plc.

Chris Tanner
Investment Adviser

Chris is a Director of JLCM with over 15 years' experience in infrastructure including PPPs, economic infrastructure and renewables.

Prior to joining John Laing, he was a Principal in Henderson's private equity infrastructure team. In the 18 months prior to joining JLCM he was on secondment to John Laing as Corporate Finance Director. Preceding Henderson, Chris worked at PricewaterhouseCoopers for 11 years.

Chris is a member of the Institute of Chartered Accountants in England and Wales and has an MA in Politics, Philosophy and Economics from Oxford University.

David Hardy
Investment Adviser

David is a Director of JLCM with over 20 years' corporate finance, M&A, fundraising and deal closure experience spanning infrastructure, PFI and renewables projects.

Joining John Laing in 2005, he led the equity investment of numerous UK PFI/PPP projects across various sectors. From 2011 he was responsible for the divestment of mature projects for the John Laing Group. Prior to joining John Laing, David was a Corporate Finance partner at KPMG.

David has a BSc in Management Sciences from Manchester University and is a member of the Institute of Chartered Accountants in England and Wales.

Jane Tang
Investment Director

Jane is a Chartered Financial Analyst with over 15 years' experience in corporate finance, including working on numerous PFI and infrastructure deals.

Prior to joining John Laing in 2007, she was an Assistant Director at PricewaterhouseCoopers in London and, prior to that, in Singapore.

Jane is a member of the CFA Institute and has a BA in Business Administration from the National University of Singapore.

Muxin Ma

Senior Investment Manager

Muxin is a Chartered Financial Analyst with over 10 years' experience in infrastructure investment, with a focus on concession-based PPP and PFI projects and renewable energy generation projects.

Prior to joining John Laing in July 2015, Muxin was a Principal in the private equity team of Henderson Global Investors.

Before this, Muxin worked on London Underground's £30 billion Tube PPP programme at Transport for London and was previously in the Transaction Services team at Deloitte.

Muxin is a CFA® charterholder and has an MSc in Investment Management from Cass Business School in the UK, an ESCP degree in Finance and a BA from Peking University in China.

Gaby Amiel

Asset Manager

Gaby is responsible for operations strategy for the wind and solar projects in the JLEN portfolio.

He has over 10 years' experience in providing commercial and technical advice to renewable energy projects. Prior to joining John Laing, Gaby worked at Wind Prospect Operations as part of a team managing a portfolio of 1.9GW of wind and solar generation assets and served as a Director of Port of Liverpool Wind Farm.

Gaby has a BSc in Chemistry and Law from Bristol University and is a Solicitor of the High Court of England and Wales.

Corporate governance statement

The Board recognises the importance of a strong corporate governance culture.

Introduction

The Listing Rules and the Disclosure Guidance and Transparency Rules ("Disclosure Rules") of the UK Listing Authority ("UKLA") require listed companies to disclose how they have applied the principles and complied with the provisions of the Corporate Governance Code to which the issuer is subject. The provisions of the UK Corporate Governance Code ("UK Code"), as issued by the Financial Reporting Council ("FRC") in September 2012, and updated in September 2014, are applicable to the year under review and can be viewed at www.frc.org.uk.

The related Code of Corporate Governance (the "AIC Code"), issued by the Association of Investment Companies ("AIC") in February 2013, provides specific corporate governance guidelines to investment companies. The AIC issued their revised code for Guernsey domiciled member companies in July 2016. The FRC has confirmed that AIC member companies who report against the AIC Code and who follow the AIC's Corporate Governance Guide for Investment Companies ("AIC Guide") will be meeting their obligations in relation to the UK Code and the associated disclosure requirements of the Disclosure Rules. The AIC Code can be viewed at www.theaic.co.uk.

The Guernsey Financial Services Commission ("GFSC") has issued a Finance Sector Code of Corporate Governance. The Code comprises Principles of Guidance, and provides a formal expression of good corporate practice against which shareholders, boards and GFSC can better assess the governance exercised over companies in Guernsey's finance sector. Companies which report against the UK Code or the AIC Code are also deemed to meet the Guernsey Code.

Statement of compliance with the AIC Code and Guide

The Board recognises the importance of a strong corporate governance culture that meets the Listing Rules of the UKLA. The Board has put in place a framework for corporate governance which it believes is appropriate for the Company. All Directors contribute to Board discussions and debates. The Board believes in providing as much transparency for shareholders as is reasonably possible. It should be noted that most of the Company's day-to-day responsibilities are delegated to third parties and the Company has no employees.

The Company is a member of the AIC and has considered the principles and recommendations of the AIC Code and has decided to follow the AIC Guide. The Company has complied throughout the accounting period with all relevant recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out overleaf.

The UK Code includes provisions relating to the role of the Chief Executive, executive Directors' remuneration and the need for an internal audit function. For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the position of the Company, as it has no executive Directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions. Furthermore, the AIC Code requires that the Chairman may be a member of, but not chair, the remuneration committee. The Board as a whole performs the duties which would have otherwise been delegated to a separate remuneration committee and, due to its size and composition, the Board deems it acceptable for Mr Morse to act as remuneration committee Chairman. The remuneration committee takes care to recognise and manage conflicts of interest.

AIFM Directive

The Company is categorised as an internally managed non-EEA AIF for the purposes of the AIFM Directive and as such neither it nor the Investment Adviser is required to seek authorisation under the AIFM Directive. The Board retains responsibility for the majority of the Company's risk management and portfolio management functions, and performs a number of its management functions through the various committees described below.

The Board delegates certain activities to the Investment Adviser, but actively and continuously supervises the Investment Adviser in the performance of its functions and reserves the right to take decisions in relation to the investment policies and strategies of the Company or to change the Investment Adviser (subject to the terms of the Investment Advisory Agreement). The Board retains the right to override any advice given by the Investment Adviser if acting on that advice would cause the Company not to be acting in the best interests of investors, and more generally to provide overriding instructions to the Investment Adviser on any matter within the scope of the Investment Adviser's mandate. The Board also has the right to request additional information or updates from the Investment Adviser in respect of all delegated matters, including in relation to the identity of any sub-delegates and their sphere of operation.

AIFM Directive disclosures

As explained in Part 9 of the Prospectus, the Company is required, pursuant to Article 42(1)(a) of the AIFM Directive, to make certain specified disclosures to prospective investors prior to their investment in the Company, in accordance with Article 23 of the AIFM Directive (the "Article 23 Disclosures"). As at the date of this report, there are no material updates to the Article 23 Disclosures contained in Part 11 of the Prospectus.

The Company has published an investor disclosure document on its website (www.jlen.com) for the purposes of making the Article 23 Disclosures available to prospective investors prior to their investment in the Company.

The Board

The Board consists of five Directors, all of whom are non-executive and independent of the Company's Investment Adviser. The Directors' details are contained on pages 52 and 53 and set out the range of investment, financial and business skills and experience represented. Richard Morse has been appointed Chairman and Richard Ramsay Senior Independent Director. The Board meets at least four times a year and, should the nature of the activity of the Company require it, additional meetings may be scheduled, some at short notice. Between meetings there is regular contact with the Investment Adviser and the Administrator and the Board requires information to be supplied in a timely manner by the Investment Adviser, the Company Secretary and other advisers in a form and of a quality appropriate to enable it to discharge its duties.

The tenure of Directors is expected to not exceed nine years unless exceptional circumstances warrant such as to allow for phased Board appointments and retirements. The Company intends that each Director will stand for re-election at the annual general meeting of the Company at intervals of no more than three years. The Board has adopted a policy for any long-standing Directors who have held office for nine years or longer to stand for re-election annually.

The Board is mindful and supportive of the principle of widening the diversity of its composition. It is also committed to appointing the most appropriate available candidate based on merit, taking into account the skills and attributes of both existing members and potential new recruits and thereby the balance of skills, experience and approach of the Board as a whole which will lead to optimal Board effectiveness.

The terms and conditions of appointment of the Directors are available for inspection at the Company's registered office.

Performance and evaluation

The JLEN Board has adopted a process to review its performance on a regular basis and such reviews are carried out internally on an annual basis, with external facilitation expected to take place every three years. The annual evaluation of the Board and the individual committees has taken the form of questionnaires and discussion to assess Board effectiveness and individual Director performance in various areas. The review of the Chairman's performance is led by the Senior Independent Director.

The Board carried out its second internal evaluation in August 2016 following the completion of the second year's trading and the issue of the Company's second Annual Report since IPO. Reviews by the Audit, Risk and Nomination Committees were also carried out in August 2016. The results of the evaluation process concluded that the Board was functioning effectively and the Board and its committees provided a suitable mix of skills and experience.

The Board committed in the 2016 Annual Report to undertake an external evaluation in 2017. Accordingly, in November 2016 candidates were shortlisted, interviewed and it was subsequently agreed by the Board to engage Optimus Group Limited ("Optimus"), a Guernsey based independent consultancy, to carry out the first external evaluation. The evaluation process involved meetings with each of the Directors individually, with representatives of JLCM and Praxis Fund Services Limited, the completion of questionnaires, attendance at a scheduled Board meeting, reviewing key Board documentation and reviewing the structure of the Company's formally constituted committees. The Board considered Optimus' findings as a whole in May 2017 and the results confirmed that the Board has a high standard of corporate governance and the relevant principles of the UK Code and the AIC Code continued to be applied effectively. The next external evaluation will take place in 2020.

Any new Directors will receive an induction from the Investment Adviser and the Administrator as part of their induction process. All Directors regularly update their skills and knowledge and will receive other relevant training as necessary, including site visits.

Duties and responsibilities

The Board is responsible to shareholders for the overall management of the Company. The Board has adopted a set of reserved powers which set out the particular areas where the Board wishes to retain control. Such reserved powers include decisions relating to the determination of investment policy and approval of investments, strategy, capital raising, statutory obligations and public disclosure, financial reporting and entering into any material contracts by the Company.

The Directors have access to the advice and services of Praxis Fund Services Limited, the Company Secretary and Administrator, who is responsible to the Board for ensuring that Board procedures are followed and that it complies with Guernsey Law and applicable rules and regulations of the Guernsey Financial Services Commission and the London Stock Exchange.

An Investment Advisory Agreement between the Company and the Investment Adviser sets out the matters over which the Investment Adviser has delegated authority including monitoring and managing the existing investment portfolio, and also the limits on cost and expenditure above which Board approval must be sought. All other matters are reserved for the approval by the Board of Directors.

Where necessary, in carrying out their duties, the Directors may seek independent professional advice at the expense of the Company. The Company maintains appropriate Directors' and Officers' liability insurance in respect of legal action against its Directors on an ongoing basis.

The Board has responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable it to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008, as amended. It is the Board's responsibility to present a fair, balanced and understandable assessment, which extends to interim and other price-sensitive public reports.

Committees of the Board

The Board has not deemed it necessary to appoint a separate remuneration committee as, being comprised of five Directors, it considers that such matters may be considered by the whole Board. At launch of the Fund, the remuneration of the Board was fixed after consultation with independent external advisers. During subsequent years, the Board has reviewed the remuneration levels for the Company and received industry comparison information from the Investment Adviser in respect of Directors' remuneration. As noted in the Directors' remuneration report on page 69, remuneration levels will be subject to a full independent review during 2017 with recommendations for salary levels commencing in April 2018.

The Company has established an Audit Committee, chaired by Christopher Legge, which operates within clearly-defined terms of reference and comprises three non-executive Directors: Christopher Legge, Peter Neville and Richard Ramsay, whose qualifications and experience are noted on pages 52 and 53. The Audit Committee meets at least three times a year at times appropriate to the financial reporting calendar.

The duties of the Audit Committee in discharging its responsibilities include reviewing the Annual Report and financial statements; the Half-year Report and financial statements; the system of internal controls; and the terms of appointment of the external auditor, together with their remuneration. It is also the forum through which the external auditor reports to the Board. The Audit Committee also reviews the objectivity of the external auditor along with the terms under which the external auditor is engaged to perform non-audit services. The provisions in place to maintain the independence and objectivity of the auditor include the requirement to replace the lead audit partner every five years, and restrictions on the delivery of non-audit services to the Company, with such services and the terms under which these are to be provided, considered by the Audit Committee on a case-by-case basis. Notwithstanding such services, the Audit Committee considers Deloitte LLP to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit.

The Company has also established a Risk Committee, which is chaired by Peter Neville and comprises three non-executive Directors: Peter Neville, Christopher Legge and Denise Mileham. The duties of the Risk Committee include the identification, measurement, management and monitoring appropriately and regularly of all risks relevant to the Company's investment strategy and to which the Company is or may be exposed. It is the responsibility of the Risk Committee to advise the Board on the overall risk appetite, tolerance and strategy of the Company, and to oversee the Company's current risk exposures and the controls in place to mitigate those risks. The Risk Committee meets at least four times per year.

The Company has also established a Nomination Committee, chaired by Denise Mileham and which comprises three non-executive Directors: Denise Mileham, Richard Morse and Peter Neville. The Nomination Committee's main function is to regularly review the structure, size and composition of the Board and to consider succession planning for Directors. The Nomination Committee meets at least twice per year.

Separate reports from the Audit, Risk and Nomination Committees on their activities for the period are set out on pages 71 to 76. The terms of reference for each of the Committees is available on the Company's website or upon request from the Company Secretary.

The Board as a whole performs the functions typically undertaken by an Investment Committee. The Board ensures compliance with the terms of the investment policy of the Company and will consider and decide on any changes to the investment policy (subject to obtaining the relevant shareholder approvals), including geographical and sectorial spread of investments, risk profile, investment restrictions and the approach to project selection. The Board also makes discretionary management decisions in respect of the investment portfolio (with reference as necessary to advice provided by the Investment Adviser), but may appoint sub-committees to meet on an ad hoc basis to consider potential acquisitions and disposals of particular investments.

The Board as a whole also fulfils the functions of an investment advisory engagement committee.

The Board will review and make recommendations on any proposed amendment to the Investment Advisory Agreement and keeps under review the performance of the Investment Adviser. The investment advisory engagement committee also performs a review of the performance of other key service providers to the Fund and meets at least once a year.

The attendance record of Directors for the year to 31 March 2017 is set out below.

	Board Meeting	Audit Committee	Risk Committee	Nomination Committee
Number of meetings held	4	4	4	3
Richard Morse	4	n/a	n/a	3
Christopher Legge	4	4	4	n/a
Denise Mileham	4	n/a	4	3
Peter Neville	4	4	4	3
Richard Ramsay	4	4	n/a	n/a

A total of 14 other unscheduled Board meetings were held during the year for specific purposes which were attended by some but not all of the Directors.

Relations with shareholders

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. The Investment Adviser produces a regular factsheet which is available on the Company's website. The Chairman and senior members of the Investment Adviser make themselves available, as practicable, to meet with principal shareholders and key sector analysts. Feedback from these meetings is provided to the Board on a regular basis. The Board is also kept fully informed of all relevant market commentary on the Company by the Company's financial PR agency, as well as receiving relevant updates from the Investment Adviser and the Company's brokers.

All shareholders can address their individual concerns to the Company in writing at its registered address. The annual general meeting of the Company provides a forum for shareholders to meet and discuss issues with the Directors and the Investment Adviser.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and financial statements in accordance with applicable laws and regulations. The Companies (Guernsey) Law, 2008) requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union & IASB and the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the European Union are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings taken as a whole, together with a description of the principal risks and uncertainties that we face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Richard Morse
Chairman

14 June 2017

Report of the Directors

The Directors are pleased to submit their report and the audited financial statements of the Company for the year ended 31 March 2017.

Principal activities

John Laing Environmental Assets Group Limited is a company incorporated and registered in Guernsey under the Companies (Guernsey) Law, 2008. The Company was incorporated on 12 December 2013 with the Company register number 57682.

At the start of the Company's financial year, the total number of ordinary shares of the Company in issue was 224,356,435. The number of ordinary shares in issue was increased in May 2016 by 36 million through a placing pursuant to a final close under the Company's then placing programme originally launched in June 2015. In July 2016, in light of the premium at which the ordinary shares of the Company were then trading, the Company announced a tap issuance programme to satisfy excess demand in the secondary market. During the period from July to 8 December 2016 a total of 24,285,643 new shares were issued under the tap issuance programme. In December 2016, the Company launched a new placing programme of up to 150 million new shares and in February 2017 issued a further 55 million shares pursuant to a first close under the placing programme. At 31 March 2017, the total number of ordinary shares of the Company in issue was 339,642,078.

The Company is a registered fund under the Registered Collective Investment Scheme Rules 2015 and is regulated by the Guernsey Financial Services Commission and, during the year, its principal activity was as an investor in environmental infrastructure projects that utilise natural or waste resources or support more environmentally friendly approaches to economic activity.

Business review

The Company is required to present a fair review of its business during the year ended 31 March 2017, its position at the year end and a description of the principal risks and uncertainties it faces.

This information is contained within the strategic report on pages 12 to 51.

Disclosure of information under Listing Rule 9.8.4

The Company is required to disclose information on any contract of significance subsisting during the period under review:

- to which the Company, or one of its subsidiary undertakings, is a party and in which a Director of the Company is or was materially interested; and
- between the Company, or one of its subsidiary undertakings, and a controlling shareholder.

Details can be found in note 15 to the financial statements.

The Directors note that no shareholder has waived or agreed to waive any dividends.

Results and dividends

The results for the year are set out in the financial statements on pages 82 to 109. On 31 May 2017, the Directors declared a dividend in respect of the period 1 January 2017 to 31 March 2017 of 1.535 pence per share to shareholders on the register as at the close of business on 9 June 2017.

Report of the Directors continued

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and prospects, are set out in the strategic report. The financial position of the Company, its cash flows and its liquidity position are also described in the strategic report. In particular, the current economic conditions have created a number of risks and uncertainties for the Company and these are set out in the risks and risk management section on pages 42 to 48. The financial risk management objectives and policies of the Company and the exposure of the Company to credit risk, market risk and liquidity risk are discussed in note 16 to the financial statements.

The Company continues to meet its requirements and day-to-day liquidity needs through both its own cash resources and those of its investment entities, to which it has full recourse.

JLEN benefits from a £75 million multi-currency revolving credit facility with NIBC and HSBC, expiring in October 2018. The facility is used primarily to fund acquisitions, and is repaid through raising equity in the market. The facility is intended to provide short-term finance which is then repaid from equity raises and not structural financing.

At 31 March 2017, the Company had net current assets of £3.1 million (31 March 2016: £2.5 million), including a cash balance of £4.2 million (31 March 2016: £3.3 million). At UK HoldCo level, the £75 million revolving credit facility was drawn to a level of £12.5 million (31 March 2016: £54.8 million), with the balance available for future acquisitions and working capital. After the balance sheet date, UK HoldCo drew an additional £11.5 million under the credit facility to purchase new investments (see note 19 for further details). JLEN has sufficient cash balances to meet other current obligations as they fall due while all key financial covenants are forecast to continue to be complied with.

The Directors have reviewed Company forecasts and projections which cover a period of not less than 12 months from the date of the Annual Report, taking into account reasonably likely changes in investment and trading performance, which show that the Company has sufficient financial resources.

On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Long-term viability statement

The Directors have assessed the viability of the Group over the three-year period to March 2020, taking account of the Group's current position and the potential impact of the principal risks documented in the strategic review. Based on this robust assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to March 2020.

In making this statement, the Directors have considered and challenged the reports of the Investment Adviser in relation to the resilience of the Group, taking account of its current position, the principal risks facing it in severe but reasonable scenarios, the effectiveness of any mitigating actions and the Group's risk appetite. Sensitivity analysis has been undertaken to consider the potential impacts of such risks on the business model, future performance, solvency and liquidity over the period, both on an individual and combined basis. In particular, this has considered the achievement of budgeted energy yields, the level of future electricity prices, continued government support for renewable energy subsidy payments and the impact of a significant proportion of the PFI portfolio not yielding. The sensitivity analysis was premised on a number of assumptions, including that the Group's current revolving credit facility remains in place and that there will be sufficient liquidity within the market to raise new capital as and when required.

The Directors have determined that a three-year look forward to March 2020 is an appropriate period over which to provide its viability statement. This is consistent with the outlook period used in economic and other medium-term forecasts regularly prepared for the Board by the Investment Adviser and the discussion of any new strategies undertaken by the Board in its normal course of business. These reviews consider both the market opportunity and the associated risks, principally the ability to raise third party funds and invest capital.

Internal controls review

Taking into account the information on principal risks and uncertainties provided on pages 38 to 43 of the strategic report and the ongoing work of the Audit and Risk Committees in monitoring the risk management and internal control systems on behalf of the Board, the Directors:

- are satisfied that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; and
- have reviewed the effectiveness of the risk management and internal control systems and no significant failings or weaknesses were identified.

Share capital

The issued ordinary share capital of the Company was increased through a placing in May 2016, a tap issuance programme during the period July 2016 to December 2016 and through a further placing in February 2017. Further details can be found in note 13 to the financial statements.

The Company has one class of ordinary shares which carries no rights to fixed income. On a show of hands, each member present in person or by proxy has the right to one vote at general meetings. On a poll, each member is entitled to one vote for every share held.

The issued nominal value of the ordinary shares represents 100% of the total issued nominal value of all share capital. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Incorporation and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

The Company's Memorandum and Articles of Incorporation contain details relating to the rules that the Company has about the appointment and removal of Directors or amendment to the Company's Articles of Incorporation which are incorporated into this report by reference.

Authority to purchase own shares

A resolution to provide the Company with authority to purchase its own shares will be tabled at the annual general meeting on 16 August 2017. This shareholder authority was renewed at the 2016 annual general meeting.

Major interests in shares and voting rights

As at 31 March 2017, the Company had been notified, in accordance with chapter 5 of the Disclosure Guidance and Transparency Rules, of the following interests in 5% or more of the voting rights as a shareholder in the Company.

Shareholder	Percentage of voting rights and issued share capital	Number of ordinary shares
John Laing Pension Trust Limited	12.2%	41,590,000
Newton Investment Management Limited	9.8%	33,402,142
Baillie Gifford & Co Limited	6.1%	20,700,000
Legal & General Investment Management	5.1%	17,300,261

Board of Directors

The Board members that served during the year and up until the date of this report, all of whom are non-executive Directors and independent of the Investment Adviser, are listed below. Their biographical details are shown on pages 52 and 53.

Name	Function
Richard Morse	Chairman
Christopher Legge	Director
Denise Mileham	Director
Peter Neville	Director
Richard Ramsay	Senior Independent Director

Re-election of Directors

At the first annual general meeting of the Company on 14 August 2014, all of the Directors offered themselves for re-election and were duly re-elected. In subsequent years one third of the Board will stand for re-election, and at the annual general meeting to be held on 16 August 2017, Chris Legge will put himself forward for re-election. Having considered the results of the performance evaluation, the Directors remain satisfied that Mr Legge's performance continues to be effective and he continues to demonstrate commitment to the role. Each of the Directors has a letter of appointment rather than a service contract.

Directors' interests

Directors who held office during the year and had interests in the shares of the Company as at 31 March 2017 were:

	Ordinary shares of no par value each held at 31 Mar 2017	Ordinary shares of no par value each held at 31 Mar 2016
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

There have been no changes in the Directors' interests from 31 March 2017 to the date of this report.

Annual general meeting

The Company's annual general meeting will be held at 10am on 16 August 2017 at Sarnia House, Le Truchot, St Peter Port, Guernsey, Channel Islands. Details of the business to be conducted are contained in the notice of annual general meeting.

Appointment of the Investment Adviser

John Laing Capital Management acts as the Investment Adviser to the Company. A summary of the contract between the Company, its subsidiaries and joint ventures and JLCM in respect of services provided is set out in note 15 to the financial statements. It is the Directors' opinion, based upon the performance in the year ended 31 March 2017, that the continuing appointment of JLCM on the agreed terms is in the best interests of the shareholders as a whole.

Events after the balance sheet date

In April 2017, JLEN acquired a 100% interest in the 14.3MW Moel Moelogan 2 wind farm in North Wales for a total consideration, including working capital and repayment of a project finance loan at completion, of £22.65 million. In May 2017, JLEN acquired a 100% interest in the 2.6MW Moel Moelogan 1 wind farm located at the same site in North Wales for a total consideration, including repayment of a project finance loan at completion, of £3.0 million. In June 2017, JLEN acquired a 100% interest in the 33.5MW CSGH solar portfolio located in Cornwall and South Wales, for a total consideration of £12.2 million. The acquisitions were financed using JLEN's revolving credit facility.

A dividend for the quarter ended 31 March 2017 of 1.535 pence per share, amounting to £5.2 million, was approved by the Board on 31 May 2017 for payment on 30 June 2017.

Auditor

The Audit Committee reviews the appointment of the external auditor, its effectiveness and its relationship with the Company and its subsidiaries and joint ventures, which includes monitoring use of the auditor for non-audit services and the balance of audit and non-audit fees paid. Following a review of the independence and effectiveness of the auditor, a resolution will be proposed at the 2017 annual general meeting to reappoint Deloitte LLP.

Each Director believes that there is no relevant information of which our auditor is unaware. Each has taken all steps necessary, as a Director, to be aware of any relevant audit information and to establish that Deloitte LLP is made aware of any pertinent information. This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of the Companies (Guernsey) Law, 2008.

By order of the Board

Richard Morse
Chairman

14 June 2017

Directors' remuneration report

Introduction

The Board has not deemed it necessary to appoint a remuneration committee as, being comprised of five Directors, it considers that such matters may be considered by the whole Board.

The Board determines and agrees the policy for the remuneration of the Directors of the Company, including the approval of any ad hoc payments in respect of exceptional work required (e.g. for the work involved with the issue of prospectuses and equity fundraises).

As all Directors of the Company are non-executive, they receive an annual fee appropriate for their responsibilities and time commitment but no other incentive programmes or performance related emoluments.

At IPO the remuneration of the Board was fixed after consultation with independent external advisers. During the year the Board reviewed the remuneration levels appropriate for the Company and received industry comparison information from the Investment Adviser and from Optimus (as part of the independent evaluations process) in respect of Directors' remuneration.

The Board has agreed that an independent professional consultant is appointed during 2017 to review Directors' remuneration and consider the appropriate levels to apply from 2018 onwards.

Remuneration policy

Each Director receives a fixed fee per annum based on their role and responsibility within the Company and the time commitment required. It is not considered appropriate that Directors' remuneration should be performance related and none of the Directors are eligible for pension benefits, share options, long-term incentive schemes or other benefits in respect of their services as non-executive Directors of the Company. Shares held by the Directors are disclosed in the report of the Directors. The total remuneration of non-executive Directors has not exceeded the £300,000 per annum limit set out in the Articles of Incorporation of the Company.

The Company's Articles of Incorporation empower the Board to award additional remuneration where any Director has been engaged in exceptional work on a time spent basis to compensate for the additional time spent over their expected time commitment.

All of the Directors have been provided with letters of appointment which stipulate that their initial term shall be for three years, subject to re-election. The Articles of Incorporation provide that Directors retire and offer themselves for re-election at the first annual general meeting after their appointment and at least every three years thereafter. A Director's appointment may at any time be terminated by and at the discretion of either party upon three months' written notice. A Director's appointment will automatically end without any right to compensation whatsoever if they are not re-elected by the shareholders. A Director's appointment may also be terminated with immediate effect and without compensation in certain other circumstances.

The terms and conditions of appointment of non-executive Directors are available for inspection at the Company's registered office.

Details of individual remuneration

During the year the Board, with assistance from the Investment Adviser and the Administrator, reviewed the Board performance and remuneration levels appropriate for the Company and considered these alongside the levels set for other similar investment companies and recommended that a cost of living increase was appropriate for all Directors.

For comparative purposes the table below sets out the Directors' remuneration approved and actually paid for the year to 31 March 2017, as well as that proposed for the year ending 31 March 2018.

Director	Role	Base proposed for 2017/18	Base paid 2016/17	Additional fees for fundraising in 2016/17	**Total fees for 2016/17**
Richard Morse	Chairman	62,700	61,000	5,000	**66,000**
Richard Ramsay	Senior Independent Director	47,300	46,000	5,000	**51,000**
Christopher Legge	Audit Committee Chairman	37,000	36,000	5,000	**41,000**
Denise Mileham	Nomination Committee Chairman	37,000	36,000	5,000	**41,000**
Peter Neville	Risk Committee Chairman	37,000	36,000	5,000	**41,000**
Total		**221,000**	**215,000**	**25,000**	**240,000**

Where the Company requires Directors to work on specific corporate actions such as further equity raisings, an additional fee will be appropriately determined. Additional fees payable to the Directors for the year ended 31 March 2017 relate to the fundraisings carried out during the year. Equity raises were carried out in May 2016 (under the then existing placing programme), during the period July 2016 to December 2016 under a tap issuance programme and through a further placing in February 2017 under the placing programme approved in December 2016 that permits the Company to issue up to 150 million new shares over the period of 12 months from the date of publication of the Prospectus.

Directors are entitled to claim reasonable expenses which they incur attending meetings or otherwise in performance of their duties relating to the Company. The total amount of Directors' expenses paid for the year ended 31 March 2017 was £1,578 (31 March 2016: £3,741).

Approval of report

The Board will seek approval at the annual general meeting in August 2017 for both the remuneration policy and the annual Directors' fees for routine business for the year ended 31 March 2017 and fees for additional specific exceptional work, as set out above.

Audit Committee report

Summary of the roles and responsibilities of the Audit Committee

The Audit Committee is appointed by the Board from the non-executive Directors of the Company. The Audit Committee, chaired by Christopher Legge, operates within clearly defined terms of reference and includes all matters indicated by Disclosure Guidance and Transparency Rule 7.1 and the UK Corporate Governance Code. The terms of reference are considered annually by the Audit Committee and are then referred to the Board for approval. A copy of the terms of reference is available on the Company's website or upon request from the Company Secretary.

The main roles and responsibilities of the Audit Committee are:

- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and reporting to the Board on significant financial reporting issues and judgements contained therein;
- reviewing the content of the Half-year and Annual Reports and financial statements and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- agreeing with the external auditor the audit plan and reviewing the auditor's report related to the Half-year Report and the Annual Report and financial statements;
- reviewing the long-term viability and going concern statements, including the underlying documentation prepared by the Investment Adviser;
- reviewing, in conjunction with the Risk Committee, the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;
- reviewing the adequacy and security of the Company's arrangements for regulatory compliance, whistleblowing and fraud;
- making recommendations to the Board, to be put to shareholders for approval at the annual general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor; and
- assessing annually the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services and the effectiveness of the audit process.

The Audit Committee reports formally to the Board on its proceedings on all matters within its duties and responsibilities and how it has discharged its responsibilities.

Composition of the Committee

The members of the Audit Committee are:

- Christopher Legge (Chairman);
- Peter Neville; and
- Richard Ramsay.

Meetings

The Audit Committee meets at least three times a year and at such other times as the Audit Committee Chairman shall require.

Any member of the Audit Committee may request that a meeting be convened by the Secretary of the Audit Committee. The external auditor may request that a meeting be convened if it is deemed necessary.

Other Directors and third parties may be invited by the Audit Committee to attend meetings as and when appropriate.

Annual general meeting

The Audit Committee Chairman attends the annual general meeting to answer shareholder questions on the Committee's activities.

Significant issues

The Audit Committee considered the following significant issues in relation to the financial statements:

Valuation of investments

The Company is required to calculate the fair value of its investments. Whilst there is a relatively active market for investments of this nature there is not a suitable listed, or other public market in these investments against which their value can benchmarked. As a result, a valuation is performed based on a discounted cash flow methodology in line with IAS 39 Financial Instruments: Recognition and Measurement and IFRS 13 Fair Value Measurement.

The calculation of the fair value of the investments carries elements of risks, mainly in relation to the assumptions and factors such as:

- the determination of the appropriate macroeconomic assumptions underlying the forecast investment cash flows;
- the determination of the appropriate assumptions regarding future electricity prices, energy generation and volumes underlying the forecast investment cash flows;
- the determination of appropriate sensitivities to apply to meet the required disclosures;
- the impact of project specific matters on the forecast cash flows for each investment;
- the determination of the appropriate discount rate for each investment that is reflective of current market conditions;
- the tax deductibility of interest expense once the BEPS recommendations are formally implemented;
- the underlying project financial models may not reflect the underlying performance of the investment;
- terms and costs of the future refinancing of senior debt on certain projects;
- the cash flows from the underlying financial models may not take into account current known issues; and
- the updates performed on the underlying financial models result in errors in forecasting.

The Audit Committee is satisfied that the Administrator and Investment Adviser's assumptions have been reviewed and challenged for:

- the macroeconomic assumptions, including the comparison of these assumptions to observable market data, actual results, and prior year comparatives;
- the electricity price, energy generation and volume assumptions, including the comparison of these assumptions to observable market data, actual results and prior year comparatives; and
- the build-up of the discount rates for consistency and reasonableness, benchmarking against market data and peers and project specific items.

The Audit Committee is also satisfied that the portfolio valuation and associated disclosures has been audited for mechanical accuracy, ensuring that the investments are brought on balance sheet at fair value and that the independent valuation carried out by an independent firm has been reviewed and challenged by the auditor.

Internal control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness, and the Board has therefore established an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed.

The process is based on a risk-based approach to internal control through a matrix which identifies the key functions carried out by the Investment Adviser, Administrator and other key service providers, the various activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise and mitigate those risks. The Audit Committee works in close co-operation with the Risk Committee, with the prime responsibility of the Audit Committee being the review of internal controls and processes and of the Risk Committee being the principal risks and uncertainties facing the Company. A separate report on the activities of the Risk Committee is set out on page 75.

Internal audit

The Audit Committee considers at least once a year whether or not there is a need for an internal audit function. Currently, the Audit Committee does not consider there to be a need for an internal audit function specific to the Company, given that there are no employees in the Company and the systems and procedures employed by the Administrator and Investment Adviser, including their own internal controls and procedures in place in relation to the Company, provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. In addition, internal audits of the projects are performed periodically by the Investment Adviser, who reports findings to the Audit Committee.

External audit

Deloitte LLP has been the Company's auditor since incorporation on 12 December 2013 and this is the third set of financial statements on which it has expressed an audit opinion.

As a result of its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference.

The Audit Committee has assessed the quality and the effectiveness of the audit process. To draw its conclusions, the Audit Committee reviewed:

- the scope of the audit, the audit fee and the external auditor's fulfilment of the agreed audit plan;
- the degree of diligence demonstrated by them in the course of their interaction with the Board, the Audit Committee and the Administrator and Investment Adviser;
- the external auditor's assessment of the Group's main risks; and
- the report highlighting the matters that arose during the course of the audit and the recommendations made by the external auditor.

External audit continued

The Audit Committee has noted the revisions to the UK Code and the AIC Code, and in particular the recommendation, in each, to put the external audit out to tender every five to 10 years. The Audit Committee has also noted the requirements of The Competition and Markets Authority with respect to external auditor services and retendering. This is the third year of Deloitte's appointment as the Company's auditor. The audit partner for the Company is John Clacy and he has been in place for three years.

The Audit Committee is satisfied with the effectiveness and independence of the audit process and as such recommended to the Board that Deloitte LLP be re-appointed as external auditor for the year ending 31 March 2018. The Audit Committee also recommended the audit appointment is retendered every 10 years, with the audit partner changing every five years.

Non-audit services

The Audit Committee considered the extent of non-audit services provided by the external auditor. The Company has adopted a formal policy in relation to the provision of non-audit services, pursuant to which the external auditor's objectivity and independence is safeguarded through limiting non-audit services to their role as reporting accountants for capital raising services.

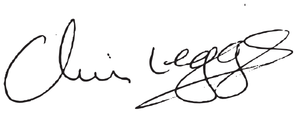
Activities of the Audit Committee

The Audit Committee met on four occasions during the year ended 31 March 2017. Matters considered at these meetings included, but were not limited to:

- review of the re-appointment of the external auditor;
- review of the effectiveness of the external auditor and the external audit process;
- approval of the external audit fees;
- consideration and agreement of the terms of reference of the Audit Committee for approval by the Board;
- review of the proposed accounting policies and format of the financial statements;
- review of the audit plan and timetable for the preparation of the Annual Report and financial statements;
- review of the Company's valuation methodology;
- review of the independent valuation report; and
- review of the 2017 Annual Report and financial statements and the 2016 Half-year Report.

Approval

On behalf of the Audit Committee:



Christopher Legge
Chairman of the Audit Committee

14 June 2017

Risk Committee report

The Board of Directors has established a Risk Committee from the non-executive Directors of the Company. The Risk Committee, chaired by Peter Neville, operates within clearly defined terms of reference and works closely with the Audit Committee in monitoring the internal controls and risk management of the Company. The terms of reference are considered annually by the Risk Committee and are then referred to the Board for approval. A copy of the terms of reference is available on the Company's website or upon request from the Company Secretary.

The main roles and responsibilities of the Risk Committee are:

- when requested to do so, advise the Board on the overall risk appetite, tolerance and strategy of the Fund, taking account of the current and prospective macroeconomic, financial and regulatory environment, including relevant stakeholder issues;
- oversee and advise the Board on the current risk exposures of the Fund with particular focus on the Fund's principal risks, being those which could influence shareholders' economic decisions, and the controls in place to mitigate those risks;
- keep under review the Fund's overall risk identification and assessment processes and, in conjunction with the Audit Committee, review the adequacy and effectiveness of the risk management systems;
- in conjunction with the Audit Committee, ensure that a framework of strong corporate governance and best practice is in place, which enables the Company to comply with the main requirements of the Guernsey Code, UK Code or the AIC Code where considered appropriate;
- when requested to do so, advise the Board on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focusing in particular on risk aspects and implications for the risk appetite and tolerance of the Fund, and taking independent external advice where appropriate and available; and
- oversee the remit of the risk management function, its resources, access to information and independence.

The members of the Risk Committee are:

- Peter Neville (Chairman);
- Christopher Legge; and
- Denise Mileham.

The Risk Committee reports formally to the Board on its proceedings on all matters within its duties and responsibilities and how it has discharged its responsibilities. The Committee meets at least four times a year and at such other times as the Risk Committee Chairman shall require. Other Directors and third parties may be invited by the Risk Committee to attend meetings as and when appropriate.

In order to assist it in fulfilling its role on behalf of the Board, the Committee has established in conjunction with the Investment Adviser an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed. This is a risk-based approach through the maintenance of a register which identifies the key risk areas faced by the Company and the controls employed to minimise and mitigate those risks. Scoring based on a traffic light system for likelihood and impact is used to assess the significance to the Fund of each individual risk. The register is updated quarterly and the Committee considers all material changes to the risk ratings and the action which has been, or is being, taken. By their nature, these procedures will provide a reasonable, but not absolute, assurance against material misstatement or loss.

Nomination Committee report

The Board of Directors has established a Nomination Committee from the non-executive Directors of the Company. The Nomination Committee, chaired by Denise Mileham, operates within clearly defined terms of reference which are considered and are then referred to the Board for approval. A copy of the terms of reference is available on the Company's website or upon request from the Company Secretary.

The main terms of reference of the Committee are:

- regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any changes (including skills, knowledge and experience in accordance with Principle 6 of the AIC Code);
- give full consideration to succession planning for Directors taking into account the challenges and opportunities facing the Company; and
- be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.

The members of the Nomination Committee are:

- Denise Mileham (Chairman);
- Richard Morse; and
- Peter Neville.

The Nomination Committee reports formally to the Board on its proceedings on all matters within its duties and responsibilities and how it has discharged its responsibilities. The Committee meets at least twice a year and at such other times as the Nomination Committee Chairman shall require. Other Directors and third parties may be invited by the Nomination Committee to attend meetings as and when appropriate.

All members of the Board were recruited in the summer of 2013 and appointed to the Board on incorporation of the Company on 12 December 2013. The Chairman Richard Morse was appointed by John Laing and in conjunction with the Investment Adviser undertook a comprehensive recruitment process for the remaining members of the Board, with the aim of establishing a Board with the skills, knowledge and experience necessary for the proposed listing of the Company and its subsequent management and operation.

The Nomination Committee met three times during the year. Matters considered at these meetings included but were not limited to:

- identifying and interviewing suitable candidates to undertake external Board evaluation and recommending the preferred candidate to the Board;
- the results of the Committee self-evaluation carried out in August 2016;
- the results of the review of the composition of the Board and the appropriateness of the current mix of skills, knowledge and experience for its current activities;
- Director succession planning;
- governance of subsidiaries; and
- consideration and agreement of the terms of reference of the Nomination Committee for approval by the Board.

Based on its review of the composition of the Board and the feedback received from the independent external Board evaluation, the Committee concluded that the current mix of skills, knowledge and experience is appropriate for its current activities. The Committee noted that the Board was satisfied with the internal evaluations process conducted for 2017 and a similar process would be repeated in 2018. It was expected that the next external evaluation would be arranged for 2020.

Independent auditor's report

to the members of John Laing Environmental Assets Group Limited

Opinion on financial statements of John Laing Environmental Assets Group Limited

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

The financial statements that we have audited comprise:

- the Income Statement;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Cash Flow Statement; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Summary of our audit approach	
Key risks	The key risk that we identified in the current year was the assessment of the fair value of the investments in the fund.
Materiality	The materiality that we used in the current year was £6.7 million which was determined on the basis of the investments at fair value through profit or loss.
Scoping	As the Company is treated as an investment entity under IFRS 10, its subsidiaries are measured at fair value rather than consolidated on a line-by-line basis and therefore the company has been treated as one component. There has been no change in approach for the current year.
Significant changes in our approach	There were no significant changes to our audit approach from the prior year.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the financial statements, in addition to applying IFRSs as adopted by the European Union, the company has also applied IFRSs as issued by the International Accounting Standards Board ("IASB").

In our opinion the financial statements comply with IFRSs as issued by the IASB.

Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the company

We have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 2 to the financial statements and the directors' statement on the longer-term viability of the company contained within the Report of the Directors on page 65.

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

- the directors' confirmation on page 65 that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 44 to 48 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the directors' explanation on page 64 as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We confirm that we have nothing material to add or draw attention to in respect of these matters.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independence

- We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and confirm that we are independent of the company and we have fulfilled our other ethical responsibilities in accordance with those standards.

We confirm that we are independent of the company and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Valuation of investments at fair value	
Risk description	As described in the accounting policies in note 2 to the financial statements, the fair value of the Company's investments is determined using a discounted cash flow methodology, as there is no liquid market for these projects. The complexity of this methodology, as well as a number of significant judgements, means there is a risk that the fair value of these environmental infrastructure assets is not appropriate. As shown in the statement of financial position, the total fair value of the Company's investments as at 31 March 2017 was £336.9 million (31 March 2016: £214.4 million). The key estimates included in the valuation are: • discount rates which are determined with regards to risk free rates, operational risk, and recent market transactions where applicable; • macroeconomic assumptions including forward electricity prices, corporation tax rates, and inflation; and • operational assumptions including expected future energy yields. The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 71. The risk is also set out as a critical accounting judgement in note 3 to the financial statements.
How the scope of our audit responded to the risk	Our audit work focussed on obtaining evidence to support the appropriateness of the Directors' judgement applied in determining the fair value of the portfolio. Our audit procedures included: • challenging the discount rates applied by engaging our internal Deloitte valuation specialists to calculate an independent appropriate range and benchmark the discount rates applied against comparable market participants; • reviewing the forecast cash flows, including the macroeconomic and operation assumptions underpinning them; • assessing the performance of the portfolio in the year against budget; • reviewing the share purchase agreements for assets acquired in the year in order to confirm that the value of assets acquired was appropriately included in the valuation of the portfolio; • testing the mechanical accuracy of the valuation models including performing model integrity tests; • engaging our tax specialists to assess the impact of tax developments; and • reviewing the appropriateness of the disclosures made in the financial statements including the sensitivities applied.
Key observations	In consideration of the fair value of the Company's investments, we have determined that as a whole the assumptions adopted are appropriate.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Our application of materiality continued

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

Materiality	£6.7 million (31 March 2016: £4.3 million)
Basis for determining materiality	2% of the investments at fair value through profit or loss.
Rationale for the benchmark applied	We consider the investments at fair value through profit or loss to be the key benchmark used by members of the Company in assessing financial performance. This is because the balance drives the Net Asset Value ("NAV") which is a key performance indicator for the Company.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £335,000 (31 March 2016: £214,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

As the Company is treated as an investment entity under IFRS 10, its subsidiaries are measured at fair value rather than consolidated on a line-by-line basis and therefore the company has been treated as one component. There has been no change in approach for the current year.

Matters on which we are required to report by exception	
Adequacy of explanations received and accounting records Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion: • we have not received all the information and explanations we require for our audit; or • adequate accounting records have not been kept by the company; or • the financial statements are not in agreement with the accounting records.	We have nothing to report in respect of these matters.
Corporate Governance Statement Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the company's compliance with certain provisions of the UK Corporate Governance Code.	We have nothing to report arising from our review.
Our duty to read other information in the Annual Report Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.	We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

John Clacy, FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Recognised Auditor
Guernsey, Channel Islands

14 June 2017

Income statement

for the year ended 31 March 2017

	Notes	2017 £'000s	2016 £'000s
Operating income	9	**29,791**	9,317
Operating expenses	5	**(4,191)**	(3,118)
Operating profit		**25,600**	6,199
Profit before tax		**25,600**	6,199
Tax	6	**–**	–
Profit for the year		**25,600**	6,199
Earnings per share			
Basic and diluted (pence)	8	**9.31**	3.01

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

All results are derived from continuing operations.

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

Statement of financial position

as at 31 March 2017

	Notes	2017 £'000s	2016 £'000s
Non-current assets			
Investments at fair value through profit or loss	9	**336,921**	214,400
Total non-current assets		**336,921**	214,400
Current assets			
Trade and other receivables	10	**32**	31
Cash and cash equivalents		**4,150**	3,312
Total current assets		**4,182**	3,343
Total assets		**341,103**	217,743
Current liabilities			
Trade and other payables	11	**(1,055)**	(852)
Total current liabilities		**(1,055)**	(852)
Total liabilities		**(1,055)**	(852)
Net assets		**340,048**	216,891
Equity			
Share capital account	13	**334,858**	221,122
Retained earnings		**5,190**	(4,231)
Equity attributable to owners of the Company		**340,048**	216,891
Net assets per share (pence per share)		**100.1**	96.7

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

The financial statements were approved by the Board of Directors and authorised for issue on 14 June 2017.

They were signed on its behalf by:

Richard Morse
Chairman

Christopher Legge
Director

Statement of changes in equity

for the year ended 31 March 2017

	Notes	Year ended 31 Mar 2017 Share capital account £'000s	Retained earnings £'000s	Total £'000s
Balance at 1 April 2016		221,122	(4,231)	216,891
Profit for the year		—	25,600	25,600
Profit and total comprehensive income for the year		—	25,600	25,600
Issue of share capital	13	115,572	—	115,572
Expenses of issue of equity shares	13	(1,836)	—	(1,836)
Dividends paid	7	—	(16,179)	(16,179)
Balance at 31 March 2017		334,858	5,190	340,048

	Notes	Year ended 31 Mar 2016 Share capital account £'000s	Retained earnings £'000s	Total £'000s
Balance at 1 April 2015		157,352	4,557	161,909
Profit for the year		—	6,199	6,199
Profit and total comprehensive income for the year		—	6,199	6,199
Issue of share capital	13	65,000	—	65,000
Expenses of issue of equity shares	13	(1,230)	—	(1,230)
Dividends paid	7	—	(14,987)	(14,987)
Balance at 31 March 2016		221,122	(4,231)	216,891

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

Cash flow statement

for the year ended 31 March 2017

	2017 £'000s	2016 £'000s
Profit from operations	25,600	6,199
Adjustments for:		
Investment interest	(14,170)	(10,210)
Dividends received	(7,000)	(7,500)
Net (gain)/loss on investments at fair value through profit or loss	(8,621)	8,393
Operating cash flows before movements in working capital	(4,191)	(3,118)
Increase in receivables	(1)	(17)
Increase in payables	203	82
Net cash outflow from operating activities	(3,989)	(3,053)
Investing activities		
Investments in subsidiaries	(45,000)	(30,750)
Loan to subsidiaries	(68,900)	(33,000)
Investment interest	14,170	10,210
Dividends received	7,000	7,500
Net cash used in investing activities	(92,730)	(46,040)
Financing activities		
Proceeds on issue of share capital	115,572	65,000
Expenses relating to issue of shares	(1,836)	(1,230)
Dividends paid	(16,179)	(14,987)
Net cash from financing activities	97,557	48,783
Net increase/(decrease) in cash and cash equivalents	838	(310)
Cash and cash equivalents at beginning of the year	3,312	3,622
Cash and cash equivalents at end of year	4,150	3,312

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

Notes to the financial statements

for the year ended 31 March 2017

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, 2008. The shares are publicly traded on the London Stock Exchange under a premium listing. The audited financial statements of the Company are for the year ended 31 March 2017 and have been prepared on the basis of the accounting policies set out below. The financial statements comprise only the result of the Company as its investment in John Laing Environmental Assets Group (UK) Limited ("UK HoldCo") is measured at fair value as detailed in the key accounting policies below. 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 financial statements were approved and authorised for issue by the Board of Directors on 14 June 2017. The set of financial statements included in this financial report has been prepared in compliance with the Companies (Guernsey) Law, 2008 and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and IFRS as issued by the International Accounting Standard Board ("IASB") using the historical cost basis, except that the financial instruments classified at fair value through profit or loss are stated at their fair value.

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 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 31 March 2017 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.

Consequently, the Company does not consolidate its subsidiaries or apply IFRS 3 Business Combinations when it obtains control of another entity as it is considered to be an Investment Entity under IFRS. Instead, the Company measures its investment in its subsidiary at fair value through profit or loss.

The financial statements incorporate the financial statements of the Company only.

UK HoldCo is itself an investment entity. Consequently, the Company need not have an exit strategy for its investment in UK HoldCo.

Each investment indirectly held (subordinated debt together with equity) has a finite life. For the PPP assets, the subordinated debt will mature towards the end of the concession, and at the end of the concession the investment will be dissolved. In the case of renewable energy assets, the life of the project is based on the expected asset life and or the land lease term, after which the investment will also be dissolved. The exit strategy is that investments will normally be held to the end of the concession, unless the Company sees an opportunity in the market to dispose of investments. John Laing Capital Management Limited, the Company's Investment Adviser and the Company's Board regularly consider whether any disposals should be made.

The Directors continue to consider that the Company demonstrates the characteristics and meets the requirements to be considered as an investment entity.

The following Standards which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IFRIC 12 Service Concession Arrangements
- Amendments to IAS 7: Disclosure Initiative
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to IFRSs: 2014-2016 Cycle – Amendment to IFRS 12

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

(b) Going concern

The Directors, in their consideration of going concern, have reviewed comprehensive cash flow forecasts prepared by the Company's Investment Adviser, John Laing Capital Management Limited, which are based on prudent market data and believe, based on those forecasts and an assessment of the Company's subsidiary's banking facilities, that it is appropriate to prepare the 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 £26.1 million (including £4.2 million in the Company) as at 31 March 2017 and a revolving credit facility (available for investment in new or existing projects and working capital) of £75 million, which expires in October 2018.

2. Significant accounting policies continued

(b) Going concern continued

As at 31 March 2017, the Company's wholly owned subsidiary UK HoldCo had borrowed £12.5 million under the facility (and a further £11.5 million after the balance sheet date) to finance the acquisition of an additional environmental infrastructure project.

All key financial covenants are forecast to continue to be complied with throughout the next year.

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 financial statements.

(c) Revenue recognition – Operating income

Operating income in the income statement represents gains or losses that arise from the movement in the fair value of the Company's investment in UK HoldCo, dividend income received from UK HoldCo and interest income accrued in accordance with the loan note agreement. Refer to note 9 for details.

(d) Taxation

Under the current system of taxation in Guernsey, the Company itself is exempt from paying taxes on income, profits or capital gains. Dividend income and interest income received by the Company may be subject to withholding tax imposed in the country of origin of such income. The underlying intermediate holding companies and project companies in which the Company invests provide for and pay taxation at the appropriate rates in the countries in which they operate. This is taken into account when assessing the fair value of the Company's investments.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits held on call with banks and other short-term highly liquid deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the cash flow statements. Deposits held with original maturities of greater than three months are included in other financial assets.

(f) Financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with IAS 39 Financial Instruments: Recognition and Measurement and IFRS 13 Fair Value Measurement.

a) Financial assets

The Company classifies its financial assets as either fair value through profit or loss or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

i) Investments at fair value through profit or loss

Investments at fair value through profit or loss are recognised upon initial recognition as financial assets at fair value through profit or loss in accordance with IFRS 10. In these financial statements, investment at fair value through profit or loss is the fair value of the Company's subsidiary UK HoldCo which comprises the fair value of UK HoldCo, JLEAG Solar 1 Limited, HWT Limited and the environmental infrastructure investments.

The intermediate holding companies' net assets (UK HoldCo, HWT Limited and JLEAG Solar 1 Limited) are mainly composed of cash, working capital balances and borrowings under the Company's wholly owned direct subsidiary's revolving credit facility, and are recognised at fair value which is equivalent to their net assets.

The Company's investment in UK HoldCo comprises both equity and loan notes. Both elements are exposed to the same primary risk, being performance risk. This performance risk is taken into consideration when determining the discount rate applied to the forecast cash flows. In determining fair value, the Board considered observable market transactions and have measured fair value using assumptions that market participants would use when pricing the asset including assumptions regarding risk. The loan notes and equity are considered to have the same risk characteristics. As such the debt and equity form a single class of financial instrument for the purposes of disclosure. The Company measures its investment as a single class of financial asset at fair value in accordance with IFRS 13 Fair Value Measurement.

ii) Loans and receivables

Trade receivables, loans and other receivables that are non-derivative financial assets and that have fixed or determinable payments that are not quoted in an active market are classified as "loans and other receivables". Loans and other receivables are measured at amortised cost using the effective interest method, less any impairment. They are included in current assets, except where maturities are greater than 12 months after the reporting date in which case they are classified as non-current assets. The Company's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position.

The loan notes issued by the Company's wholly owned subsidiary UK HoldCo are held at fair value, which is included in the balance of the investments at fair value through profit or loss in the statement of financial position.

2. Significant accounting policies continued

(f) Financial instruments continued

b) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

i) Equity instruments

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or associated with the establishment of the Company that would otherwise have been avoided are written off against the balance of the share capital account as permitted by Companies (Guernsey) Law, 2008.

ii) Financial liabilities

Financial liabilities are classified as other financial liabilities, comprising:

- loans and borrowings which are recognised initially at the fair value of the consideration received, less transaction costs. Subsequent to initial recognition, loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis; and
- other non-derivative financial instruments, including trade and other payables, are measured at amortised cost using the effective interest method less any impairment losses.

c) Effective interest method

The effective interest rate is that rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the relevant asset's carrying amount.

d) Fair value estimation for investments at fair value

The Company's investments at fair value are not traded in active markets.

Fair value is calculated by discounting at an appropriate discount rate future cash flows expected to be received by the Company's intermediate holdings, from investments in both equity (dividends and equity redemptions), subordinated and intercompany loans (interest and repayments). 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. The discount rates that have been applied to the financial assets at 31 March 2017 were in the range 6.5% to 9.1% (31 March 2016: 6.5% to 9.6%). Refer to note 9 for details of the areas of estimation in the calculation of the fair value.

For subsidiaries which provide management/investment-related services, the fair value is estimated to be the net assets of the relevant companies, which principally comprise cash, loans and working capital balances.

(g) 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.

(h) 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. Critical accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the fair value of assets and liabilities that affect reported amounts. Actual results may differ from these estimates.

Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Investments at fair value through profit or loss

Fair value of intermediate holdings companies

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

Fair value of environmental infrastructure investments

Fair value is calculated by discounting at an appropriate discount rate future cash flows expected to be received by the Company's intermediate holdings, from investments in both equity (dividends and equity redemptions), subordinated and intercompany loans (interest and repayments). 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. Underlying assumptions and discount rates are disclosed in note 9.

Critical accounting judgements

Equity and debt investment in UK HoldCo

The Directors have satisfied themselves that the equity and debt investments in UK HoldCo share the same investment characteristics and as such constitute a single asset class for IFRS 7 disclosure purposes. Please refer to the accounting policies in note 2 for further detail.

Investment entities

The Directors consider that the Company demonstrates the characteristics and meets the requirements to be considered as an investment entity. Please refer to the accounting policies in note 2 for further detail.

4. 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.

5. Operating expenses

	Year ended 31 Mar 2017 £'000s	Year ended 31 Mar 2016 £'000s
Investment advisory fees	**3,340**	2,446
Directors' fees and expenses	**242**	203
Administration fee	**98**	82
Other expenses	**511**	387
	4,191	3,118

The Company had no employees during the year. There was no Directors' remuneration for the year other than Directors' fees as detailed in note 15.

Included within other expenses is an amount of £81,500 to Deloitte LLP in the year for Deloitte LLP's review of the Company's half year financial information and for the audit of the Company for the year ended 31 March 2017 (year ended 31 March 2016: £79,000).

The Company paid £45,000 (year ended 31 March 2016: £58,500) to Deloitte LLP in respect of non-audit services related to the Company's Prospectus issued on 16 December 2016.

6. 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 countries in which they operate. The underlying tax within the subsidiaries and environmental infrastructure assets, which are held as investments at fair value through profit and loss, are included in the estimate of the fair value of these investments.

7. Dividends

	Year ended 31 Mar 2017 £'000s	Year ended 31 Mar 2016 £'000s
Amounts recognised as distributions to equity holders during the year:		
Final dividend for the year ended 31 March 2016 of 1.5135 pence per share	**3,396**	4,800
Interim dividend for the quarter ended 30 June 2016 of 1.54 pence per share	**4,087**	
Interim dividend for the quarter ended 30 September 2016 of 1.53 pence per share (30 September 2015: 3.027 pence per share)	**4,327**	6,791
Interim dividend for the quarter ended 31 December 2016 of 1.535 pence per share (31 December 2015: 1.5135 pence per share)	**4,369**	3,396
	16,179	14,987

A dividend for the quarter ended 31 March 2017 of 1.535 pence per share, amounting to £5.2 million, was approved by the Board on 31 May 2017 and is payable on 30 June 2017. The dividend has not been included as a liability at 31 March 2017.

8. Earnings per share

Earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average of the number of ordinary shares in issue during the year:

	Year ended 31 Mar 2017 £'000s	Year ended 31 Mar 2016 £'000s
Earnings		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to owners of the Company	**25,600**	6,199
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**274,904,718**	205,717,686

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

	Pence	Pence
Basic and diluted earnings per share	**9.31**	3.01

9. Investments at fair value through profit or loss

As set out in note 1, the Company accounts for its interest in its 100% 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 on the Company's statement of financial position:

	31 Mar 2017 £'000s	31 Mar 2016 £'000s
Fair value of environmental infrastructure investments	**327,647**	264,486
Fair value of intermediate holding companies	**9,274**	(50,086)
Fair value	**336,921**	214,400

9. 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 also presents a reconciliation of the fair value of the asset portfolio to the Company's statement of financial position as at 31 March 2017, by incorporating the fair value of these intermediate holding companies.

	Portfolio value 31 Mar 2017 £'000s	Cash, working capital and debt in intermediate holdings 31 Mar 2017 £'000s	Total 31 Mar 2017 £'000s	Portfolio value 31 Mar 2016 £'000s	Cash, working capital and debt in intermediate holdings 31 Mar 2016 £'000s	Total 31 Mar 2016 £'000s
Opening balance	264,486	(50,086)	214,400	197,717	(38,674)	159,043
Acquisitions						
Portfolio of assets acquired	53,948	–	53,948	75,506	–	75,506
Post-acquisition price adjustments	1,358	–	1,358	(1,835)	–	(1,835)
	55,306	–	55,306	73,671	–	73,671
Growth in portfolio(1)	33,248	–	33,248	11,692	–	11,692
Yields from portfolio to intermediate holding companies	(25,393)	25,393	–	(18,594)	18,594	–
Yields from intermediate holding companies						
Interest on loan notes(1)	–	(14,170)	(14,170)	–	(10,210)	(10,210)
Dividend payments from UK HoldCo to the Company(1)	–	(7,000)	(7,000)	–	(7,500)	(7,500)
	–	(21,170)	(21,170)	–	(17,710)	(17,710)
Other movements						
Investment in working capital in UK HoldCo	–	16,274	16,274	–	(766)	(766)
Increase in debtor related to the agreed settlement on updated energy yield assessments under Sale and Purchase Agreements	–	–	–	–	1,985	1,985
Administrative expenses borne by intermediate holding companies(1)	–	(3,457)	(3,457)	–	(2,375)	(2,375)
Repayment/(drawdown) of UK HoldCo revolving credit facility borrowings	–	42,320	42,320	–	(11,140)	(11,140)
Fair value of the Company's investment in UK HoldCo	327,647	9,274	336,921	264,486	(50,086)	214,400

(1) The net gain on investments at fair value through profit or loss for the year ended 31 March 2017 is £8,621,000 (31 March 2016: loss of £8,393,000). This, together with interest received on loan notes of £14,170,000 (31 March 2016: £10,210,000) and dividend income of £7,000,000 (31 March 2016: £7,500,000) comprises operating income in the income statement.

The table opposite shows 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 movements 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 31 March 2017. 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 valuations performed since the launch of the Fund in March 2014.

Discount rates applied to the portfolio of assets range from 6.5% to 9.3% (31 March 2016: 6.5% to 9.6%). The weighted average discount rate of the portfolio at 31 March 2017 is 8.2% (31 March 2016: 8.2%).

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

	31 Mar 2017	31 Mar 2016
UK – inflation rates	**3.70% for 2017 decreasing to 2.75% from 2019**	2.2% for 2016 and 2.75% from 2017
France – inflation rates	**1.5%**	N/A
UK – deposit interest rates	**1.5% for 2017, gradually rising to 2.75% from 2019**	1% for 2016, gradually rising to 3.25% from 2019
France – deposit rates	**0.5%**	N/A
Euro/sterling exchange rate	**1.17**	N/A

The UK corporation tax rate assumed in the 31 March 2017 portfolio valuation is 20%, stepping down to 19% in April 2017 and 17% from April 2020 (31 March 2016: 20%), in line with market practice. The equivalent rate for the French assets is 33.3%.

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.

9. Investments at fair value through profit or loss continued

Fair value of intermediate holding companies continued

Details of environmental infrastructure projects investments were as follows:

	% holding at 31 March 2017		% holding at 31 March 2016	
Project name	Equity	Subordinated loan stock	Equity	Subordinated loan stock
Amber	100%	100%	100%	100%
Bilsthorpe	100%	100%	100%	100%
Branden	100%	100%	100%	100%
Burton Wold Extension	100%	100%	100%	100%
Carscreugh	100%	100%	100%	100%
Castle Pill	100%	100%	100%	100%
Dumfries and Galloway	80%	80%	80%	80%
Dungavel	100%	100%	–	–
ELWA	80%	80%	80%	80%
Ferndale	100%	100%	100%	100%
Hall Farm	100%	100%	100%	100%
Le Placis Vert	100%	100%	–	–
Monksham	100%(1)	100%	100%(1)	100%
New Albion Wind Farm	100%	100%	–	–
Pylle Southern	100%	100%	100%	100%
Panther	100%	100%	100%	100%
Plouguernével	100%	100%	–	–
Tay	33%	33%	33%	33%
Wear Point	100%	100%	100%	100%

(1) 100% of "B" shares. The "A" shareholders under the Enterprise Investment Scheme remain invested in the project. Including the loans, JLEN held an effective economic interest over 87% of the value of the project's cash flows (as calculated at acquisition).

Details of investments made during the period

On 30 June 2016, the Group acquired the Dungavel wind farm project from John Laing Group plc for a cash consideration, including working capital, of £38.2 million.

On 4 July 2016, the Group completed the acquisition of Le Placis Vert wind farm for a total consideration of €2.5 million.

On 22 July 2016, the Group acquired New Albion wind farm from John Laing Group plc for a cash consideration, including working capital, of £11.8 million.

On 5 December 2016, the Group acquired the Plouguernével from Energiequelle plc for a cash consideration of €2.1 million.

Subsequent to the investment in Pylle Southern solar park in March 2016, £1.4 million of the contingent consideration was paid in the year on 24 May 2016 under the terms of the sale and purchase agreement.

10. Trade and other receivables

	31 Mar 2017 £'000s	31 Mar 2016 £'000s
Prepayments	32	31
Balance at 31 March	32	31

11. Trade and other payables

	31 Mar 2017 £'000s	31 Mar 2016 £'000s
Accruals	1,055	852
Balance at 31 March	1,055	852

12. Loans and borrowings

The Company had no outstanding loans or borrowings at 31 March 2017 (31 March 2016: £nil), as shown in the Company's statement of financial position.

The Company's immediate subsidiary, UK HoldCo, as Borrower and the Company, as Guarantor, benefit from revolving credit facility with HSBC and NIBC. The facility, originally secured on 9 October 2014 was increased to £65 million in March 2016 and was further increased in July 2016 to £75 million and extended to 9 October 2018. The facility is used to finance the acquisitions of environmental infrastructure projects and to cover working capital requirements. As at 31 March 2017, UK HoldCo had an outstanding balance of £12.5 million under the facility (31 March 2016: £54.8 million). After the balance sheet date, a further £26.0 million was drawn under the facility to partially fund the acquisition of the Moel Moelogan 1 & 2 wind farms and the CSGH solar portfolio. At the date of this report, UK HoldCo had an outstanding revolving credit facility balance of £38.5 million. The loan bears interest of LIBOR + 2.5% to + 2.75% and will be repaid by proceeds from future capital raises.

As at 31 March 2017, the Company held loan notes of £191.5 million which were issued by UK HoldCo (31 March 2016: outstanding amount of £123.0 million).

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

Notes to the financial statements continued

for the year ended 31 March 2017

13. Share capital account

	31 Mar 2017 £'000s	31 Mar 2016 £'000s
Opening balance	**221,122**	157,352
Shares issued in the year	**115,572**	65,000
Expenses of issue of equity shares	**(1,836)**	(1,230)
Balance at 31 March	**334,858**	221,122

On 27 May 2016, the Company raised gross proceeds of £35.2 million by way of a placing of 36 million new ordinary shares to institutional investors pursuant to the then existing placing programme dated 4 June 2015.

In the period from July 2016 to December 2016, and pursuant to the Company's tap issuance programme announced on 28 July 2016, the Company had issued a total of 24.3 million new ordinary shares of no par value at an average price of 102.3 pence per share, raising gross proceeds of £24.8 million.

On 13 February 2017, the Company raised gross proceeds of £55.6 million by way of a placing of 55 million new ordinary shares to institutional investors pursuant to the placing programme dated 19 January 2017.

Following these issues, at 31 March 2017, the Company's share capital is comprised of 339,642,078 fully paid up ordinary shares of no par value.

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

14. Retained earnings

	31 Mar 2017 £'000s	31 Mar 2016 £'000s
Opening balance	**(4,231)**	4,557
Profit for the year	**25,600**	6,199
Dividends paid	**(16,179)**	(14,987)
Balance at 31 March	**5,190**	(4,231)

15. Transactions with Investment Adviser and other related parties

Transactions between the Company and its subsidiaries, which are related parties of the Company, are fair valued and are disclosed within note 9. 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, of which JLCM is a wholly owned subsidiary.

Transactions 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 year ended 31 March 2017 was £3,340,000 (31 March 2016: £2,446,000) of which £850,000 remained payable as at 31 March 2017 (31 March 2016: £659,000).

(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.

Other transactions with related parties

During the year, the Company's wholly owned subsidiary UK HoldCo completed the acquisition of the Dungavel wind farm and the New Albion wind farm projects from a member of John Laing Group plc, as detailed in note 9.

During the year, the Directors of the Company, who are considered to be key management, received fees of £240,000 (year ended 31 March 2016: £200,000) for their services. The Directors of the Company were also paid £1,578 of expenses (year ended 31 March 2016: £3,741).

The Directors held the following shares:

	Ordinary shares of no par value each held at 31 Mar 2017	Ordinary shares of no par value each held at 31 Mar 2016
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 year of £13,754 (year ended 31 March 2016: £15,157).

16. Financial instruments

Financial instruments by category

The Company held the following financial instruments at fair value at 31 March 2017. There have been no transfers of financial instruments between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

	31 March 2017				
	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)	–	–	336,921	–	336,921
Current assets					
Trade and other receivables	–	32	–	–	32
Cash and cash equivalents	4,150	–	–	–	4,150
Total financial assets	4,150	32	336,921	–	341,103
Current liabilities					
Trade and other payables	–	–	–	(1,055)	(1,055)
Total financial liabilities	–	–	–	(1,055)	(1,055)
Net financial instruments	4,150	32	336,921	(1,055)	340,048

	31 March 2016				
	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)	–	–	214,400	–	214,400
Current assets					
Trade and other receivables	–	31	–	–	31
Cash and cash equivalents	3,312	–	–	–	3,312
Total financial assets	3,312	31	214,400	–	217,743
Current liabilities					
Trade and other payables	–	–	–	(852)	(852)
Total financial liabilities	–	–	–	(852)	(852)
Net financial instruments	3,312	31	214,400	(852)	216,891

The table opposite 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 year.

In the tables opposite, 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 and closing balances of the investments at fair value through profit or loss is given in note 9.

The fair value of the investments at fair value through profit or loss includes the use of Level 3 inputs. Please refer to note 9 for details of the valuation methodology.

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:

31 March 2017

Discount rate	Minus 0.5%	Base 8.2%	Plus 0.5%
Change in portfolio valuation	Increases £13.1m	£327.6m	Decreases £12.3m
Change in NAV per share	Increases 3.8p	100.1p	Decreases 3.6p

31 March 2016

Discount rate	Minus 0.5%	Base 8.2%	Plus 0.5%
Change in portfolio valuation	Increases £10.9m	£264.5m	Decreases £10.3m
Change in NAV per share	Increases 4.9p	96.7p	Decreases 4.6p

16. Financial instruments continued

Sensitivity analysis of the portfolio continued

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

31 March 2017

Inflation rates	Minus 0.5%	Base 2.75%	Plus 0.5%
Change in portfolio valuation	Decreases £14.3m	£327.6m	Increases £15.5m
Change in NAV per share	Decreases 4.2p	100.1p	Increases 4.6p

31 March 2016

Inflation rates	Minus 0.5%	Base 2.75%	Plus 0.5%
Change in portfolio valuation	Decreases £10.9m	£264.5m	Increases £11.5m
Change in NAV per share	Decreases 4.9p	96.7p	Increases 5.1p

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 generation 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 generation (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 generation (i.e. a level of generation that is above the "P50", with a 10% probability of being achieved) is as follows:

31 March 2017

Energy yield	P90 (10 year)	Base P50	P10 (10 year)
Change in portfolio valuation	Decreases £33.6m	£327.6m	Increases £33.6m
Change in NAV per share	Decreases 9.9p	100.1p	Increases 9.9p

31 March 2016

Energy yield	P90 (10 year)	Base P50	P10 (10 year)
Change in portfolio valuation	Decreases £21.6m	£264.5m	Increases £21.7m
Change in NAV per share	Decreases 9.6p	96.7p	Increases 9.7p

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

31 March 2017

Electricity prices	Minus 10%	Base	Plus 10%
Change in portfolio valuation	Decreases £16.9m	£327.6m	Increases £17.1m
Change in NAV per share	Decreases 5.0p	100.1p	Increases 5.0p

31 March 2016

Electricity prices	Minus 10%	Base	Plus 10%
Change in portfolio valuation	Decreases £9.6m	£264.5m	Increases £9.5m
Change in NAV per share	Decreases 4.3p	96.7p	Increases 4.2p

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

Euro/sterling exchange rate sensitivity

As the proportion of the portfolio assets with cash flows denominated in euros only represented 1% of the portfolio value at 31 March 2017, 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.

Capital risk management

Capital management

The Group, which comprises the Company and its non-consolidated subsidiaries, manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The capital structure of the Group principally consists of share capital account and retained earnings as detailed in notes 13 and 14, debt as detailed in note 12 and cash and cash equivalents. The Group aims to deliver its objective by investing available cash and using leverage whilst maintaining sufficient liquidity to meet ongoing expenses and dividend payments.

Gearing ratio

The Company's Investment Adviser reviews the capital structure of the Company and the Group on a semi-annual basis. The Company and its subsidiaries intend to make prudent use of leverage for financing acquisitions of investments and working capital purposes. Under the Company's articles, and in accordance with the Company's investment policy, the Company's outstanding borrowings, excluding the debts of underlying assets, will be limited to 30% of the Company's Net Asset Value.

As at 31 March 2017, the Company had no outstanding debt. However as set out in note 12, the Company's subsidiary UK HoldCo has a £75 million revolving credit facility and at 31 March 2017, there was a loan outstanding in UK HoldCo of £12.5 million.

Financial risk management

The Group's activities expose it to a variety of financial risks: capital risk, liquidity risk, market risk (including interest rate risk, inflation risk and electricity price risk) and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

For the Company and the intermediate holding companies, financial risks are managed by the Investment Adviser which operates within the Board approved policies. For the environmental infrastructure investments, due to the nature of the investments, certain financial risks (typically interest rate and inflation risks) are hedged at the inception of a project. All risks continue to be managed by the Investment Adviser. The various types of financial risk are managed as follows:

16. Financial instruments continued

Financial risk management continued

Financial risk management – Company only

The Company accounts for its investments in its subsidiaries at fair value. Accordingly, to the extent there are changes as a result of the risks set out below, these may impact the fair value of the Company's investments.

Capital risk

The Company has implemented an efficient financing structure that enables it to manage its capital effectively. The Company's capital structure comprises equity only (refer to the statement of changes in equity). As at 31 March 2017 the Company had no recourse debt, although as set out in note 12, the Company is a guarantor for the revolving credit facility of UK HoldCo.

Liquidity risk

The Directors monitor the Company's liquidity requirements to ensure there is sufficient cash to meet the Company's operating needs.

The Company's liquidity management policy involves projecting cash flows and forecasting the level of liquid assets necessary to meet these. Due to the nature of its investments, the timing of cash outflows is reasonably predictable and, therefore, is not a major risk to the Company.

The Company was in a net cash position and had no outstanding debt at the balance sheet date. At the balance sheet date the Group had net debt of £12.5 million, being the amount drawn on the revolving credit facility.

Market risk – foreign currency exchange rate risk

As the proportion of the portfolio assets with cash flows denominated in euros represented 1% of the portfolio value at 31 March 2017, the Directors consider the sensitivity to changes in the euro/sterling exchange rate to be insignificant.

Where investments are made in currencies other than pound sterling, the Company will consider whether to hedge currency risk in accordance with the Company's currency and hedging policy as determined from time to time by the Directors. A portion of the Company's underlying investments may be denominated in currencies other than pound sterling. However, any dividends or distributions in respect of the ordinary shares will be made in pound sterling and the market prices and Net Asset Value of the ordinary shares will be reported in pound sterling.

Currency hedging may be carried out to seek to provide some protection for the level of pound sterling dividends and other distributions that the Company aims to pay on the ordinary shares, and in order to reduce the risk of currency fluctuations and the volatility of returns that may result from such currency exposure. Such currency hedging may include the use of foreign currency borrowings to finance foreign currency assets and forward foreign exchange contracts.

Financial risk management – Company and non-consolidated subsidiaries

The following risks impact the Company's subsidiaries and in turn may impact the fair value of investments held by the Company.

Market risk – interest rate risk

Interest rate risk arises in the Company's subsidiaries on the revolving credit facility borrowings and floating rate deposits. Borrowings issued at variable rates expose those entities to variability of interest payment cash flows. Interest rate hedging may be carried out to seek to provide protection against increasing costs of servicing debt drawn down by the Company's subsidiary John Laing Environmental Assets Group (UK) Limited, as part of its revolving credit facility. This may involve the use of interest rate derivatives and similar derivative instruments.

Each infrastructure investment hedges their interest rate risk at the inception of a project. This will either be done by issuing fixed rate debt or variable rate debt which will be swapped into fixed rate by the use of interest rate swaps.

Market risk – inflation risk

Some of the Company's investments will have part of their revenue and some of their costs linked to a specific inflation index at inception of the project. In most cases this creates a natural hedge, meaning a derivative does not need to be entered into in order to mitigate inflation risk.

Market risk – electricity price risk

The wholesale market price of electricity is volatile and is affected by a variety of factors, including market demand for electricity, the generation mix of power plants, government support for various forms of power generation, as well as fluctuations in the market prices of commodities and foreign exchange. Whilst some of the Company's renewable energy projects benefit from fixed prices, others have revenue which is in part based on wholesale electricity prices.

A decrease and/or prolonged deterioration in economic activity in the UK, for any reason, could result in a decrease in demand for electricity in the market. Short-term and seasonal fluctuations in electricity demand will also impact the price at which the investments can sell electricity. The supply of electricity also impacts the wholesale electricity price. Supply of electricity can be affected by new entrants to the wholesale power market, the generation mix of power plants in the UK, government support for various generation technologies, as well as the market price for fuel commodities.

Volume risk – electricity generation risk

Meteorological conditions poorer than forecast can result in generation of lower electricity volumes and lower revenues than anticipated.

16. Financial instruments continued

Financial risk management continued

Financial risk management – Company and non-consolidated subsidiaries continued

Credit risk

Credit risk is the risk that a counterparty of the Company or its subsidiaries will default on its contractual obligations it entered into with the Company or its subsidiaries. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers. The Company and its subsidiaries mitigate their risk on cash investments and derivative transactions by only transacting with major international financial institutions with high credit ratings assigned by international credit rating agencies.

The Company's infrastructure investments receive regular, long-term, partly or wholly index-linked revenue from government departments, local authorities or clients under the Renewables Obligation and Feed-in Tariff regimes. The Directors believe that the Group is not significantly exposed to the risk that the customers of its investments do not fulfil their regular payment obligations because of the Company's policy to invest in jurisdictions with satisfactory credit ratings.

Given the above factors, the Board does not consider it appropriate to present a detailed analysis of credit risk.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group adopts a prudent approach to liquidity management by ensuring it maintains adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Directors monitor the Company's liquidity requirements to ensure there is sufficient cash to meet the Company's operating needs.

The Company's liquidity management policy involves projecting cash flows and forecasting the level of liquid assets required to meet its obligations. Due to the nature of its investments, the timing of cash outflows is reasonably predictable and, therefore, is not a major risk to the Group.

Debt raised by asset investments from third parties is without recourse to the Group.

17. Guarantees and other commitments

As at 31 March 2017, the Company has provided a guarantee under the Company's wholly owned subsidiary UK HoldCo's £75 million revolving credit facility due to expire on 9 October 2018.

The Company had no other commitments or guarantees.

18. Subsidiaries

The following subsidiaries have not been consolidated in these financial statements as a result of applying Investment Entities: (Amendments to IFRS 10, IFRS 12 and IAS 27) and Investment Entities: Applying the Consolidation Exemption (Amendments to IFRS 10, IFRS 12 and IAS 28):

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%

18. Subsidiaries continued

Name	Category	Place of business	Registered office	Ownership interest	Voting rights
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%
Wear Point Wind Limited	Operating subsidiary	UK	F	100%	100%
Monksham Power Ltd	Project holding company	UK	H	(2)	(2)
Frome Solar Limited	Operating subsidiary	UK	H	(2)	(2)
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%
Dreachmhor Wind (Holdings) Limited	Project holding company	UK	F	100%	100%
Dreachmhor Wind Farm Limited	Operating subsidiary	UK	F	100%	100%
France Wind GP Germany GmbH	Project holding company	DE	L	100%	100%
France Wind Germany GmbH & Co. KG	Project holding company	DE	L	100%	100%
Parc Eolien Le Placis Vert SAS	Operating subsidiary	FR	J	100%	100%
Energie Eolienne de Plouguernével SAS	Operating subsidiary	FR	K	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	I	100%	100%
Catchment Tay Limited	Operating subsidiary	UK	I	100%	100%

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

(2) 100% of "B" shares plus 100% of loans to the project. The "A" shareholders, investors under the Enterprise Investment Scheme, remain invested in the project. Including the loans, JLEN held an effective economic interest over 87% of the value of the project's cash flow (as calculated at acquisition).

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, England, 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) Long Barn Manor Farm, Stratton On The Fosse, Radstock, Somerset, BA3 4QF

I) Infrastructure Managers Limited, 2nd floor, 11 Thistle Street, Edinburgh, EH2 1DF

J) Parc Eolien le Placis Vert, Rue du Pre Long 35770 Vern Sur Seiche, France

K) 3 Rue Benjamin Delessert, 56104 Lorient Cedex 04, France

L) Steinweg 3-5, Frankfurt Am Main, 60313, Germany

19. Events after balance sheet date

A dividend for the quarter ended 31 March 2017 of 1.535 pence per share, amounting to £5.2 million, was approved by the Board on 31 May 2017 for payment on 30 June 2017.

In April 2017, JLEN acquired a 100% interest in the 14.3MW Moel Moelogan 2 wind farm in North Wales for a total consideration, including working capital and repayment of a project finance loan at completion, of £22.7 million. In May 2017, JLEN acquired a 100% interest in the 2.6MW Moel Moelogan 1 wind farm on the same site in North Wales for a total consideration, including repayment of a project finance loan at completion, of £3.0 million. In June 2017, JLEN acquired a 100% interest in the 33.5MW CSGH solar portfolio located in Cornwall and South Wales for a total consideration of £12.2 million. These acquisitions were financed using JLEN's revolving credit facility.

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

Company summary

Below are the Company key facts, advisers and other information.

Company information	John Laing Environmental Assets Group Limited is a Guernsey-registered closed-ended investment company (registered number 57682) with a premium listing on the London Stock Exchange
Registered address	Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR
Ticker/SEDOL	JLEN/BJL5FH8
Company year end	31 March
Dividend payments	Quarterly in March, June, September and December
Investment Adviser	John Laing Capital Management Limited, incorporated in England and Wales on 19 May 2004 under the Companies Act 1985 (registered number 5132286) and authorised and regulated in the UK by the Financial Conduct Authority ("FCA")
Company Secretary and Administrator	Praxis Fund Services Limited, a company incorporated in Guernsey on 13 April 2005 (registered number 43046)
Market capitalisation	£370.2 million at 31 March 2017
Investment Adviser fees	1.0% per annum of the Adjusted Portfolio Value of the investments up to £0.5 billion falling to 0.8% per annum for investments above £0.5 billion. No performance or acquisitions fees
ISA, PEP and SIPP status	The ordinary shares are eligible for inclusion in PEPs and ISAs (subject to applicable subscription limits) provided that they have been acquired in the market, and they are permissible assets for SIPPs
AIFMD status	The Company is classed as a self-managed Alternative Investment Fund under the European Union's Alternative Investment Fund Managers Directive
Non-mainstream pooled investment status	The Board conducts the Company's affairs, and intends to continue to conduct the Company's affairs, such that the Company would qualify for approval as an investment trust if it were resident in the United Kingdom. It is the Board's intention that the Company will continue to conduct its affairs in such a manner and that independent financial advisers should therefore be able to recommend its ordinary shares to ordinary retail investors in accordance with the FCA's rules relating to non-mainstream investment products
FATCA	The Company has registered for FATCA and has a GIIN number 2BN95W.99999.SL.831
Investment policy	The Company's investment policy is set out on pages 14 to 17 and is detailed on page 57 of the Company's Prospectus dated 16 December 2016
Website	www.jlen.com

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
Guernsey GY1 1GR
Channel Islands

Registrar
Capita Registrars (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St Sampson
Guernsey GY2 4LH
Channel Islands

UK Transfer Agent
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham B43 4TU
United Kingdom

Auditor
Deloitte LLP
Regency Court
Glategny Esplanade
St Peter Port
Guernsey GY1 3HW
Channel Islands

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John Laing Capital Management Limited
1 Kingsway
London WC2B 6AN
United Kingdom

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Redleaf Communications
First Floor
4 London Wall Buildings
Blomfield Street
London EC2M 5NT
United Kingdom

Joint Corporate Brokers
Winterflood Securities Limited
The Atrium Building
Cannon Bridge House
25 Dowgate Hill
London EC4R 2GA
United Kingdom

Barclays
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

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

Public company directorships
Richard Morse
John Laing Environmental Assets Group Limited

Christopher Legge
Ashmore Global Opportunities Limited, London – Main Market

John Laing Environmental Assets Group Limited

Sherborne Investors (Guernsey) B Limited, London – SFM

Third Point Offshore Investors Limited, London – Main Market

TwentyFour Select Monthly Income Fund Limited, London – Main Market

Denise Mileham
John Laing Environmental Assets Group Limited

Peter Neville
John Laing Environmental Assets Group Limited

Richard Ramsay
John Laing Environmental Assets Group Limited

Seneca Global Income & Growth plc, London – Main Market

Glossary of key terms

AIFM Directive
the EU Alternative Investment Fund Managers Directive (No. 2011/61/EU)

Brexit
the UK referendum on 23 June 2016 in which a majority of voters voted to exit the EU

the Company or JLEN or the Fund
John Laing Environmental Assets Group Limited

EPC
Engineering, Procurement and Construction

EU
European Union

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 Limited and JLEAG Solar 1 Limited

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 Limited and JLEAG Solar 1 Limited

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

MWh
megawatt hour

NAV
Net Asset Value

OECD
Organisation for Economic Co-operation and Development

portfolio
the 19 assets in which JLEN had a shareholding as at 31 March 2017

portfolio valuation
the sum of all the individual investments' net present values

PPAs
Power Purchase Agreements

PPP/PFI
the Public Private Partnership procurement model

Prospectus
the Company's prospectus dated 16 December 2016

PV
photovoltaic

ROCs
Renewables Obligation Certificates

RPI
Retail Price Index

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 51 of this report, including the about us, at a glance, fund objectives, Chairman's statement and the strategic 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 or 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 Annual 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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