JLEN

John Laing Environmental Assets Group Limited

Interim Report

for the period ended 30 September 2014

Overview

John Laing Environmental Assets Group (JLEN) is an environmental infrastructure investment fund which aims to provide investors with an annualised dividend of six pence per share, increasing in line with inflation, and to preserve the capital value of its Portfolio(1).

JLEN's investment policy is to invest in 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.

The current portfolio includes onshore wind, PV solar, and waste and wastewater processing projects in the UK. Wind and Solar projects are supported by the UK's commitment to support low-carbon electricity targets and the waste and wastewater processing projects have operating track records of more than five years and benefit from long-term contracts backed by the UK government.

Wind

Solar

Waste & Wastewater

Contents

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

01

At a glance

as at 30 September 2014

160,000,000
Ordinary shares in issue

£166.4m
Market capitalisation

104.0p
Share price

£161.9m
Net Asset Value

£154.8m
Portfolio value

101.2p
Net Asset Value per share

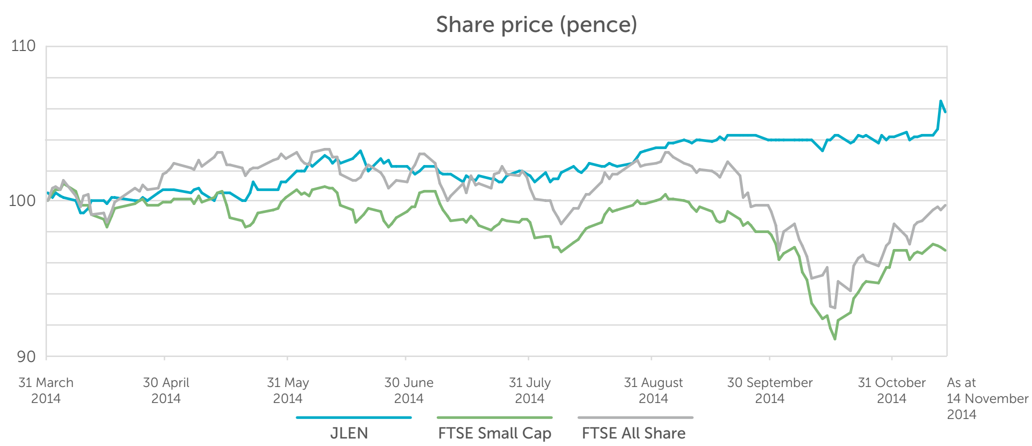
£7.4m
Net cash

3.0p
Dividend per share

9
Number of operational sites

Highlights

- Successful IPO in March 2014 raised £160m
- IPO proceeds fully invested in 7 environmental infrastructure assets comprising 9 operational sites
- NAV per share of 101.2p up from 98p at IPO
- Financial performance of Portfolio in line with expectations
- Revolving Credit Facility of £50m signed in October 2014 giving flexibility for further acquisitions
- Profit before tax of £4.6m
- Interim dividend of 3p to be paid in December 2014 in line with our dividend policy
- Strong pipeline of assets for further growth including First Offer Agreement with John Laing plc



Investment Portfolio

as at 30 September 2014

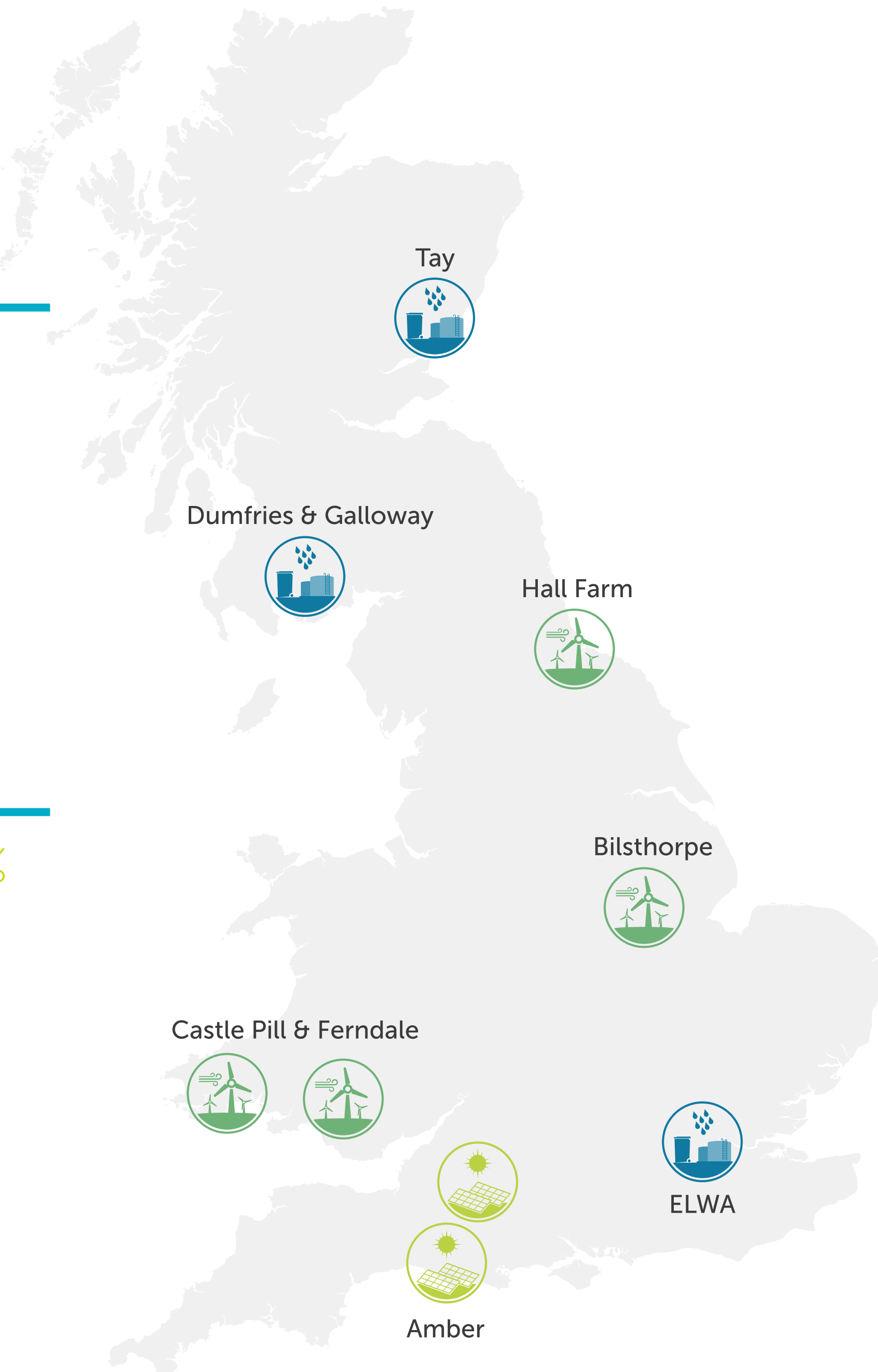
JLEN's Portfolio comprises a fully operational and diversified mix of environmental infrastructure assets.

Assets by location

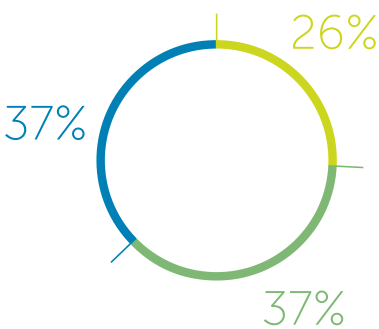
Waste & wastewater management

Wind

Solar



Sector share by value



Bilsthorpe

10.2MW 1.0 ROC wind farm within the restored Bilsthorpe Colliery in Nottinghamshire. Five MM82 Repower turbines. 100% owned by JLEN.

Hall Farm

24.6MW 1.0 ROC wind farm based in Routh, near Beverley, East Riding of Yorkshire. Twelve MM82 Repower turbines. 100% owned by JLEN.

Castle Pill & Ferndale

Two 1.0 ROC wind farms located in Milford Haven and the Rhonda Valley. Eight 800kW Enercon, three 900kW EWT and one 500kW Nordtank wind turbines. 100% owned by JLEN.

Dumfries & Galloway

The D&G project treats and disposes of waste in the Dumfries and Galloway region of western Scotland. 80% owned by JLEN.

ELWA

The ELWA project processes around 430,000 tonnes of household waste each year from four London boroughs. 80% owned by JLEN.

Tay

The Tay Wastewater Treatment project services the equivalent of around 250,000 people from the Dundee and Arbroath areas. 33% owned by JLEN.

Amber

Two solar parks located in Five Oaks, West Sussex and Fryingdown, Hampshire that total 9.8MW accredited under pre-August 2011 Feed-in Tariff. 100% owned by JLEN.

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

Chairman's statement

On behalf of the Board, I am delighted to present the first set of financial results for John Laing Environmental Assets Group Limited

Richard Morse
Chairman

On 31 March 2014, the Company successfully raised £160 million through an initial public offering ("IPO") and its Ordinary Shares were listed on the Main Market of the London Stock Exchange. JLEN completed the acquisition of 100% of the initial portfolio set out in the IPO Prospectus on 22 April 2014. As a result, the Group is now fully invested in a diversified Portfolio of seven operational UK-based solar, onshore wind, waste processing and wastewater projects.

Results

The Net Asset Value ("NAV") per share was 101.2 pence at 30 September 2014, an increase of 3.3% on the 98.0 pence NAV per share upon admission on 31 March 2014. After taking into account the interim dividend declared on 20 November 2014, to be paid on 19 December 2014, NAV per share at 30 September 2014 was 98.2 pence.

The Company has prepared financial statements for the period from 12 December 2013 (the date of incorporation) to 30 September 2014, although the initial Portfolio was not acquired until shortly after admission on 31 March 2014.

Cash received from the Portfolio by way of distributions, which includes interest, loan repayments and dividends, was £7.5 million. Net cash inflows from the investment Portfolio (after operating costs) of £6.9 million cover the declared interim dividend of 3.0 pence per share by approximately 1.4 times.

Dividend policy

Our dividend policy is, subject to market conditions, and also the Company's performance, financial position and financial outlook, to pay an annualised dividend to shareholders of 6.0 pence per Ordinary Share, increasing progressively in line with inflation.[1]

I am pleased to announce that, in line with this policy, the first interim dividend of 3.0 pence per Ordinary Share for the period from admission to 30 September 2014 will be paid on 19 December 2014 to shareholders on the register as at 28 November 2014. The ex-dividend date will be 27 November 2014.

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

Portfolio performance

The Company invests 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.

The current Portfolio includes onshore wind, PV solar, and waste and wastewater processing projects in the UK. Wind and Solar projects are supported by the UK's commitment to support low-carbon electricity targets and the waste and wastewater processing projects have operating track records of more than five years and benefit from long-term contracts backed by the UK government.

The Portfolio has produced results broadly in line with expectations at the time of the IPO, as reflected in the progress of the net asset valuation during the period.

The results from the renewable energy assets within the Portfolio are dependent in part on the level of power prices, which have trended lower since the IPO, and also on the weather which can be predicted with some degree of confidence over the long term but may vary over the short term. This variation has been observed during the six months following the IPO – with wind speeds somewhat below expectations, but solar irradiation at or above expectations.

For the waste and wastewater processing assets, financial performance has been broadly in line with projections. This is in spite of the fire at the Frog Island facility (part of the ELWA project), which affected a significant portion of the operating capacity and will continue to do so for several months. Despite the severity of the fire, the Frog Island facility has now recommenced operations on a partial basis and in conjunction with ELWA's other facilities, the contract with East London Waste Authority continues to be fulfilled.

Notwithstanding the impact of lower power prices and the fire at ELWA, the Net Asset Value of JLEN has moved forward during the reporting period, which demonstrates the benefits of JLEN's portfolio diversity across a range of environmental infrastructure projects and its robustness to operational challenges.

Valuation

The Net Asset Value at 30 September 2014 is £161.9 million and is made up of £154.8 million Portfolio Valuation, Company's and intermediate holdings' cash of £7.4 million and negative working capital balances of £0.3 million.

The Investment Adviser has prepared a fair market valuation of the Portfolio as at 30 September 2014. 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 set by the Investment Adviser using its experience and judgement, having taken into account available comparable market transactions and financial market data in order to arrive at a fair market value. The Directors have satisfied themselves as to the methodology used and the assumptions adopted and have approved the valuation of £154.8 million for the Portfolio of seven investments as at 30 September 2014.

Board

The Board comprises myself and four experienced Directors, three based in Guernsey and one in the UK. I would like to express my thanks for their support in the successful IPO of the Company and for their work leading and participating in the Board and Committee meetings.

The Company has adopted the Association of Investment Companies (the "AIC") Code of Corporate Governance which has been endorsed by the Financial Reporting Council. In 2014, the Company became a member of the AIC so that the Company can benefit from the ongoing development of best practice in the industry.

All of the Directors offered themselves for re-election at the Annual General Meeting held on 14 August 2014 and were duly re-elected.

Chairman's statement continued

Outlook

Following the successful IPO, the Board is encouraged by the progress JLEN has made during the first six months of trading.

The Board continues to work closely with the Investment Adviser in assessing the risks and opportunities in the environmental infrastructure market, covering the key risk areas of volume, energy price, inflation and interest rates, lack of future pipeline and / or funding, increased competition, changes to the PPP and energy regulatory and legislative framework and operational risks in the Portfolio. The Board considers that the principal risks and uncertainties for JLEN have not materially altered from those commented on in the IPO Prospectus issued in February 2014. A detailed explanation of the principal risks and uncertainties can be found on pages 22 to 49 of the IPO Prospectus.

The Board is actively seeking suitable projects to add to its Portfolio both from John Laing plc and third parties. JLEN has the benefit of a First Offer Agreement with John Laing plc over a significant pipeline of environmental infrastructure projects which supports its growth plans in the next few years. To support JLEN's acquisition activities John Laing Environmental Assets Group (UK) Limited was pleased to enter into a three-year £50 million Revolving Credit Facility with HSBC and NIBC to fund asset purchases and to provide working capital.

Conclusion

It is pleasing to be able to deliver an initial set of results that fulfils our aim of declaring a dividend in line with expectations, as well as enhancement of the Company's Net Asset Value. Our stated objective is to generate a net IRR of 7.5% to 8.5%(1), while at the same time preserving the capital value of our Portfolio of assets. The acquisition pipeline looks healthy and our recently negotiated debt facility offers us additional flexibility to make acquisitions.

Richard Morse
Chairman

19 November 2014

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

Investment Adviser's report

The financial performance of the Portfolio has been in line with the Investment Adviser's expectations during the reporting period and JLEN has announced an interim dividend of 3.0 pence per share for the period ended 30 September 2014, payable in December 2014, in line with the target set out in the IPO Prospectus.

About the Investment Adviser

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

The Portfolio

The Company's IPO on 31 March 2014 raised £160 million before expenses and JLEN was fully invested shortly after listing. The initial portfolio comprised seven investment vehicles containing nine distinct operational onshore wind, PV solar and waste and water processing project sites in the UK. These are summarised as follows:

Asset	Type	Ownership	Capacity (MWs)	Operations date
Amber	Solar	100%	9.8	Jul 2012
Bilsthorpe	Wind	100%	10.2	Mar 2013
Castle Pill & Ferndale	Wind	100%	9.6	Oct 2009 and Sep 2011
Hall Farm	Wind	100%	24.6	Apr 2013
Dumfries & Galloway	Waste mgnt.	80%	n/a	2007
ELWA	Waste mgnt.	80%	n/a	2006
Tay	Wastewater	33%	n/a	Nov 2001

Investment performance

JLEN's Net Asset Value ("NAV") as at 30 September 2014 increased to £161.9 million from £156.8 million at IPO on 31 March 2014, representing an uplift of 3.3%. On a per share basis it increased from 98.0 to 101.2 pence.

This uplift has been primarily driven by the generation of cash from the Portfolio, while also reflecting updates for recent operational performance and changes in forecast electricity prices. The Directors have considered recent weakness in electricity and gas markets as well as reports from market consultants in arriving at the forecasts used in the valuation.

JLEN has announced an interim dividend of 3.0 pence per share for the period ended 30 September 2014, payable in December 2014, in line with the target set out in the Prospectus.

Investment Adviser's report continued

Portfolio performance

In general, during the period ended 30 September 2014 the financial performance of the Portfolio has been in line with expectations and, apart from the disruption due to a fire at one of the ELWA facilities discussed below, there are no material issues that are affecting performance of the assets.

The wind farms and the solar parks have averaged availability ahead of budget and the environmental processing plants have also had no issues with unavailability, apart from the ELWA fire which we reported in August. The fire occurred at the Frog Island Mechanical Biological Treatment ("MBT") facility at the ELWA waste project. We are pleased to report that despite the severity of the fire, the Frog Island facility has been operating on an interim basis since early November. In conjunction with the project's other facilities, the contract with East London Waste Authority continues to be fulfilled and operated, and diversion targets met. A reinstatement plan of the full facilities has been prepared and full reinstatement is expected to take a year. On the basis of insurance cover this incident has not had a material impact on the valuation of the Portfolio.

The wind projects experienced good wind conditions over the winter of 2013-14, leading to generation ahead of budget. However, for the six-month period to 30 September 2014, this position reversed with June and September in particular being low wind-speed months, illustrating that wind conditions can vary significantly over individual months. Overall generation for the twelve months to 30 September 2014 was 8.8% below budget.

Solar irradiation was as expected for the twelve months to 30 September 2014 and generation from the solar assets was slightly ahead of budget.

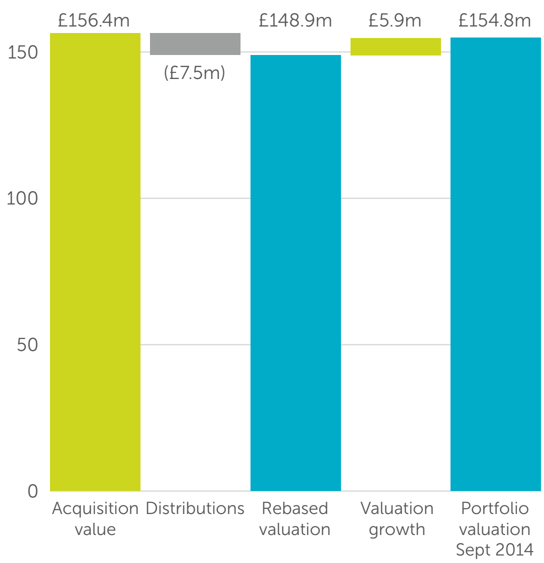
Waste and wastewater flows have been in line with budget for the period. The environmental processing projects are relatively insensitive to volume changes due to the presence of banded payment arrangements that see the projects make little additional profit for a marginal unit of waste.

In September we successfully held an auction of the power for the solar project sites for winter 2014-15 and achieved a positive outcome slightly ahead of our expectations. The wind farms remain under long-term Power Purchase Agreements with a mixture of fixed and variable pricing arrangements.

Portfolio valuation

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

The Directors' valuation of the Portfolio at 30 September 2014 was £154.8 million, compared to £156.4 million at IPO on 31 March 2014. The decrease of £1.6 million is the net impact of cash received from investments, changes in macroeconomic and power price assumptions and underlying growth in the Portfolio. A reconciliation of the factors contributing to the growth in the Portfolio during the period is shown in the chart below.



The total movement of investments during the period ended 30 September 2014 is shown in the table below:

	£m
Valuation of Portfolio at 12 December 2013	–
Acquisitions in the period	156.4
Cash distributions from Portfolio	(7.5)
Rebased opening valuation of Portfolio	**148.9**
Movement in fair value of the Portfolio	5.9
Valuation of Portfolio at 30 September 2014	**154.8**
Fair value of intermediate holding companies	3.9
Investments at fair value through profit or loss	**158.7**

Valuation assumptions

Discount rate

The assets in JLEN's Portfolio are valued by discounting the future cash flows forecast by the underlying asset financial models. The discount rate applied to the asset cash flows is therefore a key determinant of the 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. 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. This is the same method as applied at the time of the IPO.

The Weighted Average Discount Rate ("WADR") of the Portfolio at 30 September 2014 was 9.2% (at IPO on 31 March 2014: 9.5%).

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

Discount rate	Minus 0.5%	Base 9.2%	Plus 0.5%
Change in Portfolio Valuation	Increases £6.1m	£154.8m	Decreases £5.7m
Change in NAV per share	Increases 3.8p	101.2p	Decreases 3.6p

Other assumptions

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

The key assumptions are as follows:

Volumes

Base case forecasts for renewable energy projects assume a "P50" level of power output for the renewable energy assets. 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 under achieved. Hence the P50 is the expected level of generation over the long term. For the waste and water 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.

The sensitivity of the Portfolio to movements in energy yield is as follows:

Energy yield	P90 (10 year)	Base P50	P10 (10 year)
Change in Portfolio Valuation	Decreases £13.4m	£154.8m	Increases £12.7m
Change in NAV per share	Decreases 8.4p	101.2p	Increases 7.9p

Power prices

Power price assumptions are based on long-term forecasts from an established market consultant and other relevant information, and adjusted by the Investment Adviser for project specific arrangements.

The sensitivity of the Portfolio to movements in power prices is as follows:

Power price	Minus 10%	Base	Plus 10%
Change in Portfolio Valuation	Decreases £5.1m	£154.8m	Increases £4.5m
Change in NAV per share	Decreases 3.2p	101.2p	Increases 2.8p

Tax rates

The long-term UK corporation tax rate assumed in the 30 September 2014 valuation is 20% and reflects the rate enacted by legislation which is in line with market practice.

Interest rates

Deposit rates assumed in the valuation reflect a range of deposit rates from 0.75% in 2014 with a gradual increase to a long-term rate of 3.5% with effect from 2019 onwards.

Inflation

The long-term inflation assumption used in the valuation as at 30 September 2014 is 2.75%. Each project in the Portfolio receives a revenue stream which is either fully or partially inflation linked.

The sensitivity of the Portfolio to movements in inflation rates is as follows:

Inflation rate	Minus 0.5%	Base	Plus 0.5%
Change in Portfolio Valuation	Decreases £6.4m	£154.8m	Increases £6.0m
Change in NAV per share	Decreases 4.0p	101.2p	Increases 3.7p

Financing

At IPO on 31 March 2014 the Company issued 160,000,000 Ordinary Shares at an issue price of 100 pence with net issue proceeds of £156.9 million. No further shares have been issued since this date.

Post the reporting period to 30 September 2014, on 9 October 2014, John Laing Environmental Assets Group (UK) Limited entered into a three-year £50 million Revolving Credit Facility with HSBC and NIBC to fund new acquisitions and to provide working capital. This type of short-term financing is limited to 30% of the Net Asset Value. Borrowings under the facility will be repaid through cash received from its investment assets and future equity raisings.

In addition to the Revolving Credit Facility, several of the projects have underlying project level debt. There is an additional gearing limit in respect of such non-recourse debt of 85% of the Gross Project Value for PFI / PPP projects and 65% for renewable energy generation projects.

The project-level gearing at 30 September 2014 across the portfolio was 51.0%, being 19.0% for the renewable energy assets and 65.0% for the PFI processing assets.

Profit before tax

Profit before tax ("PBT") for the period was £4.6 million. Earnings per share ("EPS") for the period were 2.85 pence per share.

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 annualised ratio for the six months to 30 September 2014 was 1.34%. JLCM believes this to be competitive for the market in which JLEN operates and the stage of development and size of the Fund, and demonstrates that management of the Fund is efficient with minimal expenses incurred in its ordinary operation.

Net assets

The Net Asset Value at 30 September 2014 is £161.9 million and is comprised of £154.8 million Portfolio Valuation, Company's and intermediate holdings' cash of £7.4 million and negative working capital balances of £0.3 million.

Cash flow

As at 30 September 2014, the Fund had overall net cash of £7.4 million, excluding cash held in investment project companies as working capital or otherwise. This comprises cash balances in the Company of £3.8 million and £3.6 million in intermediate holding companies. The Company had no outstanding borrowing at 30 September 2014.

A summary of the movements in cash during the period is shown below.

Cash flows of the Company and intermediate holding companies for the period to 30 September 2014:

	£m
Net issue proceeds from IPO[i]	156.9
Acquisition of investment assets[ii]	(156.4)
Cash received from investment assets	7.5
Operating and other costs	(0.6)
Total cash balances	**7.4**

The Company has declared an interim dividend of £4.8 million (3.0 pence per share), which is payable in December 2014. The dividend is expected to be paid from current cash balances. Any remaining cash will be used to partially fund future acquisitions.

Outlook

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 since IPO. UK solar has been a particularly active sector during the period, as developers and investors have pushed to complete transactions before new large-scale solar photo-voltaic installations cease to be eligible for ROCs from April 2015 and instead must compete under the new FIT – Contracts for Difference ("FIT CfD") regime.

(i) Actual net issue proceeds compared to IPO estimate of £156.8m

(ii) Initial Portfolio acquisition value per IPO Prospectus £156.58m adjusted for working capital balances at acquisition.

The Investment Adviser continues to monitor European markets with stable regulatory frameworks as permitted under the Fund's investment policy. We have seen a number of opportunities in onshore wind, both in the UK and Europe, which we will continue to evaluate.

Although smaller in number and scale, the Investment Adviser has been pleased with the level of environmental infrastructure opportunities outside of wind and solar that it has seen. 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.

JLEN also has the benefit of a First Offer Agreement with John Laing plc 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 value of approximately £245 million (as estimated by John Laing) will become available for acquisition by the Fund withing the next three years.

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 in recent months, the outlook for the initial Portfolio remains unchanged following the first six months operating period and, other than in respect of power prices, there are no changes to our long-term assumptions underlying the cash flow projections and valuation of the Portfolio. A key strength of JLEN is its diversified Portfolio and the spread of risks across a variety of technologies.

Responsibility statement

We confirm that to the best of our knowledge:

– the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting; and

– the Chairman's statement and Investment Adviser's report meet the requirements of an interim management report, and include a fair review of the information required by:

a) DTR 4.2.7R, being an indication of important events during the period from incorporation on 12 December 2013 to 30 September 2014 and a description of principal risks and uncertainties for the remaining six months of the year; and

b) DTR 4.2.8R, being the disclosure of related parties' transactions and changes therein.

By order of the Board

R Morse
Chairman

19 November 2014

Independent review report to John Laing Environmental Assets Group Limited

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the period from incorporation on 12 December 2013 to 30 September 2014 which comprises the condensed income statement, the condensed statement of comprehensive income, the condensed statement of changes in equity, the condensed balance sheet, the condensed cash flow statement and related notes 1 to 14. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the period since incorporation on 12 December 2013 to 30 September 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP Chartered Accountants
Guernsey, Channel Islands

19 November 2014

Condensed balance sheet

as at 30 September 2014

	Notes	2014 £'000s
Non-current assets		
Investments at fair value through profit or loss	7	158,711
Total non-current assets		158,711
Current assets		
Trade and other receivables		8
Cash and cash equivalents		3,814
Total current assets		3,822
Total assets		162,533
Current liabilities		
Trade and other payables		(616)
Total current liabilities		(616)
Total liabilities		(616)
Net assets		161,917
Equity		
Equity reserves	9	157,352
Retained earnings		4,565
Equity attributable to owners of the Company		161,917
Net assets per share (pence per share)		101.2

The financial statements were approved by the Board of Directors and authorised for issue on 19 November 2014.

They were signed on its behalf by:

R Morse
Chairman

C Legge
Director

Condensed income statement

period from incorporation on 12 December 2013 to 30 September 2014

	Notes	2014 £'000s
Interest income		4,061
Net gain on investments at fair value through profit or loss	7	1,841
Operating income		5,902
Operating expenses	3	(1,337)
Operating expenses		(1,337)
Operating profit		4,565
Profit before tax		4,565
Tax	4	–
Profit for the period		4,565
Attributable to:		
Owners of the Company		4,565
Earnings per share		
From continuing operations		
Basic and diluted (pence)	6	2.85

All results are derived from continuing operations.

Condensed statement of comprehensive income

period from incorporation on 12 December 2013 to 30 September 2014

	2014 £'000s
Profit for the period	4,565
Total recognised income and expenditure attributable to equity shareholders	4,565
Attributable to:	
Owners of the Company	4,565

Condensed statement of changes in equity

period from incorporation on 12 December 2013 to 30 September 2014

	Period ended 30 September 2014		
	Equity reserves £'000s	Retained reserves £'000s	Total £'000s
Balance at incorporation	–	–	–
Profit for the period	–	4,565	4,565
Total comprehensive income for the period	**–**	**4,565**	**4,565**
Equity reserves	157,352	–	157,352
Balance at 30 September 2014	**157,352**	**4,565**	**161,917**

Condensed cash flow statement

period from incorporation on 12 December 2013 to 30 September 2014

	2014 £'000s
Profit from operations	4,565
Adjustments for:	
Increase in accrued interest income	–
Net gain on investments at fair value through profit or loss	(1,841)
Operating cash flows before movements in working capital	**2,724**
Increase in receivables	(8)
Increase in payables	616
Cash inflow from operations	**3,332**
Net cash inflow from operating activities	**3,332**
Investing activities	
Investments in subsidiaries	(66,870)
Loan to subsidiaries	(90,000)
Net cash used from investing activities	**(156,870)**
Financing activities	
Proceeds on issue of share capital	160,000
Expenses relating to issue of shares	(2,648)
Net cash from financing activities	**157,352**
Net increase in cash and cash equivalents	**3,814**
Cash and cash equivalents at beginning of the period	**–**
Cash and cash equivalents at end of period	**3,814**

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to fair value.

Notes to the condensed set of financial statements

period from incorporation on 12 December 2013 to 30 September 2014

1. General information

John Laing Environmental Assets Group Limited (the Company) is a closed-ended investment company domiciled and incorporated in Guernsey, Channel Islands, under Section 20 of the Companies (Guernsey) Law. The shares are publicly traded on the London Stock Exchange under a Premium Listing. The interim condensed unaudited financial statements of the Company (the interim statements) are for the period from incorporation on 12 December 2013 to 30 September 2014 and have been prepared on the basis of the accounting policies set out below. The Company invests 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 19 November 2014. The condensed set of financial statements included in this interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The Company has early adopted the Investment Entities amendments to IFRS 10, IFRS 12 and IAS 27. As a result of adopting the amendments, the Company recognises its investment in its subsidiary John Laing Environmental Assets Group (UK) Limited at fair value through profit or loss. The fair value estimate of John Laing Environmental Assets Group (UK) Limited includes the fair value of both this company and all of the Company's subsidiaries.

Applicability of the guidance concerning Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27)

The Investment Entities standard introduced an exception to the principle that all subsidiaries shall be consolidated. The amendments require an investment entity to measure its subsidiaries through profit or loss, in accordance with IAS 39 Financial Instruments: Recognition and Measurement instead of consolidating those subsidiaries.

To determine that the Company meets the definition of an investment entity, further consideration is given to the following characteristics of an investment entity that are demonstrated by the Company:

(a) it has more than one investment;
(b) it has more than one investor;
(c) it has investors that are not related parties;
(d) it has ownership interests in the form of equity or similar interests; and
(e) it holds its investments for a limited period only, i.e. it has an exit strategy for its investments.

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

(b) Going concern

The Directors, in their consideration of going concern have reviewed comprehensive cash flow forecasts prepared by the Investment Adviser, which are based on prudent market data and believe, based on those forecasts and an assessment of the Company's subsidiary's new committed 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 Company and its subsidiaries had unrestricted cash of £7.4 million as at 30 September 2014 and a banking facility signed on 9 October 2014 (available for investment in new or existing projects and working capital) of £50 million, which expires in October 2017.

As at 30 September 2014, there was no amount drawn under the facility. In addition, 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 the condensed financial statements.

(c) Revenue recognition

(i) Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time-apportioned basis, using the effective interest rate of the instrument concerned as calculated at the acquisition or origination date. Interest income is recognised gross of withholding tax, if any.

(ii) Dividend income

Dividend income is recognised when the Company's right to receive the payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Dividend income is recognised gross of withholding tax, if any, and only when approved and paid by its subsidiary.

(d) Gains on investments at fair value through profit or loss

Gains or losses that arise from the movement in the fair value of the Company's investment in John Laing Environmental Assets Group (UK) Limited ("JLEAG UK") are presented separately from dividend income and interest income above.

Notes to the condensed set of financial statements continued

period from incorporation on 12 December 2013 to 30 September 2014

2. Significant accounting policies continued

(e) 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 value of the subsidiaries.

(f) 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.

(g) Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet 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.

(1) 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. The Company determines the classification of its financial assets at initial recognition.

i) Investments at fair value through profit or loss

As an investment entity, the Company is required to measure its investments in its subsidiary JLEAG UK at fair value through profit or loss. The Company's policy is to fair value both the equity and debt investment in its subsidiary together. Subsequent to initial recognition, the Company measures its investments on a combined basis at fair value in accordance with IAS 39 Financial Instruments: Recognition and Measurement and IFRS 13 Fair Value Measurement. Interest and dividends are recognised on the basis as described in note 2c, with the remaining gains / losses shown separately as set out in note 2d.

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 balance sheet 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 balance sheet.

(2) 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 and listing of the Company that would otherwise have been avoided are written off against the balance of the equity reserves.

ii) Financial liabilities

Financial liabilities are classified as other financial liabilities, comprising:

- loans and borrowings are recognised initially at 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 are measured at amortised cost using the effective interest method less any impairment losses.

(3) 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.

(4) 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 30 September 2014 were in the range 7.7% to 11.5%. Refer to note 7 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 and working capital balances.

On 2 July 2013, the UK Government announced its intention to reduce the main corporation tax rate by a further 1% to 20% from 1 April 2015. The reduction to 20% from 1 April 2015 is reflected in the fair value of the investments.

Loans and borrowings are held at amortised cost. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

Notes to the condensed set of financial statements continued

period from incorporation on 12 December 2013 to 30 September 2014

2. Significant accounting policies continued

(h) Segmental reporting

The Directors and the Investment Adviser are 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. As a result, the Company presents the business as a single segment comprising a homogeneous portfolio.

(i) Statement of compliance

Pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 the Company is a registered Closed-Ended Investment Scheme. As an authorised scheme, the Company is subject to certain ongoing obligations to the Guernsey Financial Services Commission.

3. Operating expenses

	Period ended 30 September 2014 £'000s
Investment advisory fees	815
Directors' fees and expenses	153
Administration fee	42
Other expenses	327
	1,337

4. 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 liabilities / assets within the subsidiaries and Environmental and PPP 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.

5. Dividends

An interim dividend for the period ended 30 September 2014 of 3.0 pence per share, amounting to £4.8 million, was approved by the Board in November 2014 and is payable in December 2014. The dividend has not been included as a liability at 30 September 2014.

6. Earnings Per Share

The calculation of the basic and diluted Earnings Per Share is based on the following data:

	Period ended 30 September 2014 £'000s
Earnings	
Earnings for the purposes of basic and diluted Earnings Per Share being net profit attributable to owners of the Company	4,565
Number of shares	
Weighted average number of Ordinary Shares for the purposes of basic and diluted Earnings Per Share	160,000,000

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

	Pence
Basic and diluted Earnings Per Share	2.85

7. Investments at fair value through profit or loss

As set out in note 1, the Company accounts for its interest in its 100% subsidiary JLEAG UK as an investment at fair value through profit or loss. JLEAG UK in turn owns investments in environmental and PPP projects as detailed in note 13.

The table below shows the movement in the Company's investment in JLEAG UK in the period as recorded on the Company balance sheet:

	30 September 2014 £'000s
Opening balance at incorporation	—
Debt investments	90,000
Equity investments	66,870
Movement in fair value*	1,841
Fair value at 30 September 2014	158,711

*Net gain on investments at fair value through profit or loss for the period ended 30 September 2014 is £1,841,000.

7. 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 and PPP assets. These assets are held either by JLEAG UK or through other intermediate holding companies. The table below also presents a reconciliation of the fair value of the asset portfolio to the Company balance sheet as at 30 September 2014, by incorporating the fair value of these intermediate holding companies.

	30 September 2014 £'000s
Opening balance at incorporation	—
Portfolio of assets acquired	156,367
Dividends received from portfolio assets	(575)
Interest received from portfolio assets	(3,341)
Loans and equity repayments received from portfolio assets	(3,633)
Movement in accrued interest	73
Growth in value from portfolio assets	5,899
Fair value of portfolio of assets at 30 September 2014	**154,790**
Cash held in intermediate holding companies	3,545
Fair value of other net assets in intermediate holding companies	376
Fair value of Company's investment in JLEAG UK at 30 September 2014	**158,711**

Fair value of portfolio of assets

The Investment Adviser has carried out fair market valuations of the investments as at 30 September 2014. The Directors have satisfied themselves as to the methodology used, the discount rates applied and the valuation. Investments are all investments in environmental and PPP projects and are valued using a discounted cash flow methodology. The Company's holding of an investment represents its interest in both the equity and debt instruments of the investment. The equity and debt instruments are valued as a whole using a blended discount rate and the value attributed to the equity instruments represents the fair value of future dividends and equity redemptions in addition to any value enhancements arising from the timing of loan principal and interest receipts from the debt instruments, while the value attributed to the debt instruments represents the principal outstanding and interest due on the loan at the valuation date.

The valuation techniques and methodologies have been applied consistently with the valuation performed for the purposes of the Prospectus for the IPO.

Discount rates applied to the portfolio of assets range from 7.7% to 11.5% (weighted average 9.2%) (at IPO on 31 March 2014: from 7.7% to 12.2% – weighted average 9.5%).

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

	30 September 2014
UK – Inflation rates	**2.75%***
UK – Deposit interest rates	**0.75% for 2014, gradually rising to 3.5% from 2019***

*Unchanged from IPO assumptions.

The long term UK corporation tax rate assumed in the 30 September 2014 Portfolio Valuation is 20%, in line with the rate enacted by legislation and with market practice.

Fair value of intermediate holding companies

The assets in the intermediate holding companies substantially comprise working capital and cash balances, therefore the Directors consider the fair value to be equal to the book values.

8. Loans and borrowings

At 30 September 2014, there were no outstanding loans and borrowings within the Company.

9. Equity reserves

	30 September 2014 £'000s
Opening balance on incorporation	–
Shares issued in the period (160,000,000 shares @ £1 per share)	160,000
Expenses of issue of equity shares	(2,648)
At 30 September 2014	**157,352**

At 30 September 2014, the Company's share capital is composed of 160,000,000 Ordinary Shares of £1.00 each.

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

10. 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 not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below. This note also details the terms of engagement by the Company with John Laing Capital Management Limited (JLCM) as Investment Adviser together with the details of investment acquisitions from John Laing plc, of which JLCM is a wholly owned subsidiary.

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* of the Fund** 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.

10. Transactions with Investment Adviser and other related parties continued

The total Investment Adviser fee charged to the income statement for the period to 30 September 2014 was £815,000 of which £410,000 remained payable at the period end.

*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.

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

As part of the Initial Public Offering in March 2014, John Laing Investments Limited, 100% subsidiary of John Laing plc subscribed 63,496,731 shares (39.69% of the Company's total shares issued). There have been no further transactions with John Laing Investments Limited post IPO.

Of the initial Portfolio, six assets were acquired from John Laing Investments Limited, wholly owned subsidiary of John Laing plc.

Prior to the Company's listing, Laing Investments Management Services Limited, 100% subsidiary of John Laing plc, funded £0.4 million of issue costs which were subsequently reimbursed by the Company to Laing Investments Management Services.

The Directors of the Company, who are considered to be key management, received fees for their services during the period of £150,000 and were paid £2,546 of expenses.

As part of the Initial Public Offering in March 2014, the Directors subscribed for and were issued with the following number of Ordinary Shares.

	Number of shares	Consideration
Richard Morse	50,000	£50,000
Richard Ramsay	45,000	£45,000
Christopher Legge	25,000	£25,000
Denise Mileham	20,000	£20,000
Peter Neville	25,000	£25,000

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

11. Financial instruments

Financial instruments by category

The Company held the following financial instruments at fair value at 30 September 2014. There have been no transfers of financial instruments between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

	30 September 2014				
	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
Non-current assets					
Investments at fair value through profit or loss (Level 3)	–	–	158,711	–	158,711
Current assets					
Trade and other receivables	–	8	–	–	8
Cash and cash equivalents	3,814	–	–	–	3,814
Total financial assets	3,814	8	158,711	–	162,533
Current liabilities					
Trade and other payables	–	–	–	(616)	(616)
Total financial liabilities	–	–	–	(616)	(616)
Net financial instruments	**3,814**	**8**	**158,711**	**(616)**	**161,917**

The above table 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 Level 1 assets or liabilities during the period. There were no transfers between Level 1 and 2, Level 1 and 3 or Level 2 and 3 during the period.

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

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

An analysis of the movement between opening to closing balances of the investments at fair value through profit or loss is given in note 7.

The fair value of the investments at fair value through profit or loss includes the use of Level 3 inputs. Please refer to note 7 for details on the valuation methodology.

11. Financial instruments continued

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

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.

An increase of 0.5% in the discount rate would cause a decrease in fair value of the investments of £5.7 million and a decrease of 0.5% in the discount rate would cause an increase in fair value of the investments of £6.1 million.

The sensitivity of the investments to movement in inflation rates is as follows:

A decrease of 0.5% in inflation rates would cause a decrease in the fair value of the investments of £6.4 million and an increase of 0.5% in inflation rates would cause an increase in the fair value of the investments of £6.0 million.

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

- the fair value of the investments is based on a "P50" level of power output being the expected level of generation over the long term. An assumed "P90" level of power output (i.e. a level of generation that is below the "P50", with a 90% probability of being exceeded) would cause a decrease in the fair value of the investments of £13.4 million and an assumed "P10" level of power output (i.e. a level of generation that is above the "P50", with a 10% probability of being achieved) would cause an increase in the fair value of the investments of £12.7 million.

- a decrease of 10% in power price would cause a decrease in fair value of the investments of £5.1 million and an increase of 10% in power price would cause an increase in the fair value of the investments of £4.5 million.

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

The Directors consider that the carrying value amounts of financial assets and financial liabilities recorded at amortised cost in the financial statement 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 stakeholders through the optimisation of the debt and equity balances. The capital structure of the Group principally consists of equity, recourse and non-recourse debt, 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 the balance sheet date, the Company had no outstanding debt, however as set out in note 14, the Company's subsidiary JLEAG UK raised a Revolving Credit Facility in October 2014.

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 power 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 its recourse subsidiaries, financial risks are managed by the investment advisers who operate within the Board approved policies. For the non-recourse 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:

Financial risk management – Company only

The Company accounts for its investments in it 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 condensed statement of changes in equity). As at 30 September 2014 the Company had no recourse debt.

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.

Market risk – foreign currency exchange rate risk

As at 30 September 2014 the Company has only invested in UK projects denominated in pound sterling.

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 to 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.

11. Financial instruments continued

Financial risk management – Company and non-consolidated subsidiaries continued

Market risk – interest rate risk

Interest rate risk arises in the Company's subsidiaries on the 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 Credit Facility. This may involve the use of interest rate derivatives and similar derivative instruments.

Each asset 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 – power 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 environmental projects benefit from fixed prices, others have revenue which is in part based on wholesale power 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 – power generation risk

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

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 asset investments receive regular, long term, partly or wholly index-linked revenue from government departments, public sector, local authority 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 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 Group.

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

12. Guarantees and other commitments

As at 30 September 2014 the Company had no commitments.

13. 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):

Name	Category	Place of business	Ownership interest	Voting rights
John Laing Environmental Assets Group (UK) Limited	Intermediate Holdings	UK	100%	100%
HWT Limited	Intermediate Holdings	UK	100%	100%
ELWA Holdings Limited	Operating Subsidiary	UK	80%	80%
ELWA Limited*	Operating Subsidiary	UK	80%	81%
Amber Solar Parks (Holdings) Limited	Operating Subsidiary	UK	100%	100%
Amber Solar Park Limited	Operating Subsidiary	UK	100%	100%
Bilsthorpe Wind Farm Holdings Limited	Operating Subsidiary	UK	100%	100%
Bilsthorpe Wind Farm Limited	Operating Subsidiary	UK	100%	100%
Ferndale Wind Limited	Operating Subsidiary	UK	100%	100%
Castle Pill Wind Limited	Operating Subsidiary	UK	100%	100%
Wind Assets LLP	Operating Subsidiary	UK	100%	100%
Shanks Dumfries and Galloway Holdings Limited	Operating Subsidiary	UK	80%	80%
Shanks Dumfries and Galloway Limited	Operating Subsidiary	UK	80%	80%
JL Hall Farm Holdings Limited	Operating Subsidiary	UK	100%	100%
Hall Farm Wind Farm Limited	Operating Subsidiary	UK	100%	100%

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

14. Events after balance sheet date

On 9 October, the Company's immediate subsidiary, John Laing Environmental Assets Group (UK) Limited entered into a three-year Revolving Credit Facility of £50 million with HSBC and NIBC. This facility will be used to make acquisitions of environmental infrastructure projects and to cover working capital requirements. The facility margin is 250bps over LIBOR.

Directors and advisers

Directors

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

Administrator to Company, Company Secretary and Registered Office

Praxis Fund Services Limited
Sarnia House
Le Truchot
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Channel Islands

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HSBC
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St Peter Port
Guernsey GY1 3AT
Channel Islands

Defined terms

Amber
Means the Amber Solar Parks project

Bilsthorpe
Means the Bilsthorpe Wind Farm project

Castle Pill & Ferndale
Means the Castle Pill and Ferndale Wind Farm project

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

Dumfries & Galloway
Means the Dumfries and Galloway waste treatment and processing project

ELWA
Means the East London Waste Authority waste treatment and processing project

EPS
Means Earnings Per Share

EU
Means European Union

First Offer Agreement
Means the First Offer Agreement between the Company and John Laing plc

FIT CfD
Means Feed-in Tariff Contracts for Difference

Gross Project Value
Means 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
Means John Laing Environmental Assets Group Limited and its intermediate holding companies JLEAG(UK) and HWT

GWh
Means Gigawatt hour

Hall Farm
Means the Hall Farm Wind farm project

HWT
Means HWT Limited

Investment Adviser or JLCM
Means John Laing Capital Management Limited

IPO
Means Initial Public Offering

IRR
Means internal rate of return

JLEAG (UK)
Means John Laing Environmental Assets Group (UK) Limited

LECs
Means Levy Exemption Certificates

MBT
Means Mechanical Biological Treatment

MWh
Means Megawatt hour

NAV
Means the Net Asset Value

Portfolio
Means the seven assets in which JLEN had a shareholding as at 30 September 2014

Portfolio Valuation
Means the sum of all of the individual assets' net present values

PPAs
Means power purchase agreements

PPP/PFI
Means the Public Private Partnership procurement model

PBT
Means profit before tax

PV
Means photovoltaic

ROCs
Means Renewables Obligation Certificates

Tay
Means the Tay wastewater treatment and processing project

UK
Means the United Kingdom of Great Britain and Northern Ireland

WADR
Means weighted average discount rate

Cautionary statement

Pages 1 to 12 of this report, including the 'Overview', 'At a glance', and 'Investment Portfolio' sections, the Chairman's statement and the Investment Adviser's report (together the ('Review Section') has been prepared solely to provide additional information to shareholders to assess JLEN's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

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

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

These forward-looking statements reflect current expectations regarding future events and performance and speak only as at the date of this report. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Forward-looking statements are not guarantees of future performance or results and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. The Company's actual investment performance, results of operations, financial condition, liquidity, prospects, opportunities, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward looking statements contained in this report.

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

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

This Interim 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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