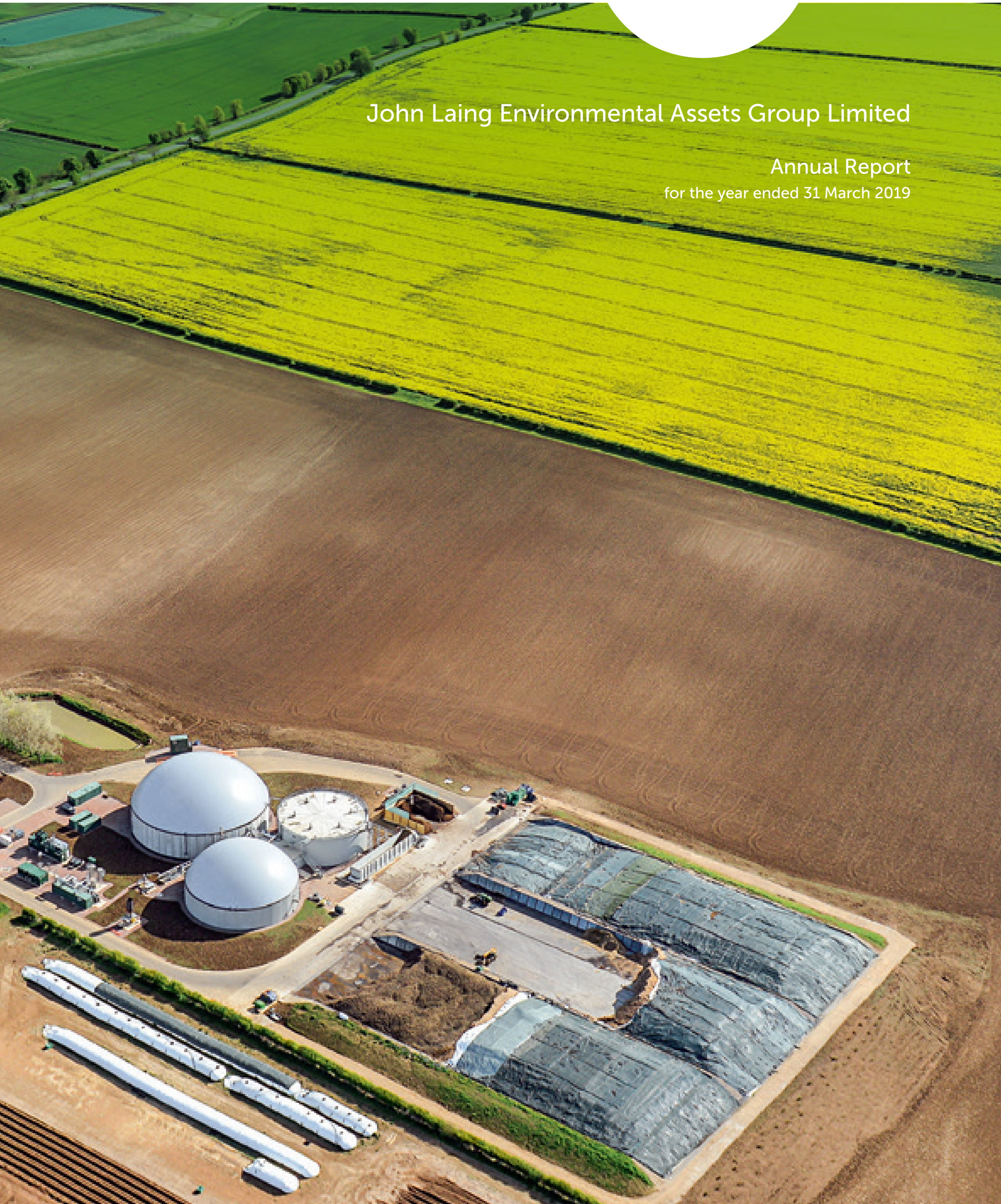
JLEN



John Laing Environmental Assets Group Limited

Annual Report

for the year ended 31 March 2019

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WWW.JLEN.COM

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 2019, the portfolio included onshore wind, PV solar, anaerobic digestion, waste and wastewater processing projects in the UK and two onshore wind projects in France. The wind, solar and anaerobic digestion projects are supported by the UK's and France's commitment to low-carbon energy generation targets whilst the waste and wastewater processing projects benefit from long-term contracts backed by the UK Government.

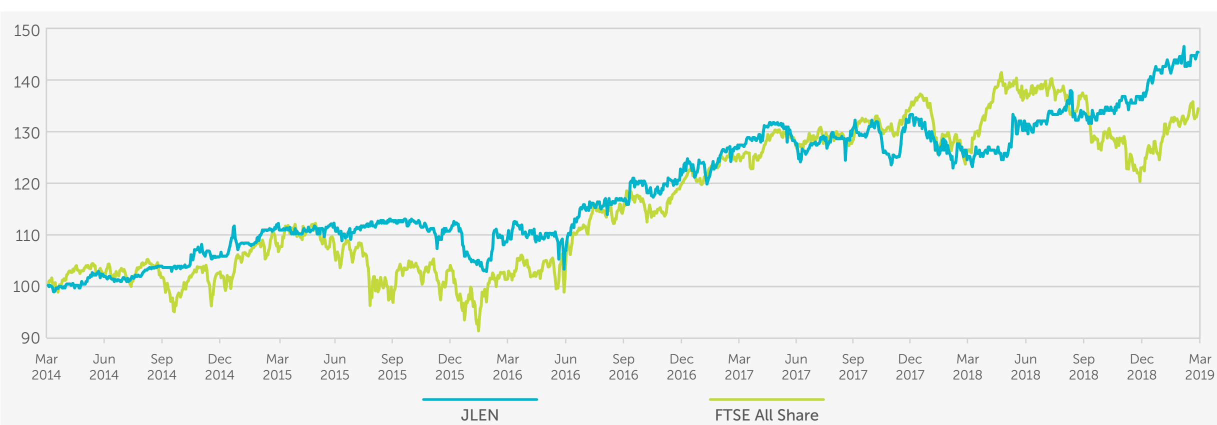
Wind

Solar

Anaerobic digestion

Waste & wastewater

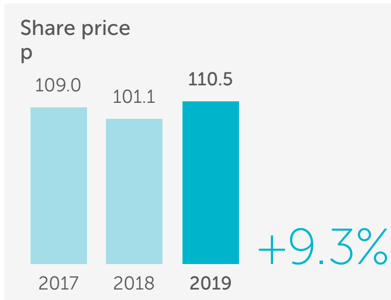
Total shareholder return since launch

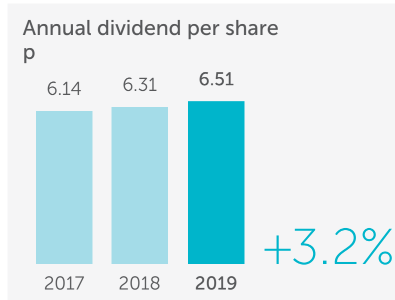


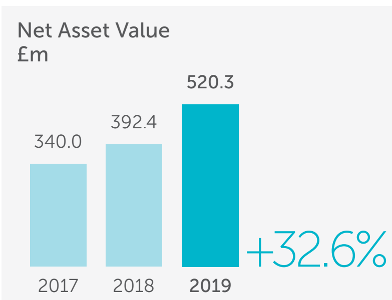
Source: Morningstar

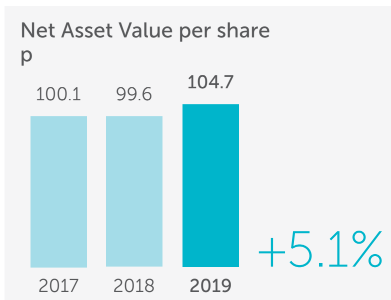
AT A GLANCE AT 31 MARCH 2019

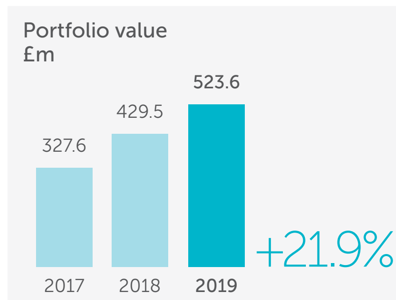
Our results for the full year ending 31 March 2019.











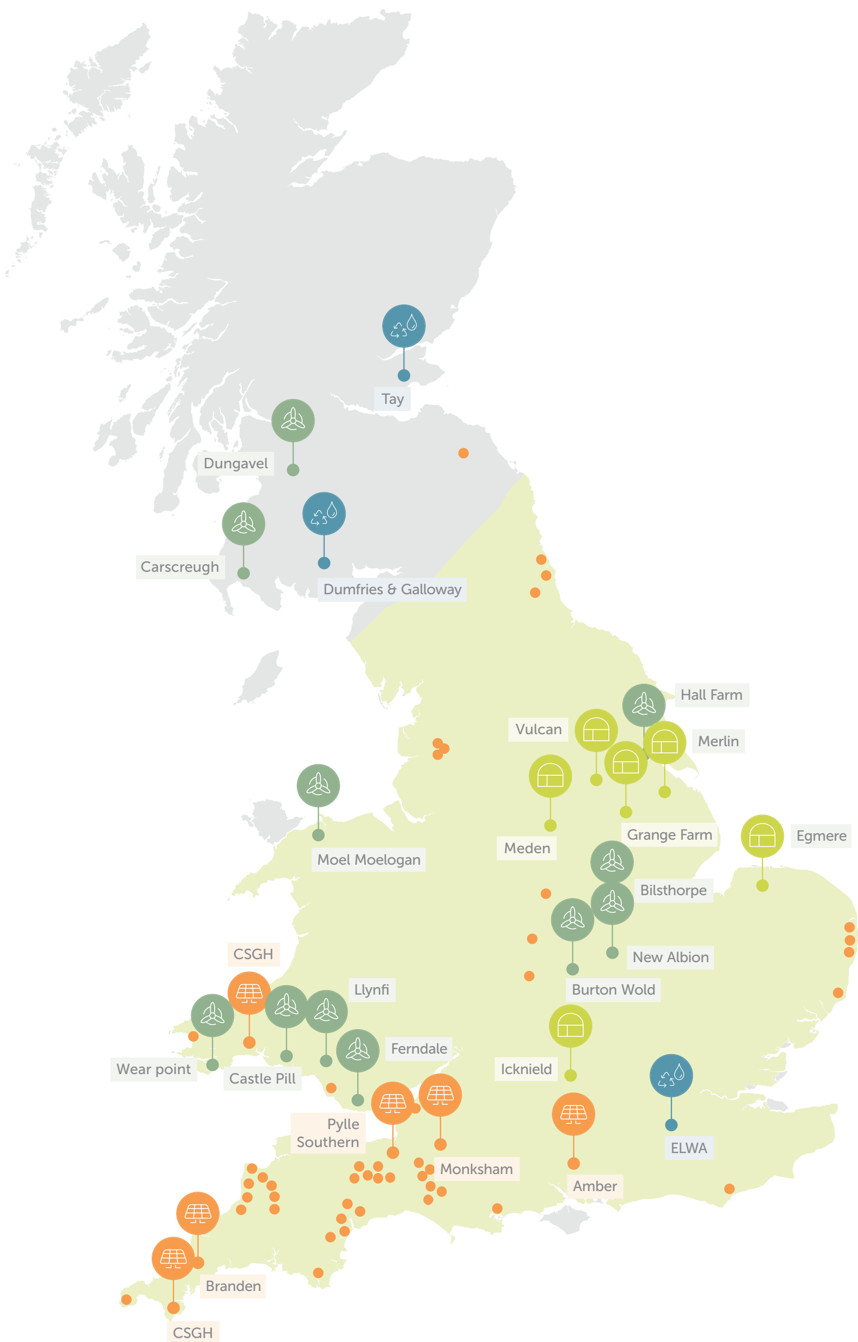
Highlights

- Dividend of 6.51 pence per share declared for the year to 31 March 2019 (2018: 6.31 pence per share). Dividend cover of 1.2x
- NAV per share 104.7 pence from 99.6 pence at 31 March 2018; increase due to value enhancements, including a successful refinancing of a portfolio of wind and solar assets and the ongoing review of potential asset life extensions where supported by existing land rights
- Profit before tax for the year of £53.4 million (2018: £21.1 million)
- Share price total return since IPO of 45.5% (7.8% annualised)
- Raised £105 million of equity capital via placings during the year
- Positive performance from growing anaerobic digestion segment and solar PV assets, offset by onshore wind below budget due to poor wind conditions
- Four acquisitions completed during the year for a total consideration of £70.3 million, giving a total of 28 assets
- £40 million increase of the revolving credit facility to £170 million, and one-year extension, now expiring in June 2022
- Refinancing of a 180MW combined portfolio of wind and solar assets with improved terms
- Strong pipeline of assets for further growth, both under First Offer Agreement with John Laing and from third parties

PORTFOLIO AT A GLANCE

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

Assets by location



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

PORTFOLIO AT A GLANCE continued

Wind

Bilsthorpe 100%

10.2MW 1.0 ROC wind farm. Five MM82 Senvion turbines.

Burton Wold Extension 100%

14.4MW 0.9 ROC wind farm. Nine General Electric 1.6MW-100 turbines.

Carscreugh 100%

15.3MW 0.9 ROC wind farm. 18 Gamesa G52 turbines.

Castle Pill 100%

3.2MW 1.0 ROC wind farm. Three 900kW EWT and one 0.5MW Nordtank turbines.

Dungavel 100%

26MW 0.9 ROC wind farm. 13 Vestas 2MW V80 turbines.

Ferndale 100%

6.4MW 1.0 ROC wind farm. Eight 800kW Enercon turbines.

Hall Farm 100%

24.6MW 1.0 ROC wind farm. 18 MM82 Senvion turbines.

Le Placis Vert 100%

4MW FiT accredited wind farm. Five Enercon E-53 turbines.

Llynfi Afan 100%

24MW 0.9 ROC wind farm. 12 Gamesa 2MW G80 turbines.

Moel Moelogan 100%

14.3MW wind farm. Nine Siemens SWT-62-1.3MW and two Bonus-1.3MW turbines. 1.0 ROC on both turbine types.

New Albion 100%

14.4MW 0.9 ROC wind farm. Seven MM92 Senvion turbines.

Plouguernével 100%

4MW FiT accredited wind farm. Five Enercon E-53 turbines.

Wear Point 100%

8.2MW 0.9 ROC wind farm. Four Senvion MM82 turbines.

13
assets

169.0
MW

Solar

Amber 100%

9.8MW comprising two separate sites: Five Oaks (4.8MW) and Fryingdown (5MW). Both accredited under the pre-August 2011 UK Feed-in Tariff ("FiT") regime.

Branden 100%

14.7MW comprising two separate sites: Luxulyan & Tredinnick (8.9MW) and Victoria (5.8MW), both accredited for two ROCs.

CSGH 100%

33.5MW combined capacity comprising four sites: Higher Tregarne (4.9MW) accredited for 1.6 ROCs, Crug Mawr (7.5MW), Golden Hill (6.3MW) and Shoals Hook (14.8MW) accredited for 1.4 ROCs.

Monksham 100%

Total generating capacity of 10.7MW. Accredited for 1.6 ROCs.

Panther – small-scale solar portfolio 100%

6.5MW portfolio of 1,099 systems of domestic rooftop, commercial rooftop and ground mount solar installations, distributed across England, Scotland and Wales. Accredited under the UK FiT regime.

Pylle Southern 100%

Total generating capacity of 5MW. Accredited under the UK FiT regime.

6
assets

80.2
MW

Anaerobic digestion

Biogas Meden	100%
Biogas-to-grid anaerobic digestion plant. Accredited under both the Renewable Heat Incentive ("RHI") and FiT, c.5MW_{th} and 0.4MW_e.	
Egmere Energy	100%
Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.5MW_{th} and 0.5MW_e.	
Grange Farm	100%
Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.5MW_{th} and 0.5MW_e.	
Icknield Farm[1]	53%
Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.5MW_{th} and 0.4MW_e.	
Merlin Renewables	100%
Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.5MW_{th} and 0.5MW_e.	
Vulcan Renewables	100%
Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.5MW_{th} and 0.5MW_e.	

6
assets

30.0
MW

Waste & wastewater

Dumfries & Galloway ("D&G")	80%
The D&G project treats and disposes of 65,000 tonnes of waste each year 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.	

3
assets

(1) JLEN also provides a senior secured loan facility to the project.

FUND OBJECTIVES

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

STRATEGIC OBJECTIVES	KPIs
Predictable income growth for shareholders Provide investors with a dividend of 6.51p per share for the year to 31 March 2019, thereafter increasing progressively in line with inflation.	**+2.30%** proposed dividend increase for next year • 6.51p dividend for year • Payments from 1 April 2018 uplifted for inflation • Target dividend for the next financial year 6.66p(1) (+2.30%)
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.	**+5.1%** Net Asset Value per share increase • NAV per share 104.7p, up from 99.6p at 31 March 2018 • Portfolio value £523.6m, up 22% from £429.5m at 31 March 2018 • Main growth drivers include portfolio refinancing gains and asset life extensions
Investment, growth and diversification To invest in operational environmental infrastructure projects in OECD countries with established technologies, 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.	**28** project investments • Predominantly UK portfolio balanced by sector: 43% wind, 25% solar, 21% AD, 11% waste & wastewater • 28 project investments • Largest individual asset 9% (limit 25%) • Revenue mix: 35% merchant power, 55% green benefits, 10% PFI

Underpinned by:
ESG read more on pages 59 to 71 **and corporate governance** read more on pages 72 to 95.

	PRINCIPAL RISKS for details see pages 52 to 58
6.51p dividend declared for year to 31 March 2019 **6.66p** dividend target for year to 31 March 2020	• Volume of resource • Power prices • Inflation • Changes in the legislative and regulatory framework that affect renewables and PPP projects • Operational risks in the portfolio
£520.3m Net Asset Value **104.7p** Net Asset Value per share	• Valuation risks (volume/energy prices/inflation/feedstock costs/operational performance) • Lack of future pipeline and/or funding • Increased competition • Changes in the legislative and regulatory framework that affect renewables and PPP projects
£523.6m portfolio value **279.2MW** total diversified capacity	• 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 original 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 passed the milestones of £500 million portfolio value and market capitalisation during the year and has consolidated its position as an attractive, low-risk, diversified environmental infrastructure investment, paying a consistent and growing dividend to investors.

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 2019.

Results

The Company has consolidated its position as an attractive, low-risk, diversified environmental infrastructure investment, paying a consistent and growing dividend to investors. During the year, the Company passed linked milestones of £500 million portfolio value and £500 million market capitalisation, thereby creating increasing opportunities for operating and financing efficiencies within our diversified portfolio of operating assets, as well as making JLEN more appealing to a wider range of investors and triggering a step-down in the level of investment advisory fees paid.

The Board continues to believe that the Company's diversified mandate creates opportunities for higher return investments than are currently available from the more established wind and solar markets. The Company is well-placed to continue to make progress in building a resilient portfolio, and then operating and financing it in the most efficient way.

Acquisitions during the year were all focused in the crop-fed, gas-to-grid anaerobic digestion ("AD") market, where the Company successfully anticipated a pipeline of opportunity with less competition than for wind and solar assets. Four plants were purchased, with a combined generating capacity of $20MW_{th}$ for c.£70 million.

Timeline

May 18

- Announced target dividend of 6.51 pence for 2018/19, increased by inflation from 6.31 pence for 2017/18

June 18

- Committed to invest a further c.£8.5 million into the Vulcan Renewables AD plant to significantly expand the plant's biomethane and generating capacity
- JLEN Capital Markets Day: Focus on Anaerobic Digestion
- Paid a dividend of 1.5775 pence per share (relating to the three-month period ended 31 March 2018)

July 18

- Completed the acquisition of two anaerobic digestion plants for a total consideration of c.£36 million, the Egmere Energy AD plant and the Grange Farm Energy AD plant

August 18

- JLEN Annual General Meeting
- Completed the acquisition of an anaerobic digestion asset, Merlin Renewables Limited, for a total consideration, including working capital, of c.£18.1 million

In addition, the Company has committed to the upgrade of the Vulcan AD project, our first significant construction project, for a further £8.5 million and made a follow-on investment into the Icknield AD plant for £1 million. The Investment Adviser continues to be active prospecting for opportunities and further acquisitions are expected.

As a result, at the year end, JLEN has a diversified portfolio of 28 operational solar, onshore wind, waste & wastewater and anaerobic digestion projects based in the UK and France, representing a total of 279.2MW, which are substantially backed by long-term contracts or stable regulatory-backed subsidy arrangements.

The Net Asset Value ("NAV") per share at 31 March 2019 was 104.7 pence, compared with 99.6 pence at 31 March 2018. One driver of NAV growth has been the recognition of life extensions on certain wind and solar projects. The Board has followed a prudent policy of only recognising life extensions on projects where the Company has land rights that permit an additional period of operations and where the Board is not aware of any other obstacle that would prevent that longer running. Other drivers of growth include the refinancing of UK wind and solar assets at improved terms and recognition of sustained out-performance at the Icknield AD plant.

September 18

- Paid a dividend of 1.6275 pence per share (relating to the three-month period ended 30 June 2018)

October 18

- Raised gross proceeds of £105 million through the issue of 102.9 million new ordinary shares

December 18

- Paid a dividend of 1.6275 pence per share (relating to the three-month period ended 30 September 2018)
- Completed the acquisition of an anaerobic digestion asset, Biogas Meden Limited, for a total consideration, including working capital, of c.£16.2 million
- Purchased an additional 12.6% equity stake in the Icknield AD Project

March 19

- Paid a dividend of 1.6275 pence per share (relating to the three-month period ended 31 December 2018)
- Completed the refinancing of UK wind and solar assets

Results continued

The key negative factor affecting the year-end NAV has been Ofgem's Targeted Charging Review ("TCR") that aims to change the way in which the costs of the electricity network are shared between consumers and different types of generators. TCR is still the subject of consultation, but it seems prudent to assume that distribution grid-connected wind and solar generators will lose some "embedded benefits" revenues they currently enjoy by virtue of their position on the network and may also incur some additional costs. Our assumptions have reduced NAV by 1.7 pence per share. The AD assets, the environmental processing assets and the overseas wind assets, making up 33% of the portfolio, are unaffected.

Profit after tax for the year was £53.4 million (2018: £21.1 million) resulting in earnings per share of 12.2 pence (2018: 5.7 pence). Removing unrealised movements on investments at fair value, the adjusted PBT is £25.5 million (2018: £24.0 million), equivalent to 5.8 pence per share (2018: 6.5 pence).

Cash received from the portfolio assets by way of distributions, which includes interest, loan repayments and dividends, was £43.6 million during the year. After operating and finance costs, cash flow from operations of the Company of £35.6 million covered the cash dividends paid during the year of 6.46 pence per share by 1.2x and the declared interim dividends applicable to the year of 6.51 pence per share 1.2x, covered in more detail below.

Dividends

The Company has delivered consistent financial performance during the year, with a reported dividend cover of 1.2x. This is the same as the previous year and has been achieved while growing the dividend in line with inflation and without the Company issuing scrip in place of cash dividends.

During the year, the Company paid a final dividend for the period ended 31 March 2018 of 1.5775 pence per share (£6.2 million). Interim dividends of 1.6275 pence per share were paid in September 2018 (£6.4 million), of 1.6275 pence per share in December 2018 (£8.1 million) and of 1.6275 pence per share in March 2019 (£8.1 million).

The Board is pleased to confirm the quarterly dividend in respect of the quarter to 31 March 2019 of 1.6275 pence per share, which was approved on 30 May 2019 and will be paid on 28 June 2019, bringing the total to the target of 6.51 pence per share for the full year.

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. The Company is targeting a full-year dividend for the year ending 31 March 2020 of 6.66 pence per share[1]. This broadly reflects the increase in inflation over the year and demonstrates the Directors' confidence in the robustness of the financial performance associated with the underlying project portfolio.

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

Portfolio performance

During the year, overall generation from the renewable energy portfolio was 3.9% below budget including assets purchased during the year.

Electricity generation from the wind assets (which represent 43% of the portfolio) was 9.2% below budget, primarily due to unusually low average wind speeds in the year, particularly during the summer months. Operational availability was in line with budget, with the exception of the four wind farms in the portfolio where operations and maintenance are carried out under contract with the wind turbine manufacturer Senvion. These suffered some prolonged outages, leading to a deterioration in previously good levels of availability, which we consider likely to be connected with the Senvion group's efforts to carry out a financial restructuring that has included a period of self-administration under German insolvency law. Excluding the Senvion sites from the generation figures, negative variance from budget was 7%. The Investment Adviser is monitoring the situation closely and continues to keep the Board informed of developments with the Senvion assets.

The Board has recognised life extensions for a number of wind farms where the relevant project company has sufficient land rights to permit the additional period of operations. The Investment Adviser continues to explore life extension options on the remaining unextended assets. Further turbine optimisation packages have been agreed on a number of wind farms, following the successful implementation over the year on the Dungavel wind farm, and the Investment Adviser is exploring a number of site-specific value enhancement opportunities that the Board anticipates will come through to the NAV in future periods, including private wires and improved monitoring and automation.

Electricity generation from the solar assets (which represent 25% of the portfolio) was 1.6% above budget, driven by high solar irradiation throughout the year and particularly over the summer months. The majority of the solar portfolio performed satisfactorily during the year, but the Branden asset experienced outages associated with transformer and switchgear faults and a small fire at an inverter station. Excluding Branden from the generation figures, the solar portfolio would be 3.1% over budget on generation whilst being 6.1% over forecast on irradiation, with the discrepancy due primarily to high temperatures and distribution network operator ("DNO") outages at the Welsh sites. We expect insurance to cover fire damage and to mitigate the lost revenues at Branden. The Investment Adviser is focused on understanding root causes of sub-optimal performance within the solar portfolio using a testing regime that includes thermography and panel sampling. As with the wind portfolio, the Board has recognised life extensions on some solar parks where the project company's land rights permit.

Gas generation from the AD portfolio (which represents 21% of the portfolio) was 3.7% above budget on a MWh basis. The Icknield plant has performed very strongly during the year, and Vulcan has also performed well, which is particularly pleasing given the major upgrade works that are going on in parallel with day-to-day operations. The newest plant to the portfolio, Biogas Meden, experienced some unplanned downtime relating to the gas upgrader following acquisition, but this has now been resolved and recent performance has been promising. The other plants in the portfolio have been broadly in line with budget.

The Vulcan upgrade to double the capacity of the plant remains broadly on track for operational commencement late in 2019. Other value enhancements pursued during the year include the improved pricing for "green gas" certificates and improved terms on gas purchase agreements also benefiting from effective winter-hedging strategy. Retrofitting of equipment to improve the biogas yield extraction from feedstock on a trial basis will also be rolled out to the rest of the portfolio to gain further value enhancements. The Investment Adviser is also considering initiatives to increase the resilience of the portfolio to risks around feedstock, including strategically located feedstock storage hubs to allow greater flexibility on feedstock sourcing and storage improvements. The Board remains encouraged by the potential in the AD portfolio.

Portfolio performance continued

The results from our renewable energy assets are dependent in part on the level of energy prices. Market prices increased materially during the year, being at their peak in the last quarter of 2018, before coming off the peak in the first quarter of 2019. JLEN was able to fix prices into this market strength for the current summer 2019 season and generally the valuation has reflected an increase in near-term electricity price expectations partially offset by a decline in mid to long-term forecasts. Compared to the assumptions used in the valuation at 31 March 2018, on a time-weighted average basis, the net increase in the electricity price assumptions is approximately 6.7% over a 25-year period (being a simple average decrease over 25 years of approximately 1.9% offset by an increase in market forward prices (gross of any discounts under PPAs) over the next two years of 17.5%). The overall change in forecasts for future electricity prices compared to forecasts at 31 March 2018 has increased the valuation of the portfolio by £2.1 million.

The PFI-backed waste & wastewater assets now represent only 11% of the portfolio. ELWA waste and Tay wastewater have both performed well operationally, with financial distributions ahead of budget. ELWA waste tonnages continue comfortably to exceed budget and while the operator has reported some Brexit-related issues with disposing of the project's residual refuse-derived fuel to European counterparties, this remains the operator's risk. The insurance market for waste assets is thin and this has led to some issues in placing cover, which the Investment Adviser is following closely. Tay has experienced another year of relatively low wastewater flows but once again has been able to exercise control over elements of its costs which has kept performance on track.

The Dumfries and Galloway project has now been terminated and the Company expects to receive proceeds from the winding up of the project company, an improvement on the position at the last year end. The Board expects Dumfries and Galloway to be removed from the portfolio during the course of the year ahead.

Investment performance

Over the 12-month period to 31 March 2019, shareholders have seen a share price total return of 16.3%, whilst over the same period the NAV total return per share was 11.6%. The listed renewable infrastructure sector has generally been in favour with investors during the year, resulting in all the established funds, including JLEN, experiencing higher premiums to NAV.

Operations

The Investment Adviser's asset management team have delivered a number of value-enhancing initiatives during the year, and work continues on further plans that the Board expects to contribute positively in the years ahead. The biggest initiatives were the life extension programme and the refinancing of wind and solar assets; together these delivered an additional £16.9 million of value compared to the previous year. Also significant was the outturn result of the wind portfolio management services retendering in November 2018, which delivered £2.0 million compared to the previous year, and the progress made in capturing additional revenues from REGOs and green gas certificates (£2.7 million).

Acquisitions

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

- Egmere Energy Limited – 5MW_{th} & 0.5MW_e
- Grange Farm Energy Limited – 5MW_{th} & 0.5MW_e
- Merlin Renewables Limited – 5MW_{th} & 0.5MW_e
- Biogas Meden Ltd – 5MW_{th} & 0.4MW_e
- Icknield Farm – increased equity stake to 52.6%

These acquisitions bring the total capacity of the renewable energy assets in the JLEN portfolio to 279.2MW. The Directors are particularly pleased to see the continued investment into the anaerobic digestion sector. These assets have established operating track records and a high proportion of RPI-linked revenues, combined with attractive risk-adjusted returns.

Debt facilities

In June 2017, the Fund signed a new replacement three-year loan agreement with HSBC, NIBC, ING and Santander which provides for a committed revolving credit facility ("RCF") of £130 million (of which £16.7 million has been drawn at 31 March 2019), and for an uncommitted "accordion" facility of up to £60 million. In June 2018, the facility was extended for a further year until June 2021. In May 2019, the Fund extended the facility for a further year to June 2022 and committed to the accordion facility for up to £40 million.

This gives JLEN an increased source of flexible funding outside of equity raisings at a lower cost. The facility is periodically paid down from the proceeds of equity issuance which then allows JLEN to make new investments with the certainty of funding and on a timely basis, reducing the performance drag associated with holding excess cash.

Share capital

In October 2018, JLEN successfully raised £105 million via a combined Placing, Offer for Subscription and Intermediaries Offer utilising the Issuance Programme put in place in February 2018. This was at a price of 102 pence per share, a 2.4% premium to NAV, against a target of £50 million. The capital-raising was very substantially over-subscribed, and part of that excess demand was met by the John Laing Pension Trust agreeing to make £20 million of shares available. The capital-raising enabled JLEN to repay in full its drawings under its RCF at that time.

In March 2019, the John Laing Pension Trust sold its entire remaining stake of c.22 million shares in the Company by way of a secondary market book-build led by the Company's brokers. This process also revealed strong interest in the market for the Company's shares and the Board believes that the Company continues to be an attractive proposition for income-seeking investors wishing to be exposed to a diversified portfolio of environmental infrastructure assets.

Valuation

The Net Asset Value at 31 March 2019 is £520.3 million, comprising £523.6 million portfolio valuation, £11.4 million of cash held by the Group, less £16.7 million drawn on the Company's (immediate subsidiary's) revolving credit facility, together with positive working capital balances of £2.0 million.

The Investment Adviser has prepared a fair market valuation of the portfolio as at 31 March 2019. 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.

Valuation continued

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 £523.6 million for the portfolio of 28 investments as at 31 March 2019. This equates to a Net Asset Value of 104.7 pence per share.

Risks and uncertainties

While it is the Investment Adviser that 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, regularly 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 last published Prospectus in February 2018. The Prospectus is available on JLEN's website, and a summary of the principal risks and uncertainties is included on pages 54 to 58 of the strategic report. The Directors do not consider that Brexit represents a significant risk for the Fund, as more than 99% of the portfolio by value is located in Great Britain and should not be affected directly by matters that are currently the subject of negotiation between the UK Government and the EU, such as customs arrangements and trade deals.

The Board notes investors' recent appetite for the Company's shares and interest in the listed renewables sector generally, combined with the low level of drawings on the RCF, and believes that the Company is very well placed to continue to execute on its central proposition of investing in a diversified portfolio of environmental infrastructure assets with the benefit of long-term, predictable, wholly or partially inflation-linked cash flows.

Annual general meeting

The annual general meeting will be held on 14 August 2019 at 10.00am at the Company's registered office in Guernsey.

Investment Adviser management changes

On 5 June 2019, post the end of the year under review, the Company announced that the Investment Adviser would be changing from John Laing Capital Management to Foresight Group, effective from 1 July 2019. The existing team that has been providing investment advice since JLEN's launch in 2014 will also be transferring to Foresight. The Board holds Foresight in high regard as a successful and experienced fund manager with a track record of investment in environmental infrastructure asset classes. The Board looks forward to working with them as we continue to seek to enhance and grow our portfolio of environmental assets in the interests of shareholders.

On behalf of the Board, I wish to express our thanks to John Laing for its key role in establishing JLEN and for facilitating this change of Investment Adviser. We are also pleased that the First Offer Agreement is to continue.

Outlook

As the project portfolio expands, the Board and the Investment Adviser continue to monitor opportunities to optimise the performance and financing efficiency of the operational projects that make up the portfolio. At the same time, the Board remains committed to finding high-quality, value-accretive acquisitions and also, on a more modest scale, "bolt-on" construction opportunities at existing sites.

As the Board considers the acquisition outlook for the Company, the main impression is of competitive pressure in asset markets. This competitive pressure is felt more acutely in market sectors that investors are now comfortable with, such as wind and solar, but is present now across the spectrum of environmental infrastructure. Indeed, the Board has noted increasing competition in sectors as diverse as energy-from-waste, biomass, flexible generation and hydro.

This competition is also being felt in the listed sector, as evidenced by higher premiums to NAV and new entrants coming to market with focused geographical and technological propositions and target dividend yields that are below those currently on offer from the established funds such as JLEN.

Against this backdrop, the Board continues to believe that JLEN's broad investment mandate provides investors with access to a wider range of environmental infrastructure opportunities that conform to the Company's investment targets. This has been the case with anaerobic digestion projects during the past year and, looking forward, it is anticipated that the Company will have continuing success in targeting assets in less mainstream sectors. It is also possible that some future deals may include features that distinguish them from pure "project" deals according to a traditional "project finance" model, such as more exposure to merchant markets in feedstock or by-products, specialist staff within the project vehicle who are important to the project's success, or assumptions around the re-purposing of plant beyond subsidy expiry to maximise economic life. We are seeing factors such as these emerge in some asset processes now, and it is likely to become a fact of life for funds such as JLEN that wish to continue to acquire infrastructure projects without competing away returns in "cost of capital" auctions.

The Board will approach such risks selectively, with due consideration given to the Company's ability to manage the risks and whether the returns on offer duly compensate for them, both in an absolute sense and relative to other environmental infrastructure markets. Where this is not the case, the Board will not invest, but we have always viewed the diversified mandate as a positive differentiator. JLEN was not launched as a fund to focus on a single project type, and so JLEN should be exploring these new "risk and return" profiles in the interests of investors.

The Board continues to view the UK as the main geographical focus for capital deployment over the short to medium term. JLEN has the mandate to invest in established environmental infrastructure assets in OECD countries, and the Investment Adviser has taken steps to become more knowledgeable about and known in those overseas markets that it thinks are likely to appeal to the Company, but investments will be on a cautious, opportunistic basis.

The Company also does not anticipate making a concerted effort to invest in UK "subsidy-free" wind and solar assets, but would consider making such an investment if it assesses the risk-adjusted returns to be acceptable, with a particular focus on the extent of exposure to merchant power markets.

The Investment Adviser has been successful during the year in delivering value enhancements to the portfolio, including a major refinancing, retendering of portfolio-wide service providers and a significant upgrade to the Vulcan AD project. The Board continues to be pleased with the value enhancement potential of the portfolio and expects further value to be uncovered in the future. In recognising value enhancements, the Board will continue to act in a prudent manner and only recognise enhancements when it has a clear understanding of what is involved in delivering them and a reasonable belief that the benefits will be realised.

Board matters

Chris Legge, one of our Directors and Chair of the Audit Committee, will be standing down from the Board on 13 June 2019. He has been on the Board since IPO and we have been fortunate to have had his wisdom and experience available to us, and he leaves with hearty thanks for all he has contributed. He will be succeeded as Audit Chair by Peter Neville. On 20 May 2019, we announced that Hans Rieks will become a Director of JLEN on 13 June 2019. Hans is a very senior figure within the European wind industry and brings a wealth of commercial and operational knowledge to the Board. On appointment he will succeed Peter Neville as Chair of the Risk Committee.

I am, as ever, grateful to all of my Board, to our Investment Adviser and all our other advisers for their efforts over the course of the year under review. JLEN can look forward to the next year from a position of strength.

Richard Morse
Chairman

12 June 2019

STRATEGIC REPORT

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

What's inside this section:

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 the portfolio over the long term on a real basis.

The Company aims to provide its investors with a sustainable dividend per share, paid quarterly, that increases progressively in line with inflation. It aims 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 2019 is 6.51 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, strategic partners, national and local government, and local communities.

Our key objectives

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

VALUE ENHANCEMENT

The Investment Adviser has achieved operational and financial enhancements to projects to improve cash flow and increase value for shareholders.

Refinancing

In March 2019, we took advantage of favourable debt market conditions and completed a debt refinancing for a portfolio of ten wind projects and four solar sites, with a combined electricity generation capacity of 180MW. The new credit facilities are in the aggregate amount of c.£200 million, consisting of a single senior term loan, a debt service reserve facility and a letter of credit facility.

The successful completion of this refinancing transaction brings a number of benefits to the Fund's investment portfolio, including:

- improved the valuation of the constituent assets by c.£8.5 million in total through reduction of future financing costs;
- removed the refinancing risk associated with the previous project financing facilities, which had a legal maturity date in March 2021; and
- preserved a high level of operational flexibility by implementing a portfolio financing approach.

Renewable Energy Guarantees of Origin ("REGO")

We regularly review the power purchase agreements of the Fund's investment projects, in seeking to optimise their revenue potential. During the past year, we have secured a new source of revenue for a number of the wind projects after the project companies entered into a REGO sale and purchase agreement with an initial period of three years. The result was achieved through a tender process in which we received attractive rates from multiple bidders and negotiation of a waiver with the wind projects' PPA offtaker.

The Renewable Energy Guarantees of Origin scheme is administered by Ofgem in the United Kingdom and aims to provide transparency to consumers about the proportion of electricity that suppliers source from renewable generation. All EU Member States are required to have such a scheme.

Historically, REGOs had little monetary value attached to them at the time when the Fund's investment projects entered into their current power purchase agreements. Over recent years, we have seen emergence of an increasingly active market in which REGOs are traded and bought by corporates to promote green energy sources. The achieved contract rate represents a multiple of our initial estimate, adding a value of c.£1.1 million to the portfolio valuation, assuming that the current rate continues. In the coming years, we will seek to further improve the terms of future REGO sales and extend them to a wider range of the Fund's investment projects.

Vulcan upgrade

The Vulcan capital upgrade project consists of provision of funding of c.£8.5 million to double the capacity of JLEN's first AD acquisition, the Vulcan AD plant. Works for the expansion began earlier this year and construction has been progressing through the year, with minimal disruption to Vulcan's existing operations to date. This is highlighted further by Vulcan's year-end generation results which have exceeded budget; a remarkable achievement and testament to the strong partnership between JLEN's Investment Adviser and Future Biogas, its business partner in the AD sector. Future Biogas are managing both the operational activities and expansion on site.

The works have involved converting the existing storage tank to a primary digester which is broadly complete, installing an additional biomethane upgrading unit, together with associated engineering, electrical and civil works which are well progressed. The construction works are broadly on track to be completed in late 2019. The project now enters the final critical phase of construction which will then be followed by commissioning of the new larger, upgraded AD plant. During this time, overhaul activities such as stirrer bearing replacements have also been strategically planned to minimise plant disruption.

As the project enters this crucial phase, JLEN's Investment Adviser is working closely with Future Biogas to ensure the project remains on track.

General AD upgrades/improvements

The Investment Adviser regularly reviews the gas purchase agreements ("GPAs") and green certificate offtake agreements of the Fund's AD investment projects. In a similar way to the Fund's PPAs, it seeks to optimise their revenue potential. As the Fund grows its AD asset class, it has been able to achieve improved terms for a number of these agreements by running a tender process. Furthermore, it is working closely with green gas certificates ("GGCs") offtakers and is seeing a strong increase in demand for GGCs, reflected in market value. It has also implemented a gas hedging strategy by forward selling wholesale gas at 2 pence/kWh compared to current wholesale market prices of just over 1 pence/kWh. The combination of these strategies has added a value of c.£1.5 million to the portfolio valuation, assuming that the current rates continue.

The strong performance of the assets is a reflection of the Investment Adviser's ability to identify and select best-in-class operational service providers within the AD sector. This is reflected through its most recent AD acquisition, Biogas Meden, where as part of the acquisition it took the decision to replace the incumbent operator and introduce its AD partner, Future Biogas, who is now successfully integrated into the new asset. JLCM is also working closely with Future Biogas and co-owners of Icknield Gas Limited in developing technological improvements to increase plant output and improve operational efficiency. Some examples include retrofitting material treatment technologies to improve gas production, reducing propane injection and associated costs, sourcing alternative feedstocks and enhancing feedstock and digestate storage. Combined with strong and consistent overperformance of budgeted output for a number of AD assets within the portfolio, the collective result of these measures has added a value of c.£1.6 million to the portfolio valuation.

Service providers retendering

The agreed terms of the Management Services Agreements ("MSA") on eight of the wind portfolio projects expired at the end of 2018. We were aware that service provision in this market had become more competitive, and we were keen to explore what alternative providers might offer. Five potential providers were invited to submit proposals for one-year and three-year contract terms for both the individual project company MSAs and portfolio loan administration MSA. All five bidders submitted proposals, each of which would have offered savings on the existing arrangements.

We opted for three-year contracts for two bundles of wind assets, commencing 1 January 2019, but with an option to terminate this at the end of the first year. This gives us the option to review the performance of each service provider, and determine whether further expected benefits of streamlining asset management across the wind portfolio materialise.

On the ten projects, the approximate annual saving from the previous MSA pricing is £550,000.

STRATEGY AND INVESTMENT POLICY

To provide investors with access to 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 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. It is intended that the equipment and systems used by the assets in the portfolio will not rely substantially on new technology but will use those that have a significant track record of use in other projects. On acquisition, the relevant equipment will also have demonstrated operational performance at its place of installation.

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, the 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.

This is likely to include technologies that do not currently feature in the portfolio but clearly exhibit the characteristics of well-established technologies, such as biomass combustion and hydro projects. It may come to include technologies that are currently in the process of establishing themselves, such as advanced conversion treatments for waste and flexible generation. Future investments may also differ from traditional infrastructure projects by including features such as greater exposure to merchant markets in feedstock or by-products, specialist staff within the project vehicle who are important to the project's success, or assumptions around the re-purposing of plant beyond subsidy expiry to maximise economic life.

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 where appropriate 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 comply 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 year (share price basis);
- Net Asset Value;
- Net Asset Value per share;
- Net Asset Value per share growth;
- portfolio value;
- number of investments;
- largest single investment as a percentage of portfolio value; and
- total megawatt capacity.

The key performance measures for the year ended 31 March 2019 are set out on page 30 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 2019 the Company owns a portfolio of 28 environmental infrastructure investments in the UK and France. The Company has a 31 March financial year end, 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 pages 74 to 75) 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 needs. 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, keep under review the performance of the Investment Adviser and will manage 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.

Introduction continued

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 with 12 months' notice.

On 5 June 2019, the Company announced a change of Investment Adviser from JLCM to Foresight Group, effective from 1 July 2019. The material terms, fees and provisions of the Investment Advisory Agreement with Foresight Group are the same as applied to JLCM for the period, and the key roles remain as below:

- 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.

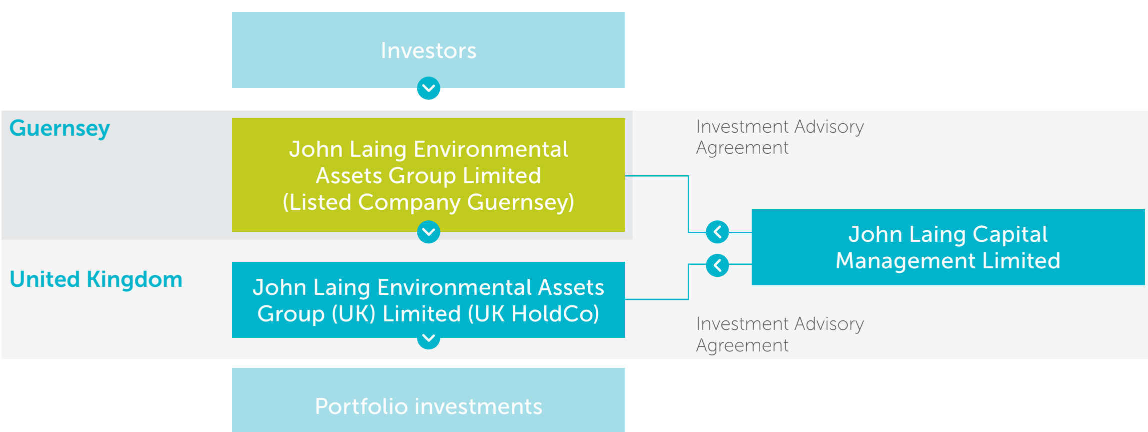
Further details on the Investment Adviser are set out on page 94 and in note 15 to the financial statements on page 123 with respect to fees.

Praxis Fund Services Limited is Company Secretary and Administrator to the Fund. Other key service providers to the JLEN Group include Winterflood Securities as corporate broker, Newgate Communications as financial public relations advisers, Mourant Ozannes as legal advisers as to Guernsey law, Hogan Lovells as legal advisers as to English law, Link Registrars as registrars, Deloitte LLP as auditor, and NIBC, Santander, ING and HSBC as lenders to the Group via the £170 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 on page 23, it is expected that further investments may 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.

Impact of change of Investment Adviser

While the First Offer Agreement will remain in place between the Company and John Laing, John Laing will cease to be a related party and the potential conflicts associated with purchasing assets from John Laing should diminish substantially. The Company intends to maintain the disciplines noted above for John Laing purchases for a period of time following the change of Investment Adviser to ensure no residual bias.

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.

Egmere Energy

In July 2018, the Fund purchased its third and fourth AD sites. Egmere is JLEN's first asset in Norfolk, in the village of Holkham. Egmere commissioned in 2014 and is accredited under the Renewable Heat Incentive ("RHI") and Feed-in Tariff ("FiT") schemes for its core biogas activities

and additionally benefits from RHI for heat, received on a process to remove excess water from the digestate fertiliser. The plant is c.5MW$_{th}$ and has a 0.5MW CHP engine to produce heat and electricity on site.

Egmere processes around 42,000 tonnes per year of agricultural feedstocks sourced from the local vicinity, including whole crop maize, rye, sugar beet and grass silage. The biogas generated from the decomposition of this organic mix is then cleaned and upgraded to biomethane, which is then exported directly to the national gas grid to displace fossil natural gas. The digestate by-product is then redistributed to the local farming community and used as a fertiliser and soil improver.

It is expected that Egmere will save a total of 91,968tCO_2 over their operational lifetime, when compared to alternative methods of producing the same quantity of energy produced in the UK.

Merlin Renewables

Soon after the Egmere and Grange acquisitions were completed, the Fund acquired Merlin Renewables Ltd. The Merlin AD Plant, located in Hibaldstow, Lincolnshire, is close to Grange Farm and Vulcan, forming a cluster. Merlin is again technically similar to Grange, Egmere and Vulcan. Each of the sites has three main tanks, one of which is used for storing digestate, which in the case of Vulcan, the Fund's first AD investment in 2017, is in the process of being converted to another fermenter to extend the plant's generating capacity.

Currently, the plant is rated at 5MW of thermal generating capacity with a 0.5MW$_e$ CHP engine, accredited under the RHI and FiT schemes. The plant is fed on 40,000 tonnes per year of agricultural feedstocks including maize and rye silage. The site itself straddles a now disused runway.

Merlin is forecast to save 97,264tCO_2e.

Grange Farm, Merlin Renewables and Egmere are sites which have been operating for a number of years and have successfully integrated into the local farming sector. The sites provide a viable and affordable break crop to local growers, allowing them to diversify their crop rotation. Furthermore, as the sites are located in predominantly arable areas, where livestock farming is less common, the introduction of the return of liquid digestate back to arable farmland has been welcomed by growers as it allows organic matter to be reintroduced to soils in areas where it does not benefit from livestock manures and slurries. Organic matter is an important part of sustainable farming practices and improves soil health.

Grange Farm Energy

At the same time as purchasing Egmere, the Fund also purchased Grange Farm Energy, located in Spridlington, Lincolnshire.

It was commissioned in December 2014. Grange Farm AD Plant is similar in design to Egmere, although it benefits from a slightly larger primary fermenter – which in early 2019 was illuminated for charity to become the nation's largest red nose.

The plant's main energy production comes in the form of biomethane which is injected into the existing natural gas network and is displacing the use of natural gas. The plant will save a total of 88,441tCO_2e over its operational lifetime.

The combined acquisition of Egmere and Grange Farm saw JLEN invest a total of £36 million.

Biogas Meden

The Fund's most recent acquisition of Biogas Meden brought the portfolio to a total of 279.2MW and was acquired for c.£16 million, from the German developer BayWa Renewable Energy. The AD plant is located in the now disused and repurposed Welbeck Colliery in Meden Vale, around 25 miles south-east of Sheffield, South Yorkshire. It was commissioned in March 2016 and is a good example of how clean, renewable energy is being produced in what was once the heartland of one of the UK's main sources of electricity production, coal.

The plant is again similar to those in the portfolio, has a thermal capacity of c.5MW_{th} predominantly producing biomethane to be injected with a 0.4MW_e CHP engine and is accredited under the RHI and FiT schemes.

The AD plant processes around 42,000 tonnes of a wider mix of feedstock per year ("tpa") comprising grown maize, sugar beet, waste vegetables and farmyard manures and residues. Through having a pasteuriser being fully bunded and having a versatile feeding system, the plant benefits from a more diversified feedstock as well as relatively higher volumes of contracted feedstock, securing supply and de-risking the site. The site has the largest footprint of all in the JLEN AD portfolio with four major tanks.

The project has to date offset over 10,000tCO_2e and is expected to offset at least a further 78,000tCO_2e over its operational life. The site shows how the use of crops for AD can be integrated effectively with the processing of agricultural wastes such as manures. The manures fed into the plant would otherwise be spread directly onto farmland for its nutrient benefits. By digesting the manures in the AD facility, energy is extracted in the form of gas whilst the original nutrients are still present and subsequently applied to farmland through digestate.

OPERATIONAL AND FINANCIAL REVIEW

Financial performance of the portfolio has been satisfactory, with above-budget performance from solar and AD, offset by unusually low average wind speeds in the year.

Key performance measures

The key performance measures for the year ended 31 March 2019 are summarised below:

	Year ended 31 Mar 2019	Year ended 31 Mar 2018
Market capitalisation	£549.2m	£394.4m
Dividend per share (declared)	6.51p	6.31p
Share price	110.5p	101.1p
Total shareholder return for the year (share price basis)	16.3%	(1.8%)
Net Asset Value	£520.3m	£392.4m
Net Asset Value per share	104.7p	99.6p
Net Asset Value per share growth (after adjusting for dividends)	5.1%	(0.5%)
Portfolio value	£523.6m	£429.5m
Number of investments	28	24
Largest single investment as % of portfolio value	9.0%	10.2%

Portfolio performance

Operating performance of the environmental infrastructure portfolio during the year ended 31 March 2019 was generally satisfactory, with some exceptions. The renewables segment of the portfolio produced 746GWh (2018: 514GWh) of green energy. Wind was the biggest detractor from budget, with generation 9.2% below budget (2018: 0% variance from budget), primarily due to unusually low average wind speeds, particularly during the summer months. Solar generation was 1.6% above budget (2018: 9% below budget), driven by high solar irradiation throughout the year and particularly over the summer months. The AD portfolio continued to outperform, with gas generation 4% above budget (2018: 8% above budget).

The wind assets experienced good reliability and availability levels, with the exception of the four wind farms in the portfolio where operations and maintenance ("O&M") are carried out under contract with the wind turbine manufacturer Senvion. Senvion's well-publicised financial difficulties had a knock-on effect in respect of asset performance. Stretched O&M resource strained to keep up with routine maintenance and respond to unplanned outages, prolonging downtime. Three of the four wind farms were particularly impacted by periods of extended downtime, connected to unusually long lead times for parts and challenges with getting the appropriate engineers on site in a timely fashion. Excluding the Senvion sites from the generation figures, negative variance from budget was 7%.

The underlying faults at each site have subsequently been addressed and are not a cause for ongoing concern. However, Senvion's performance remains a focus for the Investment Adviser and the Board. Going forward, Senvion look to address the issue with a recently announced restructuring plan. While it is hoped restructuring will improve performance, the Investment Adviser continues to monitor the situation closely and is exploring all options within the parameters of existing obligations.

Various value enhancement opportunities were implemented across the wind portfolio during the year. Aftermarket software and hardware upgrades were agreed for five sites. While it is too soon to quantify any resultant performance uplift, they are anticipated to improve generation significantly. This is supported by the experience at the Dungavel wind farm which has had a full upgrade and performed impressively during the year allowing for the poor wind resource. Similar upgrades are currently being explored for the remaining sites. Lease extension options were agreed for four wind sites, affording the ability to extend the operational life of the respective assets. Contracts for the sale of REGOs were agreed, providing a new revenue stream for the majority of the wind sites.

Other asset management plans are currently under review, including ongoing contract rationalisation, an initiative to improve the interaction with the grid in order to reduce DNO charges and increase embedded benefits, data-driven asset management systems, and O&M initiatives including possible provision by parties other than the original turbine supplier.

Generation from the solar assets during the year at 79GWh was 1.6% above budget, driven by high irradiation throughout the year and particularly over the summer months. The majority of the solar portfolio performed satisfactorily during the year, but the Branden asset experienced outages associated with transformer and switchgear faults and a small fire at an inverter station. Insurance is expected to cover the fire damage, and to mitigate some of the lost revenues. Excluding Branden from the generation figures, the solar portfolio would be 3.1% over budget.

Irradiation for the solar portfolio was 6.1% higher than the long-term average forecast for the portfolio. The main reasons for the discrepancy between irradiation and generation were high temperatures negatively impacting the performance of key components such as panels and inverters, and DNO outages, particularly for the Welsh sites. The Investment Adviser is focused on understanding root causes of sub-optimal performance within the solar portfolio using a testing regime that includes thermography and panel sampling.

As with the wind portfolio, lease extension options are in place for four solar assets, enabling the Company to recognise longer economic lives for those assets. The Investment Adviser continues to look at the prospects for further extensions.

For the ELWA waste project and the Tay wastewater project, financial performance has been slightly ahead of expectations. Operational performance and compliance with contractual targets has also been good, with no material breaches occurring. Waste tonnages at the East London waste project have continued to be stable. Operational performance targets were exceeded with diversion from landfill at 93.4%, substantially ahead of the 67% contract target, and recycling at 25%, also ahead of the 22% contract target, and ELWA was again able to pay distributions slightly ahead of budget. While the operator has reported some Brexit-related issues with disposing of the project's residual refuse-derived fuel to European counterparties, this remains the operator's risk. The insurance market for waste assets is thin and this has led to some issues in placing cover, which the Investment Adviser is following closely. Tay has experienced another year of relatively low wastewater flows but once again has been able to exercise control over elements of its costs which has kept performance on track.

The Dumfries and Galloway project was formally terminated on 11 September 2018 in a settlement agreed between the project company, the Council, lenders and Renewi. Compensation payments were made by Renewi and the Council. The lenders were repaid in full. Remaining property lease liabilities were subsequently transferred to Renewi, and Waste Management Licences were transferred back to the Council through SEPA. Final tax computations and returns were submitted to HMRC at the end of Q4. The Company expects to receive around £2 million as the remaining proceeds from the winding up of the project company, an improvement on the position at the last year end.

OPERATIONAL AND FINANCIAL REVIEW continued

Portfolio performance continued

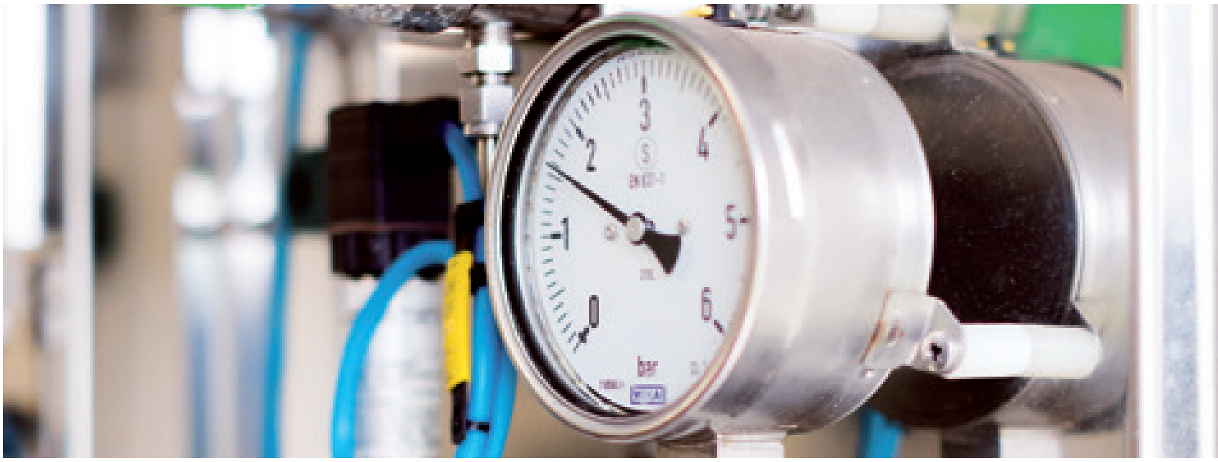
Overall, the AD portfolio generation performance for the full year was around 4% above budget in energy generation terms, with strong availability of the assets throughout the year. Icknield continued to maintain its strong performance throughout the year, exceeding budgeted performance by 16%. Similarly, Vulcan also maintained a strong overperformance against budget of 5%, notwithstanding it is currently undergoing construction activity on site to facilitate its expansion project. Grange Farm performed marginally above budget in terms of generation.

Merlin and Egmere experienced minor negative variances against budgeted output due to unplanned downtime or component failures. The effects of these downtimes were greatly reduced through the site's operator, Future Biogas, that was able to respond to these failures and rectify them in a timely manner. Biogas Meden, which is the newest addition to the AD portfolio, also experienced various unplanned downtime due to minor component failures, now resolved.

Wholesale gas price fixing has been achieved for 50% of the gas volumes for a number of sites with price hedging from December 2018, where gas prices peaked at favourable rates (around 2 pence/kWh) versus current market wholesale prices of just over 1.1 pence/kWh. In total, around 60% of the AD portfolio volume has been hedged for the next 12 months.

Given the agricultural nature of the feedstock for the AD plants, availability and cost of feedstock has been an important aspect of the financial year. With a prolonged cold period in March-April 2018 and lower than average rainfall (and high temperatures leading to drought) in the summer of 2018, growing conditions for feedstocks were unfavourable. The AD plants have managed the situation through a risk-managed strategy that has been worked on together with the Investment Adviser and the operators Future Biogas and at Icknield Gas. Some plants which had stock buffers were able to use surplus stock from the previous harvest.

Looking ahead for the year, feedstock will carry on being an important aspect for consideration. Greater resilience to feedstock variability is being developed as the Fund is able to leverage its larger AD portfolio by introducing strategic locations for feedstock storage. The Investment Adviser is also assessing plant upgrades that are able to process the material more efficiently, and new technologies in feedstock dosing systems in AD plants, which allow for improvements in energy production and consistency.



Apart from the issues noted above, all other projects have achieved good levels of technical and operational availability during the year, with no significant operational disruption experienced. Overall, the generation of the renewable energy assets in the portfolio since IPO is summarised as follows:

Portfolio generation	2014/15	2015/16	2016/17	2017/18	2018/19	Total
Wind portfolio actual generation (GWh_e)	82	184	217	399	405	**1,287**
Variation from budget[1]	-7%	+11%	-15%	0%	-9%	**-5%**
Solar portfolio actual generation (GWh_e)	10	30	40	64	79	**223**
Variation from budget[1]	-1%	-2%	-12%	-9%	+2%	**-5%**
AD portfolio actual generation (GWh_{th})	–	–	–	51	262	**313**
Variation from budget	–	–	–	+8%	+4%	**+5%**

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

The average all-in price received by the differing technology classes in the UK for their energy volumes generated in the year ended 31 March 2019 was £92 per MWh_e for onshore wind (31 March 2018: £78 per MWh_e), £190 per MWh_e for solar (31 March 2018: £192 per MWh_e) and £101 per MWh_{th} for AD (31 March 2018: £93 per MWh_{th}).

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. Although agricultural AD plants have some indirect exposure to weather patterns through the yield of harvests (feedstock), it is very unlikely to impact on their gas volumes. 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. Anecdotally, this was borne out by the portfolio's experience during summer 2018, when wind speeds were low but solar irradiation was very high. Going forward, the "volumes" sensitivity illustrating the impact of different levels of weather resource on portfolio valuation will no longer aggregate wind and solar, as there is no indication that these weather resources are positively correlated.

Acquisitions

Since 31 March 2018, the Company has acquired four new projects for a total consideration of £70.3 million, made an additional investment into an existing project and committed to invest a further £8.5 million into another AD plant. The aggregate investment of c.£78 million was funded through cash available and drawdowns under the Company's revolving credit facility, which were subsequently paid down following the Company's successful equity raise of £105 million in October 2018. The assets were as follows:

Vulcan Renewables Ltd – Expansion works

In June 2018, the Company announced a further investment in the Vulcan Renewables anaerobic digestion ("AD") plant. The investment consists of provision of funding of c.£8.5 million to significantly expand the AD plant's biomethane generating capacity. The plant extension is being carried out by Future Biogas, JLEN's business partner in the AD sector and current service provider at the Vulcan site. The works involve converting an existing storage tank to a primary digester, providing for separate digestate storage, installing an additional biomethane upgrading unit, together with associated engineering, electrical and civil works. The construction works are expected to complete in late 2019. Operations have continued throughout the year with limited plant downtime.

Egmere Energy Ltd and Grange Farm Energy Ltd

In July 2018, the Company completed the acquisitions of Egmere Energy Limited and Grange Farm Energy Limited, for a total consideration of c.£36 million.

The Egmere Energy AD plant is located in Egmere, North Norfolk and was commissioned in November 2014. The plant has a thermal capacity of c.5MW and predominantly produces biomethane to be injected to the national gas grid. In addition, the plant has a 0.5MW CHP engine and is accredited under the Renewable Heat Incentive ("RHI") and Feed-in Tariff ("FiT") schemes.

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

The AD plants have been acquired from venture capital funds managed by Downing LLP, EIS funds managed by Amersham Investment Management Ltd and minority shareholders. Future Biogas Limited will continue to provide management, operations and maintenance services to the AD plants after the acquisition.

Merlin Renewables Limited

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

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

The AD plant has been acquired from venture capital funds managed by Downing LLP and minority shareholders. Future Biogas Limited will continue to provide management, operations and maintenance services to the AD plants after the acquisition.

Biogas Meden Limited

In December 2018, the Company announced the acquisition of its sixth anaerobic digestion plant, Biogas Meden Limited, for a consideration of £16.2 million.

The AD plant is located around 25 miles south-east of Sheffield, South Yorkshire and was commissioned in March 2016. The plant has a thermal capacity of c.5MW_{th} and predominantly produces biomethane to be injected to the national gas grid.

The plant also has a 0.4MW_{e} CHP engine and is accredited under the RHI and FiT schemes. The AD plant has been acquired from a subsidiary of BayWa r.e. Renewable Energy GmbH. Future Biogas Limited will provide management, operations and maintenance services to the AD plant after the acquisition.

Furthermore, during December 2018, JLEAG (UK) increased its equity stake in Green Gas Oxon Ltd, the holding company of Icknield Farm Ltd, to 52.6% for a consideration of £1 million.

Financing

In June 2017, the Fund signed a new three-year facilities agreement with HSBC, NIBC, ING and Santander which provides for a committed revolving credit facility of £130 million and for an uncommitted accordion facility of up to £60 million. The facility has been extended twice, in June 2018 and May 2019, and now will expire in June 2022.

In May 2019, the Fund also increased its borrowing capacity by £40 million of the £60 million accordion facility available within the facilities agreement. The committed revolving facility now stands at £170 million. The facility margin is 200 to 225 bps (depending on the loan-to-value ratio for the Fund) over LIBOR.

This facility provides JLEN an increased source of flexible funding outside of equity raisings at a lower cost. It will be used to make future acquisitions of environmental infrastructure projects to add to JLEN's current portfolio of wind, solar, anaerobic digestion, and waste & wastewater processing assets, on a timely basis, reducing the performance drag associated with holding excess cash. As at the year end, drawings under the RCF were £16.7 million. Under its investment policy, JLEN may borrow up to 30% of its NAV.

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 2019 across the portfolio was 33.7% (31 March 2018: 39.1%) being 28.1% (31 March 2018: 32.9%) for the renewable energy assets and 52.7% (31 March 2018: 56.4%) for the PFI processing assets. Taking into account the amount drawn down under the revolving credit facility of £16.7 million, the overall fund gearing at 31 March 2019 was 35.7% (31 March 2018: 45.4%).

As at 31 March 2019, the Group, which comprises the Company and the intermediate holding companies, had cash balances of £11.4 million (31 March 2018: £11.8 million).

Analysis of financial results

The financial statements of the Company for the year ended 31 March 2019 are set out on pages 106 to 132.

The Company prepared the financial statements for the year ended 31 March 2019 in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and IFRS as issued by the International Accounting Standards Board. 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 28 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 2019

All amounts presented in £million (except as noted)	Year ended 31 Mar 2019	Year ended 31 Mar 2018
Net assets[1]	**520.3**	392.4
Portfolio value[2]	**523.6**	429.5
Intermediate holding companies' net (liabilities)/assets[2]	**(3.6)**	(41.0)
Operating income	**59.2**	26.1
Net assets per share	**104.7p**	99.6p
Distributions, repayments and fees from portfolio	**43.6**	33.4
Profit before tax	**53.4**	21.1

(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 £392.4 million at 31 March 2018 to £520.3 million at 31 March 2019, primarily driven by the capital raises used for acquisitions and value enhancements during the year.

The net assets of £520.3 million comprise £523.6 million portfolio value of environmental infrastructure investments and the Company's cash balances of £1.9 million, partially offset by £3.6 million of intermediate holding companies' net liabilities and other net liabilities of £1.6 million.

The intermediate holding companies' net liabilities of £3.6 million comprises a £16.7 million credit facility loan, partially offset by cash balances of £9.5 million and other net assets of £3.6 million.

Analysis of the Group's net assets at 31 March 2019

All amounts presented in £million (except as noted)	At 31 Mar 2019	At 31 Mar 2018
Portfolio value	**523.6**	429.5
Intermediate holding companies' cash	**9.5**	6.3
Intermediate holding companies' revolving credit facility	**(16.7)**	(48.4)
Intermediate holding companies' other assets	**3.6**	1.1
Fair value of the Company's investment in UK HoldCo	**520.0**	388.5
Company's cash	**1.9**	5.5
Company's other liabilities	**(1.6)**	(1.6)
Net Asset Value at 31 March	**520.3**	392.4
Number of shares	**497,018,205**	394,077,029
Net Asset Value per share	**104.7p**	99.6p

At 31 March 2019, the Group (the Company plus intermediate holding companies) had a total cash balance of £11.4 million (31 March 2018: £11.8 million), including £1.9 million in the Company's balance sheet (31 March 2018: £5.5 million) and £9.5 million in the intermediate holding companies (31 March 2018: £6.3 million), which is included in the Company's balance sheet within "investments at fair value though profit or loss".

At 31 March 2019, UK HoldCo had drawn £16.7 million of its revolving credit facility (31 March 2018: £48.4 million) which is included in the Company's balance sheet within "investments at fair value through profit or loss".

Net assets continued

Analysis of the Group's net assets at 31 March 2019 continued

The movement in the portfolio value from 31 March 2018 to 31 March 2019 is summarised as follows:

All amounts presented in £million (except as noted)	Year ended 31 Mar 2019	Year ended 31 Mar 2018
Portfolio value at start of the year	**429.5**	327.6
Acquisitions (net of post-acquisition price adjustments)	**77.5**	107.2
Distributions received from investments	**(43.6)**	(33.4)
Growth in value of portfolio	**60.2**	28.1
Portfolio value at 31 March	**523.6**	429.5

Further details on the portfolio valuation and an analysis of movements during the year are provided in the investment portfolio and valuation section on pages 42 to 49.

Income

The Company's profit before tax for the year ended 31 March 2019 is £53.4 million, generating earnings of 12.2 pence per share.

All amounts presented in £million (except as noted)	Year ended 31 Mar 2019	Year ended 31 Mar 2018
Interest received on UK HoldCo loan notes	**24.1**	18.6
Dividend received from UK HoldCo	**7.3**	10.4
Net gains/(losses) on investments at fair value	**27.9**	(2.9)
Operating income	**59.3**	26.1
Operating expenses	**(5.9)**	(5.0)
Profit before tax	**53.4**	21.1
Earnings per share	**12.2p**	5.7p

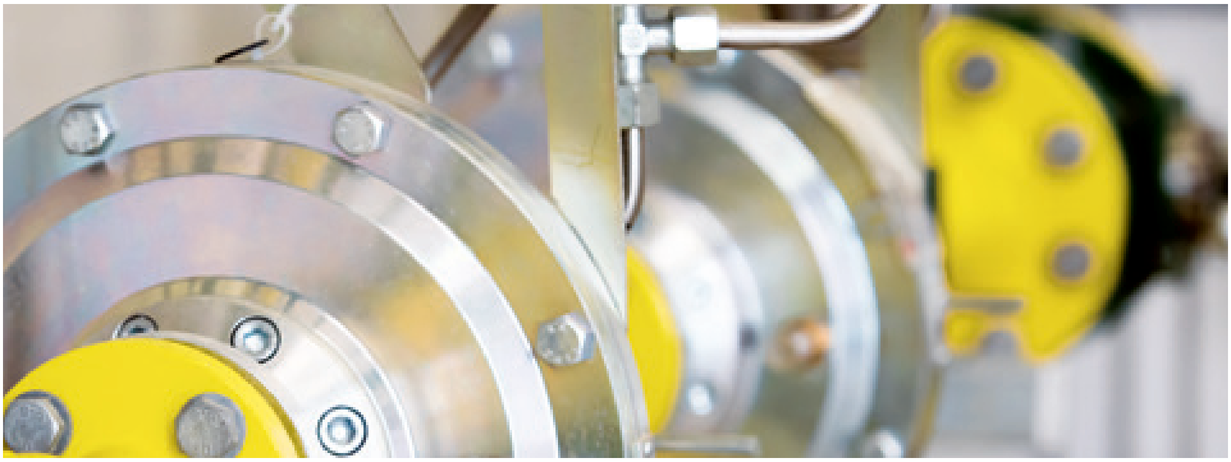
In the year to 31 March 2019, the operating income was £59.3 million, including the receipt of £24.1 million of interest on the UK HoldCo loan notes, £7.3 million of dividends also received from UK HoldCo and a net gain on investments at fair value of £27.9 million.

The operating expenses included in the income statement for the year were £5.9 million, in line with expectations. These comprise £5.0 million Investment Adviser fees and £0.9 million operating expenses. The details on how the Investment Adviser fees are charged are as set out 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 2019 was 1.26% (year ended 31 March 2018: 1.31%). 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 1.14% (31 March 2018: 1.18%). 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 2019 of £1.9 million (31 March 2018: £5.5 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 2019	Year ended 31 Mar 2018
Cash balance at 1 April	**5.5**	4.2
Net proceeds from share issues	**103.1**	54.7
Investment in UK HoldCo (equity and loan notes)	**(103.7)**	(54.5)
Interest on loan notes received from UK HoldCo	**24.1**	18.6
Dividends received from UK HoldCo	**7.3**	10.4
Directors' fees and expenses	**(0.2)**	(0.3)
Investment Adviser fees	**(4.8)**	(3.9)
Administrative expenses	**(0.6)**	(0.6)
Dividends paid in cash to shareholders	**(28.8)**	(23.1)
Company cash balance at 31 March	**1.9**	5.5

The Group had a total cash balance at 31 March 2019 of £11.4 million (31 March 2018: £11.8 million) and borrowings under the revolving credit facility of £16.7 million (31 March 2018: £48.4 million). The breakdown of the movements in cash during the year is shown below.

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

Cash flow continued

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

	Year ended 31 Mar 2019	Year ended 31 Mar 2018
Cash distributions from environmental infrastructure investments	43.6	33.4
Administrative expenses	(1.0)	(0.7)
Directors' fees and expenses	(0.2)	(0.3)
Investment Adviser fees	(4.8)	(3.9)
Financing costs (net of interest income)	(2.0)	(1.6)
Cash flow from operations	35.6	26.9
Net proceeds from share issues	103.1	54.7
Acquisition of investment assets	(76.7)	(108.5)
Reduction in acquisition price	0.2	3.7
Acquisition costs (including stamp duty)	(1.2)	(2.5)
Short-term projects debtors	(0.5)	—
Debt arrangement fee cost	(0.4)	(1.4)
(Repayment)/proceeds from borrowings under the revolving credit facility	(31.7)	35.9
Dividends paid in cash to shareholders	(28.8)	(23.1)
Cash movement in the year	(0.4)	(14.3)
Opening cash balance	11.8	26.1
Group cash balance at 31 March	11.4	11.8

During the year, the Group received cash distributions of £43.6 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 adequately 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 2019. Cash flow from operations of the Group of £35.6 million covers dividends paid in the year to 31 March 2019 of £28.8 million by 1.2x. The dividend cover based on dividends declared in respect of the year to 31 March 2019 was 1.2x.

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 of 1.5775 pence per share in June 2018 (£6.2 million) in respect of the quarter to 31 March 2018.

Interim dividends of 1.6275 pence per share were paid in September 2018 (£6.4 million) in respect of the quarter to 30 June 2018, of 1.6275 pence per share in December 2018 (£8.1 million) in respect of the quarter to 30 September 2018, and of 1.6275 pence per share in March 2019 (£8.1 million) in respect of the quarter to 31 December 2018. On 30 May 2019, the Company declared an interim dividend of 1.6275 pence per share in respect of the quarter ended 31 March 2019 (£8.1 million), which is payable on 28 June 2019.

The target dividend for the year to 31 March 2020 is 6.66 pence per share, being the amount declared in respect of the year to 31 March 2019 of 6.51 pence per share, adjusted for inflation.[1]

INVESTMENT PORTFOLIO AND VALUATION

Portfolio value increased to £523.6 million at 31 March 2019 from £429.5 million at 31 March 2018.

Investment portfolio

At 31 March 2019, the Group's investment portfolio comprised of interests in 28 project vehicles:

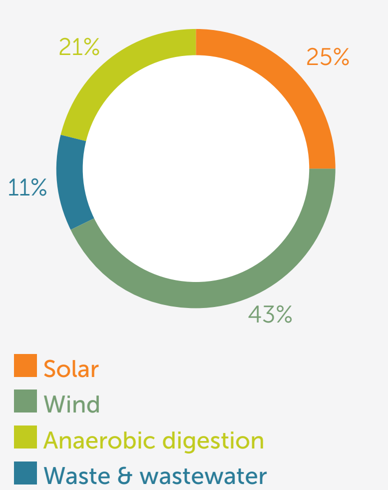
Type	Asset	Location	Type	Ownership	Capacity (MWs)	Commercial operations date
	Amber	UK (Eng)	Solar	100%	9.8	Jul 2012
	Branden	UK (Eng)	Solar	100%	14.7	Jun 2013
	CSGH	UK (Eng)	Solar	100%	33.5	Mar 2014 & 15
	Monksham	UK (Eng)	Solar	100%	10.7	Mar 2014
	Panther	UK (Eng)	Solar	100%	6.5	2011-2014
	Pylle Southern	UK (Eng)	Solar	100%	5.0	Dec 2015
	Bilsthorpe	UK (Eng)	Wind	100%	10.2	Mar 2013
	Burton Wold Extension	UK (Eng)	Wind	100%	14.4	Sept 2014
	Carscreugh	UK (Scot)	Wind	100%	15.3	Jun 2014
	Castle Pill	UK (Wal)	Wind	100%	3.2	Oct 2009
	Dungavel	UK (Scot)	Wind	100%	26.0	Oct 2015
	Ferndale	UK (Wal)	Wind	100%	6.4	Sep 2011
	Hall Farm	UK (Eng)	Wind	100%	24.6	Apr 2013
	Le Placis Vert	France	Wind	100%	4.0	Jan 2016
	Llynfi Afan	UK (Wal)	Wind	100%	24	Mar 2017
	Moel Moelogan	UK (Wal)	Wind	100%	14.3	2003 & 08
	New Albion	UK (Eng)	Wind	100%	14.4	Jan 2016
	Plouguernével	France	Wind	100%	4.0	May 2016
	Wear Point	UK (Wal)	Wind	100%	8.2	Jun 2014
	Biogas Meden	UK (Eng)	Anaerobic digestion	100%	5.0[(1)]	Mar 2016
	Egmere	UK (Eng)	Anaerobic digestion	100%	5.0[(2)]	Nov 2014
	Grange	UK (Eng)	Anaerobic digestion	100%	5.0[(2)]	Sept 2034
	Icknield	UK (Eng)	Anaerobic digestion	53%	5.0[(1)]	Dec 2014
	Merlin	UK (Eng)	Anaerobic digestion	100%	5.0[(2)]	Dec 2013
	Vulcan	UK (Eng)	Anaerobic digestion	100%	5.0[(2)]	Oct 2013
	Dumfries & Galloway	UK (Scot)	Waste management	80%	n/a	2007
	ELWA	UK (Eng)	Waste management	80%	n/a	2006
	Tay	UK (Scot)	Wastewater	33%	n/a	Nov 2001
				Total	279.2	

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

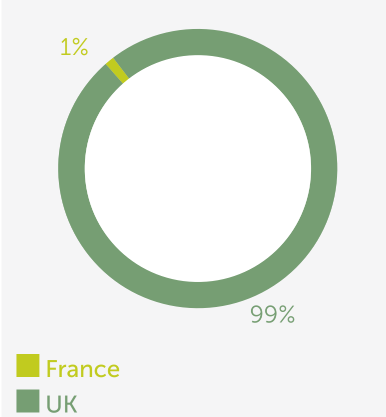
(2) MW_{th} (thermal) and an additional $0.5MW_{e}$ CHP engine for on-site power provision.

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 2019 (by portfolio value and distributions from projects):

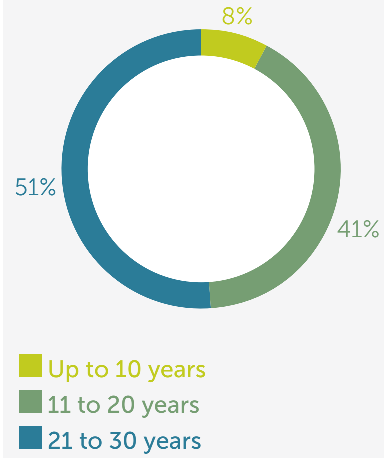
Portfolio value
split by sector



Portfolio value
split by geography

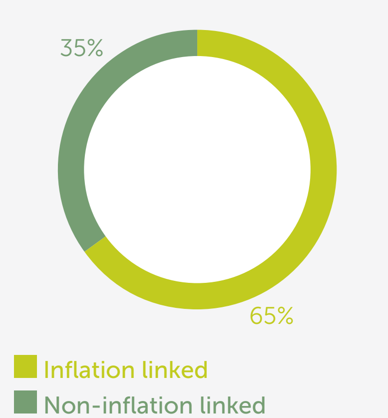


Portfolio value
split by remaining asset life

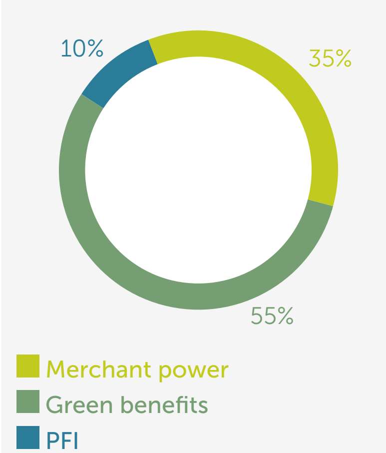


Weighted average remaining asset life of the portfolio is 19.6 years.

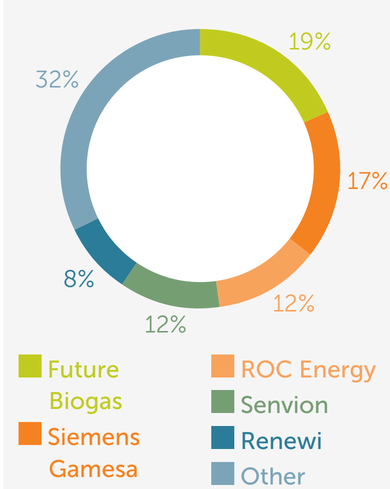
Portfolio distributions
split by inflation linkage[1]



Portfolio distributions
split by revenue type[1]



Portfolio operator exposure
(percentage of portfolio value)



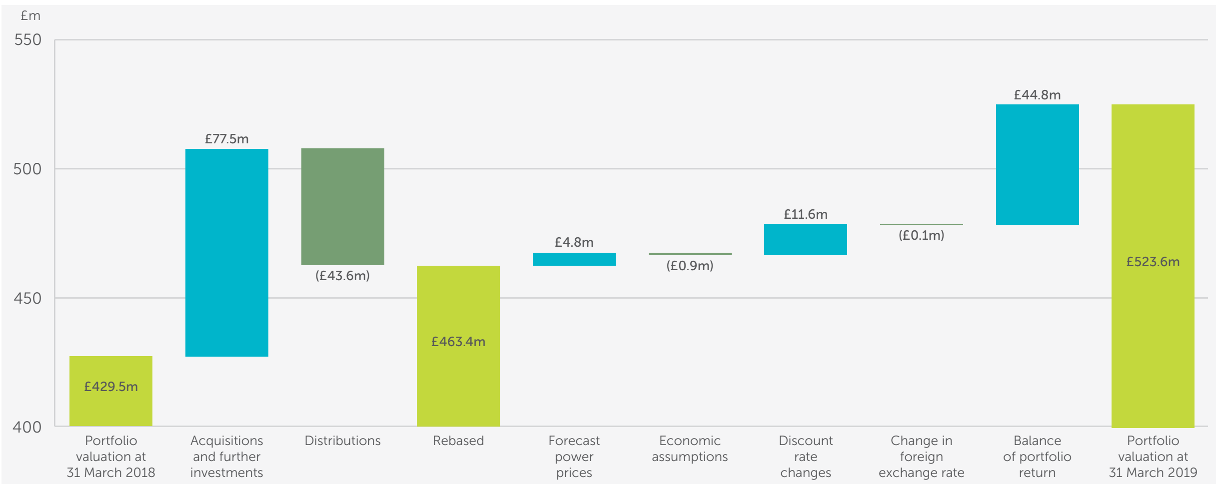
(1) Based on project revenues from volumes/generation during the year and assumes project cash flow distributions reflect revenue split at each project.

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 2019 was £523.6 million, compared to £429.5 million at 31 March 2018. The increase of £94.1 million is the net impact of new acquisitions, cash received from investments, changes in macroeconomic, power 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 2019 is shown in the table below:

	2019 £m	2018 £m
Valuation of portfolio at opening balance	**429.5**	327.6
Acquisitions in the year (including post-acquisition adjustments and deferred consideration)	**77.5**	107.2
Cash distributions from portfolio	**(43.6)**	(33.4)
Rebased opening valuation of portfolio	**463.4**	401.4
Changes in forecast power prices	**4.8**	(17.4)
Changes in economic assumptions	**(0.9)**	2.9
Changes in discount rates	**11.6**	7.2
Changes in exchange rates	**(0.1)**	0.1
Balance of portfolio return	**44.8**	35.3
Valuation of portfolio at 31 March	**523.6**	429.5
Fair value of intermediate holding companies	**(3.6)**	(41.0)
Investments at fair value through profit or loss	**520.0**	388.5

Allowing for investments of £77.5 million (including post-acquisition adjustments and deferred consideration) and cash receipts from investments of £43.6 million, the rebased valuation is £463.4 million. The portfolio valuation at 31 March 2019 is £523.6 million (2018: £429.5 million), representing an increase over the rebased valuation of 13% over the year (2018: 7.0%).

Valuation assumptions

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

Each movement between the rebased valuation and the 31 March 2019 valuation is considered below:

Forecast power prices

The project cash flows used in the portfolio valuation at 31 March 2019 reflect contractual fixed price arrangements under PPAs, where they exist, and short-term market forward prices for the next two years where they do not. The Company maintains a programme of rolling price fixes for its wind and solar projects, typically having the majority of projects on fixed price arrangements for the next six to 12 months in order to reduce the revenue risk from price volatility.

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

Avg. £/MWh	Summer	Winter
Electricity	46 (43)	55 (49)
Gas	14 (14)	18 (17)

At 31 March 2019, 72% of the renewable energy portfolio's electricity price exposure was subject to a fixed price for the summer 2019 season and 42% for the winter season 2019/20.

After the initial two-year period, the project cash flows assume future electricity and gas prices in line with a blended curve informed by the central forecasts from two established market consultants, adjusted by the Investment Adviser for project-specific arrangements and price cannibalisation as required. This is a change in valuation policy from the year ended 31 March 2018, where electricity and gas price assumptions were based on the forecast of a single market consultant. The Directors have adopted the new policy to bring the Company in line with the majority of other funds within the listed renewables sector to aid comparison and also with the intention of reducing the volatility observed in portfolio valuations due to reflecting additional views on medium and long-term electricity and gas prices. This policy was introduced at the half-year valuation to 30 September 2018 and resulted in an increase in NAV per share at the time of 2.3 pence.

JLEN has reflected an increase in near-term electricity price expectations partially offset by a decline in mid to long-term forecasts. Compared to the assumptions used in the valuation at 31 March 2018, on a time-weighted average basis, the net increase in the electricity price assumptions is approximately 6.7% over a 25-year period (being a simple average decrease over 25 years of approximately 1.9% offset by an increase in market forward prices (gross of any discounts under PPAs) over the next two years of 17.5%).

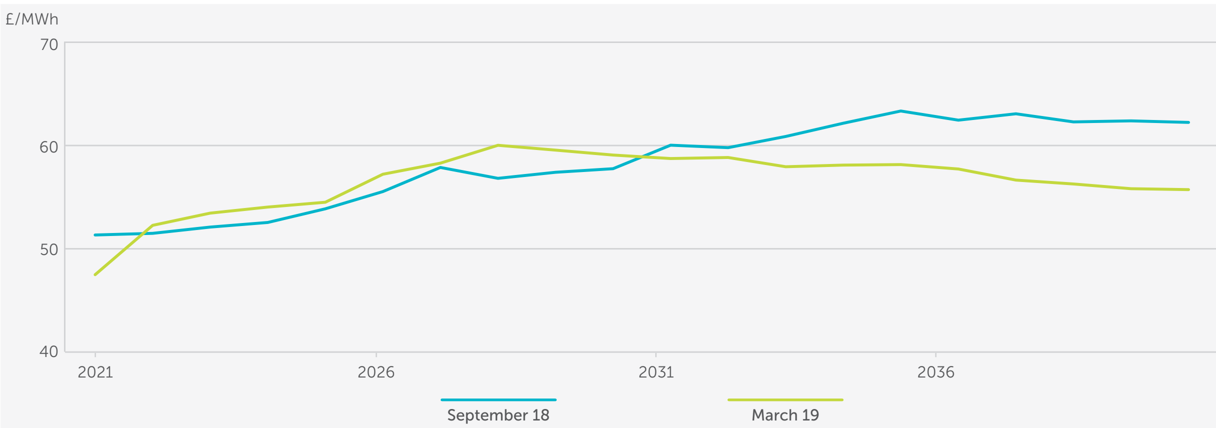
The overall change in forecasts for future electricity and gas prices compared to forecasts at 31 March 2018 has increased the valuation of the portfolio by £4.8 million.

Portfolio valuation continued

Forecast power prices continued

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

Illustrative blended power price curve



The annual real rate of price growth on a constant basis from 1 April 2019 is 0.6%.

Economic assumptions

Macroeconomic assumptions in respect of inflation, corporation tax and deposit interest rates have remained relatively constant during the year and the overall movement in valuation is not significant. RPI inflation rates assumed in the valuation at 31 March 2019 are 3.2% in 2019/20 (31 March 2018: 3.5%), 3.2% in 2020/21 (31 March 2018: 3.1%) with 2.75% for all subsequent years, whilst CPI is assumed at a long-term rate of 2% for UK assets, and 1.5% for 2019 and all subsequent years (31 March 2018: 1.5%) 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 and in line with market practice. The equivalent rate for the French assets is 28% (31 March 2018: 28%) stepping down to 26.5% in 2021 and 25% in 2022 (31 March 2018: step down to 26.5% in 2020 and 25% in 2021). Deposit rates assumed in the valuation reflect a range of deposit rates in the UK from 1.75% in 2019/20 and a long-term rate of 2.5% thereafter (31 March 2018: 2.5%). For the French assets, the rate assumed is 0.5% (31 March 2018: 0.5%). The euro/sterling exchange rate used to value the euro-denominated investments in France was €1.16/£1 at 31 March 2019 (€1.14/£1 at 31 March 2018).

Discount rates

The discount rates used in the valuation exercise represent the Investment Adviser's and 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 to reflect changes in the market and in the project risk characteristics.

During the year, there has continued to be strong demand for income-producing infrastructure assets, including environmental infrastructure projects as their market matures. The Investment Adviser, based on its experience of bidding in the secondary market and as flagged within the half-year Investment Adviser report, has proposed a reduction in the discount rate used for valuing UK agricultural AD projects which has been adopted by the Board. In addition to this, the levered discount rate applied to assets within the combined UK wind and solar portfolio refinancing has also been reduced, reflecting the lower risk profile for these assets. The majority of the solar assets within the portfolio are ungeared, and the read-across from geared to ungeared discount rates (based on a market-norm level of gearing) suggests that these too are reducing and the Investment Adviser will continue to monitor for future valuations.

Taking the above into account and reflecting the change in mix of the portfolio during the year, the overall weighted average discount rate ("WADR") of the portfolio was 7.9% at 31 March 2019 (31 March 2018: 8.1%).

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 £44.8 million.

Of this, the key valuation adjustments include an uplift of £8.5 million (1.7 pence per share) from the successful refinancing of a 180MW combined portfolio of wind and solar assets, an uplift of £8.4 million (1.7 pence per share) from the recognition of life extensions on eight projects where the Company has land rights that permit an additional period of operations, and a reduction in value of £8.4 million (1.7 pence per share) from recognition of Ofgem's Targeted Charging Review ("TCR") that aims to change the way in which the costs of the electricity network are shared between consumers and different types of generators.

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 is 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.

Portfolio valuation continued

Valuation sensitivities continued

The key assumptions are as follows:

Discount rate

The WADR of the portfolio at 31 March 2019 was 7.9% (31 March 2018: 8.1%). 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 intermittent 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.

Separate P10 and P90 sensitivities are determined for each asset and historically the results presented on the basis they are applied in full to all wind and solar assets. This implies individual project uncertainties are completely dependent on one another; however, a recent Portfolio Uncertainty Benefit analysis performed in the year by a third-party technical adviser, identified a positive portfolio effect from investing in a diversified asset base. That is to say that the lack of correlation between wind and solar variability means P10 and P90 sensitivity results should be considered independent. Therefore, whilst the overall P90 sensitivity decreases NAV by 8.1 pence, the impact from solar and wind separately is only 1.9 pence and 6.2 pence respectively, as shown in the chart overleaf.

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

For the waste and wastewater processing projects, forecasts are based on projections of future flows and are informed by both the client authorities' own business plans and forecasts and independent studies where appropriate. Revenues in the PPP projects are generally not very sensitive to changes in volumes due to the nature of their payment mechanisms.

Electricity and gas prices

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

Feedstock prices

Feedstock accounts for over half of the operating costs of running an AD plant. As feedstocks used for AD are predominantly crops grown within existing farming rotation, they are exposed to the same growing risks as any agricultural product. The sensitivity assumes a 10% increase or decrease in feedstock prices relative to the base case for each year of the asset life.

Inflation

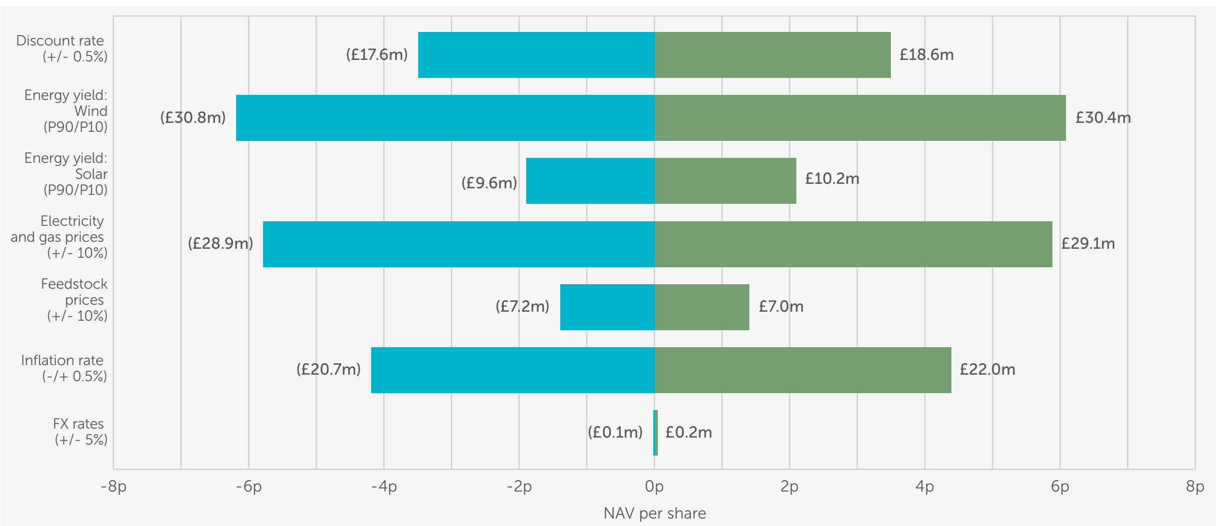
Each project in the portfolio receives a revenue stream which is either fully or partially inflation-linked. The inflation assumptions are described in the macroeconomic section on page 46. The sensitivity assumes a 0.5% increase or decrease in inflation relative to the base case for each year of the asset life.

Euro/sterling exchange rates

As the proportion of the portfolio assets with cash flows denominated in euros represented approximately less than 1% of the portfolio value at 31 March 2019, the Directors consider the sensitivity to changes in euro/sterling exchange rates to be insignificant.

Sensitivities – impact on NAV at 31 March 2019

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.

The continued political and economic uncertainty in the UK with regard to its relationship with Europe underlines the importance of the Company's strategy of investing in a diversified portfolio of assets in the wider environmental infrastructure sector. We believe the Company's portfolio can offer resilience against this unsettled backdrop, providing consistent and achievable long-term income.

In recent months in the UK we have witnessed how important the government's action over climate change is to the general public. The sentiment is that inaction is not an option and the UK Government's policy commitments for clean energy and climate change remains of crucial importance. We believe this will translate itself into the development of new environmental infrastructure and, in turn, an opportunity for JLEN to grow its diversified portfolio of assets. In the Chancellor's 2019 Spring Statement we have seen how attention is now being given to the "greening" of our gas network to tackle the contribution carbon intensive heating can have on meeting emission targets. The Committee on Climate Change set out in its recent report that Britain should cease to contribute to global warming by 2050 and reduce greenhouse gas emissions to "net zero". Most accept that to achieve the highly ambitious target of zero carbon emissions by 2050 would require multiple policy levers, such as change in social patterns, societal improvements, energy efficiency measures, changes in the fuels we use for heat and transport, zero carbon power production alongside carbon capture and storage. This would require major changes to the way we work and live. However, many of the routes to a zero-carbon future, such as the scaling of green energy technologies including wind, solar, waste management and biogas production, are already taking shape today. We believe this provides a compelling opportunity for investors such as JLEN to capitalise on the continued growth of large-scale, commercialised environmental infrastructure.

Short-term electricity prices have been buoyant and we have taken advantage of this by locking-in fixed prices across a number of our projects. However, the longer-term outlook for electricity prices has softened, informed in part by the low prices bid into auctions for new plants seeking subsidies throughout Europe. In the UK, the strike prices for the next Contract for Difference ("CfD") auction for offshore wind is at an all-time low of £53/MWh for projects delivering in 2024/25, a target many within the industry expect to be undercut during the auction process. This is against a backdrop of the auction in 2015 delivering prices of £114/MWh.

We see continued fierce competition for assets in UK markets, with every indication that pricing not only for core renewable sectors, but also now more niche asset classes, is rising. Despite this backdrop, the Investment Adviser continues to see good levels of potential transactions in the market and participates on occasion, but remains committed to observing the Company's investment requirements and not overpaying for assets.

It continues to explore the boundaries of the investment mandate in terms of asset classes, business models and financial structures in order to deliver growth and acceptable returns. This is likely to include technologies that do not currently feature in the portfolio but clearly exhibit the characteristics of well-established technologies, such as biomass combustion and hydro projects. Newer technologies that are likely to play a key part in the future energy mix are also being considered, including batteries and other forms of flexible generation.

Similarly, as the investment mandate covers OECD countries, it follows that consideration should also be given to compelling opportunities in stable, well-understood international markets that meet our investment requirements. Whilst the UK remains the focus, the Investment Adviser believes that selective acquisitions in new geographies will help to provide attractive diversification to JLEN's portfolio.

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. During the year, JLEN has continued to invest into the anaerobic digestion sector through its acquisitions of Grange Farm, Egmere Energy, Merlin Renewables and Biogas Meden. These assets are very similar to our first two acquisitions in this asset class and we can now start to recognise the benefits of managing a broader portfolio where operational learnings can be applied. Anaerobic digestion projects present a different risk/return profile to wind and solar projects, with relatively high proportions of index-linked subsidy revenue and exposure to different climatic conditions. The Investment Adviser believes that the Company is an attractive counterparty and will continue to analyse opportunities in this space and the broader environmental sector that fit in with the uniquely broad remit of this fund.

JLEN has the benefit of a First Offer Agreement with John Laing over a 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 of over £200 million (as estimated by John Laing) will become available for acquisition by the Fund within the period to 31 December 2020. This includes wider environmental infrastructure projects, including biomass.

This First Offer Agreement remains in place despite the change of Investment Adviser from JLCM to Foresight Group that the Company announced on 5 June 2019, post the balance sheet date.

The Investment Adviser continues to deliver on a programme of value enhancement initiatives throughout the portfolio. These performance improvements have come through the delivery of operational efficiencies, technology advancements and prudent portfolio and financial management. The Investment Adviser provides a dedicated asset management team with specific industry experience in our core sectors. They are currently pursuing a number of avenues which should boost the value of the portfolio, including plant expansion, upgrades to equipment and life extension opportunities. We consider that these opportunities should increase in number and value as the portfolio grows and innovation continues in environmental infrastructure sectors where the Company invests.

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 Company'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.

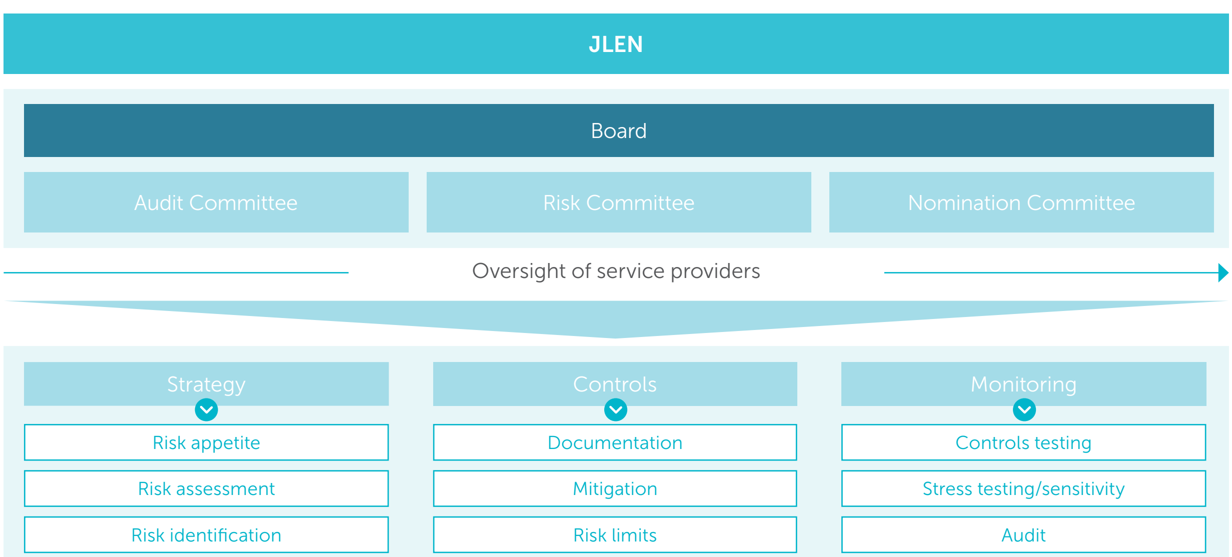
The risk register is a "live" document that is reviewed and updated regularly by the Risk Committee as new risks emerge and existing risks change. The principal risks faced by the Group are formally reviewed by the Risk Committee at each quarterly meeting and a report from the Committee is presented 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.

Risk management framework



Strategic, economic and political

Risk	Potential impact	Mitigation
1 Inflation and interest rates Change in year	• 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 (UK HoldCo revolving credit facility) 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. • The revolving credit facility has a floating interest charge over LIBOR but this is mitigated as the facility provides short-term finance prior to being repaid with capital raise proceeds.
2 Acquisitions and pipeline Change in year	• 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 continually receives and seeks opportunities from the wider secondary market and developers, both in the UK and overseas. • 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 £200 million for the period to 31 December 2020.
3 Funding of acquisitions and future equity fundraising Change in year	• 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 £130 million revolving credit facility (increased to £170 million in May 2019) 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, with recent capital raises by environmental infrastructure funds confirming the appetite investors have for infrastructure as an asset class. A number of economic factors, including interest rate increases, could reduce the investors' appetite in future equity fundraising.
4 Refinancing of existing medium-term project finance Change in year	• There is a risk that JLEN is unable to refinance any or all of its project-level facilities which fall subject to a full repayment demand rather than following the pre-agreed amortisation schedule used to size the original debt level.	• The Investment Adviser closely monitors the liquidity in the capital markets and, should credit not be forthcoming, could consider i) raising further equity capital to repay the SPV level debt or ii) consider an asset sale to a third party with a differing capital funding structure. • The recent wind and solar projects refinancing removed the financing risk associated with the previous wind projects facilities which had a legal maturity date of March 2021.

Strategic, economic and political continued

Risk	Potential impact	Mitigation
5 Competition Change in year	• 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 Company.	• 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.
6 Future of UK capital spending Change in year	• 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.
7 UK referendum on EU membership Change in year	• 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. In March 2019, by agreement with the EU, the UK extended its Brexit deadline. 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. Scottish independence might impact its renewable market and its currency should it leave its current sterling currency.	• 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. 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
8 Volume of resource Change in year: unchanged	• By the very nature of environmental infrastructure projects, their financial performance is dependent on the volume of resource available, be it solar irradiation, wind, feedstock yields, 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. • For anaerobic digestion sites, it is common to agree feedstock contracts that adjust for the dry matter content in the biomaterial and relate pricing to that energy content and volume which is delivered. Should a shortfall be likely, for instance due to a poor harvest, substitute feedstocks are widely available.
9 Power prices Change in year: unchanged	• The revenues of the renewable energy solar, anaerobic digestion 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 and gas 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; and iii) quarterly reports from various independent established market consultants are used to inform the electricity prices over the longer term used in the financial models.

Operational, business, processes and resourcing continued

Risk	Potential impact	Mitigation
10 Reliance on Investment Adviser Change in year	• 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.	• As announced by the Company on 5 June 2019, the Investment Adviser is changing from JLCM to Foresight Group. Foresight is a leading infrastructure fund manager, with considerable depth of resource and experience in environmental infrastructure from managing over 170 assets in sectors including wind, solar, bioenergy and flexible generation. The existing advisory team that has provided investment advice to the Company since its launch in 2014 is also transferring to Foresight. Ultimately, in the event of ongoing under-performance by the Investment Adviser, JLEN has the ability to serve notice and to engage a replacement.
11 Cyber risk Change in year	• 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
12 Portfolio valuation Change in year	• 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 and gas 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. • 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.
13 Changes to tax legislation and rates Change in year	• 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. • JLEN continues to monitor and participate in any relevant consultation processes with UK HMRC and to assess the impact of any additional changes which may result from the introduction of differing legislation.

Compliance and legal

Risk	Potential impact	Mitigation
14 Regulatory – general Change in year: no change	• JLEN is required to comply with certain London Stock Exchange, UK Listing Authority and Guernsey regulatory requirements and regulations, including those 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.
15 Regulatory – support for renewables Change in year: no change	• Changes in government policy to new renewable energy have resulted in changes to, and in some cases early closure of, the Renewables Obligation, the Renewable Heat Incentive 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
16 Operational risks Change in year: no change	• 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 sub-contractors or, in the event of having to replace a sub-contractor, 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. • The portfolio has material damage and business interruption insurance policies in place to cover against potential losses.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

This year marks the fifth anniversary since the launch of John Laing Environmental Assets Group plc, during which time it has invested over £500 million into a diverse portfolio of environmental assets.

What's inside this section:

CHAIRMAN'S FOREWORD

Our commitment to environmental, social and governance ("ESG") matters has been present since the launch of the Fund and this five-year anniversary marks an opportune time to launch our first report on the subject.

In this ESG report we want to demonstrate JLEN's active commitment to managing ESG in its investments. One of the aims of this document is to mark our current approach so that we can track improvements over time and report on progress going forward.

At JLEN we know that appropriate management of ESG does not sacrifice portfolio returns. We pay a quarterly, inflation-linked dividend from the cash flows generated from our environmental assets. Integrating consideration of ESG management into our activities helps to manage risks and identify opportunities, promote resilience of returns, manage reputation in the market and, ultimately, deliver increased value to our investors over the long term.

JLEN has consistently proven that it is possible to offer predictable income growth, preserve capital over the long term and to establish a diversified portfolio while upholding and managing ESG criteria.

UK, European and global markets are increasingly focused on finance as a way to deliver on climate change objectives. Global risks around climate change adaptation, man-made environmental disasters, water crises and biodiversity loss are more commonly recognised as significant risks which could arguably be quite devastating, especially in the long term. JLEN believes that it makes financial sense to develop an investment portfolio that is resilient to these risks.

Our investors are expecting to us to deliver a financially resilient portfolio that embraces ESG objectives – particularly assets that deliver resource-efficient, low carbon energy generation. Funds such as JLEN are supportive of the UK Government's drive to a low carbon economy and we have built a 279.2MW portfolio of subsidy-backed wind, solar, anaerobic digestion, wastewater treatment and waste management assets. The market is anticipated to scale rapidly going forward, with the declining cost of these technologies. The UK market alone is predicted to top 200GW by 2050, while globally, over 70% of the electricity market is anticipated to be produced by zero carbon sources by 2050. JLEN's broad geographical mandate and our expertise in investing in environmental assets ensures we are well placed to grow with this market in the coming years.

Within our portfolio, and as a long-term investor, JLEN has the benefit of being able to work closely with our assets to deliver positive environmental and financial benefit. As our portfolio develops into new asset classes, we are able to bring together learning from our different sectors and identify greater opportunities for our investments to meet our ESG criteria and deliver stable financial returns.

ESG criteria have always been an important part of our day-to-day investment activities and this report represents an evolution in our existing process to be more transparent about our approach. Looking forward to the next five years of the Fund, we are exploring ways of building on our current processes to maintain continuous improvement in our activities.

Richard Morse
Chairman

12 June 2019

At a glance

Environmental performance 2018/19

746,000
MWh energy generated

415,000
waste diverted from landfill (tonnes)

111,000
waste recycled (tonnes)

33,000,000,000
wastewater treated (litres)

160,000
organic fertiliser produced (tonnes)

Social performance 2018/19

4
apprenticeships

£350,000
community funding

Corporate social responsibility 2018/19

£36,000
raised for Children in Need

JLEN's approach to ESG

Overall responsibility for ESG resides with the Board of JLEN, with governance of ESG criteria managed by the appropriate Investment Directors and asset managers of the Fund's Investment Adviser John Laing Capital Management ("JLCM").

Assess

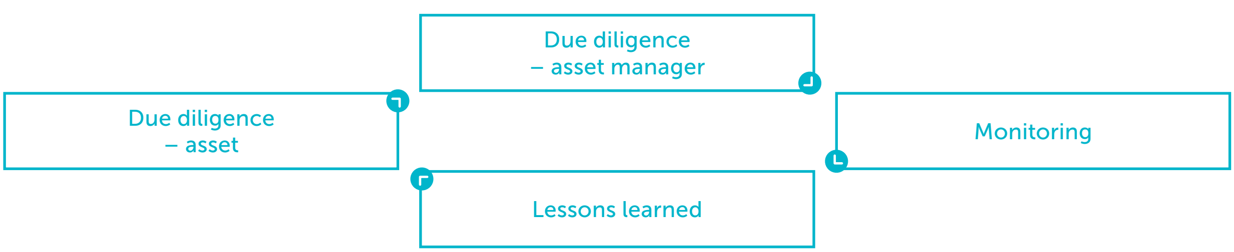
JLEN undertakes thorough due diligence on each of its asset acquisitions and continues to closely monitor them throughout our ownership. This includes assessing a range of ESG criteria – as set out in the following sections.

Each of our assets employs a third-party service provider to monitor and manage their ongoing performance. These companies are assessed and chosen on a range of criteria, including ESG performance.

JLCM's asset managers are closely aligned with the investment process. This structure allows us to ensure that lessons learned from the management of assets currently within the portfolio are fed back into the due diligence of potential assets acquisitions, ensuring that their team is able to continually improve the way that JLEN invests in environmental assets.

This learning and monitoring approach is one that we value highly at JLEN, allowing us to manage risk and identify opportunities in a consistent and collaborative way between our investment and our portfolio management teams.

Due diligence and lessons learned process



Monitor

Third-party service providers, sometimes with the assistance of technical advisers, monitor and manage the ongoing performance of each asset in the JLEN portfolio.

The performance of the service providers themselves is regularly assessed by JLCM as Investment Adviser to JLEN, to ensure they are delivering on their obligations in managing the asset(s) appropriately.

Lessons learned during the management of existing assets in the portfolio are fed back into due diligence and the investment decision-making process for future acquisitions.

As a long-term investor, JLEN is able to build solid partnerships with our third-party service providers, allowing us to manage risk with a long-term perspective. It also allows us to identify opportunities for improvement, as well as to implement those improvements, across our portfolio.

Risk management

By their very nature, the performance of environmental infrastructure projects is dependent on the volume of resource available, be it solar irradiation, wind, feedstock yields, waste or water.

On all potential asset acquisitions, JLEN employs technical consultants to advise on performance assumptions. Additionally, we will ensure that all appropriate measures will be taken to maximise the technical performance of each asset once in our ownership.

Once an asset is acquired, JLEN works with third-party service providers to ensure that each asset is as resilient as possible to variation in resource availability. For example, anaerobic digestion sites will ensure that they have access to substitute feedstocks if weather conditions result in poor harvests.

At the portfolio level, JLEN manages climatic risks by ensuring that returns are not overly dependent on one sector or asset class. We invest in a range of environmental infrastructure technologies to ensure that resource availability risk is managed effectively.

Engage

JLCM regularly liaises with a range of stakeholders, in addition to the JLEN Board. Engagement with stakeholders occurs through a combination of formal (e.g. through contractual obligations or industry events) and informal channels (e.g. through ongoing meetings and discussions).

Industry bodies

Key industry bodies that JLEN engages with include:

- Renewable Energy Association;
- Anaerobic Digestion and Bioresources Association;
- National Farmers' Union;
- Solar Trade Association;
- Energy Networks Association;
- Association of Investment Companies; and
- Guernsey Financial Services Commission.

Investors

JLEN engages with our investors both formally, through results meetings at the half year and full year, and informally through continuous liaison and business updates.

Asset managers

JLEN engages with its third-party service providers both formally, through contractual reporting obligations, and informally through continuous liaison and relationship development.

Going forward

ESG criteria have always been an important part of our day-to-day investment activities. This report represents an evolution in our existing process to be more transparent about our approach. Looking forward, we are exploring ways of building on our current processes to maintain our culture of continuous improvement in our investment and portfolio management activities.

Environmental

JLEN's investment policy is to invest in a diversified portfolio of environmental infrastructure projects. JLEN defines "environmental infrastructure" as infrastructure projects that utilise natural or waste resources or support more environmentally friendly approaches to economic activity. As a result, environmental criteria are embedded in the structure of our investment and portfolio management activities.

We typically consider the following environmental criteria during due diligence and ongoing monitoring of assets:

- energy management;
- resource and waste management;
- pollution;
- climate change and resilience; and
- biodiversity.

Impact

JLEN is proud of the contribution of our assets to the low carbon economy. JLCM, on behalf of the Fund, works with third-party technical advisors to maximise the technical performance and operational life of each asset in our portfolio. This focus on technical performance and longevity helps to maximise the environmental benefit delivered by each asset through generation of renewable electricity and heat, production of organic fertiliser from our AD plants, treatment wastewater, waste recycled and waste diverted from landfill. Figures for 2018/19 performance are set out on page 61.

In order to quantify some of the benefits being delivered by our portfolio, JLEN commissioned Aardvark Certification Ltd to undertake an independent, third-party assessment of the environmental impact of each asset currently in our portfolio. Individual reports for each asset, as well as a portfolio summary report, are published on our website.

JLCM, on behalf of JLEN, works with third-party service providers to ensure that habitat management plans for each asset are being implemented appropriately and effectively, helping to conserve biodiversity.

Portfolio electricity and carbon performance(1)

To date, the assets in our portfolio have generated 1.5TWh electricity. In 2018/19 our wind and solar assets generated 484GWh, which equates to the average annual electricity usage of 140,000 households. Detailed information on portfolio energy performance is provided on pages 33.

A summary of the greenhouse gas benefits delivered by our portfolio is provided in the table below. Our portfolio is forecast to result in the avoidance of 370ktCO_2e per year, the equivalent of taking almost 170,000 cars off the road.

	Greenhouse gas emissions reduction tCO_2e		
Asset portfolio by sector	Emissions avoided to date	Average annual emissions avoided	Lifetime emissions avoided
Wind assets	481,550	119,400	2,946,000
Solar assets	104,200	21,650	476,800
AD assets	116,750	29,750	594,700

Our portfolio is forecast to deliver, per year

520

GWh electricity

Equivalent to

140,000

households' annual electricity

And avoid the emissions of

370

kt CO_2e

Equivalent to

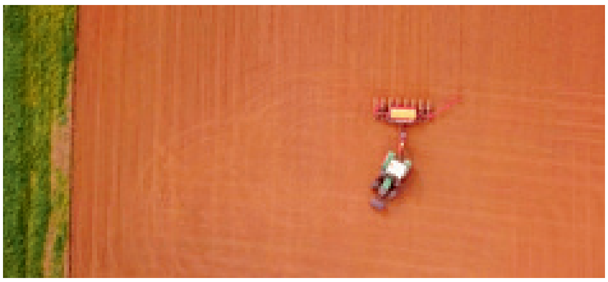
170,000

cars off the road

(1) Greenhouse gas emissions calculations, household and car equivalents are aggregated from the Aardvark reports, accessed on our website.

Case studies

Soil resilience and protection



Key environmental criteria:

- commitment to energy management;
- climate change resilience; and
- management of natural resources.

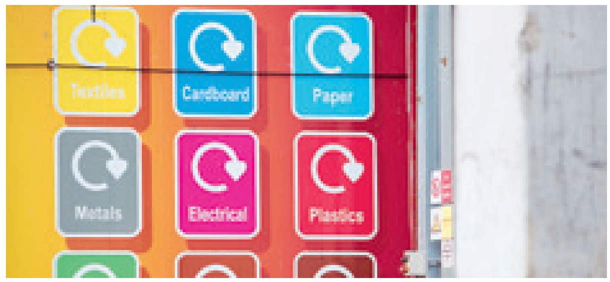
Liquid digestate is a by-product from the anaerobic digestion process and can be used as an organic fertiliser in farming. Digestate from our AD plants is sold to local farmers as an organic fertiliser.

Our partners, Future Biogas, have been part of a trial study investigating the effect of liquid digestate on soil quality in Norfolk. The three-year study was undertaken between 2016 and 2018 and involved regular application of liquid digestate as a fertiliser to trial fields. The results of the study have shown that use of liquid digestate results in:

- increased availability of nutrients in the soil;
- reduced need for inorganic fertiliser;
- increased soil health through increased micro biological soil life;
- increased resilience to drought due to increased organic matter, which holds water effectively; and
- improved yields.

All of this resulted in increased financial benefit to the farmer.

Management of resources



Key environmental criteria:

- resource management; and
- diversion from landfill (waste hierarchy).

The ELWA asset accepts municipal waste from four Borough Councils: Redbridge, Havering, Newham & Barking and Dagenham. In 2018/19 it treated household and commercial black bag waste, street cleaning and highway waste, green and park waste, bulky household waste, and fly tipped and other waste.

The product from the treatment process, refuse derived fuel ("RDF"), is delivered to energy from waste facilities, principally located in the Netherlands. These facilities produce a mix of heat – for district heating schemes, and energy – for export to the grid.

445kt
waste treated

93%
diverted from landfill

25%
recycled

- Paper & card
- Cans & metals
- Plastics
- Clothing & shoes
- Electrical equipment

Social

In 2018/19 our portfolio delivered

4
apprenticeships

£350,000
community funding

We typically consider the following social criteria during due diligence and ongoing monitoring of assets:

- health and safety;
- skilled labour;
- employee relations;
- community engagement; and
- customer relations.

Impact

Health and safety

The governance of each asset requires the Directors of the Company, often including JLCM employees, to monitor health and safety standards. JLEN takes its responsibility in this regard seriously and works to ensure that reporting and liaison arrangements between the project and the Directors are appropriate. 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. Further information on this can be found on page 68.

We are committed to continuous improvement in this regard and are developing an online monitoring and reporting tool which will aggregate health and safety information across our portfolio, allowing us to better identify trends and opportunities for improvement.

Apprenticeships

Apprenticeships provide a valuable opportunity to ensure that future generations have the skills we need in order to run our environmental assets in the long term. A strong base of qualified engineers is required in order to support increased capacity for environmental assets, both in the UK and abroad.

As a specialist investor into environmental assets, JLEN is committed to ensuring that those assets are managed and maintained by skilled teams. The apprenticeships provided by our AD assets represent part of that commitment.

Community funds

Most of JLEN's assets have a community fund associated with them. Some of these are triggered by planning conditions, while others have been put in place by JLEN in order to drive good practice in community engagement. Each community fund is managed by the local parish council, with funds allocated to projects designed for the betterment of the local community – with a preference for projects which promote sustainability.

To date, community projects that JLEN assets have contributed to include:

- heating units for residential care homes;
- equipment and support for community organisations; and
- refurbishment of local sports facilities and heritage buildings.

Cost reduction

Thanks to subsidies catalysing a supply chain industry, the cost of low carbon energy has dropped drastically in the last 10 years and is now competitive with conventional generation. As more competitors enter this market, the prices will fall further and JLEN, as a relatively new entrant, is contributing to that. In addition, our approach to maximising performance efficiency ensures that the cost of renewable electricity generated by the assets in our portfolio remains competitive.

Case studies

Apprenticeships

Key social criteria:

- commitment to skilled labour.

JLEN supports and encourages its assets to provide opportunities for skills development. One way in which this can occur is through provision of apprenticeships. Ensuring future supply of skilled labour with experience in low carbon energy is essential to securing the future of this industry.

Our portfolio of anaerobic digestion plants, run by Future Biogas, provides an apprenticeship programme.

Following the successful completion of their 2014 programme, this year Future Biogas launched their 2018 apprenticeship programme. This will provide four applicants with the opportunity to undergo a four-year Engineering Maintenance Apprenticeship. The apprentices will learn valuable skills on site, working alongside the Future Biogas maintenance team.

Apprenticeships provide a valuable opportunity to ensure that future generations have the skills we need in order to run our environmental assets in the long term.

Community funds

Key social criteria:

- community engagement.

The majority of our assets have a form of community fund associated with them. Whether prompted by planning requirements or through JLEN's commitment to community engagement, these funds provide local community groups with access to a source of funding for projects which help the community either academically, culturally, economically, environmentally, recreationally or socially, with a preference for projects which promote sustainability.

New Albion wind farm is located near Kettering in Northamptonshire. Its community fund provides funding each year to the local community for a range of projects. The fund panel is made up of local representatives, who meet once a year to determine applications.

Since 2016, New Albion wind farm's community fund has committed over:

£60,500
to

9
projects

Including:

- superfast broadband;
- pocket park maintenance;
- refurbishment of community buildings; and
- improvement of sports facilities.

Environmental and health and safety incidents

JLEN takes its environmental and health and safety responsibilities very seriously and seeks to ensure effective management of these issues in both its own operations and in its investment portfolio. JLEN aims to manage risks and incidents in a fair and transparent manner with appropriate action to reduce risk wherever possible.

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 mitigate habitat damage and protect local wildlife.

This report identifies the material environmental, health and safety incidents in the JLEN portfolio in 2018/19.

There was one reportable health and safety incident during the year. This involved a mechanical failure at our waste asset. The area affected is an operative free zone so there was no risk or injury resulting from the incident. The incident was reviewed and a plan put in place to prevent it happening again.

Reportable environmental, health and safety incidents

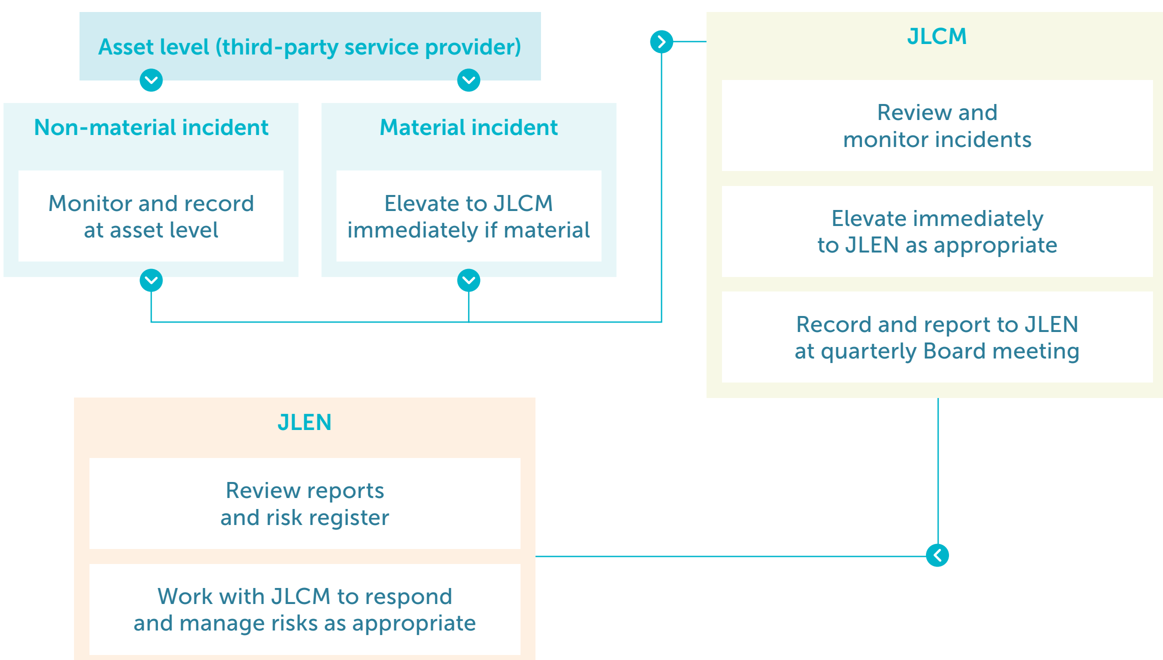
	2018/19
H&S incidents	1
Environmental incidents	0

Health and safety recording and reporting

To date, health and safety has been managed on a sector and asset basis, with risk registers holding asset-specific information and aggregated reporting to the Board. This year, JLEN has worked to move health and safety reporting to an online asset management tool, allowing live reporting and comparisons of health and safety performance across the portfolio.

Response to incidents

Where an incident occurs at any of our assets, this will be dealt with in a number of ways:



Governance

Good governance is essential for JLEN's portfolio to achieve its targeted returns.

JLEN holds Board positions for each of its assets, which are fulfilled by JLCM on our behalf. We work to promote good governance as part of our active engagement with projects.

We typically consider the following governance criteria during due diligence and ongoing monitoring of assets:

- board independence and expertise;
- business integrity;
- audit and tax practices; and
- fiduciary duty.

Specialist non-executive Directors

The expertise of project company Board members is of critical importance to JLEN to help ensure the continued technical and financial performance of our assets. JLCM appoints specialist non-executive Directors to assist them in their capacity as both adviser to JLEN and as project company Board members so that additional technical and industry expertise can be utilised.

JLCM employs these industry specialists in onshore wind and solar. Simon Vince (Partnerships for Renewables Ltd) and Giuseppe La Loggia (Senior Adviser to Octopus Investments) have both been working with JLCM for the last two years.

Health and safety governance

JLCM, on behalf of JLEN, commissions a rolling programme of health and safety audits on each of our assets in order to ensure that policies, procedures and management arrangements are being undertaken to good industry practice. These audits provide recommendations for improvements which are then acted on as appropriate. Further information on health and safety practices can be found on page 68.

Anti-bribery practices

We place a contractual obligation on our third-party service providers for them to implement anti-bribery policies and practices for each asset within our portfolio.

Modern slavery and human trafficking

As part of John Laing Group, JLCM's policy and practices in relation to modern slavery and human trafficking are included in the Group's Modern Slavery and Human Trafficking statement. The Group reports annually on matters such as policy, training, due diligence processes and the effectiveness of measures taken to combat slavery and trafficking, to drive transparency and promote ethical principles and practices related to the prevention of the exploitation and abuse associated with modern slavery and human trafficking.

Corporate social responsibility

Carbon offsetting

In addition to the emissions avoided by our portfolio, we recognise the importance of managing our own emissions from necessary travel as part of our business. As such, we have purchased UK woodland tree planting carbon credits to offset the carbon emissions from all flights between our headquarters in Guernsey and our London offices, over the lifetime of the Fund to date.

Community investment

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.

As part of John Laing Group, JLEN is committed to being a responsible member of our communities – both local and national. We help and encourage our team to volunteer and to raise money for charity and local communities through individual and team efforts, both internally and with partners.

This year, members of our team have raised money for The Prince's Trust, the Group's chosen charity, by undertaking a cycle ride and getting involved in a 10,000 Step Challenge.

Individuals within JLCM also regularly volunteer within their communities and further afield; for example, one of our team undertook search and rescue operations in Switzerland.

Case study

Comic Relief's largest ever red nose

On 15 March 2019, one of the domed storage tanks of the Grange Farm biogas plant was lit up to create the biggest ever red nose for Comic Relief. The event was organised by Future Biogas at our Grange Farm biogas plant.

The red nose measured 38m in diameter and was 17m tall, making it the height and width of three double decker buses. The event raised money from the local Lincolnshire community as well as suppliers and business partners associated with Future Biogas, who run the plant.

Around 100 local people and staff members were invited for a family fun afternoon, including food and refreshment, a magician, and an event allowing the local Lincoln under-10s rugby team to pelt senior JLCM and Future Biogas team members with digestate.

The event culminated in the switching-on of the red nose – which was so big that the plant needed to notify air traffic control in advance.

A red nose the size of three double decker buses

Raised

£36,000

for Comic Relief

GOVERNANCE

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

What's inside this section:

CHAIRMAN'S INTRODUCTION

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 and April 2016, 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 and Guidance, and provides a formal expression of good corporate practice against which shareholders, boards and the 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 is classified within the infrastructure (renewable energy) sector. The Company currently complies (except as set out at the end of this paragraph) with the principles of good governance contained in the AIC Code (which complements the Corporate Governance Code and provides a framework of best practice for listed investment companies) and has decided to follow the AIC's Corporate Governance Guide for Investment Companies (the "AIC Guide"), and in accordance with the AIC Code, the Company will be meeting its obligations in relation to the Corporate Governance Code and associated disclosure requirements of the Listing Rules. The Corporate Governance 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 Corporate Governance 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.

LEADERSHIP

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 33 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, Sherborne Investors (Guernsey) C Limited, Third Point Offshore Investors Limited and NB Distressed Debt Investment Fund 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 over 32 years' experience in financial services, having worked in fund administration, custody and compliance roles. She previously sat on the board of Resolution Limited, the FTSE 100 company, now part of Aviva. 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, as Director of New Business, running a team responsible for marketing, sales and implementation.

Past experience
In her early career, Denise 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 is a Chartered Fellow of the Securities and Investment Institute and 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

Peter Neville
Director

Peter Neville, a resident of Guernsey, has more than 36 years' experience in the financial services and financial services regulatory sectors in the UK and overseas, being Director General of the Guernsey Financial Services Commission from 2001 until 2009.

Past experience
Peter's boardroom experience has included the Chairmanship of Kleinwort Benson (Channel Islands) Limited, the Guernsey-based bank, and acting as a non-executive director of Mytrah Energy Limited. 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, mainly while working for various bodies within the HSBC group. As the first Director of Investment Services at Malta's financial services regulator, he established the Maltese regulatory regime for funds and investment management firms. Peter was also involved in establishing the Investment Management Regulatory Organisation in the UK. Peter currently holds a number of non-executive directorships, including as a non-executive director on the Board of Network Rail Insurance Limited. Peter is a Fellow of the Institute of Chartered Accountants in England and Wales.

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, all unlisted companies in the financial services sector.

Past experience
Richard's 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

Hans Joern Rieks
Director
Appointed 13 June 2019

Hans has over 25 years of experience within the global wind industry and has previously worked for Siemens Gamesa and Vestas Central Europe. He is highly regarded in the energy sector and has successfully led growth agendas and international strategies. An engineer by background, Hans has a strong technical grounding and excellent operational experience of how to manage the constantly evolving renewables landscape.

Past experience
Hans formerly led the Siemens wind business in EMEA, crafting and implementing a growth strategy which resulted in the merger with Gamesa. Prior to this, he was President and CEO of Vestas Central Europe and member of the Group Management of Vestas Wind Systems A/S.

Committee memberships
RC

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 and co-lead Investment Adviser with over 20 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.

Chris Holmes
Investment Adviser

Chris is a Director of JLCM and co-lead Investment Adviser with over 22 years' experience in infrastructure, including PPPs, economic infrastructure and renewables.

Chris joined the Investment Adviser in January 2018. Prior to this, he was a Managing Director and Head of Waste & Bioenergy team at the Green Investment Group (formerly the UK Green Investment Bank plc) for four years. During his time at Green Investment Group, Chris was responsible for over £0.5 billion of investment across 18 assets in the waste and biomass sectors.

Before taking up his position at the Green Investment Bank plc, Chris was Head of Capital Markets in the Infrastructure and Renewables team at NIBC, also with responsibility for UK debt origination and advisory within these sectors. Chris was with NIBC for over 12 years, working on a number of waste and bioenergy transactions.

Chris has a BA in Business Economics from the University of Durham.

Corporate governance statement

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

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 is one material update to the Article 23 Disclosures contained in Section 11 of Part 9 of the Prospectus, as follows:

- as detailed further in this report, the repayment date of the Fund's revolving credit facility has been extended for an additional year (to June 2022), with effect from 8 May 2019. This follows the one-year extension effective from 1 June 2018 reported in last year's Annual Report.

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 74 and 75 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.

Corporate governance statement continued

The Board continued

The tenure of Directors is expected not to 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 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.

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 Board as a whole. At the 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 pages 83 and 84, remuneration levels were subject to a full independent review during 2017 and recommendations for fee levels to apply from the financial year commencing April 2019 will be proposed to shareholders as part of the revised remuneration policy at the 2019 annual general meeting.

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 74 and 75. 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.

Corporate governance statement continued

Committees of the Board continued

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 year are set out on pages 85 to 89. The terms of reference for each of the Committees are 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 2019 is set out below.

	Board meeting	Audit Committee	Risk Committee	Nomination Committee
Number of meetings held	4	4	4	5
Richard Morse	4	n/a	n/a	5
Christopher Legge	4	4	4	n/a
Denise Mileham	4	n/a	4	5
Peter Neville	4	4	4	5
Richard Ramsay	4	3	n/a	n/a

A total of 12 other unscheduled Board meetings were held during the year for specific purposes which were attended by some, but not all, of the Directors.

EFFECTIVENESS

The Board ensures it has the appropriate balance of skills, experience, independence and knowledge to operate effectively.

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.

This year the Board carried out an internal assessment of its effectiveness and performance. The result of this was generally satisfactory and in line with previous reviews.

Issues raised in the assessment, which we have agreed to take forward in the coming year, include:

- a more formal annual plan for the management of the portfolio, acquisitions and financing strategy. This is already done informally but our asset portfolio is now of a size to justify a more formal process, which will also incorporate a detailed review of the financial model for the Fund every six months;
- continuing work on Board succession, which commenced with the appointment of Hans Rieks. We regard it as important to address the diversity of the Board within the next 12 months, and to address the fact that four more of the original Directors are likely to be replaced by the ninth anniversary of the Fund's listing in 2023; and
- continuing training and education on emerging trends and technologies in the market space accessible by JLEN. A suitable programme will be put in place for 2019/20 and beyond.

The Board has agreed, in line with its stated policy, to undertake an independent review of Board effectiveness next year.

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.

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 88.

RELATIONS WITH SHAREHOLDERS

The Company welcomes engagement with shareholders and the investment community.

Dialogue 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 broker.

Investor publications

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.

Company website

The Company's website was refreshed in November 2018 to provide a more user-friendly experience. The website is regularly updated with new information and quarterly publications. The Company's Prospectus, Key Information Document and Investor Disclosure Document are all available for download.

ACCOUNTABILITY

Directors' remuneration report

The Board has established separate Risk, Audit and Nomination Committees to effectively oversee the activities of the Group.

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, provided that no Director is involved in deciding their own remuneration.

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 and has since been increased broadly with inflation. During the year, the Board engaged the services of Trust Associates to undertake an external review of the Company's current remuneration policy, and to provide recommendations in relation to any changes which may apply to the financial year commencing 1 April 2019. The review included benchmarking the fees paid by the Company against the investment funds sector generally, and with companies operating in the infrastructure and renewable energy infrastructure sectors.

Certain recommendations arising from the Trust Associates review were accepted by the Directors. In addition, the Directors gave due consideration to certain specific factors of the Company which placed additional responsibilities on the Directors, including the active nature of the Board and the governance obligations of operating as a self-managed AIF, and elements of the previous remuneration policy which were deemed to be inconsistent with market practice or commensurate with the levels of work undertaken by the designated Chairs of the Company's formally constituted committees. The proposed changes to the Company's remuneration policy in relation to the financial year ending 31 March 2020 will be proposed to shareholders at the 2019 annual general meeting, and are set out below.

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.

Directors' remuneration report continued

Remuneration policy continued

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, recommended an inflationary increase to the levels of individual remuneration paid to the Directors.

For comparative purposes, the table below sets out the Directors' remuneration approved and actually paid for the year to 31 March 2019, as well as that proposed for the year ending 31 March 2020.

Director	Role	Base proposed for 2019/2020	Base paid 2018/2019
Richard Morse	Chairman	£66,500	£65,000
Richard Ramsay	Senior Independent Director	£48,400	£47,300
Christopher Legge	Audit Committee Chairman	£46,100	£45,000
Denise Mileham	Nomination Committee Chairman	£42,000	£41,000
Peter Neville	Risk Committee Chairman	£42,000	£41,000
Total		**£245,000**	**£239,300**

Where the Company requires Directors to work on specific corporate actions such as further equity raisings, an additional fee will be appropriately determined. No additional fees were paid to the Directors for the year ended 31 March 2019.

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 2019 was £1,991 (31 March 2018: £2,059).

Approval of report

The Board will seek approval at the annual general meeting on 14 August 2019 for both the remuneration policy and the annual Directors' fees for routine business for the year ended 31 March 2019 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 and recommending for approval the audit, audit-related and non-audit fees payable to the external auditor and the terms of their engagement;
- 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.

Audit Committee report continued

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 be benchmarked. As a result, a valuation is performed based on a discounted cash flow methodology in line with IFRS 9 Financial Instruments and IFRS 13 Fair Value Measurement.

The calculation of the fair value of the investments carries elements of risk, 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 power 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 now that Bank erosion and profit shifting ("BEPS") legislation has been 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, gas 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 have 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 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 a sample of projects have been performed during the period by the Investment Adviser, who has reported 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 fifth set of financial statements on which it has expressed an audit opinion.

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.

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 fifth year of Deloitte's appointment as the Company's auditor. The audit partner for the Company, John Clacy, has been in place for five years. In line with the rotation requirements, John Clacy will be stepping down as the Company's audit partner immediately after the approval of this Annual Report and financial statements.

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 2020. 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

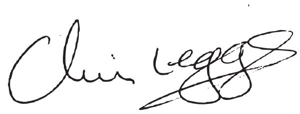
The Audit Committee met on four occasions during the year ended 31 March 2019. Matters considered at these meetings included, but were not limited to:

- review of the reappointment 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 2019 Annual Report and financial statements and the 2018 Half-year Report.

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.

Approval

On behalf of the Audit Committee:



Christopher Legge
Chairman of the Audit Committee

12 June 2019

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 at least 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 extent to which the risk profile of the Company corresponds to the size, structure and objectives of the Company, in addition to 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 must meet 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. The Risk Committee met four times in the year.

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 roles and responsibilities of the Nomination 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.

The Chairman of the Board, 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. 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 Nomination Committee met five times during the year. Matters considered at these meetings included, but were not limited to:

- the findings of the internal Board evaluation concerning the size, structure and composition of the Board and the appropriateness of the current mix of skills, knowledge and experience for its current activities;
- Director succession planning;
- Director training;
- the time requirements of Directors;
- 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 internal Board evaluation, the Committee concluded that the Board would benefit from the addition of a director with specific technical and operational experience of environmental infrastructure projects. The Committee appointed Korn Ferry, an independent external executive recruitment firm, to compile a list of candidates who would provide this experience on the Board. This list was assessed by the Nomination Committee and the Investment Adviser, and the preferred candidates were interviewed by members of the Board. On 20 May 2019, the Company announced the appointment of Hans Joern Rieks, who has considerable experience in the wind sector across European and global markets, having held senior positions with Vestas and Siemens Gamesa. Korn Ferry has no other connection with the Company or its individual Directors.

The Committee noted that the Board was satisfied with the internal evaluations process conducted for 2019 and it is expected that the next external evaluation would be arranged for 2020.

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 2019.

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 31 March 2018, the total number of ordinary shares of the Company in issue was 394,077,029. In October 2018, JLEN issued 102,941,176 shares in an oversubscribed placing. At 31 March 2019, the total number of ordinary shares of the Company in issue was 497,018,205.

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 2019, 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 17 to 71.

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 106 to 132. On 30 May 2019, the Directors declared a dividend in respect of the period 1 January 2019 to 31 March 2019 of 1.6275 pence per share to shareholders on the register as at the close of business on 7 June 2019, payable on 28 June 2019.

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 52 to 58. 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 £170 million multi-currency revolving credit facility with a remaining accordion facility of up to £20 million with HSBC, NIBC, ING and Santander, expiring in June 2022 after committing, in May 2019, to an additional £40 million within the accordion facility and extending the facility by one further year. 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 2019, the Company had net current assets of £0.3 million (31 March 2018: £3.9 million), including a cash balance of £1.9 million (31 March 2018: £5.5 million). At UK HoldCo level, the £130 million revolving credit facility was drawn to a level of £16.7 million (31 March 2018: £48.4 million), with the balance available for future acquisitions and working capital. 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 June 2022, 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 June 2022.

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 and gas prices, continued government support for renewable energy subsidy payments and the impact of a proportion of the PPP 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 equity and debt markets to raise new capital as and when required.

The Directors have determined that a three-year look forward to June 2022 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 54 to 58 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 placings in October 2018. Further details can be found in note 13 to the financial statements.

The Company has one class of ordinary shares which carry 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 14 August 2019. This shareholder authority was renewed at the 2018 annual general meeting.

Major interests in shares and voting rights

As at 31 March 2019, 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
Newton Investment Management Limited	9.5%	47.1m
Baillie Gifford & Co Limited	6.8%	33.7m
Legal & General Investment Management	6.1%	30.1m

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 74 and 75.

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

Chris Legge, Director and Chair of the Audit Committee, will be standing down from the Board on 13 June 2019. He will be succeeded as Audit Chair by Peter Neville. On 20 May 2019, the Company announced that Hans Rieks will become a Director of JLEN on 13 June 2019. On appointment, Hans Rieks will succeed Peter Neville as Chair of the Risk Committee.

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 compliance with the provisions of the AIC Code of Corporate Governance, all of the Directors will stand for re-election at each annual general meeting. Having considered the results of the internal performance evaluation for the year ended 31 March 2019, the Directors are satisfied that the Board continues to perform effectively, and that each Director continues to demonstrate commitment to their roles. 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 2019 were:

	Ordinary shares of no par value each held at 31 Mar 2019	Ordinary shares of no par value each held at 31 Mar 2018
Richard Morse	**103,535**	83,042
Christopher Legge	**29,896**	29,896
Denise Mileham	**32,340**	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 2019 to the date of this report.

Annual general meeting

The Company's annual general meeting will be held at 10.00am on 14 August 2019 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 has acted as the Investment Adviser to the Company for the year under review. Post the balance sheet date, the Company announced that the Investment Adviser would change from JLCM to Foresight Group on 1 July 2019, and the existing advisory team would also transfer to Foresight Group on that date. The material terms, fees and provisions of the Investment Advisory Agreement with Foresight Group are the same as the existing investment advisory agreement with JLCM, as set out in note 15 to the financial statements. It is the Directors' opinion that the appointment of Foresight Group on the agreed terms is in the best interests of the shareholders as a whole.

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 2019 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 the 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

12 June 2019

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 and IFRS as issued by the International Accounting Standards Board, 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 year.

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

12 June 2019

FINANCIAL STATEMENTS

Audited accounts for the year ended 31 March 2019.

What's inside this section:

INDEPENDENT AUDITOR'S REPORT

to the members of John Laing Environmental Assets Group Limited

Opinion

In our opinion, the financial statements of John Laing Environmental Assets Group Limited:

- **give a true and fair view of the state of the Company's affairs as at 31 March 2019 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 IFRSs as issued by the International Accounting Standards Board ("IASB"); and**
- **have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.**

We have audited the financial statements of John Laing Environmental Assets Group Limited (the "Company") which 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.

Basis for opinion

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

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

While the parent company is not a public interest entity subject to European Regulation 537/2014, the Directors have decided that the parent company should follow the same requirements as if that Regulation applied to the parent company.

INDEPENDENT AUDITOR'S REPORT continued

to the members of John Laing Environmental Assets Group Limited

Summary of our audit approach

Key audit matters	The key audit matter 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 for the financial statements was £10.2 million, which was determined on the basis of 2% of net assets.
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 in our approach from the prior year.

Conclusions relating to going concern, principal risks and viability statement

Going concern

We have reviewed the Directors' statement in note 2(b) 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 12 months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the Company, its business model and related risks including, where relevant, the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the Directors' assessment of the Company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the Directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

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

Conclusions relating to going concern, principal risks and viability statement	
Principal risks and viability statement Based solely on reading the Directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the Directors' assessment of the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to: • the disclosures on pages 52 to 58 that describe the principal risks and explain how they are being managed or mitigated; • the Directors' confirmation on page 92 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; or • the Directors' explanation on page 91 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 are also required to report whether the Directors' statement relating to the prospects of the Company required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	**We confirm that we have nothing material to report, add or draw attention to in respect of these matters.**

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

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.

Valuation of investments at fair value	
Key audit matter description	As described in the significant 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. These investments are valued at £520.0 million (2018: £388.5 million). Note 9 to the financial statements provides a breakdown of the movement in these investments in the financial year. The complexity of the valuation methodology, as well as a number of significant estimates, means that the fair value of the investments will be sensitive to the assumptions made (as described in the sensitivity disclosures in note 16 and the "investment portfolio and valuation" section of the Annual Report) and may not be appropriate. The key estimates included in the valuation are: • discount rates – the determination of the appropriate discount rate for each investment with regards to risk-free rates, operational risk, and recent market transactions where applicable; there is also potential for fraud through manipulation of this assumption; • macroeconomic assumptions – including forward electricity prices, corporation tax rates, and inflation rates; and • operational assumptions – including expected future energy yields, output levels, and asset extension and upgrade assumptions.
How the scope of our audit responded to the key audit matter	Our audit procedures were designed to allow us to obtain appropriate evidence to challenge the assumptions adopted in the discounted cash flow models. Our audit procedures included: • understanding and evaluating the design and implementation of internal controls in respect of updates to the valuation model used at 31 March 2019; • challenging the discount rates applied by engaging our internal valuation specialists to calculate an independent appropriate range, and benchmarking the discount rates against comparable market participants and recent market transactions; • challenging the macroeconomic assumptions by reference to observable market data and forecasts; • reviewing changes to operational assumptions in the underlying models, in particular movements from acquisition values, and extensions and value enhancements made, through reference to third-party support where required; • challenging the conclusions of the Investment Adviser's external report; • reviewing the historical accuracy of the models' cash flow forecasts against actual results; • 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; and • reviewing the appropriateness of the disclosures made in the financial statements including the sensitivities applied.

Valuation of investments at fair value continued

Key observations	In consideration of the fair value of the portfolio, we have determined that as a whole the assumptions adopted are appropriate, noting in particular that: • the discount rates applied are within the reasonable range determined by our valuation specialists and industry peers; • the macroeconomic assumptions fall within a reasonable range based on available observable market data; • the future energy yield assumptions appear appropriate based on historic performance and our challenge of operational management; and • asset-specific enhancements were appropriately reflected in the underlying cash flows supported by third-party reports.

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.

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

Materiality	£10.2 million (2018: £7.8 million)
Basis for determining materiality	2% of Net Asset Value (2018: 2% of Net Asset Value)
Rationale for the benchmark applied	We consider Net Asset Value to be a key benchmark used by members of the Company in assessing financial performance.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £510,000 (2018: £390,000), 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 controls, 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

We have nothing to report in respect of these matters.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- fair, balanced and understandable – the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit Committee reporting – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- Directors' statement of compliance with the UK Corporate Governance Code – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud, are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, internal audit and the Audit Committee, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team and involving relevant internal specialists, including tax and valuations specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the valuation of investments at fair value; and
- obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the Companies (Guernsey) Law, 2008, Listing Rules and tax legislation.

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

Audit response to risks identified

As a result of performing the above, we identified the valuation of investments at fair value as a key audit matter. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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

- reviewing the financial statement disclosures and testing supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

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 • proper accounting records have not been kept; or • the financial statements are not in agreement with the accounting records.	We have nothing to report in respect of these matters.

Other matters

Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board on 12 December 2013 to audit the financial statements for the period ending 31 March 2015 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is five years, covering the years ending 31 March 2015 to 31 March 2019.

Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

Use of our report

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.

John Clacy, FCA
For and on behalf of Deloitte LLP
Recognised Auditor
Guernsey, Channel Islands

12 June 2019

INCOME STATEMENT

for the year ended 31 March 2019

	Notes	2019 £'000s	2018 £'000s
Operating income	9	**59,247**	26,078
Operating expenses	5	**(5,895)**	(5,018)
Operating profit		**53,352**	21,060
Profit before tax		**53,352**	21,060
Tax	6	**—**	—
Profit for the year		**53,352**	21,060
Earnings per share			
Basic and diluted (pence)	8	**12.2**	5.7

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 2019

	Notes	2019 £'000s	2018 £'000s
Non-current assets			
Investments at fair value through profit or loss	9	**520,032**	388,468
Total non-current assets		**520,032**	388,468
Current assets			
Trade and other receivables	10	**21**	20
Cash and cash equivalents		**1,849**	5,509
Total current assets		**1,870**	5,529
Total assets		**521,902**	393,997
Current liabilities			
Trade and other payables	11	**(1,563)**	(1,610)
Total current liabilities		**(1,563)**	(1,610)
Total liabilities		**(1,563)**	(1,610)
Net assets		**520,339**	392,387
Equity			
Share capital account	13	**492,670**	389,262
Retained earnings	14	**27,669**	3,125
Equity attributable to owners of the Company		**520,339**	392,387
Net assets per share (pence per share)		**104.7**	99.6

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 12 June 2019.

They were signed on its behalf by:

Richard Morse
Chairman

Christopher Legge
Director

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2019

	Notes	Share capital account £'000s	Retained earnings £'000s	Total £'000s
		Year ended 31 Mar 2019		
Balance at 1 April 2018		**389,262**	**3,125**	**392,387**
Profit for the year		**—**	**53,352**	**53,352**
Profit and total comprehensive income for the year		**—**	**53,352**	**53,352**
Issue of share capital	13	**105,000**	**—**	**105,000**
Expenses of issue of equity shares	13	**(1,592)**	**—**	**(1,592)**
Dividends paid	7	**—**	**(28,808)**	**(28,808)**
Balance at 31 March 2019		**492,670**	**27,669**	**520,339**

	Notes	Share capital account £'000s	Retained earnings £'000s	Total £'000s
		Year ended 31 Mar 2018		
Balance at 1 April 2017		334,858	5,190	340,048
Profit for the year		—	21,060	21,060
Profit and total comprehensive income for the year		—	21,060	21,060
Issue of share capital	13	55,522	—	55,522
Expenses of issue of equity shares	13	(1,118)	—	(1,118)
Dividends paid	7	—	(23,125)	(23,125)
Balance at 31 March 2018		389,262	3,125	392,387

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

CASH FLOW STATEMENT

for the year ended 31 March 2019

	Notes	2019 £'000s	2018 £'000s
Profit from operations		**53,352**	21,060
Adjustments for:			
Investment interest		**(24,063)**	(18,631)
Dividends received		**(7,300)**	(10,400)
Net (gain)/loss on investments at fair value through profit or loss		**(27,884)**	2,953
Operating cash flows before movements in working capital		**(5,895)**	(5,018)
(Increase)/decrease in receivables		**(1)**	12
(Decrease)/increase in payables		**(47)**	555
Net cash outflow from operating activities		**(5,943)**	(4,451)
Investing activities			
Investments in subsidiaries		**(13,680)**	(17,500)
Loan to subsidiaries	12	**(90,000)**	(37,000)
Investment interest		**24,063**	18,631
Dividends received		**7,300**	10,400
Net cash used in investing activities		**(72,317)**	(25,469)
Financing activities			
Proceeds on issue of share capital	13	**105,000**	55,522
Expenses relating to issue of shares	13	**(1,592)**	(1,118)
Dividends paid	7	**(28,808)**	(23,125)
Net cash from financing activities		**74,600**	31,279
Net increase in cash and cash equivalents		**(3,660)**	1,359
Cash and cash equivalents at beginning of the year		**5,509**	4,150
Cash and cash equivalents at end of year		**1,849**	5,509

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

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 2019 and have been prepared on the basis of the accounting policies set out below. The financial statements comprise only the results 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 12 June 2019. 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 Standards 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 IFRS 9 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 2019 principally comprise working capital balances, the revolving credit facility 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 has a finite life. For the PPP assets, the shareholder 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 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 17 Insurance Contracts (effective 1 January 2021);
- IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019);
- Amendments to IFRS 9 Prepayment features with Negative Compensation (effective 1 January 2019);
- Amendments to IFRS 10 and IAS 28 Long-term Interest in Associates and Joint Ventures (effective 1 January 2019);
- Annual improvements to IFRS standards 2015-2017 cycle (effective 1 January 2019);
- Amendments to IAS 19 Plan Amendments, Curtailment or Settlement (effective 1 January 2019); and
- Amendments to References to the Conceptual Framework in IFRS standards (effective 1 January 2019).

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.

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases and requires all operating leases in excess of one year, where the Company is the lessee, to be included on the Company's balance sheet, and recognise a right-of-use asset and a related lease liability representing the obligation to make lease payments. The right-of-use asset will be assessed for impairment annually (incorporating any onerous lease assessments) and amortised on a straight-line basis, with the lease liability being amortised using the effective interest method. Lessor accounting is unchanged from previous guidance. As the Company itself does not have any leases it is not anticipated that the new standard will have a material impact on the Company's reported results. The change in accounting treatment for the leases in the subsidiaries is not expected to have a significant cash impact over time and therefore does not impact the overall valuation of the Company's investments.

The following standards became effective during the year and did not have a material impact on the Company's reported results:

- IFRS 9 Financial Instruments (effective 1 January 2018); and
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018).

IFRS 9 Financial Instruments

IFRS 9 replaces the classification and measurement models for financial instruments in IAS 39 (Financial Instruments: recognition and measurement) with three classification categories: amortised cost, fair value through profit or loss and fair value through other comprehensive income. Following an assessment of the Company's assets and liabilities, IFRS 9 has not had a material impact on its reported results as the classification and measurement basis are consistent with the previous standard.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single, principles-based revenue recognition model to be applied to all contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations. New disclosure requirements are also introduced. The majority of the Company's revenue is derived from interest income, dividend income and fair valuation movements on investments which are not within the scope of IFRS 15. As a result, the new standard has not had a material impact on the Company's reported results.

2. Significant accounting policies continued

(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 £11.4 million (including £1.9 million in the Company) as at 31 March 2019 and a revolving credit facility (available for investment in new or existing projects and working capital) of £130 million and an uncommitted accordion facility of up to £60 million expiring in June 2021. After the balance sheet date, on 8 May 2019, the facility was further extended by one year to June 2022 and the accordion facility was exercised for up to £40 million, increasing the borrowing facility to £170 million.

As at 31 March 2019, the Company's wholly owned subsidiary UK HoldCo had borrowed £16.7 million under the facility.

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 and interest received from UK HoldCo. Dividends from UK HoldCo are recognised when the Company's right to receive payment has been established. Interest income is accrued by reference to the loan principal outstanding, applicable interest rate, and 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 IFRS 9 Financial Instruments and IFRS 13 Fair Value Measurement.

I) 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, investments 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 has 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

II) 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.

III) Effective interest method

The effective interest rate is the 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.

IV) 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), shareholder and inter-company 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 2019 were in the range 6.5% to 9.2% (31 March 2018: 6.5% to 9.2%). 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
The fair value of environmental infrastructure investments 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), shareholder and inter-company loans (interest and repayments). Estimates such as the cash flows are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the fair value of assets not readily available from other sources. Actual results may differ from these estimates.

Discount rates used in the valuation 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 rate is deemed to be one of the most significant unobservable inputs and any change could have a material impact on the fair value of investments. Underlying assumptions and discount rates are disclosed in note 9 and sensitivity analysis is disclosed in note 16.

Critical accounting judgements
Equity and debt investment in UK HoldCo
In applying their judgement, 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 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 2019 £'000s	Year ended 31 Mar 2018 £'000s
Investment advisory fees	**5,006**	4,147
Directors' fees and expenses	**242**	273
Administration fee	**100**	89
Other expenses	**547**	509
	5,895	5,018

The Company had no employees during the year (31 March 2018: nil). There was no Directors' remuneration for the year other than Directors' fees as detailed in note 15 (31 March 2018: nil).

Included within other expenses is an amount of £102,000 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 2019 (year ended 31 March 2018: £91,500).

The Company did not pay any non-audit services to Deloitte LLP (year ended 31 March 2018: £49,000 to Deloitte LLP in respect of non-audit services related to the Company's Prospectus issued on 23 February 2018).

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 or loss, are included in the estimate of the fair value of these investments.

7. Dividends

	Year ended 31 Mar 2019 £'000s	Year ended 31 Mar 2018 £'000s
Amounts recognised as distributions to equity holders during the year (pence per share):		
Final dividend for the year ended 31 March 2018 of 1.5775 (31 March 2017: 1.535)	**6,216**	5,215
Interim dividend for the quarter ended 30 June 2018 of 1.6275 (30 June 2017: 1.5775)	**6,414**	5,970
Interim dividend for the quarter ended 30 September 2018 of 1.6275 (30 September 2017: 1.5775)	**8,089**	5,970
Interim dividend for the quarter ended 31 December 2018 of 1.6275 (31 December 2017: 1.5775)	**8,089**	5,970
	28,808	23,125

A dividend for the quarter ended 31 March 2019 of 1.6275 pence per share, amounting to £8.1 million, was approved by the Board on 30 May 2019 and is payable on 28 June 2019. The dividend has not been included as a liability at 31 March 2019.

8. Earnings per share

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

	Year ended 31 Mar 2019 £'000s	Year ended 31 Mar 2018 £'000s
Earnings		
Earnings for the purposes of basic and diluted earnings per share, being net profit attributable to owners of the Company	**53,352**	21,060
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**438,919,897**	369,225,001

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	**12.2**	5.7

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 2019 £'000s	31 Mar 2018 £'000s
Fair value of environmental infrastructure investments	**523,558**	429,494
Fair value of intermediate holding companies	**(3,526)**	(41,026)
Total fair value of investments	**520,032**	388,468

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 2019, by incorporating the fair value of these intermediate holding companies.

	Portfolio value 31 Mar 2019 £'000s	Cash, working capital and debt in intermediate holdings 31 Mar 2019 £'000s	Total 31 Mar 2019 £'000s	Portfolio value 31 Mar 2018 £'000s	Cash, working capital and debt in intermediate holdings 31 Mar 2018 £'000s	Total 31 Mar 2018 £'000s
Opening balance	429,494	(41,026)	388,468	327,647	9,274	336,921
Acquisitions						
Portfolio of assets acquired	77,666	–	77,666	110,789	–	110,789
Post-acquisition price adjustments	(163)	–	(163)	(3,591)	–	(3,591)
	77,503	–	77,503	107,198	–	107,198
Growth in portfolio(1)	60,143	–	60,143	28,058	–	28,058
Yields from portfolio to intermediate holding companies	(43,582)	43,582	–	(33,409)	33,409	–
Yields from intermediate holding companies						
Interest on loan notes(1)	–	(24,063)	(24,063)	–	(18,631)	(18,631)
Dividend payments from UK HoldCo to the Company(1)	–	(7,300)	(7,300)	–	(10,400)	(10,400)
	–	(31,363)	(31,363)	–	(29,031)	(29,031)
Other movements						
Investment in working capital in UK HoldCo	–	(5,553)	(5,553)	–	(16,798)	(16,798)
Administrative expenses borne by intermediate holding companies(1)	–	(896)	(896)	–	(1,980)	(1,980)
(Drawdown)/repayment of UK HoldCo revolving credit facility borrowings	–	31,730	31,730	–	(35,900)	(35,900)
Fair value of the Company's investment in UK HoldCo	523,558	(3,526)	520,032	429,494	(41,026)	388,468

(1) The net gain on investments at fair value through profit or loss for the year ended 31 March 2019 is £27,884,000 (31 March 2018: net loss of £2,953,000). This, together with interest received on loan notes of £24,063,000 (31 March 2018: £18,631,000) and dividend income of £7,300,000 (31 March 2018: £10,400,000) comprises operating income in the income statement.

The balances in the table above represent the total net movement in the fair value of the Company's investment. The "cash, working capital and debt in intermediate holding companies" balances reflect investment in, distributions from or 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 2019. 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 9.2% (31 March 2018: 6.5% to 9.2%). The weighted average discount rate of the portfolio at 31 March 2019 is 7.9% (31 March 2018: 8.1%).

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

	31 Mar 2019	31 Mar 2018
UK – inflation rates	2.8% for 2019 decreasing to 2.75% from 2021	3.50% for 2018 gradually decreasing to 2.75% from 2020
France – inflation rates	1.5%	1.5%
UK – deposit interest rates	1.5% for 2019, gradually rising to 2.5% from 2020	1.5% for 2018, gradually rising to 2.5% from 2020
France – deposit rates	0.5%	0.5%
Euro/sterling exchange rate	1.16	1.14

The UK corporation tax rate assumed in the 31 March 2019 portfolio valuation is 19%, stepping down to 17% from April 2020 (31 March 2018: 19%), in line with market practice. The equivalent rate for the French assets is 28%, stepping down to 25.0% from 2022.

Refer to note 16 for details of the sensitivity of the portfolio to movements in the discount rate and economic assumptions.

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.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

9. Investments at fair value through profit or loss continued

Fair value of portfolio of assets continued

Details of environmental infrastructure project investments were as follows:

	% holding at 31 Mar 2019		% holding at 31 Mar 2018	
Project name	Equity	Shareholder loan	Equity	Shareholder loan
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%
CSGH	100%	100%	100%	100%
Dumfries and Galloway	80%	80%	80%	80%
Dungavel	100%	100%	100%	100%
Egmere Energy	100%	100%	–	–
ELWA	80%	80%	80%	80%
Ferndale	100%	100%	100%	100%
Grange Farm	100%	100%	–	–
Hall Farm	100%	100%	100%	100%
Icknield	53%	100%	40%	100%
Le Placis Vert	100%	100%	100%	100%
Llynfi	100%	100%	100%	100%
Biogas Meden	100%	100%	–	–
Merlin Renewables	100%	100%	–	–
Moel Moelogan	100%	100%	100%	100%
Monksham	100%	100%	100%	100%
New Albion Wind Farm	100%	100%	100%	100%
Panther	100%	100%	100%	100%
Plouguernével	100%	100%	100%	100%
Pylle Southern	100%	100%	100%	100%
Tay	33%	33%	33%	33%
Vulcan	100%	100%	100%	100%
Wear Point	100%	100%	100%	100%

Details of investments made during the year

On 22 June 2018, the Group signed a further investment in the Vulcan Renewables anaerobic digestion plant. The investment consists of provision of funding of c.£8.5 million to significantly expand the AD plant's biomethane generating capacity.

On 6 July 2018, the Group acquired two anaerobic digestion assets, Egmere Energy Limited and Grange Farm Energy Limited, for a total consideration of c.£36.0 million.

On 15 August 2018, the Group acquired Merlin Renewables Limited for a consideration of c.£18.1 million.

On 18 December 2018, the Group acquired Biogas Meden Limited for a consideration of c.£16.2 million.

On 20 December 2018, the Group completed a minority investment in the Icknield Farm anaerobic digestion plant from private individuals who were the project's developers for a cash consideration of £1.0 million.

10. Trade and other receivables

	31 Mar 2019 £'000s	31 Mar 2018 £'000s
Prepayments	**21**	20
Balance at 31 March	**21**	20

11. Trade and other payables

	31 Mar 2019 £'000s	31 Mar 2018 £'000s
Accruals	**1,563**	1,610
Balance at 31 March	**1,563**	1,610

12. Loans and borrowings

The Company had no outstanding loans or borrowings at 31 March 2019 (31 March 2018: £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 a three-year revolving credit facility with HSBC, ING, NIBC and Santander which provides for a committed revolving credit facility of £130 million and an uncommitted accordion facility of up to £60 million. On 1 June 2018 the facility was extend for a further year. On 8 May 2019, the facility was further extended by one year to June 2022 and the accordion facility was exercised for up to £40 million, increasing the borrowing facility to £170 million. The facility margin is 200 to 225 bps (depending on the loan-to-value ratio for the Fund) over LIBOR. The facility will be used to finance the acquisitions of environmental infrastructure projects and to cover working capital requirements.

As at 31 March 2019, UK HoldCo had an outstanding balance of £16.7 million under the facility (31 March 2018: £48.4 million). The loan bears interest of LIBOR + 200 to 225 bps and is intended to be repaid by proceeds from future capital raises.

As at 31 March 2019, the Company held loan notes of £318.9 million which were issued by UK HoldCo (31 March 2018: outstanding amount of £228.9 million).

There were no other outstanding loans and borrowings in either the Company, UK HoldCo, HWT or JLEAG Solar 1 at 31 March 2019.

13. Share capital account

	Number of shares	31 Mar 2019 £'000s	31 Mar 2018 £'000s
Opening balance 1 April 2018	394,077,029	**389,262**	334,858
Shares issued in the year	102,941,176	**105,000**	55,522
Expenses of issue of equity shares	–	**(1,592)**	(1,118)
Balance at 31 March 2019	497,018,205	**492,670**	389,262

On 24 October 2018, the Company raised gross proceeds of £105.0 million by way of issuing a total of 102,941,176 new ordinary shares at 102 pence per new ordinary share. A total of 86,694,028 new ordinary shares were issued pursuant to a placing, 10,384,829 new ordinary shares were issued pursuant to an offer for subscription, and 5,862,319 new ordinary shares were issued pursuant to an intermediaries offer placing, all in accordance with the terms set out in the Prospectus published by the Company on 23 February 2018.

Following these issues, at 31 March 2019, the Company's share capital is comprised of 497,018,205 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 2019 £'000s	31 Mar 2018 £'000s
Opening balance	**3,125**	5,190
Profit for the year	**53,352**	21,060
Dividends paid	**(28,808)**	(23,125)
Balance at 31 March	**27,669**	3,125

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

On 5 June 2019, the Company announced a change of Investment Adviser from JLCM to Foresight Group, effective from 1 July 2019. The material terms, fees and provisions of the Investment Advisory Agreement with Foresight Group are the same as applied to JLCM for the period, as summarised overleaf.

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 2019 was £5,006,000 (31 March 2018: £4,147,000) of which £1,341,000 remained payable as at 31 March 2019 (31 March 2018: £1,103,000).

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

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

Individual project companies make provision for the payment of fees to Directors appointed by its shareholders. During the year, one of the Investment Adviser's parent company's subsidiaries, Laing Investments Management Services Limited, received Directors' fees of £13,000 (31 March 2018: £18,000) from the portfolio for the provision of Directors' services provided to assets within the portfolio.

During the year, the Company's intermediate holding companies paid fees of £10,000 (31 March 2018: £30,000) related to tax compliance-related services provided by one of the Investment Adviser's parent company's subsidiaries, Laing Investments Management Services Limited.

Other transactions with related parties

During the year, the Directors of the Company, who are considered to be key management, received fees of £239,000 (31 March 2018: £271,000) for their services. The Directors of the Company were also paid £1,991 of expenses (31 March 2018: £2,059).

The Directors held the following shares:

	Ordinary shares of no par value each held at 31 Mar 2019	Ordinary shares of no par value each held at 31 Mar 2018
Richard Morse	**103,535**	83,042
Christopher Legge	**29,896**	29,896
Denise Mileham	**32,340**	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 £14,924 (31 March 2018: £14,090).

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

16. Financial instruments

Financial instruments by category

The Company held the following financial instruments at fair value at 31 March 2019. There have been no transfers of financial instruments between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

	31 Mar 2019				
	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)	—	—	520,032	—	520,032
Current assets					
Trade and other receivables	—	21	—	—	21
Cash and cash equivalents	1,849	—	—	—	1,849
Total financial assets	1,849	21	520,032	—	521,902
Current liabilities					
Trade and other payables	—	—	—	(1,563)	(1,563)
Total financial liabilities	—	—	—	(1,563)	(1,563)
Net financial instruments	1,849	21	520,032	(1,563)	520,339

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

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

- **Level 1:** fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** fair value measurements 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 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 2019

Discount rate	**Minus 0.5%**	**Base 7.9%**	**Plus 0.5%**
Change in portfolio valuation	**Increases £18.6m**	**£523.6m**	**Decreases £17.6m**
Change in NAV per share	**Increases 3.7p**	**104.7p**	**Decreases 3.5p**

31 March 2018

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

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

31 March 2019

Inflation rates	**Minus 0.5%**	**Base 2.75%**	**Plus 0.5%**
Change in portfolio valuation	**Decreases £20.7m**	**£523.6m**	**Increases £22.0m**
Change in NAV per share	**Decreases 4.2p**	**104.7p**	**Increases 4.4p**

31 March 2018

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

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

The fair value of the investments is based on a "P50" level of electricity generation for the renewable energy assets, being the expected level of generation over the long term.

16. Financial instruments continued

Sensitivity analysis of the portfolio continued

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 2019

Energy yield: wind	P90 (10 year)	Base P50	P10 (10 year)
Change in portfolio valuation	Decreases £30.8m	£523.6m	Increases £30.4m
Change in NAV per share	Decreases 6.2p	104.7p	Increases 6.1p

Energy yield: solar	P90 (10 year)	Base P50	P10 (10 year)
Change in portfolio valuation	Decreases £9.6m	£523.6m	Increases £10.2m
Change in NAV per share	Decreases 1.9p	104.7p	Increases 2.1p

31 March 2018

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

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

31 March 2019

Energy prices	Minus 10%	Base	Plus 10%
Change in portfolio valuation	Decreases £28.9m	£523.6m	Increases £29.1m
Change in NAV per share	Decreases 5.8p	104.7p	Increases 5.9p

31 March 2018

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

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

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

31 March 2019

Feedstock prices	Minus 10%	Base	Plus 10%
Change in portfolio valuation	Increases £7.0m	£523.6m	Decreases £7.2m
Change in NAV per share	Increases 1.4p	104.7p	Decreases 1.4p

Comparative sensitivity results are not applicable for 31 March 2018 as this did not present a significant risk given the smaller size of the AD portfolio at the time.

Euro/sterling exchange rate sensitivity

As the proportion of the portfolio assets with cash flows denominated in euros represented less than 1% of the portfolio value at 31 March 2019, 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 the 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 2019, the Company had no outstanding debt. However, as set out in note 12, the Company's subsidiary UK HoldCo has a £130 million revolving credit facility (increased to £170 million after the balance sheet date), which was drawn by £16.7 million at 31 March 2019.

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 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:

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 2019 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.

16. Financial instruments continued

Financial risk management continued

Liquidity risk continued

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 debt of £16.7 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 less than 1% of the portfolio value at 31 March 2019, the Directors consider the sensitivity to changes in the euro/sterling exchange rate to be insignificant.

Where investments are made in currencies other than pounds 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 pounds sterling. However, any dividends or distributions in respect of the ordinary shares will be made in pounds sterling and the market prices and Net Asset Value of the ordinary shares will be reported in pounds 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 – power price risk

The wholesale market price of electricity and gas is volatile and is affected by a variety of factors, including market demand for electricity and gas, 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 and gas 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 and gas in the market. Short-term and seasonal fluctuations in electricity and gas demand will also impact the price at which the investments can sell electricity and gas. The supply of electricity and gas also impacts wholesale electricity and gas prices. Supply of electricity and gas 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.

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 2019, the Company has provided a guarantee under the Company's wholly owned subsidiary UK HoldCo's £130 million revolving credit facility. Following an increase in the committed amount and a further one-year extension signed in May 2019, the RCF has increased to £170 million and is now due to expire in June 2022.

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 the requirements of "Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 27)":

Name	Category	Place of business	Registered office	Ownership interest	Voting rights
John Laing Environmental Assets Group (UK) Limited[(1)]	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%[(2)]
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 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%
Hall Farm Wind Farm Limited	Operating subsidiary	UK	F	100%	100%
Branden Solar Parks (Holdings) Limited	Project holding company	UK	F	100%	100%
Branden Solar Parks Limited	Operating subsidiary	UK	F	100%	100%
KS SPV 3 Limited	Operating subsidiary	UK	F	100%	100%
KS SPV 4 Limited	Operating subsidiary	UK	F	100%	100%
Carscreugh Renewable Energy Park Limited	Operating subsidiary	UK	F	100%	100%
Wear Point Wind Limited	Operating subsidiary	UK	F	100%	100%

(1) John Laing Environmental Assets Group (UK) Limited is the only entity directly held by the Company.
(2) ELWA Holdings Limited holds 81% of the voting rights and a 100% share of the economic benefits in ELWA Limited.

Name	Category	Place of business	Registered office	Ownership interest	Voting rights
Monksham Power Ltd	Project holding company	UK	D	100%	100%
Frome Solar Limited	Operating subsidiary	UK	D	100%	100%
BL Wind Limited	Operating subsidiary	UK	F	100%	100%
Burton Wold 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 Farm Limited	Operating subsidiary	UK	F	100%	100%
France Wind GP Germany GmbH	Project holding company	DE	K	100%	100%
France Wind Germany GmbH & Co. KG	Project holding company	DE	K	100%	100%
Parc Eolien Le Placis Vert SAS	Operating subsidiary	FR	I	100%	100%
Energie Eolienne de Plouguernével SAS	Operating subsidiary	FR	J	100%	100%
CSGH Solar Limited	Project holding company	UK	A	100%	100%
CSGH Solar (1) Limited	Project holding company	UK	A	100%	100%
Catchment Tay Holdings Limited	Project holding company	UK	H	33.3%	33.3%
Catchment Tay Limited	Operating subsidiary	UK	H	33.3%	33.3%
sPower Holdco 1 (UK) Limited	Project holding company	UK	D	100%	100%
sPower Finco 1 (UK) Limited	Project holding company	UK	D	100%	100%
Higher Tregarne Solar (UK) Limited	Operating subsidiary	UK	D	100%	100%
Crug Mawr Solar Farm Limited	Operating subsidiary	UK	D	100%	100%
Golden Hill Solar (UK) Limited	Project holding company	UK	D	100%	100%
Golden Hill Solar Limited	Operating subsidiary	UK	D	100%	100%
Shoals Hook Solar (UK) Limited	Operating subsidiary	UK	D	100%	100%
CGT Investment Limited	Project holding company	UK	L	100%	100%
CWMNI GWYNT TEG CYF	Operating subsidiary	UK	L	100%	100%
Moelogan 2 (Holdings) Cyfyngedig	Project holding company	UK	L	100%	100%
Moelogan 2 C.C.C.	Operating subsidiary	UK	L	100%	100%
Vulcan Renewables Limited	Operating subsidiary	UK	M	100%	100%
Llynfi Afan Renewable Energy Park (Holdings) Limited	Project holding company	UK	A	100%	100%
Llynfi Afan Renewable Energy Park Limited	Operating subsidiary	UK	A	100%	100%
Green Gas Oxon Limited	Project holding company	UK	N	52.6%	52.6%
Icknield Gas Limited	Operating subsidiary	UK	N	52.6%	52.6%
Slapton Power Company Limited	Operating subsidiary (dissolved)	UK	N	52.6%	52.6%
Egmere Energy Limited	Operating subsidiary	UK	M	100%	100%
Grange Farm Energy Limited	Operating subsidiary	UK	M	100%	100%
Merlin Renewables Limited	Operating subsidiary	UK	M	100%	100%
Biogas Meden Limited	Operating subsidiary	UK	M	100%	100%

18. Subsidiaries continued

Registered offices

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

19. Events after balance sheet date

A dividend for the quarter ended 31 March 2019 of 1.6275 pence per share, amounting to £8.1 million, was approved by the Board on 30 May 2019 for payment on 28 June 2019.

In May 2019, the RCF was extended for a further year and the accordion facility exercised for £40 million. The £170 million facility is now available until June 2022.

On 5 June 2019, the Company announced a change of Investment Adviser from JLCM to Foresight Group, effective from 1 July 2019, and that the existing advisory team would also transfer to Foresight Group on that date. The material terms, fees and provisions of the Investment Advisory Agreement with Foresight Group are the same as applied to JLCM for the period under review.

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	£549.2 million at 31 March 2019
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 22 to 24 and is detailed on page 65 of the Company's Prospectus dated 23 February 2018
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
Link Registrars (Guernsey) Limited (formerly Capita Asset Services)
Mont Crevelt House
Bulwer Avenue
St Sampson
Guernsey GY2 4LH
Channel Islands

UK transfer agent
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Auditor
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United Kingdom

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Sky Light City Tower
50 Basinghall Street
London EC2V 5DE
United Kingdom

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

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

Public company directorships
Richard Morse
John Laing Environmental Assets Group Limited

Christopher Legge
John Laing Environmental Assets Group Limited

Ashmore Global Opportunities Limited, London – Main Market

NB Distressed Debt Investment Fund Limited – SFM

Sherborne Investors (Guernsey) B Limited, London – SFM

Sherborne Investors (Guernsey) C 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

AD
Anaerobic digestion

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

bps
basis points

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

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

MW_e
megawatt electric

MWh
megawatt hour

MW_{th}
megawatt thermal

NAV
Net Asset Value

OECD
Organisation for Economic Co-operation and Development

portfolio
the 28 assets in which JLEN had a shareholding as at 31 March 2019

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

PPAs
Power Purchase Agreements

PPP/PFI
the Public Private Partnership procurement model

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

PV
photovoltaic

RHI
Renewable Heat Incentive

ROCs
Renewables Obligation Certificates

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

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

WADR
the weighted average discount rate

CAUTIONARY STATEMENT

Pages 01 to 71 of this report, including about us, at a glance, fund objectives, the 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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