



JLEN



JLEN Environmental Assets Group Limited

Half-year Report for the six months ended 30 September 2020

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ABOUT US

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

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

At 30 September 2020, the portfolio included onshore wind, PV solar, anaerobic digestion, waste & wastewater processing and hydropower projects in the UK and two onshore wind projects in France. The wind, solar, anaerobic digestion and hydropower projects are supported by the UK’s and France’s commitment to low-carbon energy generation targets whilst the waste & wastewater processing projects benefit from long-term contracts backed by the UK Government.

OUR PURPOSE

JLEN aims to invest in a diversified portfolio of environmental infrastructure projects that support more environmentally friendly approaches to economic activity whilst generating a sustainable financial return. It seeks to integrate consideration of sustainability and environmental, social and governance (“ESG”) management into its activities, which help to manage risks and identify opportunities.

Wind

Anaerobic digestion

Solar

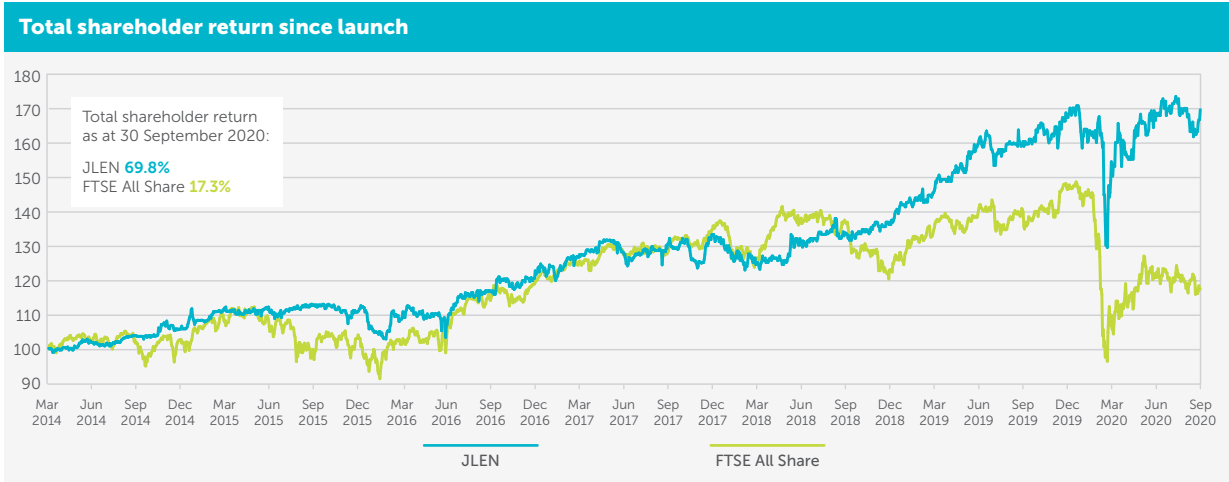
Waste & wastewater

Hydro

AT A GLANCE AT 30 SEPTEMBER 2020

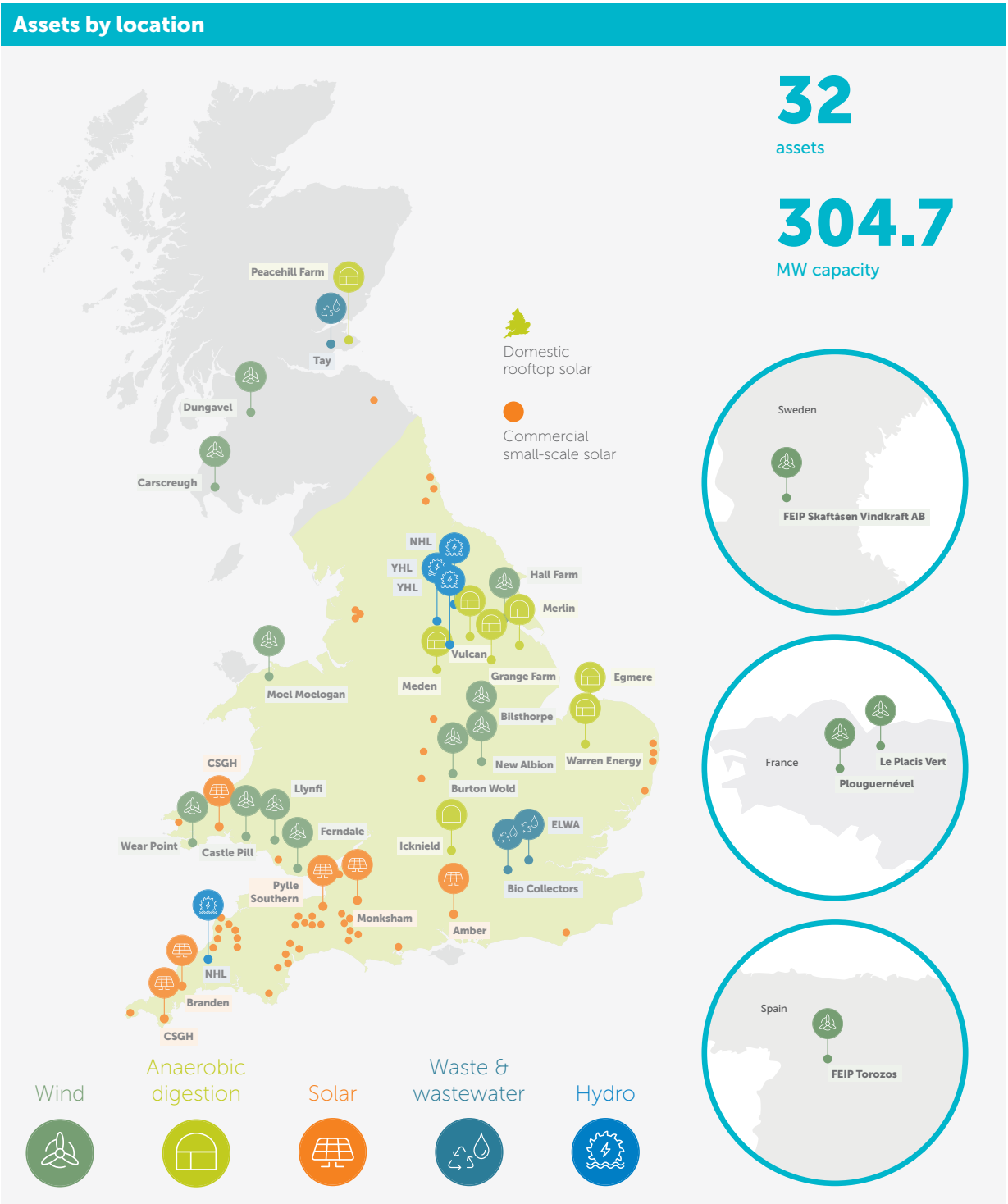
Our results for the six-month period ended 30 September 2020.

Market capitalisation	Share price	Half-year dividend per share
<div>£647.9m</div> <div>FY 2020 £606.9m</div> <div>+6.8%</div>	<div>118.5p</div> <div>FY 2020 111.0p</div> <div>+6.8%</div>	<div>3.38p</div> <div>HY 2019 3.33p</div> <div>+1.5%</div>
Net Asset Value	Net Asset Value per share	Portfolio value
<div>£525.3m</div> <div>FY 2020 £533.0m</div> <div>-1.4%</div>	<div>96.1p</div> <div>FY 2020 97.5p</div> <div>-1.4%</div>	<div>£552.9m</div> <div>FY 2020 £537.1m</div> <div>+2.9%</div>
<div><ul style="list-style-type: none">Dividend of 3.38 pence per share declared for the six months to 30 September 2020 (six months to 30 September 2019: 3.33 pence). Cash dividend cover of 1.1x in the periodTwo acquisitions completed in the period, giving a total of 32 assets</div>	<div><ul style="list-style-type: none">NAV per share 96.1 pence, down from 97.5 pence per share at 31 March 2020 mainly due to the reduction in long-term electricity and gas price forecastsTotal shareholder return since IPO to 30 September 2020 of 69.8% (8.48% annualised)</div>	<div><ul style="list-style-type: none">Profit before tax for the period of £10.7 million (six-month period ended 30 September 2019: £16.2 million)The portfolio has operated well despite the challenges of the Covid-19 pandemicStrong pipeline of assets for future growth</div>



PORTFOLIO AT A GLANCE

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



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

JLEN Environmental Assets Group Limited Half-year Report 2020

MARKET AND OPPORTUNITIES

The transition to a low-carbon economy presents a variety of investment opportunities in environmental infrastructure that JLEN is well positioned to access.

Market developments	Investment policy
Against the backdrop of international collaboration to limit further climate change, the decarbonisation of the energy system is an integral part of developing a sustainable future. To make this happen a significant investment into new environmental infrastructure will be required.	The Company invests in environmental infrastructure projects, being those that utilise natural or waste resources or support more environmentally friendly approaches to economic activity.
Global investment into renewable energy generation will be significant to meet climate targets. 55% of the EU's energy consumption will need to come from renewable sources by 2030, requiring some €400 billion of investment. Increasing electrification of end users will drive increased power demand to be met from renewable sources.	Generation of renewable energy
Energy efficiency is an integral part of addressing climate change. Within the UK, widespread deployment of energy efficiency measures will be required to meet the net zero target now enshrined in law. New infrastructure will be required that either offers a more efficient way to generate or distribute energy or a means to reduce the demand of energy users.	Projects that promote energy efficiency
Water deficits are expected to become more prevalent in the UK with wetter winters and drier summers. The UK water industry has pledged to achieve net zero carbon emissions by 2030. Diverting biodegradable waste from landfill remains a key policy and the use of carbon capture and storage alongside bioenergy facilities will play a future role in meeting climate objectives.	Supply and treatment of water and processing of waste
The scale of the climate challenge has resulted in government policy drivers on a global scale. Technologies and commercial partners can provide continuity across jurisdictions whilst more localised climate conditions and market dynamics present diversification opportunities.	Geographic spread of investments

Low-carbon solutions for heat and transport are also considered crucial to meet net zero targets; infrastructure will be necessary to facilitate this transition.

Through JLEN's diversified mandate the Board believes that the Company is well positioned to capture investment opportunities across these evolving markets as the build out of sustainable infrastructure takes on new forms, technology and financing structures. The benefits of diversification, whether through climatic conditions, market dynamics or technology type, are expected to create a resilient portfolio.

Investment outlook				
				
<p>Within the UK, a recent Government announcement to support up to double the capacity of renewable energy in the next Contracts for Difference auction, opening in late 2021, demonstrates the commitment to this sector. Although offshore wind is at the heart of this near-term strategy, an important contribution will come from other sectors. Within Europe, countries are establishing their intentions on how to meet their climate objectives.</p>				
<p>Low-carbon investment opportunities could encompass combined heat and power systems, batteries storage and flexible generation, low-carbon agriculture, co-location of battery storage with existing assets, electric vehicle and low-carbon transport infrastructure such as biofuels.</p>				
<p>Following waste reduction measures, further investment into materials recycling will be required; new legislation for food waste collection is expected to generate demand for new and expanded anaerobic digestion facilities. Energy from waste facilities are being developed to reduce residual waste to landfill.</p>				
<p>JLEN's mandate supports geographic diversification, reducing its exposure to the UK power market, regulatory framework and weather systems. The Investment Adviser can take advantage of in-country presence across Europe and Australia to generate investment opportunities outside of the UK.</p>				

CHAIRMAN'S STATEMENT

JLEN's portfolio has operated well, despite Covid-19, which has adversely affected electricity prices. Our acquisition pipeline presents further scope for diversification, supporting a lower-carbon economy.

Richard Morse
Chairman



On behalf of the Board, I am pleased to present the Half-year Report of JLEN Environmental Assets Group Limited for the six months ended 30 September 2020.

Results

During the period under review, the Company's renewables portfolio has operated well, with the wind, solar and anaerobic digestion ("AD") portfolios all exceeding their generation budget. This is despite the challenges of operating during the ongoing Covid-19 pandemic, which continues to impact unfavourably on energy prices. The Company has made two investments in UK projects during the period: the acquisition of a minority shareholding in an AD facility and the 100% acquisition of a hydro portfolio with co-located battery.

Each acquisition sees us build onto existing asset classes in the portfolio, allowing JLEN to benefit further from its existing presence in these markets. Hydro and AD assets have high levels of subsidy support, reducing exposure to electricity and gas prices, and have demonstrated resilience in the face of the Covid-19 pandemic.

The Board, meanwhile, continues to be pleased with the way in which the Investment Adviser transfer to Foresight has gone. The greater origination network of Foresight has led to more opportunities being considered.

JLEN's profit before tax for the six-month period to 30 September 2020 was £10.7 million (six months to 30 September 2019: £16.2 million) and earnings per share for the period was 2.0 pence (six months to 30 September 2018: 3.3 pence). The Board remains positive that the portfolio is well positioned to deliver the targeted dividends to shareholders and reaffirms its guidance of 6.76 pence for the year to 31 March 2021.

The Net Asset Value ("NAV") per share at 30 September 2020 was 96.1 pence, down from 97.5 pence at 31 March 2020 mainly due to the reduction in long-term electricity and gas price forecasts.

Cash received from the portfolio by way of distributions, which includes interest, loan repayments and dividends, was £24.4 million (six months to 30 September 2019: £22.8 million). Net cash inflows from the investment portfolio (after operating and finance costs) of £20.1 million (six months to 30 September 2019: £18.5 million) cover the interim dividends of £18.3 million paid in the half-year period by approximately 1.1 times (six months to 30 September 2019: £16.4 million; 1.1 times). On a dividend-declared basis for the half year, dividend cover was 1.1 times.

Dividend policy

For the year to 31 March 2020, the Company achieved its target dividend of 6.66 pence per share by the payment of four interim dividends.

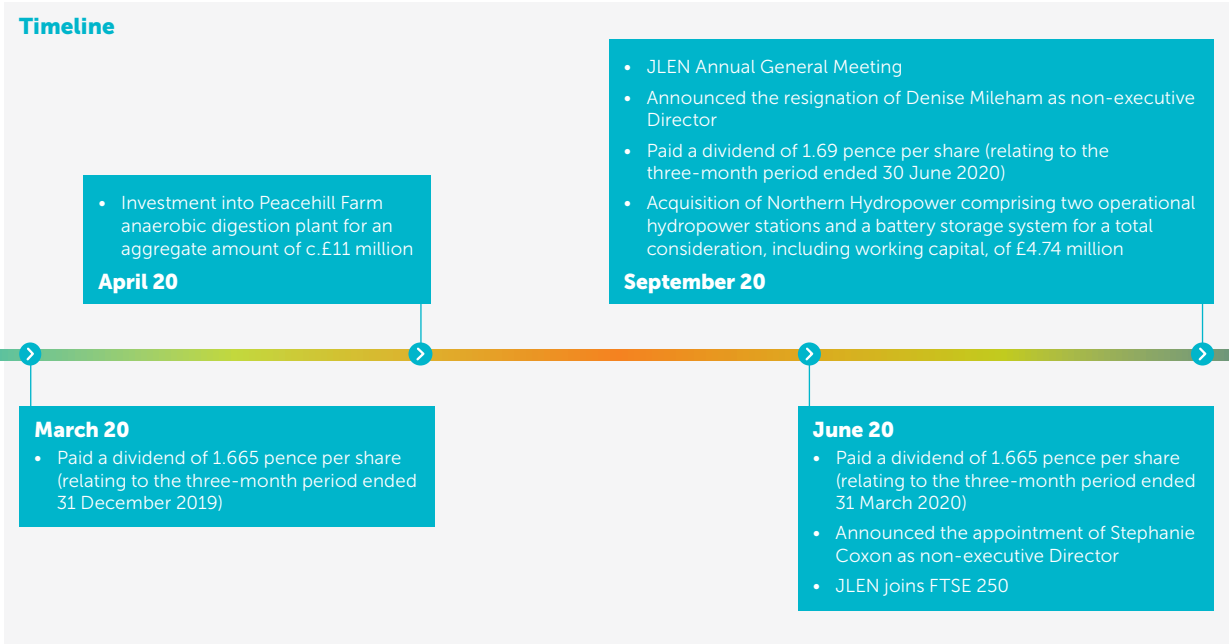
In line with the total target for the year ending 31 March 2021 of 6.76 pence per share set out in our 2020 Annual Report, a quarterly dividend of 1.69 pence per share was paid in September 2020 for the quarter to 30 June 2020.

I am pleased to announce that the Board has declared an interim dividend of 1.69 pence per share for the quarter to 30 September 2020, payable on 30 December 2020, to shareholders on the register as at 4 December 2020. The ex-dividend date will be 3 December 2020. As noted in the 2020 Annual Report, for years after the current year ending 31 March 2021 the Directors intend to follow a progressive dividend policy.

Portfolio performance

Total generation for the period from JLEN's diverse renewables portfolio (excluding the Bio Collectors food waste plant) was 463GWh, 2.5% above budget. The three main constituents of the portfolio – wind, solar and AD – all delivered generation ahead of budget.

The AD portfolio is now the largest producer of energy on a GWh basis for the half-year period covering the summer months of April to September (50% by GWh energy generated). Gas generation (measured in GWh energy generated) was 230GWh, 1.8% ahead of budget. The majority of plants comfortably exceeded their budgets, with the only material exceptions being the Vulcan and Meden plants that experienced downtime relating to equipment failures which have since been rectified. As reported in the Annual Report 2020, the Vulcan upgrade project to double the capacity of the plant has now been completed and a further expansion to the plant's capacity is being implemented to increase the capacity by a further 25-30%. Feedstock buffer levels have been increased across the portfolio to protect against downtime should there be a poor harvest or further impacts caused to the feedstock supply by the Covid-19 pandemic.



CHAIRMAN'S STATEMENT continued

Portfolio performance continued

The wind portfolio (37% by GWh energy generated) performed well and production was 2.1% above budget, generating 172GWh. Wind resource was in line with expectations while availability was generally good across the whole portfolio and the Directors are pleased to note that the warranted availability of the Siemens Gamesa Renewable Energy ("SGRE") sites, which were formerly Servion sites, has increased by 4% since January 2020. During the period, the technical wind asset management services underwent a competitive tender process, reducing costs to the portfolio and increasing the scope of the asset management contracts.

The solar portfolio (13% by GWh energy generated) generated 6.7% above budget on irradiation that was 5.6% higher during the period than the long-term average. The main detractor from performance was a planned grid constraint in Shoals Hook from August to September. Adjusting for this, generation would have been 9.0% above budget. Performance for the rest of the portfolio was generally satisfactory. The Directors are pleased to see the solar portfolio perform well during a period of high irradiation following a focus on resolving residual operational issues on certain assets.

Both concession-based projects have continued to perform in line with expectations. The ELWA waste management project has continued to exceed its key contractual targets although waste recycling percentages have been marginally impacted by Covid-19. The Tay wastewater project experienced low flows in early spring, but rainfall in more recent months has improved and the project continues to perform well financially.

Bio Collectors, the food waste collection and treatment plant, has experienced a reduction in food waste tonnages as a result of Covid-19 and while this is having a material impact on its gas production throughput, the plant is operating well and management is taking this opportunity of low throughput to make process improvements to the plant. As the trend for lower levels of waste due to the pandemic is expected to continue for some months, management is also sourcing alternative feedstocks for the plant to help mitigate some of the shortfall.

Acquisitions

During the period under review, the Company announced investments into two further project vehicles, bringing the total capacity of the renewable energy assets in the portfolio to 304.7MW at the period end. As with the Company's other assets, they have a proven operational history and are supported by a high proportion of inflation-linked revenues backed by government subsidy regimes. The investments are:

Peacehill Farm anaerobic digestion plant

On 2 April 2020, the Company announced an investment into Peacehill Farm AD plant, located in Wormit, Fife in Scotland, for an aggregate amount of c.£11 million. The investment comprises the provision of a debt facility and subscription for a minority equity stake in JLEAG AD Limited which holds, through its wholly owned subsidiary Peacehill Gas Limited, the rights and operational assets at the Peacehill Farm AD plant. The plant has a thermal capacity of c.5MWth and predominantly produces biomethane to be injected into the national gas grid. In addition, the plant also has a 0.25MWe CHP engine and is accredited under the Renewable Heat Incentive ("RHI") and Feed-in Tariff ("FiT") schemes.

Peacehill is JLEN's eighth investment into agricultural gas-to-grid AD plants and continues to build upon the Company's considerable presence in this part of the market.

Northern Hydropower portfolio

On 17 September 2020, the Company acquired two operational hydropower assets for £4.74 million, including working capital. The plants are located in Yorkshire and Cornwall and the Yorkshire-based asset includes a co-located battery storage system. The assets acquired are:

- De Lank hydro, a 99kW hydro project located on the De Lank River, commissioned in October 2011;
- Knottingley hydro, a 500kW dual turbine hydro project located on the River Aire, which was commissioned in October 2017; and
- a 1.2MW battery co-located at Knottingley, commissioned in January 2018.

Both hydro projects are accredited under the 20-year FiT scheme. The battery storage project at Knottingley is trading under a dispatch agreement with Limejump Ltd. This is the Company's second investment into hydro projects with co-located battery storage, further increasing the diversification profile of the portfolio.



In January 2020, JLEN announced a commitment of €25 million to Foresight Energy Infrastructure Partners SCSp ("FEIP"), a Luxembourg limited partnership investment vehicle. In addition to the £1.4 million investment made in the previous reporting period, a further investment of £4.8 million has been provided to the vehicle for investment into a construction stage Swedish wind farm – Skaftåsen Vindkraft AB – and Torozos, an operational 94MW wind farm in Spain.

These investments are included in the analysis of JLEN's portfolio on a look-through basis. The Board is pleased that its investment in FEIP is delivering the objective of providing JLEN with an effective means of diversifying into European markets without being overly concentrated in individual assets.

Post the period end, John Laing Group plc ("JLG") informed the Company of its intention to terminate the First Offer Agreement ("FOA"), under which the Company had a right of first offer to acquire environmental infrastructure investments in certain European countries that JLG wishes to sell. This right will terminate on the 13 November 2021.

While the FOA was useful to the Company in securing pipeline in the early years of its existence, its importance in recent years has been negligible. The last asset acquired from JLG under the FOA was the Llynfi Afan wind farm in December 2017, nearly three years ago. The Company was not planning for any further acquisitions through this route and JLG has stated publicly that it plans to move away from renewable energy investment in future. As additional context, the Investment Adviser role transferred from John Laing Capital Management Ltd (a subsidiary of JLG) to Foresight Group LLP in June 2019. I would like to thank JLG for all its support during the early years of the Company and wish it success in the future.

Debt facilities

JLEN benefits from a committed revolving credit facility ("RCF") of £170 million which matures in June 2022. At the date of issuing this report, £127.6 million is undrawn and available to fund acquisitions. The RCF is provided by HSBC, NIBC, ING and Santander.

Share capital

The Company has not issued new equity in the period. Investor appetite for the renewable infrastructure sector has remained strong and JLEN has traded at a significant premium to NAV. This has been supported by the Company's prudent approach to valuations and low portfolio volatility due to diversification of risks across technologies. However, as outlined above, JLEN has significant funding capacity for new acquisitions and the Directors are mindful of the cash drag effect on performance from raising money from shareholders without having an immediate use for that cash. The Directors consider that the Company is in a strong position and will only consider raising new equity when it is in the best interests of shareholders as a whole.

Valuation

The Net Asset Value at 30 September 2020 is £525.3 million, comprising £552.9 million portfolio valuation, £12.8 million of cash held by the Group, together with outstanding revolving credit debt of £42.4 million and a positive working capital balance of £2.0 million.

The Investment Adviser has prepared a fair market valuation of the portfolio as at 30 September 2020. 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.

CHAIRMAN'S STATEMENT continued

Valuation continued

This valuation uses key assumptions which are recommended by the Investment Adviser using its experience and judgement, having considered available comparable market transactions and financial market data in order to arrive at a fair market value.

To provide assurance to the Board with respect to the valuation, an independent verification exercise of the methodology and assumptions applied by Foresight 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 £552.9 million for the portfolio of 32 investments as at 30 September 2020.

In light of continued uncertainty around the impacts of Covid-19 on power prices and the recent volatility of projections, the Board has approved the adoption of a third consultant's forecasts in its valuations at 30 September 2020. This amendment to the blended curve has already been adopted by a number of peer funds, and provides a robust valuation methodology that reduces the risk of volatility from a single consultant deviating from general consensus. The revised blended curve is shown within the investment portfolio and valuation section of the report on page 21.

Risks and uncertainties

The principal risks facing the Company are set out in the Annual Report 2020 and these are all still considered relevant. In the period under review and in the near term, the Investment Adviser considers that Covid-19 is a dominant risk facing the Company with various indirect additional risks caused by the pandemic to consider. To date, the Company has proved to be resilient in this challenging environment and most assets have continued to perform well. Where assets have experienced a downturn in response to the pandemic, the Investment Adviser has been able to overcome or partially mitigate the difficulties through various methods, which are expanded upon in the operational review section of this report.

One of the consequences of the pandemic was a dramatic reduction in the national demand for electricity during the first "lockdown" period. This impacted the wholesale price of electricity and led to the Company's generation assets earning less from sale of electricity than expected.

The Company is protected to some degree from electricity price volatility by its diversified portfolio, which features several revenue streams that are not connected to the electricity price. The Investment Adviser has also hedged against price risk by taking out short-term fixed price arrangements with PPA providers. The Company has fixed price arrangements in place for 55% of the wind and solar portfolio by generation for the winter 2020 season and 41% of the portfolio for the summer 2021 season.

Finally, the Board and Investment Adviser continue to monitor the situation with Brexit negotiations and while it is not expected that they will significantly impact the portfolio, which is 98% based in the UK, they remain alert to possible impacts on the supply chain for spare parts for the portfolio assets and European off-taking arrangements relating to JLEN's waste assets.

Environmental, social and governance

JLEN's purpose is to invest in projects which support more environmentally friendly approaches to economic activity and, by virtue of this, has always had a good environmental profile. As the Fund has grown in size and influence, social and governance criteria have developed because of JLEN's focus on these areas as an integral part of its investment process for identifying high quality infrastructure assets and best practice in their governance.

The Board, as advised by the Investment Adviser, considers ESG matters to be important to promote responsible and ethical investment and as a tool to ensure effective asset management, reduce risks and increase the resilience of the portfolio over the long term. In the Annual Report 2020, JLEN articulated a set of ESG objectives and committed to developing a number of key performance indicators ("KPIs") to inform these objectives in a way which is meaningful and transparent. Work on these KPIs is ongoing and more information on their development can be found in the ESG section on pages 31 to 35.

The Covid-19 pandemic has arguably brought ESG matters to the forefront of public awareness and JLEN's strong ESG credentials have helped to mitigate some of the downsides caused by the pandemic. Our Investment Adviser, Foresight, continues to recommend and implement processes to prioritise the health, safety and wellbeing of staff at our sites and Foresight's own staff.

Outlook

The market outlook for the Company is positive. This is despite the wider challenges brought on by the global pandemic. The infrastructure and renewables markets remain favourable in both the context of global and UK Government policy and financial support for decarbonisation initiatives. This is echoed by strong activism at a grassroots level and by funds under management targeting this sector.

In recent months, the UK Government has demonstrated its commitment to a low-carbon economy by announcing its support for doubling the capacity of renewable energy in the next Contracts for Difference auction which opens in late 2021. A commitment to develop a new bioenergy strategy has also been announced, details of which will follow in the Energy White Paper, expected to be released by the end of 2020.

The Company has not experienced any Covid-related adverse impact to its pipeline, which remains robust, as demonstrated by the two assets acquired in the period. The Company continues to see an advantage to shareholders in surveying the wider environmental infrastructure market, where the Directors anticipate superior risk-adjusted returns than core market sectors.

While renewable energy generation remains our principal interest and focus, the Company will also consider eco-friendly opportunities in sectors such as transport and low-carbon heat that have the characteristics of infrastructure investments such as inflation-linked cash flows and stable revenues, supported by long-term contracts or regulatory support. We anticipate continental Europe becoming a more active market for investigation of new opportunities over the coming period.

In the same vein, the Directors expect to see an increase in allocation to construction stage assets within the overall limit of 15% of NAV. In part this is due to the Company's existing commitment of €25 million to Foresight Energy Infrastructure Partners being progressively drawn down as that fund continues to invest in a diversified portfolio of greenfield European renewables projects. The Company also aims to make some direct investments in projects that feature an element of construction risk for assets with a short build period and a proven, standardised design. Value enhancement activity within JLEN's current portfolio also continues, with construction projects underway at three of the AD projects to increase gas yield.

Board matters

Further to the AGM results announcement on 3 September 2020, where opposition was received to the enlarged general authority for the Board to issue shares representing an additional 10% of the Company's issued share capital on a non-pre-emptive basis (over and above the 10% issuance which was approved by shareholders at the AGM), we have not been made aware of any concerns regarding the Company or its operations from our dialogue with key investors. The opposition we received is understood to reflect the general stance taken by shareholder governance groups and is not directly related to the Company.

As announced in the notice of AGM circulated on 30 June 2020, Denise Mileham did not stand for re-election at the AGM on 3 September 2020. My fellow Directors and I are extremely grateful for Denise's contribution to the Board, having served as a Director since the Company's launch in 2014 and having demonstrated an exceptional commitment to the role during her tenure. We wish Denise the very best for the future.

As set out in the 31 March 2020 Annual Report, the Board remains focused on taking forward its succession planning arrangements, which will include addressing the balance of gender diversity represented on the Board.

It only remains for me to thank my fellow Directors and our advisers for all their efforts. We may face uncertain times but the Company is well set up to meet the challenges ahead robustly and successfully.






Richard Morse
Chairman

25 November 2020

FUND OBJECTIVES

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

Financial					
Objectives		KPIs		Principal risks (for details see pages 28 to 36 of the 2020 Annual Report)	Outlook for 2021
<div></div> <div>Predictable income growth for shareholders</div> <div>Provide investors with a dividend of 6.76 pence per share for the year to 31 March 2021.</div>		<div>3.38p</div> <div>dividend declared for the half year</div> <div><ul style="list-style-type: none">3.38 pence dividend declared for half year to 30 September 20206.76 pence dividend target⁽¹⁾ for year to 31 March 2021, up 1.5% from 2020</div>		<div><ul style="list-style-type: none">Volume of resourcePower pricesInflationChanges in the legislative and regulatory framework that affect renewables and PPP projectsOperational risks in the portfolio</div> <div><ul style="list-style-type: none">Valuation risks (volume/energy prices/inflation/feedstock costs/operational performance)Lack of future pipeline and/or fundingIncreased competitionChanges in the legislative and regulatory framework that affect renewables and PPP projects</div> <div><ul style="list-style-type: none">Lack of future pipeline and/or fundingIncreased competitionChanges in the legislative and regulatory framework that affect renewables and PPP projects</div>	<div><ul style="list-style-type: none">Weak outlook for UK power prices weighs on revenuesProgressive dividend policy announced at the full year</div> <div><ul style="list-style-type: none">Speed of recovery in demand for electricity showing encouraging signs but remains uncertain given Covid-19Assets demonstrating resilience in the face of Covid-19 are likely to be attracting a premium value</div> <div><ul style="list-style-type: none">Increased demand for renewable energy to meet global green targets</div>
<div></div> <div>Preservation of capital over the longer term</div> <div>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.</div>		<div>£525.3m</div> <div>Net Asset Value</div> <div>96.1p</div> <div>Net Asset Value per share</div> <div><ul style="list-style-type: none">NAV £525.3 million, down 1.4% from £533.0 million at 31 March 2020Net Asset Value per share 96.1 pence, down 1.4 pence against 97.5 pence at 31 March 2020</div>			
<div></div> <div>Investment, growth and diversification</div> <div>To invest in environmental infrastructure projects in accordance with the Company's investment policy 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.</div>		<div>32</div> <div>project investments</div> <div>£552.9m</div> <div>portfolio value</div> <div>304.7MW</div> <div>total diversified capacity</div> <div><ul style="list-style-type: none">Portfolio value £552.9 million, up 2.9% from £537.1 million at 31 March 2020Predominantly UK portfolio balanced by sector: 34% wind, 27% AD, 22% solar, 15% waste & wastewater and 2% hydro32 project investmentsLargest individual asset 7.9% (limit 25%)Revenue mix: 25% merchant power, 61% green benefits, 14% PFI</div>			

Environmental, social and governance

<div>Promote the efficient use of resources</div> <div>To invest into projects that manage the availability of natural resources, whether through utilisation of renewable resources, increasing resource or energy efficiency, or reusing or recovering waste.</div>	<div>Develop positive relationships with the communities in which JLEN works</div> <div>To encourage positive relationship-building between portfolio assets and the communities in which they sit.</div>	<div>Ensure effective, ethical governance across the portfolio</div> <div>To manage portfolio assets in a way that promotes ethical, effective governance.</div>
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(1) These are targets only and not profit forecasts. There can be no assurance that these targets will be met.

- Over the next full year 2020/21 a series of KPIs will be developed to help the Fund track the portfolio’s performance against each of the three ESG objectives set out here; more information is on pages 31 to 35



RISKS AND RISK MANAGEMENT

JLEN has a comprehensive risk management framework.

The Company’s approach to risk governance and its risk review process are set out in the risks and risk management section of the Annual Report 2020.

The principal risks to the achievement of the Company’s objectives are unchanged from those reported on pages 28 to 36 of the Annual Report 2020. Developments in relation to these principal risks, particularly those which could potentially have a short to medium-term impact during the period to 31 March 2021, are outlined below.

Covid-19

Since the start of the first lockdown in March 2020, the Company has experience of how the assets have performed in light of the challenges presented by the Covid-19 pandemic. The main short-term risk has been the impact on power prices referred to below. Operationally, the portfolio has proven to be resilient, as demonstrated by the encouraging energy generation results from the renewables portfolio. The pandemic has presented some specific issues to individual projects such as Bio Collectors and the Directors are of the view that these risks are understood and assessed where possible. The longer-term macro risks associated with Covid-19 are not yet clear but could include measures such as higher taxes and/or higher inflation to deal with increased government borrowing incurred to counter the pandemic.

Power prices

The Covid-19 pandemic and the associated reduction in economic activity related to counter-measures have significantly affected power prices due to the reduction in demand for electricity and gas. This is a risk in the short to medium term; however, it is not certain that prices will recover to previously forecast levels. This risk is somewhat mitigated by the large percentage of the portfolio which is subsidised and by power price and gas price hedges which are in place. Beyond Covid-19, the long-term build out of renewable energy infrastructure may change the balance between supply and demand in energy markets which may result in low power prices at times of high generation due, for example, to favourable wind conditions or solar irradiation.

Political risk – Brexit

On 31 January 2020, the UK ceased to be a member of the European Union, entering a limited transition period until 31 December 2020. At this stage it is not clear what the precise impact on the UK environmental infrastructure sector will be once the UK ceases to be subject to EU regulation and to have the same degree of market access. The UK Government remains committed to UK infrastructure development 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 commitment to “net zero” carbon emissions by 2050. While Brexit is a short-term to medium-term risk that must be considered, more than 98% of the portfolio by value is located in the UK, and should not be directly affected by the transition. The Investment Adviser continues to monitor possible disruptions to European supply chains.

Climate risk and Task Force on Climate-related Financial Disclosures (“TCFD”) reporting

At the beginning of the year the Financial Conduct Authority (“FCA”) issued a proposal that would require all premium listed companies to align their reporting to the TCFD framework for companies with a financial year end from December 2021. The implementation of this proposal has been delayed due to Covid-19; however, the Investment Adviser is working towards reporting climate risk and considerations that will satisfy the TCFD requirements, in accordance with the FCA’s proposed timelines.






As a long-term investor, JLEN is able to manage risk with a long-term perspective. This means it can take long-term views on climate risk in its portfolio. With altering weather patterns brought on by climate change, resource availability and security of the assets is a key area of focus for the Fund. The diversification of the technologies that the Fund invests in means that the Fund is not wholly reliant on any one weather resource, which spreads the climate risk across the portfolio and helps to mitigate unpredictable weather patterns in both the short and long term.

INVESTMENT PORTFOLIO AND VALUATION

Portfolio value increased to £552.9 million at 30 September 2020 from £537.1 million at 31 March 2020.

Investment portfolio

At 30 September 2020, the Group’s investment portfolio comprised interests in 32 project vehicles:

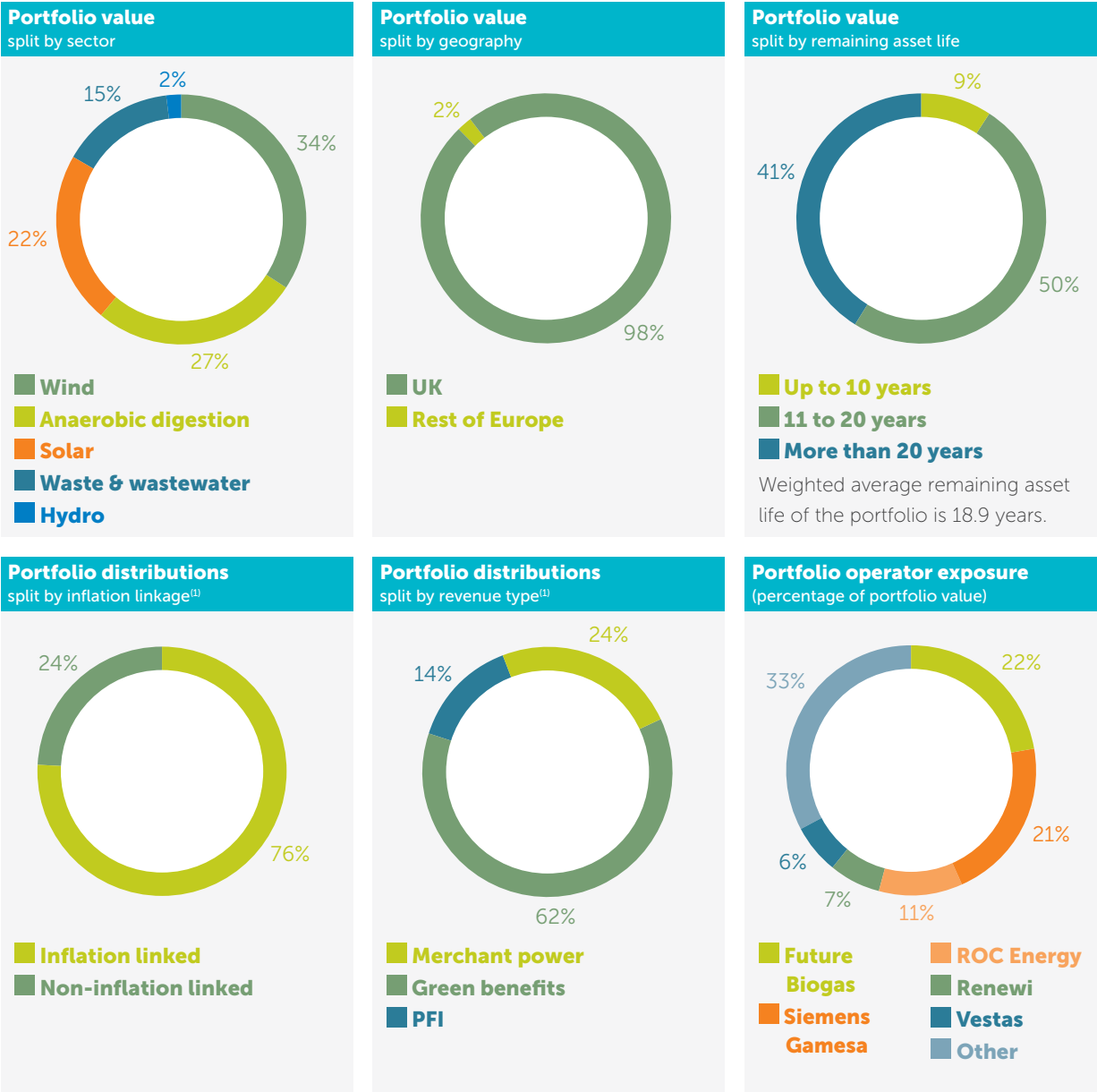
Type	Asset	Location	Type	Ownership	Capacity (MW)	Commercial operations date
	Bilsthorpe	UK (Eng)	Wind	100%	10.2	Mar 2013
	Burton Wold Extension	UK (Eng)	Wind	100%	14.4	Sep 2014
	Carscreugh	UK (Scot)	Wind	100%	15.3	Jun 2014
	Castle Pill	UK (Wal)	Wind	100%	3.2	Oct 2009
	Dungavel	UK (Scot)	Wind	100%	26.0	Oct 2015
	Ferndale	UK (Wal)	Wind	100%	6.4	Sep 2011
	Hall Farm	UK (Eng)	Wind	100%	24.6	Apr 2013
	Le Placis Vert	France	Wind	100%	4.0	Jan 2016
	Llynfi Afan	UK (Wal)	Wind	100%	24.0	Mar 2017
	Moel Moelogan	UK (Wal)	Wind	100%	14.3	Jan 2003 & Sep 2008
	New Albion	UK (Eng)	Wind	100%	14.4	Jan 2016
	Plouguernevel	France	Wind	100%	4.0	May 2016
	Wear Point	UK (Wal)	Wind	100%	8.2	Jun 2014
	Biogas Meden	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽¹⁾	Mar 2016
	Egmere Energy	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽²⁾	Nov 2014
	Grange Farm	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽²⁾	Sep 2034
	Icknield Farm	UK (Eng)	Anaerobic digestion	53%	5.0 ⁽¹⁾	Dec 2014
	Merlin Renewables	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽²⁾	Dec 2013
	Peacehill Farm	UK (Scot)	Anaerobic digestion	49%	5.0 ⁽³⁾	Dec 2015
	Vulcan Renewables	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽²⁾	Oct 2013
	Warren Energy	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽²⁾	Dec 2015
	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 & Mar 2015
	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
	Bio Collectors	UK (Eng)	Waste management	70%	11.7	Dec 2013
	ELWA	UK (Eng)	Waste management	80%	n/a	2006
	Tay	UK (Scot)	Wastewater	33%	n/a	Nov 2001
	Northern Hydropower	UK (Eng)	Hydropower	100%	1.8 ⁽⁴⁾	Oct 2011 & Oct 2017
	Yorkshire Hydropower	UK (Eng)	Hydropower	100%	2.0 ⁽⁴⁾	Oct 2015 & Nov 2016
	FEIP Skaftåsen Vindkraft AB	Sweden	Wind	n/a	n/a	Under construction
	FEIP Torozos	Spain	Wind	n/a	n/a	Dec 2019
Total					304.7	

(1) MWth (thermal) and an additional 0.4MWe CHP engine for on-site power provision.
(2) MWth (thermal) and an additional 0.5MWe CHP engine for on-site power provision.
(3) MWth (thermal) and an additional 0.25MWe CHP engine for on-site power provision.
(4) Includes a 1.2MW battery storage.

INVESTMENT PORTFOLIO AND VALUATION continued

Investment portfolio continued

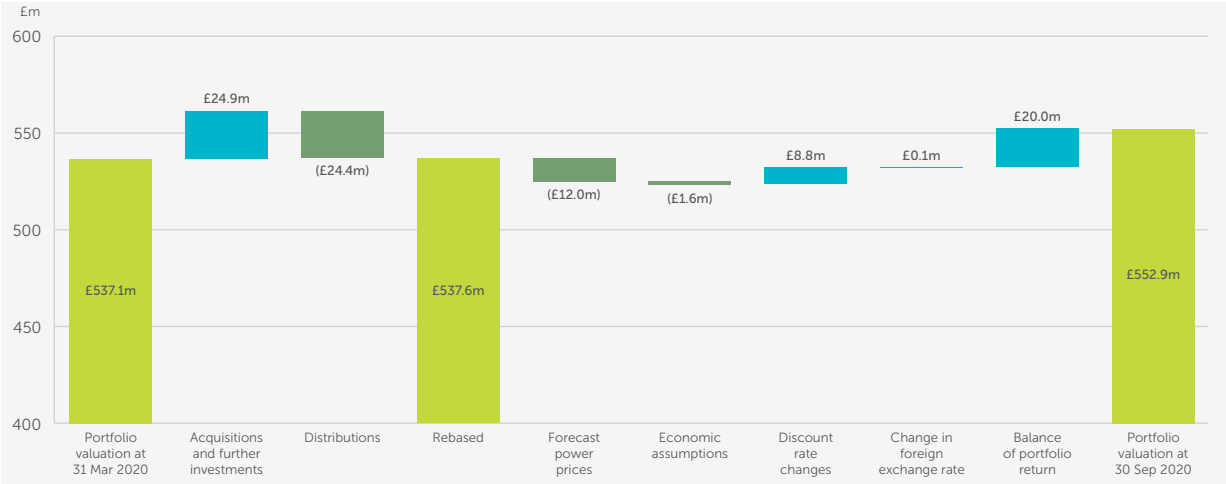
The JLEN portfolio comprises a diversified range of assets across different geographies, sectors, technologies and revenue types, as illustrated in the analysis below as at 30 September 2020 (by portfolio value and distributions from projects):



Portfolio valuation

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

The Directors' valuation of the portfolio at 30 September 2020 was £552.9 million, compared to £537.1 million at 31 March 2020. The increase of £15.8 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 period is shown in the chart below.



The movement in value of investments during the six-month period ended 30 September 2020 is shown in the table below:

	30 Sep 2020 £m	31 Mar 2020 £m
Valuation of portfolio at opening balance	537.1	523.6
Acquisitions in the period/year (including post-acquisition adjustments and deferred consideration)	24.9	57.9
Cash distributions from portfolio	(24.4)	(45.0)
Rebased opening valuation of portfolio	537.6	536.5
Changes in forecast power prices	(12.0)	(56.9)
Changes in economic assumptions	(1.6)	(13.1)
Changes in discount rates	8.8	19.6
Changes in exchange rates	0.1	0.1
Balance of portfolio return	20.0	50.9
Valuation of portfolio	552.9	537.1
Fair value of intermediate holding companies	(27.7)	(4.2)
Investments at fair value through profit or loss	525.2	532.9

Allowing for investments of £24.9 million (including post-acquisition adjustments and deferred consideration) and cash receipts from investments of £24.4 million, the rebased valuation is £537.6 million. The portfolio valuation at 30 September 2020 is £552.9 million (31 March 2020: £537.1 million), representing an increase over the rebased valuation of 2.8% during the period.

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

INVESTMENT PORTFOLIO AND VALUATION continued

Portfolio valuation continued

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 30 September 2020 valuation is considered below:

Forecast power prices

The project cash flows used in the portfolio valuation at 30 September 2020 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	44 (34)	51 (43)
Gas	12 (9)	14 (13)

At 30 September 2020, 75% of the renewable energy portfolio’s electricity price exposure was subject to a fixed price or a floor arrangement for the winter 2020/21 season and 78% for the summer season 2021.

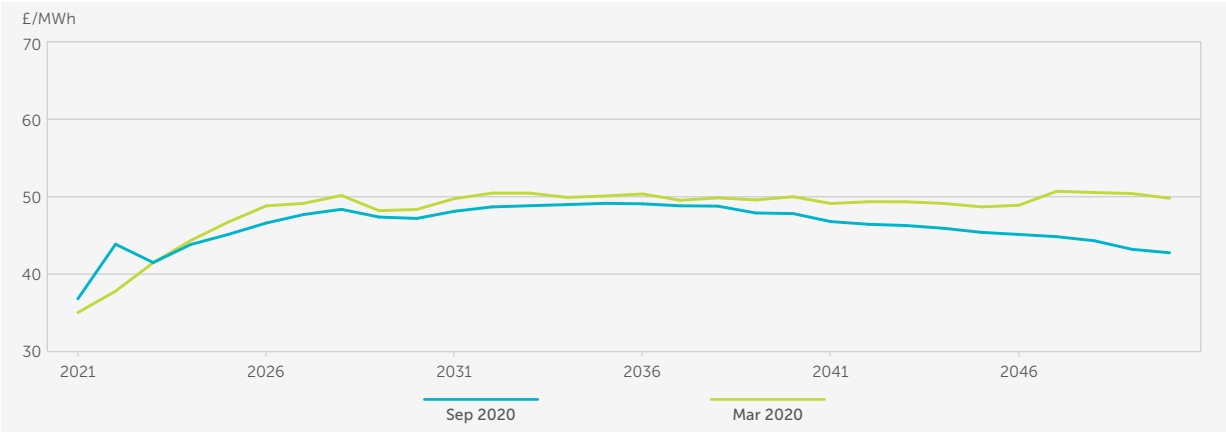
After the initial two-year period, the project cash flows assume future electricity and gas prices in line with a blended curve informed by the central forecasts from three established market consultants, adjusted by the Investment Adviser for project-specific arrangements and price cannibalisation as required. The Company believes the addition of a third market consultant’s curve into the blended curve provides a more robust forecast that reduces volatility arising from short-term changes in any individual consultant’s projections.

JLEN has recognised a decrease in lifetime electricity price expectations across the portfolio. Compared to the assumptions used in the valuation at 31 March 2020, on a time-weighted average basis, the net decrease in the electricity price assumptions is approximately 3.5% over the period to 2050 (being an average increase of 9% over the next three years offset by a 6% reduction per annum thereafter).

The overall change in forecasts for future electricity and gas prices compared to forecasts at 31 March 2020 has decreased the valuation of the portfolio by £12.0 million.

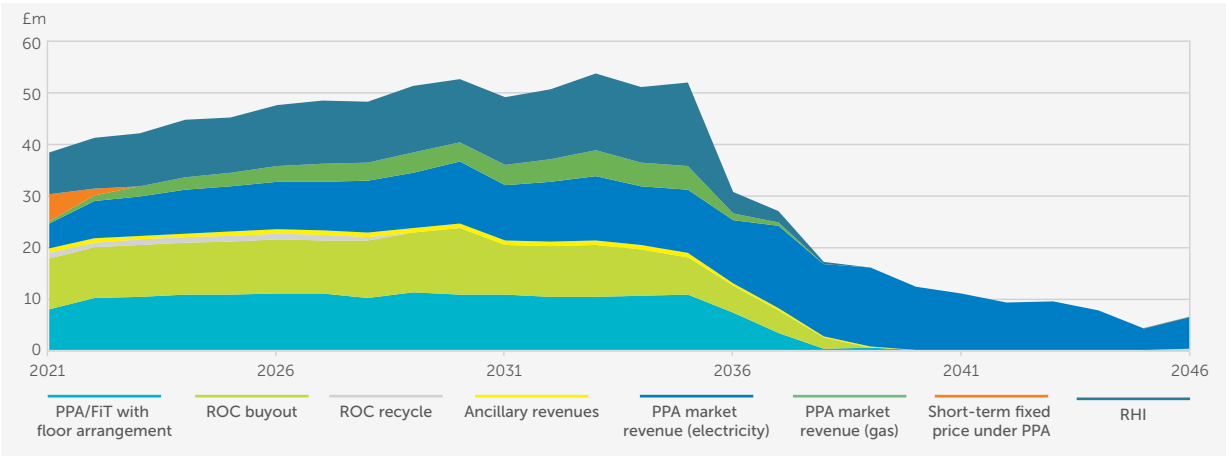
The following graph represents the blended weighted power curve used by the Company, reflecting the forecast of three leading market consultants, adjusted by the Investment Adviser to reflect its judgement of capture discounts and a normalised view across the portfolio of expectations of future price cannibalisation resulting from increased penetration of low marginal cost, intermittent generators on the GB network.

Illustrative blended power price curve



Revenue analysis

The graph below shows the way in which the revenue mix of the renewables portfolio changes over time, given the assumptions made regarding future power prices set out above. As one would expect, merchant power revenues increase in later years as the subsidies that projects currently enjoy expire.



On a net present value basis (using the discount rate applicable to each project), the relative significance of each revenue category (including PFI) is as follows:

Revenue type	Contribution to portfolio value
PPA/FIT with floor arrangement	20%
ROC buyout	18%
ROC recycle	1%
Ancillary revenues	1%
PPA market revenue (electricity)	23%
PPA market revenue (gas)	5%
PFI	10%
Short-term fixed price under PPA	<1%
RHI	22%

INVESTMENT PORTFOLIO AND VALUATION continued

Portfolio valuation continued

Valuation assumptions continued

Revenue analysis continued

According to this analysis, the proportion of Fund revenues that come from the sale of wholesale electricity and gas is 23% and 5% respectively. This is a low proportion of merchant power revenue relative to peers and reflects the broader diversification of JLEN's portfolio.

Economic assumptions

Macroeconomic assumptions in respect of inflation, corporation tax and deposit interest rates have remained relatively stable during the period. RPI inflation rates assumed in the valuation at 30 September 2020 are 2.17% in 2020 (31 March 2020: 2.17%) stepping to 2.75% from 2025 onwards (31 March 2020: 2.75%), whilst CPI is assumed at a long-term rate of 2% for UK assets, and 1.5% for 2020 and all subsequent years (31 March 2020: 1.5%) for the French assets.

The long-term UK corporation tax rate assumed is 19% (31 March 2020: 19%). The equivalent rate for the French assets is 28% (31 March 2020: 28%) stepping down to 26.5% in 2021 and 25% from 2022 (31 March 2020: step down to 26.5% in 2021 and 25% in 2022).

UK deposit rates assumed in the valuation are 0.5% to 2023 and 1.5% thereafter (31 March 2020: 1.75% in 2020 with a gradual increase to a long-term rate of 2.5%). French deposit rates are assumed at 0.5% (31 March 2020: 0.5%).

The euro/sterling exchange rate used to value the euro-denominated investments in France was €1.10/£1 at 30 September 2020 (€1.12/£1 at 31 March 2020).

The overall reduction in value resulting from changes to economic assumptions in the period is £1.6 million.

Discount rates

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

During the period since 31 March 2020, there has continued to be strong demand for income-producing infrastructure assets. The Investment Adviser, based on its experience of bidding in the secondary market, has proposed a reduction in the discount rate used for valuing UK solar and wind assets. This reduction reflects market discount rate observations and the reduction in risk driven by lower forecast merchant power prices described above.

The discount rate used for asset cash flows which have received lease extensions beyond the initial investment period of 25 years retains a premium of 1% for subsequent years, reflecting the merchant risk of the expected cash flows beyond the initial 25-year period.

The overall increase in value resulting from changes to discount rates in the period is £8.8 million.

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 7.3% at 30 September 2020 (31 March 2020: 7.4%).

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 £20.0 million.

Valuation sensitivities

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

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

A broad range of assumptions 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.

The key assumptions are as follows:

Discount rate

The WADR of the portfolio at 30 September 2020 was 7.3% (31 March 2020: 7.4%). 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 Portfolio Uncertainty Benefit analysis performed 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 6.6 pence, the impact from solar and wind separately is only 1.4 pence and 5.2 pence respectively, as shown in the chart on page 25.

INVESTMENT PORTFOLIO AND VALUATION continued

Portfolio valuation continued

Valuation sensitivities continued

Volumes continued

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 & 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 three established market consultants and other relevant information is used, and adjusted by the Investment Adviser for project-specific arrangements and price cannibalisation. 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. While power markets can experience movements in excess of +/-10% on a short-term basis, the sensitivity is intended to provide insight into the effect on the NAV of persistently higher or lower power prices over the whole life of the portfolio. The Directors feel that +/-10% remains a realistic range of outcomes over this very long time horizon, notwithstanding that shocks will occur from time to time.

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 22. 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

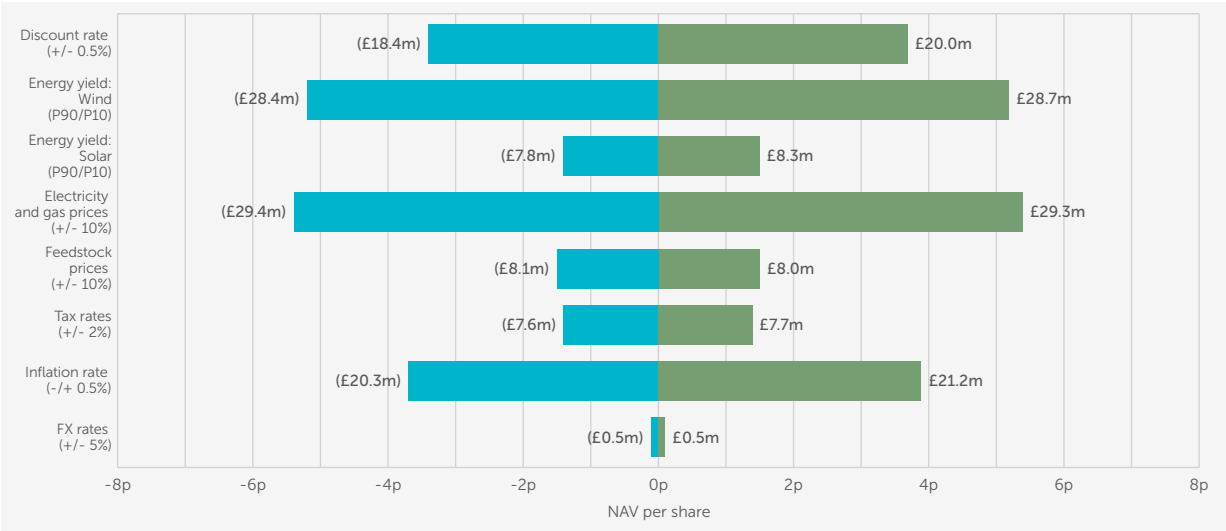
As the proportion of the portfolio assets with cash flows denominated in euros represented approximately less than 2% of the portfolio value at 30 September 2020, the Directors consider the sensitivity to changes in euro/sterling exchange rates to be insignificant.

Corporation tax

The UK corporation tax assumptions applied in the portfolio valuation are outlined in the notes to the accounts on page 57. The sensitivity below assumes a 2% increase or decrease in the rate of UK corporation tax relative to the base case for each year of the asset life.

Sensitivities – impact on NAV at 30 September 2020

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.



OPERATIONAL REVIEW

The renewables portfolio has operated well, with the wind, solar, hydro and AD portfolios all exceeding their generation targets.

Total generation for the period from the portfolio (excluding the Bio Collectors food waste plant) was 463GWh, 2.5% above budget. The three main constituents of the portfolio – wind, solar and AD – all delivered generation ahead of budget. The dividend remains well covered despite lower power prices than a year ago.

Investment performance

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

The NAV per share at 30 September 2020 was 96.1 pence, down from 97.5 pence at 31 March 2020, mainly due to a reduction of long-term electricity and gas price forecasts.

JLEN has announced an interim dividend of 1.69 pence per share for the quarter ended 30 September 2020, payable on 30 December 2020, in line with the full-year target of 6.76 pence per share for the year ending 31 March 2021 as set out in the 2020 Annual Report.

Portfolio performance

Operating performance of the environmental infrastructure portfolio during the six-month period ended 30 September 2020 was strong across most of the portfolio, with exceptions mainly driven by the Covid-19 pandemic or grid operator maintenance or constraints. During the period, the renewables segment of the portfolio produced 463GWh (six months to 30 September 2019: 375GWh) of green energy (excluding the Bio Collectors food waste plant). Wind generation was 2.1% above budget (six months to 30 September 2019: -2.1% variance from budget) and solar generation was 6.7% above budget (six months to 30 September 2019: 0.6% below budget), driven by solar irradiation above long-term average and strong operational performance. The AD portfolio continued to show a positive variance to budget of 2% (six months to 30 September 2019: 2.7% above budget).

Wind

Electricity generation from the wind assets of 173GWh (which represent 37% of the portfolio energy generation for the period) was 2.1% above budget. Performance was consistently strong across the portfolio with the majority of material downtime attributable to scheduled maintenance and grid operator outages. Operational availability was above budget while wind resource over the six-month period was in line with expectations. The turnaround in performance on the four Servion assets is particularly noteworthy. Since SGR announced their acquisition of Servion in January 2020, warranted availability has increased by 4%. Response times, communication and resource have all improved significantly.

Turbine control software optimisation packages were installed and have been activated on two sites in the previous six months. Both are still in the validation stage, but initial indications suggest they will have a material impact on production for both sites. Further data is required before the uplift can be quantified definitively, currently anticipated in Q1 2021. Further upgrades are planned for 2021, allowing for Covid-19 restrictions.

Following a competitive tender process for technical asset management services, contracts for the majority of the wind portfolio have been awarded to Greensolver at a reduced cost and improved scope.

Solar

Generation from the solar assets (represents 13% of the portfolio energy generation for the period) at 59GWh was 6.7% above budget. Performance was good across the majority of the sites in the portfolio with operational availability above budget and irradiance volumes which were 5.6% above expected levels. The majority of material downtime on the ground-mounted portfolio could be attributed to grid constraints and grid operator maintenance works while the Panther rooftop portfolio experienced some downtime related to Covid-19 restrictions which prevented the Operations and Maintenance provider from supplying some spare parts and resources.

Notably strong performance was achieved at the Monksham site in Somerset which performed 15.5% above budget. The strong performance is linked to the high irradiation levels experienced in the area and a programme of upgrades to the way in which panels are connected to each other, undertaken at the beginning of the period.

The loss experienced in Q3 2019/20 at the CSGH Higher Tregarne site due to an HV equipment failure has now been successfully recovered from the insurance company.

As reported in the Annual Report 2020, lease extensions have been put in place on five of the solar assets and the Investment Adviser continues to progress work on further extensions where considered accretive to value.

Anaerobic digestion

The AD portfolio generation for the half year was 1.8% above budget in energy generation terms, continuing the trend of reliable performance now seen over several years. Notable strong performers were Grange, Icknield and the most recent acquisition, Peacehill. Vulcan and Meden experienced some unplanned downtime related to equipment issues that detracted from their generation. Improvements have been made to both of these assets in terms of spare parts availability.

Feedstock quality and availability continues to be an important aspect for the AD portfolio. Across the portfolio plans have been implemented to increase stock buffer levels. This will allow greater control of feedstock and avoid possible shortages should yields be impacted this coming autumn harvest. Harvest commenced in September and will continue into the autumn period. Warren AD plant has also diversified its feedstock types as a result of a third-party supplier of extruded straw feedstock no longer trading. The Investment Adviser and the operator are working on feedstock diversification opportunities.

During the half year, wholesale gas prices dropped to amongst the lowest levels for several years, reaching as low as 0.5 pence/kWh. Wholesale gas prices dropped sharply in the UK as a result of a mild winter, healthy stocks and a further reduction in prices during the initial months of Covid-19. All the AD assets have hedged gas prices with volume ranges from 50% to 80% going into winter 2020, summer 2021 and some assets out to winter 2021. The average fixed price for summer 2020 was £11/MWh.

Value enhancement initiatives have progressed during the half year with the deal approval received for a further expansion at the Vulcan AD plant. The plant expansion will aim to be completed by the year end and will provide a further 25-30% uplift in throughput for this asset. Greater resilience for digestate storage is also being rolled out across the portfolio, with a number of digestate storage lagoons and facilities being implemented.

Waste & wastewater concessions

Waste tonnages at the ELWA waste project have continued at levels above target. Operational performance targets are consistently exceeded with diversion from landfill at 99.97%, substantially ahead of the 67% contract target. Recycling, at 26.69%, was affected slightly by the Covid-19 closure of RRC sites during April, but is still ahead of the 22% contract target. 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. This has involved work towards implementing enhanced fire protection measures to satisfy insurers. All parties are committed to putting these measures in place, but they are complex and progress is not as swift as hoped.

Rainfall at Tay, a key driver of wastewater flows through the treatment plant, has improved in the later months of the period, following a dry spring. The plant has also performed well over the period, with few issues requiring unplanned spending. As a result, the asset's financial performance has been good, and this is expected to continue.

Bio Collectors, JLEN's first food waste collection business and treatment plant, has been impacted by Covid-19 during the half year as a result of reduced food waste tonnages. Part of the business' food waste is derived from the hospitality and retail sector in and around London. As a result of the lockdown measures that were introduced, the business collection tonnages were significantly reduced. The impact of lockdown has been ongoing, and the business is expecting this to carry on going into 2021. The business is working on a recovery strategy which has been implemented. Other feedstocks, including some crops, residues and by-products, are being sourced and biogas production has recovered well, albeit at a higher cost. Operationally, the treatment plant is performing well, with the operations team taking advantage of the period of lower throughput to make process improvements.

OPERATIONAL REVIEW continued





Portfolio performance continued

Hydro and battery storage

The hydro portfolio generated 1.9GWh, representing a 7.4% positive variance against budget. Availability throughout the period exceeded expectations. However, regional rainfall in the first quarter was the lowest in recorded history. Output has steadily increased from the end of May as rainfall has increased.

Since expiry of the long-term Firm Frequency Response (“FFR”) agreements in December 2018, the battery assets have consistently been used to support frequency response, bidding into month ahead or week ahead auctions with varying results. Demand for these ancillary services remains depressed with mild temperatures and Covid-19 restrictions suppressing electricity consumption.

Apart from the issues noted above, all other projects have achieved good levels of technical and operational availability during the period, 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	2019/20	HY 2020/21	Total since IPO
 Wind portfolio actual generation (GWhe)	82	184	217	399	406	458	173	1,919
Variation from budget ⁽¹⁾	-7%	+11%	-15%	0%	-9%	+4%	+2%	-2%
 AD portfolio actual generation (GWhth)	—	—	—	51	262	352	230	895
Variation from budget	—	—	—	+8%	+4%	+4%	+2%	+3%
 Solar portfolio actual generation (GWhe)	10	30	40	64	79	75	59	358
Variation from budget ⁽¹⁾	-1%	-2%	-12%	-9%	+2%	-3%	+7%	-3%
 Hydro portfolio actual generation (GWhth) ⁽²⁾	—	—	—	—	—	3	2	5
Variation from budget	—	—	—	—	—	-17%	+7%	-8%

(1) Budgets adjusted to reflect operational energy yield assessments carried out under contracted true-up mechanisms post IPO.
(2) Includes generation from Northern Hydropower Limited from 31 March 2020.

The average all-in price received by the differing technology classes in the UK for their energy volumes generated in the six-month period ended 30 September 2020 was £75 per MWhe for onshore wind (year ended 31 March 2020: £88 per MWhe), £185 per MWhe for solar (year ended 31 March 2020: £186 per MWhe) and £76 per MWhth for AD (year ended 31 March 2020: £96 per MWhth).

Acquisitions

Since 31 March 2020, the Company has acquired two new projects and injected further capital into FEIP (£4.8 million) and into existing projects to fund value enhancements (£1.4 million). The total consideration of acquisitions and capital injections was £22.6 million in the period. The aggregate investments were funded through cash available and drawdowns under the Company’s revolving credit facility, of which the outstanding balance is £42.4 million at 30 September 2020, with £127.6 million still available to finance further acquisitions. The assets acquired were as follows:

Peacehill Farm

In April 2020, the Company announced an investment in the Peacehill Farm anaerobic digestion plant for an aggregate amount of c.£11 million. The investment consists of the provision of a debt facility and subscription for a minority equity stake in JLEAG AD Limited, which holds, through its wholly owned subsidiary Peacehill Gas Limited, the rights and operational assets at the Peacehill Farm AD plant.

The Peacehill Farm AD plant, located in Wormit, Fife, Scotland, was commissioned in December 2015. The plant has a thermal capacity of c.5MWth and predominantly produces biomethane exported to the national gas grid. In addition, the plant also has a 0.25MWe CHP engine on site. The Peacehill Farm AD plant is accredited under the Renewable Heat Incentive (“RHI”) and Feed-in Tariff (“FiT”) schemes.



Northern Hydropower Limited

In September 2020, the Company acquired two operational low head hydropower stations and an operational battery storage system for a total consideration, including working capital, of £4.74 million. The assets are located in Yorkshire and Cornwall.

The acquisition of Northern Hydropower Holdings Limited (“NHHL”) which owns 100% of the equity in Northern Hydropower Limited (“NHL”) represents the Company’s second investment in run-of-river hydro and battery storage, further increasing the diversification profile of the Company’s portfolio of environmental infrastructure projects.

The Yorkshire-based assets are:

- Knottingley hydro, a 500kW dual turbine hydro project located on the River Aire, which was commissioned in October 2017; and
- a 1.2MW battery co-located at Knottingley, commissioned in January 2018.

The Cornish-based asset is:

- De Lank hydro, a 99kW hydro project located on the De Lank River, commissioned in October 2011.

Both hydro projects are accredited under the 20-year FiT scheme.

NHHL was acquired from a group of high-net-worth investors, which provided the original funding under the Enterprise Investment Scheme.



OPERATIONAL REVIEW continued

Other investments

FEIP

In January 2020, JLEN announced a commitment of €25 million to Foresight Energy Infrastructure Partners SCSp ("FEIP"), a Luxembourg limited partnership investment vehicle. In addition to the £1.4 million investment made in the previous reporting period, a further investment of £4.8 million has been provided to the vehicle for investment into a construction stage Swedish wind farm – Skaftåsen Vindkraft AB. This investment will see the construction of a 35-turbine wind farm in Central Sweden. The investment will also be allocated to Torozos – an operational 94MW wind farm, which comprises 27 SGRE 132m, 3.5MW wind turbines spread across two sites in the Castile and León region of Spain.

Value enhancements

During the period £1.4 million was injected into various projects for value enhancement initiatives.

Financing

Since June 2017, the Fund has benefited from a three-year facilities agreement from a three-year facilities agreement with HSBC, NIBC, ING and Santander. The facility has been extended twice, in June 2018 and May 2019, and will expire in June 2022. The facility currently provides for a committed revolving credit facility of £170 million and for a remaining uncommitted accordion facility of up to £20 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 30 September 2020, drawings under the RCF were £42.4 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 30 September 2020 across the portfolio was 29.6% (31 March 2020: 31.9%) being 25.5% (31 March 2020: 26.7%) for the renewable energy assets and 51.8% (31 March 2020: 52.4%) for the PFI processing assets. Taking into account the amount drawn down under the revolving credit facility of £42.4 million, the overall fund gearing at 30 September 2020 was 33.6% (31 March 2020: 35.3%).

As at 30 September 2020, the Group, which comprises the Company together with its intermediate holding companies, the UK Holdco and HWT Limited, had cash balances of £12.8 million (31 March 2020: £22.0 million).

SUSTAINABILITY AND ESG

At a glance⁽¹⁾

2
new investments

Environmental performance 2020/21: half-year results

>450,000
MWh renewable energy generated by our portfolio

new assets will avoid
6,925
tCO₂e emissions per year

>70,000
waste recycled (tonnes)

c.240,000
waste diverted from landfill (tonnes)

>15 billion
wastewater treated (litres)

Social performance 2020/21: half-year results

22
SPV health and safety audits

GREEN ECONOMY
LONDON STOCK EXCHANGE

BEST PRACTICE
AWARDS 2020
AWARD WINNER

Winner of the IR Society Best Practice Awards 2020 for Best Communication of ESG in the FTSE 250 category

(1) These statistics exclude FEIP.

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JLEN Environmental Assets Group Limited Half-year Report 2020

JLEN Environmental Assets Group Limited Half-year Report 2020

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ESG performance

Environmental
Portfolio electricity and carbon performance

This year, JLEN’s portfolio projects have generated 463GWh electricity (excluding Bio Collectors), equivalent to the annual electricity demand of 124,000 households. Detailed information on portfolio energy performance is provided on page 28 of this report.

A summary of the greenhouse gas benefits delivered by the new assets JLEN has invested in this year is provided in the table below.

	Greenhouse gas emissions reduction tCO ₂ e	
	Average annual emissions avoided	Remaining lifetime emissions avoided
New assets: forecast performance	6,925	126,359

JLEN’s new investments are forecast to deliver, per year

4,692
MWh electricity

and

45,629
MWh biomethane

And avoid emissions of

6,925
tCO₂e

equivalent to

3,088
cars off the road

The carbon avoidance associated with all of JLEN’s assets is independently assessed and these reports are available on the JLEN website.



Social

In the first half of the year

22
health and safety audits have been carried out on JLEN’s assets

The Company encourages its operators to form positive relationships with the communities in which it works. During the October 2020 ESG KPI workshop the conversation was wide ranging and covered a broad range of community engagement concepts that JLEN’s assets are, or have been, supporting. These include:

- apprenticeships associated with local colleges;
- employment of local people;
- hotel stays and visitor economy spend for visiting contractors in remote areas;
- charity events and community funding;
- university research projects; and
- school visits.

Imagine 2050: the future leaders

Veolia’s Tay wastewater treatment plant has partnered with Arbroath High School for the past two years to deliver a Young Leaders programme to give young people:

- leadership skills;
- awareness of the circular economy;
- awareness of resource efficiency; and
- the opportunity to develop resilience skills and teamwork skills.



ESG performance continued

Governance

The Fund’s principles and governance are aligned with the UK Corporate Governance Code. Third-party service providers are required to provide confirmation that appropriate controls are in place to promote effective governance across the Fund’s investments.

JLEN is able to appoint directors to the boards of the SPVs that hold its assets. These directors will act in the best interest of the SPV, for the benefit of JLEN and other stakeholders in the project.

The expertise of project company board members is of critical importance to JLEN to help ensure the continued technical and financial performance of its assets.

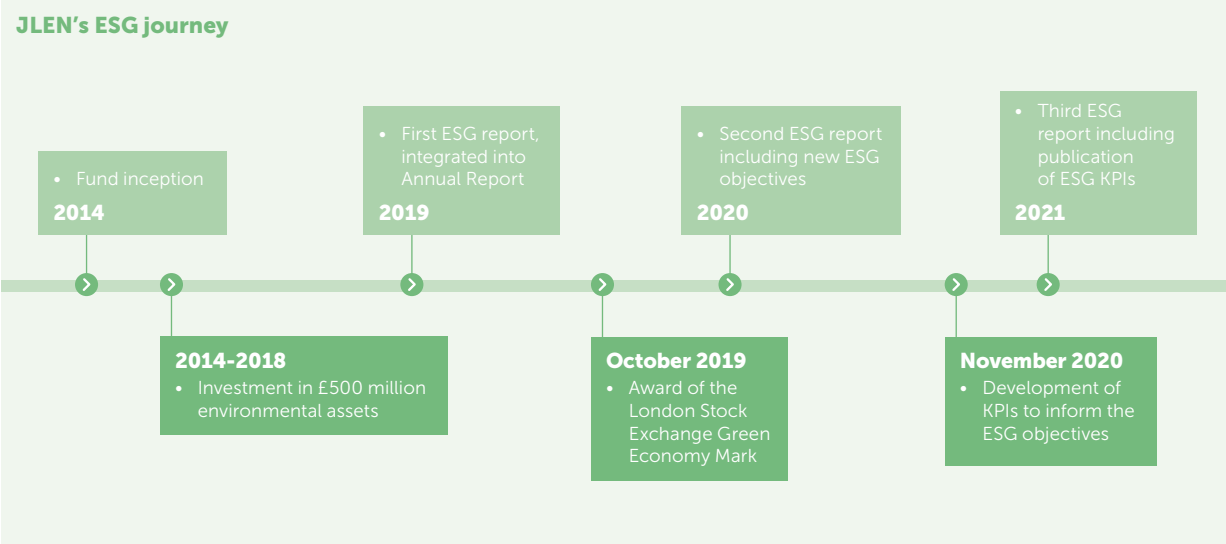
JLEN expects its third-party service providers to implement, and to regularly review, anti-bribery policies and practices for each asset within its portfolio. The existence of these policies, as well as a record of when they were last reviewed, is held by Foresight on behalf of JLEN.

Additionally, JLEN commissions independent audits and reviews of core governance processes such as tax and health and safety management.



JLEN’s ESG timeline

Over the past two years, JLEN has formalised and strengthened its ESG processes as described below.



First ESG report

In 2019 JLEN commissioned its first ESG report with the aim of demonstrating and articulating the Fund’s existing commitment to ESG. This included a mapping exercise to formalise the processes that the Fund applied consistently throughout its investment lifecycle, which were then documented in the Annual Report to help track improvements over time and report on progress going forward.

Award of the Green Economy Mark

The work undertaken to formalise JLEN’s approach to ESG, and particularly through reporting its contribution to carbon avoidance, contributed to JLEN being awarded the Green Economy Mark by the London Stock Exchange, which identifies industrial sectors and subsectors that are contributors to a greener, more sustainable economy.

Second ESG report

Following the formalisation of JLEN’s existing processes in 2019, the Fund’s second ESG report in 2020 provided an opportunity to enhance the ESG offering through development and publication of three ESG objectives which sit alongside the Fund’s strategic objectives.

These objectives are to:

- promote the efficient use of resources;
- develop positive relationships with the communities in which JLEN works; and
- ensure effective, ethical governance across the portfolio.

Additionally, the Fund moved to Foresight in July 2019, resulting in the integration of Foresight’s well-established ESG processes into JLEN’s activities.

Development of ESG KPIs

In October 2020, the Foresight team responsible for managing the JLEN Fund and its assets attended a virtual workshop to discuss and identify KPIs that would assist the Fund in monitoring and managing ESG performance across its investment and asset management activities. This process included a deep dive into metrics that JLEN currently collects or has access to, as well as a broad ranging discussion around additional metrics that could help to inform the ESG objectives. These KPIs are anticipated to be finalised in Q3 2020/21 and tested in Q4 before being published in the 2021 Annual Report.

FINANCIAL REVIEW

Analysis of financial results

The financial statements of the Company for the six-month period ended 30 September 2020 are set out on pages 42 to 60.

The Company prepared the condensed unaudited financial statements for the six-month period to 30 September 2020 in accordance with IAS 34 as adopted by the EU and 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 (JLEN Environmental Assets Group (UK) Limited (“UK HoldCo”)) and the indirectly held wholly owned subsidiary HWT Limited (which holds the investment interest in the Tay project).

Net assets

Net assets reduced slightly from £533.0 million at 31 March 2020 to £525.3 million at 30 September 2020.

The net assets of £525.3 million comprise £552.9 million portfolio value of environmental infrastructure investments and the Company’s cash balances of £1.6 million, partially offset by £27.7 million of intermediate holding companies’ net liabilities and other net liabilities of £1.5 million.

The intermediate holding companies’ net liabilities of £27.7 million comprise a £42.4 million credit facility loan, partially offset by cash balances of £11.2 million and other net assets of £3.5 million.

Analysis of the Group’s net assets at 30 September 2020

All amounts presented in £million (except as noted)	At 30 Sep 2020	At 31 Mar 2020
Portfolio value	552.9	537.1
Intermediate holding companies’ cash	11.2	20.2
Intermediate holding companies’ revolving credit facility	(42.4)	(29.3)
Intermediate holding companies’ other assets	3.5	4.9
Fair value of the Company’s investment in UK HoldCo	525.2	532.9
Company’s cash	1.6	1.8
Company’s other liabilities	(1.5)	(1.7)
Net Asset Value	525.3	533.0
Number of shares	546,720,025	546,720,025
Net Asset Value per share	96.1p	97.5p

At 30 September 2020, the Group (the Company plus intermediate holding companies) had a total cash balance of £12.8 million (31 March 2020: £22.0 million), including £1.6 million in the Company’s statement of financial position (31 March 2020: £1.8 million) and £11.2 million in the intermediate holding companies (31 March 2020: £20.2 million), which is included in the Company’s statement of financial position within “investments at fair value through profit or loss”.

At 30 September 2020, UK HoldCo had drawn £42.4 million of its revolving credit facility (31 March 2020: £29.3 million) which is included in the Company’s statement of financial position within “investments at fair value through profit or loss”.

The movement in the portfolio value from 31 March 2020 to 30 September 2020 is summarised as follows:

All amounts presented in £million (except as noted)	Six months ended 30 Sep 2020	Year ended 31 Mar 2020
Portfolio value at start of the period/year	537.1	523.6
Acquisitions/further investments (net of post-acquisition price adjustments)	24.9	57.9
Distributions received from investments	(24.4)	(45.0)
Growth in value of portfolio	15.3	0.6
Portfolio value	552.9	537.1

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 17 to 25.

Profit before tax

The Company’s profit before tax for the six-month period was £10.7 million (six-month period ended 30 September 2019: £16.2 million), generating earnings of 2.0 pence per share (six-month period ended 30 September 2019: 3.3 pence per share).

All amounts presented in £million (except as noted)	Six months ended 30 Sep 2020	Six months ended 30 Sep 2019
Interest received on UK HoldCo loan notes	14.4	14.4
Dividend received from UK HoldCo	7.2	5.0
Net losses on investments at fair value	(7.7)	(0.1)
Operating income	13.9	19.3
Operating expenses	(3.2)	(3.1)
Profit before tax	10.7	16.2
Earnings per share	2.0p	3.3p

In the six months to 30 September 2020, the operating income was £13.9 million, including the receipt of £14.4 million of interest on the UK HoldCo loan notes, £7.2 million of dividends also received from UK HoldCo, offset by a net loss on investments at fair value of £7.7 million.

The operating expenses included in the income statement for the period were £3.2 million, in line with expectations. These comprise £2.7 million of Investment Adviser fees and £0.5 million operating expenses. The details on how the Investment Adviser fees are charged are set out in note 14 to the condensed unaudited 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 Association of Investment Companies (“AIC”) recommended methodology for calculating this ratio, which is an annual figure.

For the year ended 31 March 2020, the ratio was 1.22% and it is anticipated that the full-year ratio for the year ended 31 March 2021 will continue to decrease. The ongoing charges percentage is calculated on a consolidated basis and therefore takes into consideration the expenses of UK HoldCo as well as the Company’s.

FINANCIAL REVIEW continued

Cash flow

The Company had a total cash balance at 30 September 2020 of £1.6 million (31 March 2020: £1.8 million). The breakdown of the movements in cash during the period is shown below.

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

	Six months ended 30 Sep 2020	Six months ended 30 Sep 2019
Cash balance at 1 April	1.8	1.9
Expenses from previous share issues	(0.2)	—
Investment in UK HoldCo (equity and loan notes)	—	—
Interest on loan notes received from UK HoldCo	14.4	14.4
Dividends received from UK HoldCo	7.2	5.0
Directors' fees and expenses	(0.1)	(0.1)
Investment Adviser fees	(2.7)	(2.7)
Administrative expenses	(0.5)	(0.3)
Dividends paid in cash to shareholders	(18.3)	(16.4)
Company cash balance at 30 September	1.6	1.8

The Group had a total cash balance at 30 September 2020 of £12.8 million (31 March 2020: £22.0 million) and borrowings under the revolving credit facility of £42.4 million (31 March 2020: £29.3 million). The breakdown of the movements in cash during the period is shown below.

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

	Six months ended 30 Sep 2020	Six months ended 30 Sep 2019
Cash distributions from environmental infrastructure investments	24.4	22.8
Administrative expenses	(0.6)	(0.8)
Directors' fees and expenses	(0.1)	(0.1)
Investment Adviser fees	(2.7)	(2.6)
Financing costs (net of interest income)	(0.9)	(0.8)
Cash flow from operations	20.1	18.5
Expenses from previous share issues	(0.2)	—
Acquisition of investment assets and further investments	(22.6)	(21.5)
Reduction in acquisition price	—	0.1
Acquisition costs (including stamp duty)	(0.7)	(0.7)
Short-term projects debtors	(0.5)	(0.7)
Debt arrangement fee cost	—	(0.8)
Proceeds from borrowings under the revolving credit facility	13.0	19.2
Dividends paid in cash to shareholders	(18.3)	(16.4)
Cash movement in the period	(9.2)	(2.3)
Opening cash balance	22.0	11.4
Group cash balance at 30 September	12.8	9.1

During the period, the Group received cash distributions of £24.4 million from its environmental infrastructure investments, in line with the distributions expected by the Group after adjusting for acquisitions during the period.

Cash received from investments in the period adequately covered the operating and administrative expenses and financing costs, as well as the dividends declared to shareholders in respect of the six-month period ended 30 September 2020. Cash flow from operations of the Group of £20.1 million covered dividends paid in the six-month period to 30 September 2020 of £18.3 million by 1.1x. The dividend cover based on dividends declared in respect of the six-month period to 30 September 2020 was 1.1x.

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

Dividends

During the period, the Company paid a final dividend of 1.665 pence per share in June 2020 (£9.1 million) in respect of the quarter to 31 March 2020. Interim dividends of 1.69 pence per share were paid in September 2020 (£9.2 million) in respect of the quarter to 30 June 2020.

On 25 November 2020, the Company declared an interim dividend of 1.69 pence per share in respect of the quarter ended 30 September 2020 (£9.2 million), which is payable on 30 December 2020.

In line with the 2020 Annual Report, the target dividend for the year to 31 March 2021 is 6.76 pence per share⁽¹⁾.

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

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the condensed set of unaudited financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and issued by the IASB and in accordance with the accounting policies set out in the audited Annual Report to 31 March 2020; and
- the Chairman’s statement and Investment Adviser’s report meet the requirements of an interim management report and include a fair review of the information required by:
 - a) DTR 4.2.7R, being an indication of important events during the first six months of the financial year and a description of principal risks and uncertainties for the remaining six months of the year; and
 - b) DTR 4.2.8R, being the disclosure of related parties’ transactions and changes therein.

This responsibility statement was approved by the Board of Directors on 25 November 2020 and is signed on its behalf by:



Richard Morse
Chairman

25 November 2020

INDEPENDENT REVIEW REPORT

to the members of JLEN Environmental Assets Group Limited

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 which comprises the condensed income statement, the condensed statement of financial position, the condensed statement of changes in equity, the condensed cash flow statement and related notes 1 to 18. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors’ responsibilities

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

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

Our responsibility

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

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and issued by the IASB and the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Use of our report

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

Deloitte LLP

Recognised Auditor
Guernsey, Channel Islands

25 November 2020

CONDENSED UNAUDITED INCOME STATEMENT for the six months ended 30 September 2020

	Notes	Six months ended 30 Sep 2020 (unaudited) £'000s	Six months ended 30 Sep 2019 (unaudited) £'000s
Operating income	8	13,879	19,323
Operating expenses	4	(3,164)	(3,135)
Operating profit		10,715	16,188
Profit before tax		10,715	16,188
Tax	5	—	—
Profit for the period		10,715	16,188
Earnings per share			
Basic and diluted (pence)	7	2.0	3.3

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

All results are derived from continuing operations.

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

CONDENSED UNAUDITED STATEMENT OF FINANCIAL POSITION as at 30 September 2020

	Notes	30 Sep 2020 (unaudited) £'000s	31 Mar 2020 (audited) £'000s
Non-current assets			
Investments at fair value through profit or loss	8	525,230	532,941
Total non-current assets		525,230	532,941
Current assets			
Trade and other receivables	9	42	31
Cash and cash equivalents		1,555	1,762
Total current assets		1,597	1,793
Total assets		526,827	534,734
Current liabilities			
Trade and other payables	10	(1,536)	(1,720)
Total current liabilities		(1,536)	(1,720)
Total liabilities		(1,536)	(1,720)
Net assets		525,291	533,014
Equity			
Share capital account	12	548,848	548,943
Retained earnings	13	(23,557)	(15,929)
Equity attributable to owners of the Company		525,291	533,014
Net assets per share (pence per share)		96.1	97.5

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

The condensed set of unaudited financial statements were approved by the Board of Directors and authorised for issue on 25 November 2020.

They were signed on its behalf by:



Richard Morse
Chairman



Peter Neville
Director

CONDENSED UNAUDITED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2020

	Notes	Six months ended 30 Sep 2020 (unaudited)		
		Share capital account £'000s	Retained earnings £'000s	Total £'000s
Balance at 1 April 2020		548,943	(15,929)	533,014
Profit and total comprehensive income for the period		—	10,715	10,715
Expenses of issue of equity shares	12	(95)	—	(95)
Dividends paid	6, 13	—	(18,343)	(18,343)
Balance at 30 September 2020		548,848	(23,557)	525,291
	Notes	Six months ended 30 Sep 2019 (unaudited)		
		Share capital account £'000s	Retained earnings £'000s	Total £'000s
Balance at 1 April 2019		492,670	27,669	520,339
Profit and total comprehensive income for the period		—	16,188	16,188
Issue of share capital	12	—	—	—
Expenses of issue of equity shares	12	—	—	—
Dividends paid	6, 13	—	(16,364)	(16,364)
Balance at 30 September 2019		492,670	27,493	520,163

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

CONDENSED UNAUDITED CASH FLOW STATEMENT

for the six months ended 30 September 2020

	Notes	Six months ended 30 Sep 2020 (unaudited) £'000s	Six months ended 30 Sep 2019 (unaudited) £'000s
Profit from operations		10,715	16,188
Adjustments for:			
Interest received		(14,390)	(14,390)
Dividends received		(7,200)	(5,000)
Net loss on investments at fair value through profit or loss		7,711	67
Operating cash flows before movements in working capital		(3,164)	(3,135)
(Increase)/decrease in receivables		(11)	2
(Decrease)/increase in payables		(184)	19
Net cash outflow from operating activities		(3,359)	(3,114)
Investing activities			
Interest received		14,390	14,390
Dividends received		7,200	5,000
Net cash generated from investing activities		21,590	19,390
Financing activities			
Expenses relating to issue of shares	12	(95)	—
Dividends paid	6	(18,343)	(16,364)
Net cash outflow from financing activities		(18,438)	(16,364)
Net decrease in cash and cash equivalents		(207)	(88)
Cash and cash equivalents at beginning of period		1,762	1,849
Cash and cash equivalents at end of period		1,555	1,761

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

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
for the six months ended 30 September 2020

1. General information

JLEN 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 condensed unaudited financial statements of the Company are for the six-month period ended 30 September 2020 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 JLEN Environmental Assets Group (UK) Limited ("UK HoldCo") is measured at fair value as detailed in the significant 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 condensed set of financial statements were approved and authorised for issue by the Board of Directors on 25 November 2020. The condensed set of financial statements included in this Half-year Report have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and issued by the IASB. The accounting policies, significant judgements, key assumptions and estimates are consistent with those used in the latest audited financial statements to 31 March 2020 and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 March 2020.

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 and the intermediate holding subsidiary HWT Limited, comprise the Group (the "Group") investing in environmental infrastructure assets.

The net assets of the intermediate holding companies (comprising UK HoldCo and HWT Limited), which at 30 September 2020 principally comprise working capital balances, the bank loan and investments in projects, are required to be included at fair value in the carrying value of investments.

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

(b) Going concern

The Directors, in their consideration of going concern, have reviewed comprehensive cash flow forecasts prepared by the Company's Investment Adviser, Foresight Group, 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, the impact of the Covid-19 pandemic on operations and going concern has been assessed by the Directors. To date, there has not been a material impact on the Group's operations or supply chain. The Directors have noted that there has been a negative impact on power prices and that this is expected to continue in the short term and is largely due to a reduction in demand for electricity; however, this is not expected to be significant enough to cause any going concern issue. The Directors also considered that the Company has adequate financial resources, and were mindful that the Group had unrestricted cash of £12.8 million (including £1.6 million in the Company) as at 30 September 2020 and a revolving credit facility (available for investment in new or existing projects and working capital) of £170 million and an uncommitted accordion facility of up to £20 million expiring in June 2021.

As at 30 September 2020, the Company's wholly owned subsidiary UK HoldCo had borrowed £42.4 million under the facility. All key financial covenants under this facility are forecast to continue to be complied with for at least 12 months from the date of signing of the condensed unaudited financial statements.

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

(c) Segmental reporting

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

(d) Statement of compliance

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

3. Seasonality

Neither operating income nor profit are impacted significantly by seasonality. While meteorological conditions resulting in 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.

4. Operating expenses

	Six months ended 30 Sep 2020 (unaudited) £'000s	Six months ended 30 Sep 2019 (unaudited) £'000s
Investment advisory fees	2,672	2,685
Directors' fees and expenses	133	125
Administration fee	52	51
Other expenses	307	274
	3,164	3,135

5. Tax

Income tax expense

The Company has obtained exempt status from income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. JLEN is charged an annual exemption fee of £1,200.

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

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS continued

for the six months ended 30 September 2020

6. Dividends

	Six months ended 30 Sep 2020 (unaudited) £'000s	Six months ended 30 Sep 2019 (unaudited) £'000s
Amounts recognised as distributions to equity holders during the period (pence per share):		
Final dividend for the year ended 31 March 2020 of 1.665 (31 March 2019: 1.6275)	9,103	8,089
Interim dividend for the quarter ended 30 June 2020 of 1.690 (30 June 2019: 1.665)	9,240	8,275
	18,343	16,364

A dividend for the quarter to 30 September 2020 of 1.69 pence per share was approved by the Board on 25 November 2020 and is payable on 30 December 2020. The dividend has not been included as a liability at 30 September 2020.

7. 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 period:

	Six months ended 30 Sep 2020 (unaudited) £'000s	Six months ended 30 Sep 2019 (unaudited) £'000s
Earnings		
Earnings for the purposes of basic and diluted earnings per share, being net profit attributable to owners of the Company	10,715	16,188
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	546,720,025	497,018,205
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.		
	Six months ended 30 Sep 2020 (unaudited)	Six months ended 30 Sep 2019 (unaudited)
Basic and diluted earnings per share (pence)	2.0	3.3

8. 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:

	30 Sep 2020 (unaudited) £'000s	31 Mar 2020 (audited) £'000s
Fair value of environmental infrastructure investments	552,943	537,094
Fair value of intermediate holding companies	(27,713)	(4,153)
Total fair value of investments	525,230	532,941

Reconciliation of movement in fair value of portfolio of assets

The table below shows the movement in the fair value of the Company's portfolio of environmental infrastructure assets. These assets are held through other intermediate holding companies. The table below also presents a reconciliation of the fair value of the asset portfolio to the Company's condensed unaudited statement of financial position as at 30 September 2020, by incorporating the fair value of these intermediate holding companies.

	Six months to 30 Sep 2020 (unaudited)			Year to 31 Mar 2020 (audited)		
	Portfolio value £'000s	Cash, working capital and debt in intermediate holding companies £'000s	Total £'000s	Portfolio value £'000s	Cash, working capital and debt in intermediate holding companies £'000s	Total £'000s
Opening balance	537,094	(4,153)	532,941	523,558	(3,526)	520,032
Acquisitions						
Portfolio of assets acquired/further investment	24,911	—	24,911	60,276	—	60,276
Post-acquisition price adjustments	—	—	—	(2,407)	—	(2,407)
	24,911	—	24,911	57,869	—	57,869
Growth in portfolio⁽¹⁾	15,383	—	15,383	629	—	629
Cash yields from portfolio to intermediate holding companies	(24,445)	24,445	—	(44,962)	44,962	—
Yields from intermediate holding companies						
Interest on loan notes ⁽¹⁾	—	(14,390)	(14,390)	—	(28,701)	(28,701)
Dividends from UK HoldCo to the Company ⁽¹⁾	—	(7,200)	(7,200)	—	(10,600)	(10,600)
	—	(21,590)	(21,590)	—	(39,301)	(39,301)
Other movements						
Investment in working capital in UK HoldCo	—	(11,874)	(11,874)	—	11,189	11,189
Administrative expenses borne by intermediate holding companies ⁽¹⁾	—	(1,504)	(1,504)	—	(4,819)	(4,819)
Drawdown of UK HoldCo revolving credit facility borrowings	—	(13,037)	(13,037)	—	(12,658)	(12,658)
Fair value of the Company's investment in UK HoldCo	552,943	(27,713)	525,230	537,094	(4,153)	532,941

(1) The net loss on investments at fair value through profit or loss for the period ended 30 September 2020 is £7,711,000 (year ended 31 March 2020: loss of £43,491,000, six-month period ended 30 September 2019: loss of £67,000). This, together with interest received on loan notes of £14,390,000 (year ended 31 March 2020: £28,701,000, six-month period ended 30 September 2019: £14,390,000) and dividend income of £7,200,000 (year ended 31 March 2020: £10,600,000, six-month period ended 30 September 2019: £5,000,000) comprises operating income in the condensed 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.

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS continued
for the six months ended 30 September 2020

8. Investments at fair value through profit or loss continued

Fair value of portfolio of assets

The Investment Adviser has carried out fair market valuations of the investments as at 30 September 2020. 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.

In light of continued uncertainty around the impacts of Covid-19 on power prices and the recent volatility of projections, the Board has approved the adoption of a third consultant's forecasts in its valuations at 30 September 2020. This amendment to the blended curve, along with adjustment to reflect capture discounts, provides a robust valuation methodology that reduces the risk of volatility from a single consultant deviating from general consensus. The other valuation techniques and methodology have been applied consistently with the valuation performed since the launch of the Fund in March 2014.

Discount rates applied to the portfolio of assets range from 5.5% to 9.2% (weighted average 7.3%) (at 31 March 2020: from 6.0% to 9.2% – weighted average 7.4%).

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

	30 Sep 2020 (unaudited)	31 Mar 2020 (audited)
UK – inflation rates	2.17% for 2020 increasing to 2.75% from 2025	2.17% for 2020 gradually increasing to 2.75% from 2025
France – inflation rates	1.5%	1.5%
UK – deposit interest rates	0.5% to 2023 and 1.5% thereafter	1.75% for 2020, gradually rising to 2.5% from 2021
France – deposit rates	0.5%	0.5%
Euro/sterling exchange rate	1.10	1.12

The UK corporation tax rate assumed in the 30 September 2020 portfolio valuation is 19%, in line with market practice. The equivalent rate for the French assets is 28%, stepping down to 26.5% in 2021 and 25.0% from 2022 (31 March 2020: step down to 26.5% in 2021 and 25% in 2022).

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

Details of investments made during the period

In April 2020, the Group announced an investment in the Peacehill Farm anaerobic digestion plant, located in Wormit, Fife, Scotland, for an aggregate amount of c.£11 million.

In September 2020, the Group acquired two operational low head hydropower stations and an operational battery storage system for a total consideration, including working capital, of £4.74 million. The assets are located in Yorkshire and Cornwall.

In addition to the £1.4 million investment made in the previous reporting period into FEIP, a further investment of £4.8 million has been provided to the vehicle for investment into a construction stage Swedish wind farm and an operational Spanish wind farm.

During the period, the Group also invested a further £1.4 million into existing projects to finance value enhancements.

9. Trade and other receivables

	30 Sep 2020 (unaudited) £'000s	31 Mar 2020 (audited) £'000s
Prepayments	42	31
Closing balance	42	31

10. Trade and other payables

	30 Sep 2020 (unaudited) £'000s	31 Mar 2020 (audited) £'000s
Accruals	1,536	1,720
Closing balance	1,536	1,720

11. Loans and borrowings

The Company had no outstanding loans or borrowings at 30 September 2020 (31 March 2020: none), as shown in the Company's condensed statement of financial position.

The Company's immediate subsidiary, UK HoldCo, as Borrower, and the Company, as Guarantor, benefit from a three-year revolving credit facility (extended twice by one year) with HSBC, ING, NIBC and Santander which provides for a committed revolving credit facility of £170 million and an uncommitted accordion facility of up to £20 million, expiring in June 2022. The facility margin is 200 to 225 bps (depending on the loan-to-value ratio for the Fund) over LIBOR. The facility will be used to finance the acquisitions of environmental infrastructure projects and to cover working capital requirements.

As at 30 September 2020, UK HoldCo had an outstanding balance of £42.4 million under the facility (31 March 2020: £29.3 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 30 September 2020, the Company held loan notes of £318.9 million which were issued by UK HoldCo (31 March 2020: outstanding amount of £318.9 million).

There were no other outstanding loans and borrowings in either the Company, UK HoldCo or HWT at 30 September 2020.

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS continued
for the six months ended 30 September 2020

12. Share capital account	30 Sep 2020 (unaudited)		31 Mar 2020 (audited)	
	Number of shares	£'000s	Number of shares	£'000s
Opening balance	546,720,025	548,943	497,018,205	492,670
Shares issued in the period/year	—	—	49,701,820	57,157
Expenses of issue of equity shares	—	(95)	—	(884)
Closing balance	546,720,025	548,848	546,720,025	548,943

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

13. Retained earnings

	30 Sep 2020 (unaudited) £'000s	31 Mar 2020 (audited) £'000s
Opening balance	(15,929)	27,669
Profit/(loss) for the period/year	10,715	(10,683)
Dividends paid	(18,343)	(32,915)
Closing balance	(23,557)	(15,929)

14. 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 8. 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 Foresight Group as Investment Adviser.

Transactions with the Investment Adviser

The Investment Adviser, Foresight Group, 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 condensed unaudited income statement for the six months ended 30 September 2020 was £2,672,000 (six-month period ended 30 September 2019: £2,685,000) of which £1,339,000 remained payable as at 30 September 2020 (31 March 2020: £1,367,079).

(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 JLEN Environmental Assets Group (UK) Limited together with their wholly owned subsidiaries or subsidiary undertakings (including companies or other entities wholly owned by them together, individually or in any combination, as appropriate) but excluding project entities.

Other transactions with related parties

The Directors of the Company, who are considered to be key management, received fees for their services for the six-month period of £132,254 (six-month period ended 30 September 2019: £122,198). The Directors were paid expenses of £355 in the six-month period (six-month period ended 30 September 2019: £3,203).

The Directors held the following shares:

	Total number of shares held at 30 Sep 2020 (unaudited)	Total number of shares held at 31 Mar 2020 (audited)
Richard Morse	103,535	103,535
Denise Mileham (resigned on 3 September 2020)	—	32,340
Peter Neville	29,896	29,896
Richard Ramsay	53,813	53,813
Hans Joern Rieks	—	—
Stephanie Coxon	—	—

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

The Directors were paid dividends in the period of £7,367 (six-month period ended 30 September 2019: £8,214).

15. Financial instruments

Financial instruments by category

The Company held the following financial instruments at fair value at 30 September 2020. There are no non-recurring fair value measurements.

	30 Sep 2020 (unaudited)				Total £'000s
	Cash and bank balances £'000s	Financial assets held at amortised cost £'000s	Financial assets at fair value through profit or loss £'000s	Financial liabilities at amortised cost £'000s	
Levels			3		
Non-current assets					
Investments at fair value through profit or loss	—	—	525,230	—	525,230
Current assets					
Trade and other receivables	—	42	—	—	42
Cash and cash equivalents	1,555	—	—	—	1,555
Total financial assets	1,555	42	525,230	—	526,827
Current liabilities					
Trade and other payables	—	—	—	(1,536)	(1,536)
Total financial liabilities	—	—	—	(1,536)	(1,536)
Net financial instruments	1,555	42	525,230	(1,536)	525,291

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS continued
for the six months ended 30 September 2020

15. Financial instruments continued

Financial instruments by category continued

	31 Mar 2020 (audited)				
	Cash and bank balances £'000s	Financial assets held at amortised cost £'000s	Financial assets at fair value through profit or loss £'000s	Financial liabilities at amortised cost £'000s	Total £'000s
Levels			3		
Non-current assets					
Investments at fair value through profit or loss	—	—	532,941	—	532,941
Current assets					
Trade and other receivables	—	31	—	—	31
Cash and cash equivalents	1,762	—	—	—	1,762
Total financial assets	1,762	31	532,941	—	534,734
Current liabilities					
Trade and other payables	—	—	—	(1,720)	(1,720)
Total financial liabilities	—	—	—	(1,720)	(1,720)
Net financial instruments	1,762	31	532,941	(1,720)	533,014

The table on page 53 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 period.

In the table on page 53, financial instruments are held at carrying value as an approximation to fair value unless stated otherwise.

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

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

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

Sensitivity analysis of the portfolio

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

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

30 Sep 2020 (unaudited)

Discount rate	Minus 0.5%	Base 7.3%	Plus 0.5%
Change in portfolio valuation	Increases £20.0m	£552.9m	Decreases £18.4m
Change in NAV per share	Increases 3.7p	96.1p	Decreases 3.4p

31 Mar 2020 (audited)

Discount rate	Minus 0.5%	Base 7.4%	Plus 0.5%
Change in portfolio valuation	Increases £19.6m	£537.1m	Decreases £18.5m
Change in NAV per share	Increases 3.6p	97.5p	Decreases 3.4p

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

30 Sep 2020 (unaudited)

Inflation rates	Minus 0.5%	Base 1.75%	Plus 0.5%
Change in portfolio valuation	Decreases £20.3m	£552.9m	Increases £21.2m
Change in NAV per share	Decreases 3.7p	96.1p	Increases 3.9p

31 Mar 2020 (audited)

Inflation rates	Minus 0.5%	Base 2.75%	Plus 0.5%
Change in portfolio valuation	Decreases £21.4m	£537.1m	Increases £22.3m
Change in NAV per share	Decreases 3.9p	97.5p	Increases 4.1p

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

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

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

30 Sep 2020 (unaudited)

Energy yield: wind	P90 (10 year)	Base P50	P10 (10 year)
Change in portfolio valuation	Decreases £28.4m	£552.9m	Increases £28.7m
Change in NAV per share	Decreases 5.2p	96.1p	Increases 5.2p

Energy yield: solar

	P90 (10 year)	Base P50	P10 (10 year)
Change in portfolio valuation	Decreases £7.8m	£552.9m	Increases £8.3m
Change in NAV per share	Decreases 1.4p	96.1p	Increases 1.5p

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15. Financial instruments continued

Sensitivity analysis of the portfolio continued

31 Mar 2020 (audited)

Energy yield: wind	P90 (10 year)	Base P50	P10 (10 year)
Change in portfolio valuation	Decreases £28.7m	£537.1m	Increases £29.0m
Change in NAV per share	Decreases 5.2p	97.5p	Increases 5.3p

Energy yield: solar

P90 (10 year)

Base P50

P10 (10 year)

Change in portfolio valuation	Decreases £8.0m	£537.1m	Increases £8.3m
Change in NAV per share	Decreases 1.5p	97.5p	Increases 1.5p

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

30 Sep 2020 (unaudited)

Energy prices	Minus 10%	Base	Plus 10%
Change in portfolio valuation	Decreases £29.4m	£552.9m	Increases £29.3m
Change in NAV per share	Decreases 5.4p	96.1p	Increases 5.4p

31 Mar 2020 (audited)

Energy prices	Minus 10%	Base	Plus 10%
Change in portfolio valuation	Decreases £26.8m	£537.1m	Increases £26.7m
Change in NAV per share	Decreases 4.9p	97.5p	Increases 4.9p

Waste & wastewater assets (excluding Bio Collectors) do not have significant volume and price risks and therefore are not included in the above volume and price sensitivities.

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

30 Sep 2020 (unaudited)

Feedstock prices	Minus 10%	Base	Plus 10%
Change in portfolio valuation	Increases £8.0m	£552.9m	Decreases £8.1m
Change in NAV per share	Increases 1.5p	96.1p	Decreases 1.5p

31 Mar 2020 (audited)

Feedstock prices	Minus 10%	Base	Plus 10%
Change in portfolio valuation	Increases £6.8m	£537.1m	Decreases £7.6m
Change in NAV per share	Increases 1.2p	97.5p	Decreases 1.4p

The sensitivity of the portfolio to movements in corporation tax rates is as follows:

30 Sep 2020 (unaudited)

Corporation tax	Minus 2%	Base 19%	Plus 2%
Change in portfolio valuation	Increases £7.7m	£552.9m	Decreases £7.6m
Change in NAV per share	Increases 1.4p	96.1p	Decreases 1.4p

31 Mar 2020 (audited)

Corporation tax	Minus 2%	Base 19%	Plus 2%
Change in portfolio valuation	Increases £7.4m	£537.1m	Decreases £7.6m
Change in NAV per share	Increases 1.4p	97.5p	Decreases 1.4p

Euro/sterling exchange rate sensitivity

As the proportion of the portfolio assets with cash flows denominated in euros represented less than 2% of the portfolio value at 30 September 2020, the Directors consider the sensitivity to changes in the euro/sterling exchange rate to be insignificant.

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

16. Guarantees and other commitments

As at 30 September 2020, the Company has provided a guarantee under the Company's wholly owned subsidiary UK HoldCo's £170 million revolving credit facility, due to expire in June 2022.

The Company had no other commitments or guarantees.

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS continued
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17. Subsidiaries

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

Name	Category	Place of business	Registered office	Ownership interest	Voting rights
JLEN Environmental Assets Group (UK) Limited ⁽¹⁾	Intermediate holding	UK	A	100%	100%
HWT Limited	Intermediate holding	UK	B	100%	100%
JLEAG Solar 1 Limited	Operating subsidiary	UK	C	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 ⁽²⁾	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	G	100%	100%
Ferndale Wind Limited	Project holding company	UK	G	100%	100%
Castle Pill Wind Limited	Project holding company	UK	G	100%	100%
Wind Assets LLP	Operating subsidiary	UK	G	100%	100%
Hall Farm Wind Farm Limited	Operating subsidiary	UK	G	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	G	100%	100%
Wear Point Wind Limited	Operating subsidiary	UK	G	100%	100%
Monksham Power Ltd	Project holding company	UK	F	100%	100%
Frome Solar Limited	Operating subsidiary	UK	F	100%	100%
BL Wind Limited	Operating subsidiary	UK	G	100%	100%

(1) JLEN 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
Burton Wold Extension Limited	Operating subsidiary	UK	G	100%	100%
New Albion Wind Limited	Operating subsidiary	UK	G	100%	100%
Dreacmhór Wind Farm Limited	Operating subsidiary	UK	G	100%	100%
France Wind GP Germany GmbH	Project holding company	DE	K	100%	100%
France Wind Germany GmbH & Co. KG	Project holding company	DE	K	100%	100%
Parc Eolien Le Placis Vert SAS	Operating subsidiary	FR	I	100%	100%
Energie Eolienne de Plouguernevel SAS	Operating subsidiary	FR	J	100%	100%
CSGH Solar Limited	Project holding company	UK	A	100%	100%
CSGH Solar (1) Limited	Project holding company	UK	A	100%	100%
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	Dormant	UK	G	100%	100%
Llynfi Afan Renewable Energy Park Limited	Operating subsidiary	UK	G	100%	100%
Bio Collectors Holdings Limited	Project holding company	UK	H	70%	70%
Bio Collectors Limited	Operating subsidiary	UK	H	70%	70%
Riverside Bio Limited	Operating subsidiary	UK	H	70%	70%
Riverside AD Limited	Operating subsidiary	UK	H	70%	70%
Green Gas Oxon Limited	Project holding company	UK	N	52.6%	52.6%
Icknield Gas Limited	Operating subsidiary	UK	N	52.6%	52.6%
Egmore Energy Limited	Operating subsidiary	UK	M	100%	100%
Grange Farm Energy Limited	Operating subsidiary	UK	M	100%	100%
Biogas Meden Limited	Operating subsidiary	UK	M	100%	100%
Yorkshire Hydropower Holdings Limited	Project holding company	UK	G	100%	100%
Yorkshire Hydropower Limited	Operating subsidiary	UK	G	100%	100%
Northern Hydropower Holdings Limited	Project holding company	UK	G	100%	100%
Northern Hydropower Limited	Operating subsidiary	UK	G	100%	100%
Warren Power Limited	Project holding company	UK	M	100%	100%
Warren Energy Limited	Operating subsidiary	UK	M	100%	100%
Merlin Renewables Limited	Operating subsidiary	UK	M	100%	100%
JLEAG AD Limited	Project holding company	UK	A	100%	100%
JLEN Holdings (Sky Blue) Limited	Dormant	UK	A	100%	100%
FS 3 Holdco Limited	Dormant	UK	A	100%	100%

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS continued
for the six months ended 30 September 2020

17. Subsidiaries continued

Registered offices

- A. C/O Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG, United Kingdom
- B. 50 Lothian Road, Festival Square, Edinburgh, Midlothian EH3 9WJ, United Kingdom
- C. C/O Freetricity, 1 Filament Walk, Suite 203, Wandsworth, London SW18 4GQ, United Kingdom
- D. Long Barn, Manor Farm, Stratton-on-the-Fosse, Radstock BA3 4QF, United Kingdom
- E. Dunedin House, Auckland Park, Mount Farm, Milton Keynes MK1 1BU, United Kingdom
- F. Long Barn, Manor Courtyard, Stratton-on-the-Fosse, Radstock BA3 4QF, United Kingdom
- G. C/O Res White Limited, Beaufort Court, Egg Farm Lane, Kings Langley WD4 8LR, United Kingdom
- H. 10 Osier Way, Mitcham, Surrey CR4 4NF, United Kingdom
- 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, United Kingdom
- M. 10-12 Frederick Sanger Road, Guildford, Surrey GU2 7YD, United Kingdom
- N. Friars Ford, Manor Road, Goring, Reading RG8 9EL, United Kingdom

18. Events after balance sheet date

A dividend for the quarter ended 30 September 2020 of 1.69 pence per share was approved by the Board on 25 November 2020. Please refer to note 6 for further details.

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	JLEN 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	Foresight Group LLP, No OC300878, registered in England and Wales and authorised and regulated by the Financial Conduct Authority
Company Secretary and Administrator	Praxis Fund Services Limited, a company incorporated in Guernsey on 13 April 2005 (registered number 43046)
Market capitalisation	£647.9 million at 30 September 2020
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 37 to 39 of the 2020 Annual Report 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)
Peter Neville
Richard Ramsay
Hans Joern Rieks
Stephanie Coxon
Denise Mileham
(resigned on 3 September 2020)

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

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

UK transfer agent

Link Asset Services

The Registry
34 Beckenham Road
Beckenham
Kent B43 4TU
United Kingdom

Auditor

Deloitte LLP

Regency Court
Gategny Esplanade
St Peter Port
Guernsey GY1 3HW
Channel Islands

Investment Adviser

Foresight Group LLP

The Shard
32 London Bridge Street
London SE1 9SG
United Kingdom

Public relations

Newgate Communications

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

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

JLEN Environmental Assets
Group Limited (formerly John
Laing Environmental Assets
Group Limited)

EU

European Union

FiT

the Feed-in Tariff

Foresight Group or Foresight

Foresight Group LLP

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

JLEN Environmental Assets Group
Limited and its intermediate
holding companies UK HoldCo
and HWT 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
and HWT Limited

Investment Adviser

Foresight Group (since 1 July 2019)

IPO

Initial Public Offering

MWe

megawatt electric

MWh

megawatt hour

MWth

megawatt thermal

NAV

Net Asset Value

portfolio

the 32 assets in which JLEN
had a shareholding as at
30 September 2020

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

SPV

special purpose vehicle

total shareholder return

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

UK HoldCo

JLEN Environmental Assets Group
(UK) Limited, wholly owned
subsidiary of JLEN Environmental
Assets Group Limited

WADR

the weighted average discount rate

CAUTIONARY STATEMENT

Pages 01 to 39 of the Half-year Report, including about us, our purpose, at a glance, portfolio at a glance, market opportunities, the Chairman’s statement, fund objectives, risks and risk management, investment portfolio and valuation, operational review, sustainability and ESG and financial review (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 Half-year Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to JLEN Environmental Assets Group Limited and its subsidiary undertakings when viewed as a whole.



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