



JLEN



JLEN Environmental Assets Group Limited

Annual Report 2020

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ABOUT US

JLEN Environmental Assets Group Limited (“JLEN” or the “Company”) 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 31 March 2020, the portfolio included onshore wind, PV solar, anaerobic digestion, hydro, battery storage and waste & wastewater processing projects in the UK and two onshore wind projects in France. The wind, solar, hydro and anaerobic digestion 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 helps to manage risks and identify opportunities.

Wind



Anaerobic
digestion



Solar



Waste &
wastewater



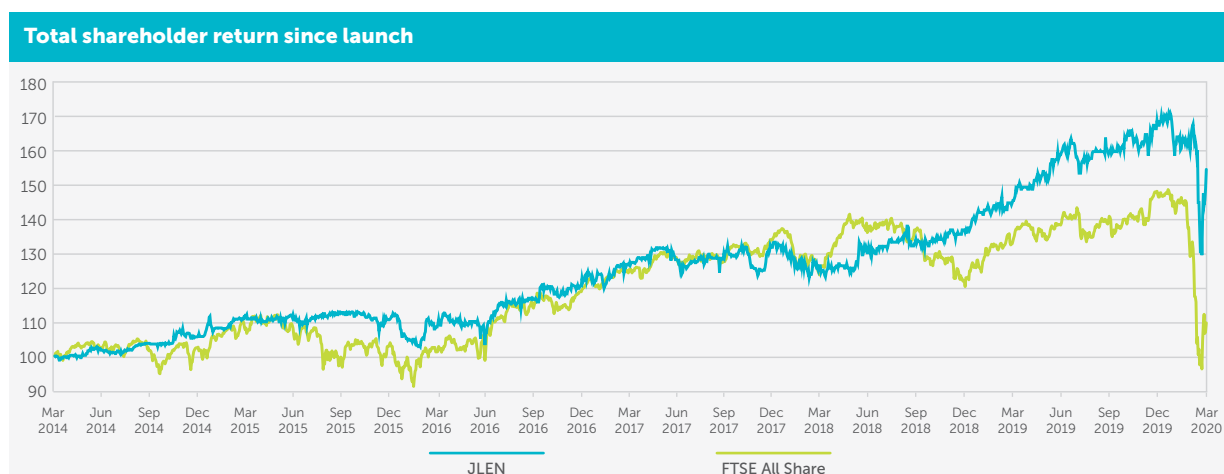
Hydro



AT A GLANCE

Our results for the full year ending 31 March 2020.

Market capitalisation £m £606.9m 2019 £549.2m +10.5%	Share price p 111.0p 2019 110.5p +0.5%	Annual dividend per share p 6.66p 2019 6.51p +2.3%
Net Asset Value £m £533.0m 2019 £520.3m +2.4%	Net Asset Value per share p 97.5p 2019 104.7p -6.9%	Portfolio value £m £537.1m 2019 £523.6m +2.6%
- Dividend of 6.66 pence per share declared for the year to 31 March 2020 (2019: 6.51 pence per share). Dividend cover of 1.1x - Three acquisitions completed during the year, giving a total of 30 assets - Raised £57.2 million of equity capital via an oversubscribed placing during the year	- NAV per share 97.5 pence from 104.7 pence at 31 March 2019; decrease mainly due to reduction in the long-term power price forecast and removal of the corporation tax rate reduction from 2020 £40 million increase of the revolving credit facility to £170 million, and one-year extension, now expiring in June 2022	- Positive performance of the portfolio, which performed 2% above budget with the two largest portfolio segments – onshore wind and anaerobic digestion – both outperforming against budget - Share price total return since IPO of 54.6% (7.5% annualised) - Strong pipeline of assets for further growth

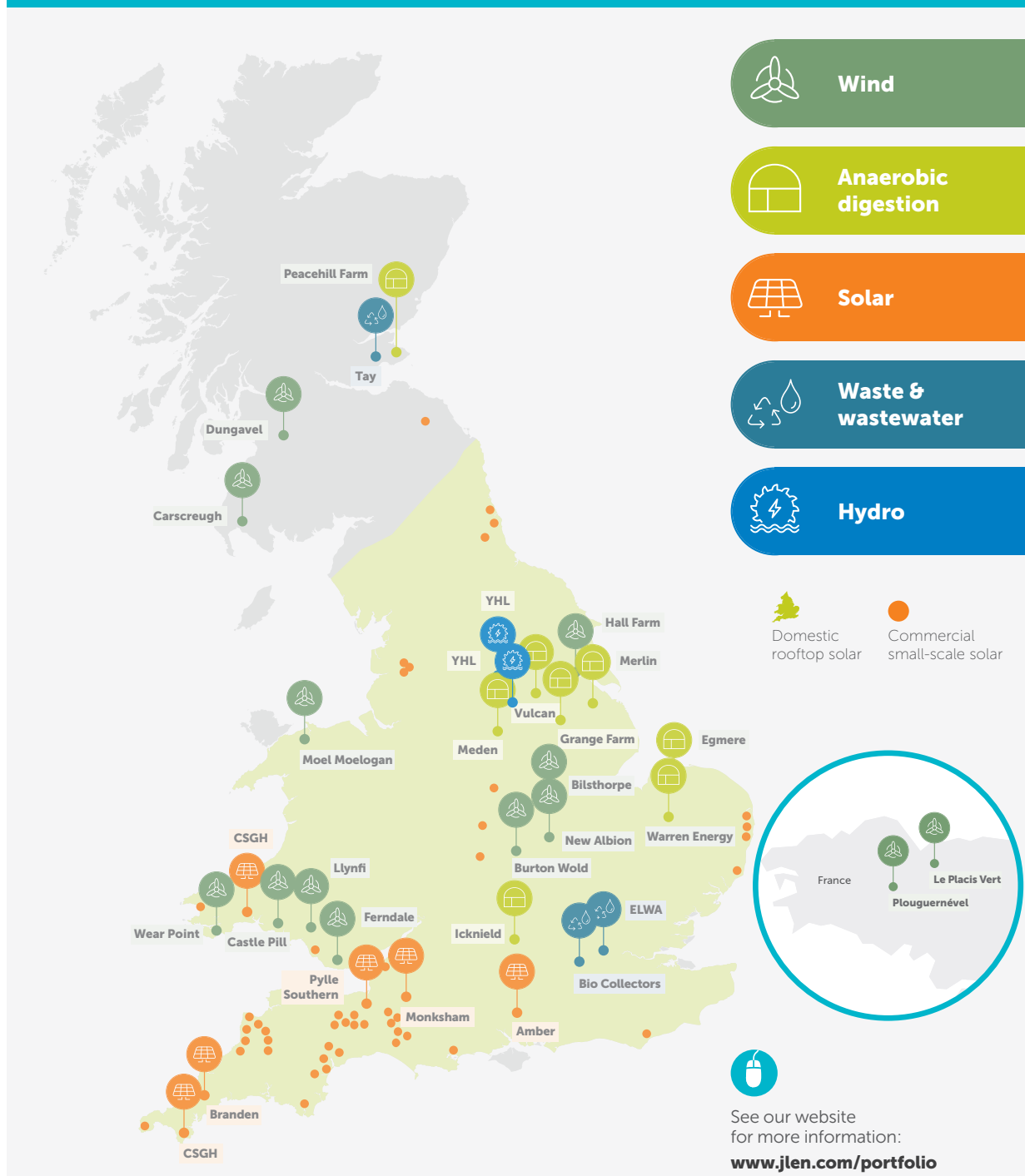


Source: Morningstar

PORTFOLIO AT A GLANCE

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

Assets by location



PORTFOLIO AT A GLANCE continued

 Wind	Ownership interest	 Anaerobic digestion	Ownership interest
Bilthorpe 10.2MW 1.0 ROC wind farm. Five MM82 Servion turbines.	100%	Biogas Meden Biogas-to-grid anaerobic digestion plant. Accredited under both the Renewable Heat Incentive ("RHI") and FiT, c.5MWth and 0.4MWe.	100%
Burton Wold Extension 14.4MW 0.9 ROC wind farm. Nine General Electric 1.6MW-100 turbines.	100%	Egmere Energy Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.5MWth and 0.5MWe.	100%
Carscreugh 15.3MW 0.9 ROC wind farm. 18 Gamesa G52 turbines.	100%	Grange Farm Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.5MWth and 0.5MWe.	100%
Castle Pill 3.2MW 1.0 ROC wind farm. Three 900kW EWT and one 0.5MW Nordtank turbines.	100%	Icknield Farm⁽¹⁾ Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.5MWth and 0.4MWe.	53%
Dungavel 26MW 0.9 ROC wind farm. 13 Vestas 2MW V80 turbines.	100%	Merlin Renewables Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.5MWth and 0.5MWe.	100%
Ferndale 6.4MW 1.0 ROC wind farm. Eight 800kW Enercon turbines.	100%	Vulcan Renewables Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.5MWth and 0.5MWe.	100%
Hall Farm 24.6MW 1.0 ROC wind farm. 18 MM82 Servion turbines.	100%	Warren Energy Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.5MWth and 0.5MWe.	100%
Le Placis Vert 4MW FiT accredited wind farm. Five Enercon E-53 turbines.	100%	7 assets 35.0 MW	
Llynfi Afan 24MW 0.9 ROC wind farm. 12 Gamesa 2MW G80 turbines.	100%		
Moel Moelogan 14.3MW wind farm. Nine Siemens SWT-62-1.3MW and two Bonus-1.3MW turbines. 1.0 ROC on both turbine types.	100%	13 assets 169.0 MW	
New Albion 14.4MW 0.9 ROC wind farm. Seven MM92 Servion turbines.	100%		
Plouguernevel 4MW FiT accredited wind farm. Five Enercon E-53 turbines.	100%		
Wear Point 8.2MW 0.9 ROC wind farm. Four Servion MM82 turbines.	100%		

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

 Solar	Ownership interest
Amber 9.8MW comprising two separate sites: Five Oaks (4.8MW) and Fryingdown (5MW). Both accredited under the pre-August 2011 UK Feed-in Tariff ("FiT") regime.	100%
Branden 14.7MW comprising two separate sites: Luxulyan & Tredinnick (8.9MW) and Victoria (5.8MW), both accredited for two ROCs.	100%
CSGH 33.5MW combined capacity comprising four sites: Higher Tregarne (4.9MW) accredited for 1.6 ROCs, Crug Mawr (7.5MW), Golden Hill (6.3MW) and Shoals Hook (14.8MW) accredited for 1.4 ROCs.	100%
Monksham Total generating capacity of 10.7MW. Accredited for 1.6 ROCs.	100%
Panther – small-scale solar portfolio 6.5MW portfolio of 1,099 systems of domestic rooftop, commercial rooftop and ground mount solar installations, distributed across England, Scotland and Wales. Accredited under the UK FIT regime.	100%
Pylle Southern Total generating capacity of 5MW. Accredited under the UK FIT regime.	100%
6 assets	80.2 MW

 Waste & wastewater	Ownership interest
ELWA The ELWA project processes around 440,000 tonnes of household waste each year from four London boroughs.	80%
Tay The Tay wastewater treatment project services the equivalent of around 250,000 people from the Dundee and Arbroath areas.	33%
Bio Collectors The Bio Collectors food waste anaerobic digestion plant processes around 100,000 tonnes of food waste each year. The Bio Collectors waste collection business collects food waste from in and around Greater London.	70%
3 assets	11.7 MW

 Hydro (and battery storage)	Ownership interest
Yorkshire Hydropower Two run-of-river hydro plants and an operational battery storage system. Both hydro plants accredited under FIT, combined capacity between both hydro plants and the battery storage system is 2MW.	100%
1 asset	2 MW

MARKET AND OPPORTUNITIES

Through JLEN's diversified mandate the Board believes that the Company is positioned well to capture attractive investment opportunities in environmental infrastructure assets.

Market developments

Against the backdrop of international collaboration to reduce further climate change, the decarbonisation of the energy system is an integral part in developing a sustainable future. To make this happen, a significant investment into new environmental infrastructure will be required.

Global investment into renewable energy generation will be significant to meet climate targets. 32% 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 by renewable sources.

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.

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.

The scale of the climate challenge has resulted in government policies 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.

Investment policy

The Company invests in environmental infrastructure projects, being those that utilise natural or waste resources or support more environmentally friendly approaches to economic activity.

Generation of renewable energy

Projects that promote energy efficiency

Supply and treatment of water and processing of waste

Geographic spread of investments

The markets in which JLEN operates continue to evolve as the build out of sustainable infrastructure takes on new forms, technology and financing structures. The Company can continue building a resilient and diversified portfolio of assets whose performances follow different market dynamics and climatic conditions.

Investment outlook



New proposals within the UK will extend the Contracts for Difference regime to onshore wind and solar, supporting further development and investment opportunities benefiting from a degree of revenue stability. Other renewable energy sectors present opportunities, such as biogas production for either heat or transport.



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, and electric vehicle and low-carbon transport infrastructure such as biofuels.



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 AD facilities. Energy from waste facilities are being developed to reduce residual waste to landfill.



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.



CHAIRMAN'S STATEMENT

In an extraordinary year featuring falling power prices and the onset of the Covid-19 pandemic, JLEN has provided reliable income for investors while continuing to diversify its portfolio.

Richard Morse
Chairman



On behalf of the Board, I am pleased to present the Annual Report of the Company for the year ended 31 March 2020.

Results

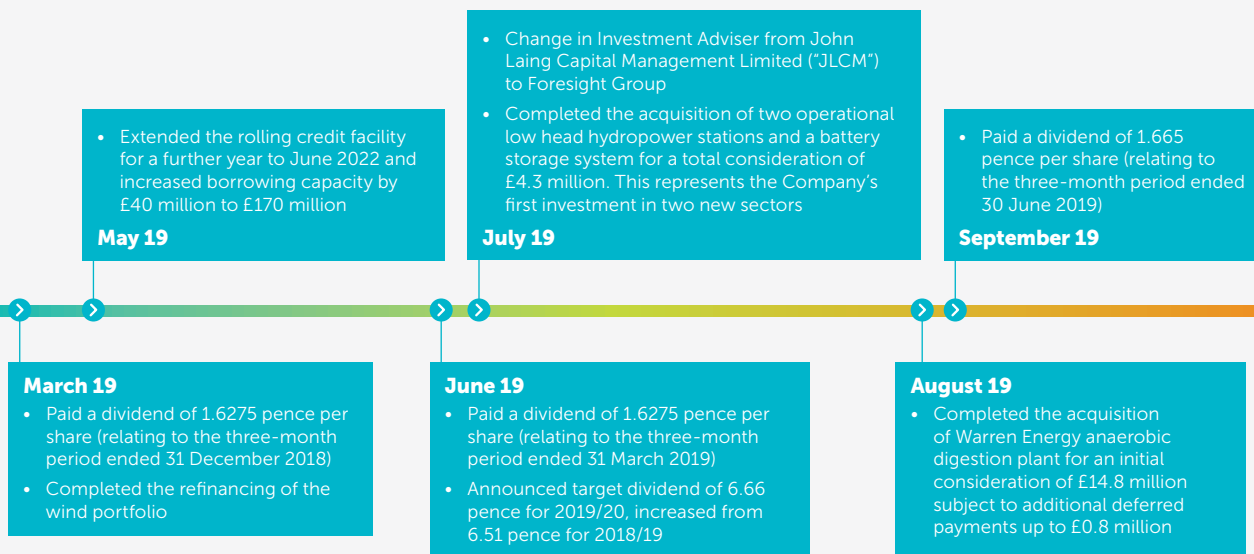
We have had an extraordinary year. We have had good operational performance in most sectors of the portfolio; we have undertaken new investments that have further diversified the portfolio, increasing the capacity to more than 300MW, shortly after year end and broadening our contribution to the world of sustainable energy.

We concluded a successful fundraising in March 2020, leaving us with good headroom for further acquisitions and increasing our market capitalisation to more than £600 million, and received confirmation from FTSE Russell that JLEN will join the FTSE 250, effective 22 June 2020.

All of this has been against a backdrop of falling energy prices. The Covid-19 crisis has accelerated that decline in energy prices, but the crisis has not materially affected operations for most of our assets. The net effect of this has been to reduce our NAV, although I am pleased to say that the shareholder return is still positive for the period under review. Many of our ultimate investors are individuals or institutions, including charities that need income, particularly in these challenging times.

The Company has continued to offer investors a mature, yielding environmental infrastructure investment, and is the most diversified by technology of its peer group. New investments in the period increased that diversification, adding run-of-river hydro, battery storage and food waste anaerobic digestion.

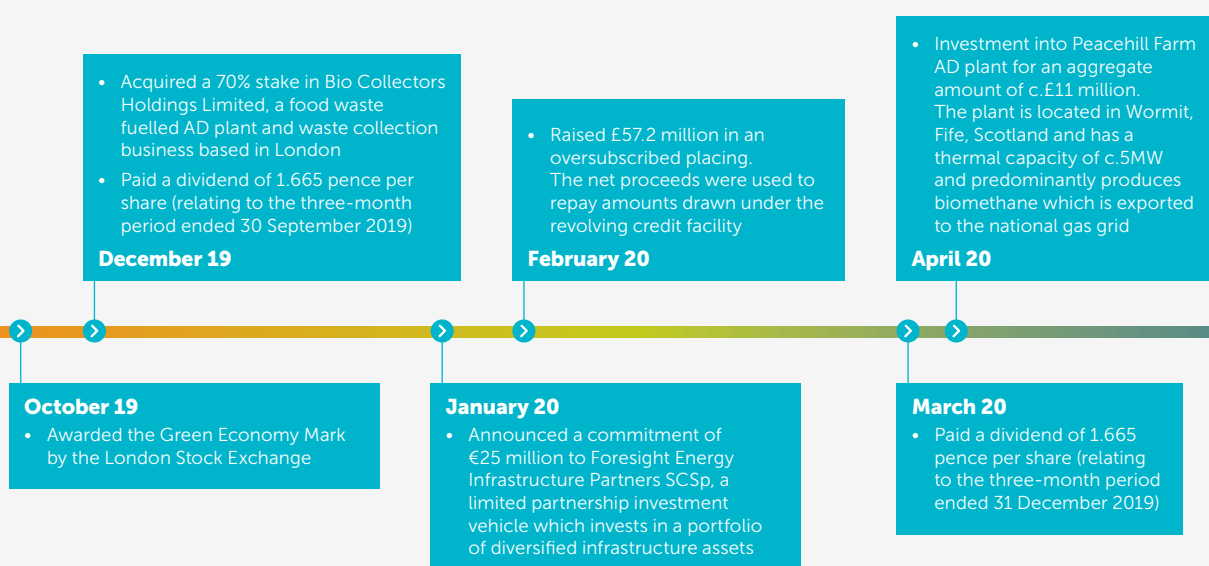
Timeline





Falling wholesale electricity prices have been a feature of the year under review, driven by benign global conditions for production of natural gas (the predominant price-setting factor on the UK network) and, most recently, the ongoing Covid-19 pandemic that has impacted demand for electricity. Within its peer group, the Company has a relatively low level of exposure to wholesale electricity prices by virtue of its portfolio mix, but it is not immune to the effects of lower revenues from this source. Dividend cover is lower for this period as a result, at 1.1x on a paid basis, and NAV per share has also fallen during the year by 7.2 pence per share, primarily as a result of expectations of lower power prices in the future.

Our commitment to environmental, social and governance ("ESG") matters was set out in our first ESG report last year and remains an important consideration. To underline this, we have articulated a set of ESG objectives, which are set out in this report and which have been integrated into the Fund's objectives



CHAIRMAN'S STATEMENT continued

Results continued

We are approaching the anniversary of the transfer of the investment advisory team to Foresight Group, and the Board has been pleased with the way in which the transfer has gone. The greater origination network of Foresight has led to more opportunities being considered, and while the Company will remain prudent in deciding which ones to pursue, we continue to believe that the Company's diversified mandate creates opportunities for higher return investments than are currently available from the more established wind and solar markets.

During the period, the Company purchased two run-of-river hydro facilities for £4.3 million in July, which are subsidised under the Feed-in Tariff regime. One of these facilities also includes a co-located battery storage system. In August, another crop-fed, gas-to-grid anaerobic digestion ("AD") facility was acquired for £14.8 million, close to some of our existing assets in Norfolk, bringing the total number of these plants in the portfolio to seven at the year end. A further such plant was acquired just after the year end. In December, the Company made its first acquisition in the food waste sector, buying a 70% stake in the London-based Bio Collectors business that processes food waste in its AD facility and is subsidised under the Renewable Heat Incentive.

The Company also made a €25 million commitment to Foresight Energy Infrastructure Partners ("FEIP"), a limited partnership managed by Foresight Group focused mainly on greenfield wind and solar opportunities in Europe. No additional fees are paid on this commitment, and the Board considered it an effective means of diversifying the Company further into European markets without being overly concentrated in single assets. FEIP made its first investment post year end into the 231MW Skaftasen wind project in Sweden.

As a result, at the year end, JLEN has a diversified portfolio of 30 operational solar, onshore wind, waste & wastewater, hydro, battery and anaerobic digestion projects based in the UK and France, representing a total of 297.9MW, which are substantially backed by long-term contracts or stable regulatory-backed subsidy arrangements.

The Net Asset Value ("NAV") per share at 31 March 2020 was 97.5 pence, compared with 104.7 pence at 31 March 2019. The main driver for the NAV per share reduction has been the impact of the update of power price forecasts.

The loss after tax for the year was £10.7 million (2019: profit after tax £53.4 million) resulting in a loss per share of 2.1 pence (2019: earnings per share of 12.2 pence). Removing unrealised movements on investments at fair value, the adjusted profit before tax is £32.8 million (2019: £25.5 million), equivalent to 6.5 pence per share (2019: 5.8 pence).

Cash received from the portfolio assets by way of distributions, which includes interest, loan repayments and dividends, was £45.0 million during the year. After operating and finance costs, cash flow from operations of the Company of £36.2 million covered the cash dividends paid during the year of 6.62 pence per share by 1.1x and the declared interim dividends applicable to the year of 6.66 pence per share 1.1x, covered in more detail below.

Dividends

The Company has delivered a covered dividend for the year of 1.1x (2019: 1.2x), despite project revenues received from the sale of wholesale electricity and gas declining over the year.

During the year, the Company paid a final dividend for the period ended 31 March 2019 of 1.6275 pence per share (£8.1 million). Interim dividends of 1.665 pence per share were paid in September 2019 (£8.3 million), of 1.665 pence per share in December 2019 (£8.3 million) and of 1.665 pence per share in March 2020 (£8.3 million).

The Board is pleased to confirm the quarterly dividend in respect of the quarter to 31 March 2020 of 1.665 pence per share, which was approved on 27 May 2020 and will be paid on 26 June 2020, bringing the total to the target of 6.66 pence per share for the full year.

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



The Company has never missed a dividend target during its six-year life and has grown the dividend consistently at a time when investors have found dependable income hard to come by, despite falling power price projections. After careful consideration, and in light of a weak outlook for a recovery in power prices exacerbated further by the Covid-19 pandemic, the Board has decided that it is prudent now to change the dividend policy to break the explicit link with inflation.

The Board also decided to increase the Company's dividend target to 6.76 pence per share for the year to 31 March 2021. Thereafter, the Company will follow a progressive dividend policy. The Board recognises the importance to investors of maintaining a sustainable and growing dividend and will aim to deliver that in the coming years.

Portfolio performance

During the year, overall generation from the renewable energy portfolio was 904GWh, 3.0% over budget, excluding the Bio Collectors asset which has been owned for just one quarter.

Electricity generation from the wind assets (51% by GWh energy generated) was 3.9% above budget, helped by good wind speeds and strong performance in the final quarter of the year. Operational availability was in line with budget, despite increased unavailability at four wind farms in the portfolio where operations and maintenance services were provided by the wind turbine manufacturer Senvion. Senvion filed for insolvency during the year, and its European service business was acquired by Siemens Gamesa. This coincided with an improvement in performance for these assets in the second half of the year.

Electricity generation from the solar assets (8% by GWh energy generated) was 3.3% below budget, impacted by planned grid outages and some significant repair works to inverter stations carried out under warranty at the CSGH portfolio in South Wales. Excluding these events, generation would have been on budget. The period was a frustrating one for the solar portfolio, with several unplanned outages and component issues also affecting performance.

Insurance is likely to cover some of the associated downtime, and components have been improved in a number of locations, such as the replacement of all dry-cast transformers at the Branden sites. The Investment Adviser has also reviewed the energy yield assessments for those sites with persistent issues and reduced them for the year ahead where considered appropriate.

Gas generation from the agricultural AD portfolio (39% by GWh energy generated) was 3.6% above budget on a MWh basis. Several plants performed strongly during the year in terms of gas production, and the Vulcan plant also completed its major upgrade to finish the year regularly producing more than twice the level in its original investment case. However, the period also had its challenges, with the legacy of the dry summer of 2018 being low feedstock buffers and the very wet winter making it difficult to spread digestate onto already waterlogged fields. The Investment Adviser is looking at several initiatives to increase resilience in the portfolio given the likelihood of more extreme weather patterns in the future, as well as further projects to increase production capacity.

CHAIRMAN'S STATEMENT continued

Portfolio performance continued

The results from our renewable energy assets are dependent in part on the level of energy prices. Market prices decreased materially during the year, with average wholesale prices captured for the summer season of £34/MWh being 26% lower than the previous year, and for the winter season of £43/MWh being 22% lower. A similar picture emerged for gas sales.

The wind and solar projects carried a number of favourable fixed price arrangements into the first half of the period, covering 72% of the renewable energy portfolio's electricity price exposure; this reduced for the winter 2019 season, lowering wholesale electricity revenues and contributing to the lower dividend cover compared to the previous year.

As well as lower short-term prices, forecasts of future electricity prices also fell significantly, driven initially by increased expectations of renewables deployment and the benign global environment for natural gas that is the main driver of UK electricity prices. More latterly, the Covid-19 pandemic has caused a deep reduction in electricity demand, with considerable uncertainty as to the pace and pattern of any "rebound" for the economy and this has exacerbated the already negative outlook for electricity prices. The wind and solar assets have fixed and floor arrangements in place for 53% and 48% of generation for the upcoming summer and winter seasons respectively, but the long-term impact of expected lower wholesale electricity revenues have weighed on the portfolio valuation, decreasing it by £56.9 million or 10.4 pence per share.

The waste & wastewater assets represent 15% of the portfolio by value, having been added to with the acquisition of a majority share in the Bio Collectors food waste business. The PFI-backed ELWA waste and Tay wastewater projects have both performed well operationally in the period, meeting or exceeding their key contractual targets. A key objective for the ELWA project in the year ahead is to enhance the fire defences of the major facilities in order to meet the expectations of the insurance market and the Investment Adviser is paying close attention to progress on this front. Both projects have coped well with the challenges of the Covid-19 pandemic, being essential infrastructure and benefiting from large, experienced operators even as changes to work practices have been required.

The project vehicle of the Dumfries and Galloway PFI project, which was formally terminated on 11 September 2018, has now distributed the large majority of the cash it held to the Company and is expected to be wound up shortly. It has been removed from the portfolio.

Bio Collectors, a London-based food waste anaerobic digestion operation with an associated collections business, joined the portfolio in December and has been significantly impacted by the Covid-19 pandemic. Specifically, the dramatic enforced change in the lifestyle patterns of the population has led to a collapse in the volumes of food waste that Bio Collectors attracted from the commercial sector, although municipal volumes have held up. Management are using the lower level of activity as an opportunity to bring forward maintenance activity such as de-gritting, but it is inevitable that lower volumes and therefore lower production will carry forward into the upcoming period. The business has no external leverage and so is well placed to weather the current situation and the Directors continue to believe in the long-term investment case for strategically located food waste projects given likely drivers for increased resource reuse in this area.

Investment performance

Over the 12-month period to 31 March 2020, shareholders have seen a share price total return of 6.3%, whilst over the same period the NAV total return per share was (1.1)%. The listed renewable infrastructure sector has generally been in favour with investors during the year, resulting in all the established funds, including JLEN, experiencing higher premiums to NAV.

Operations

The Investment Adviser's asset management team have identified a number of value-enhancing initiatives during the year that have contributed £12.6 million to the portfolio valuation, and work continues on further plans that the Board expects to contribute positively in the years ahead. The biggest initiatives were work on optimising the Group's use of tax losses (£4.4 million) and enhancements to the AD portfolio such as the successful delivery of the Vulcan AD upgrade (£3.7 million). Two further life extensions were achieved in the period and ongoing progress made in capturing additional revenues from REGOs and green gas certificates.



Acquisitions

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

- Yorkshire Hydropower Limited, which comprises two low head run-of-river hydro projects and a battery storage facility:
 - Kirkthorpe hydro, a 500kW single turbine hydro project located on the River Calder, which was commissioned on 21 November 2016; and
 - Thrybergh hydro, a twin screw 260kW hydro project located on the River Don, commissioned on 26 October 2015; and a 1.2MW battery co-located at Thrybergh, commissioned in January 2018.
- Warren Power Limited agricultural AD facility – 5MWth and 0.5MWe;
- 70% equity stake in Bio Collectors Holdings Ltd food waste AD facility and collections business – 10MWth and 1.7MWe; and
- €25 million commitment to Foresight a Luxembourg limited partnership investment vehicle of which £1.4 million has been paid as at 31 March 2020.

These acquisitions bring the total capacity of the renewable energy assets in the JLEN portfolio to 297.9MW at the period end. The Directors are pleased to see the investment into new environmental infrastructure sectors. These acquired assets have established operating track records and a high proportion of RPI-linked revenues, combined with attractive risk-adjusted returns.

Debt facilities

In May 2019, the Fund extended its revolving credit facility ("RCF") for a further year to June 2022 and committed to £40 million of the £60 million pre-agreed accordion facility. This increases the total committed funds available to JLEN under the RCF to £170 million, of which £29.3 million was drawn at 31 March 2020. The RCF is provided by HSBC, NIBC, ING and Santander.

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

Share capital

In February 2020, the Company successfully raised £57 million via an institutional Placing, making full use of its tap issuance facility of 10% of issued share capital. This was at a price of 115 pence per share, a 13% premium to NAV, achieved via a book-building process co-ordinated by the Company's brokers, Winterflood. The Placing was substantially oversubscribed. Funds raised were used to repay drawings under the RCF.

The Directors anticipate refreshing the Company's tap issuance authority at the annual general meeting in September 2020, following which the Company would be able to issue up to 54.6 million shares at a price not dilutive to existing shareholders without further approval.

CHAIRMAN'S STATEMENT continued

Valuation

The Net Asset Value at 31 March 2020 is £533.0 million, comprising £537.1 million portfolio valuation, £22.0 million of cash held by the Group, less £29.3 million drawn on the Company's (immediate subsidiary's) revolving credit facility, together with positive working capital balances of £3.2 million.

The Investment Adviser has prepared a fair market valuation of the portfolio as at 31 March 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. This valuation uses key assumptions which are recommended by the Investment Adviser using its experience and judgement, having taken into account available comparable market transactions and financial market data in order to arrive at a fair market value.

To provide assurance to the Board with respect to the valuation, an independent verification exercise of the methodology and assumptions applied by 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 £537.1 million for the portfolio of 30 investments as at 31 March 2020. This equates to a Net Asset Value of 97.5 pence per share.

Risks and uncertainties

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

Clearly at the present time the dominant risk facing the world at large is Covid-19 and the many far-reaching implications for the way we live, travel and work. The Company is not immune from this risk, although it is pleasing to see that the Company's portfolio of environmental infrastructure assets have thus far proved to be more resilient than many sectors of the economy. A case study of the actions taken by the Company, the Investment Adviser and other service providers is set out on pages 56 and 57.

Overall, there have been few material operational issues caused by Covid-19. The wind and solar assets have continued to perform well. Essential maintenance has been carried out with little disruption, although routine maintenance that can be deferred is being shifted to later in the year by operators in order to limit personnel movements. The agricultural AD assets have also continued to perform well. As a process technology, AD sites tend to have greater labour activity, with operators adapting to the need to maintain proper social distancing in their working practices.

The waste assets have been affected by changes to the pattern of waste arising, particularly from the commercial and industrial sectors. At the ELWA waste projects, tonnages have also been affected by the temporary closure of public-facing household waste recycling sectors. The project has a robust payment mechanism that offers protection from changes in waste volumes and the financial performance is not expected to be materially affected as a result of Covid-19. The Bio Collectors food waste asset is a "merchant" facility in that it is dependent upon the waste that it can bring through its gates, and this has been negatively affected by a reduction in tonnages. Management, in conjunction with the Investment Adviser, have taken steps to minimise the financial impact on the business, and tonnages are expected to recover as the economy emerges from lockdown.



There have been no material issues resulting from Covid-19 to note in respect of the Tay wastewater project and the hydro facilities.

Beyond Covid-19, the Board considers that the principal risks and uncertainties for JLEN have not materially altered from those set out in the last published Prospectus in February 2018. The Prospectus is available on JLEN's website, and a summary of the principal risks and uncertainties is included on pages 30 to 36 of the strategic report. The Directors do not consider that Brexit represents a significant risk for the Fund, as more than 99% of the portfolio by value is located in Great Britain and should not be affected directly by matters that are currently the subject of negotiation between the UK Government and the EU, such as customs arrangements and trade deals.

The Board notes investors' recent appetite for the Company's shares and the relative resilience of the renewables sector in terms of valuations and the ability to maintain dividends compared to other investment sectors. The consequences of the Covid-19 pandemic will take time to crystallise, but the Board is confident that the themes of sustainability, cash generation and resilience are solid and that environmental infrastructure is one of the sectors that will prosper in the 21st Century, giving the Company an optimistic long-term outlook.

Annual general meeting

The annual general meeting will be held on 3 September 2020 at 10.00am at the Company's registered office in Guernsey. The Board recognises the ongoing public health risk arising from public gatherings and notes the restrictions in place over non-essential travel due to the Covid-19 pandemic. Whilst it remains the Board's intention that the annual general meeting will take place as scheduled on 3 September 2020, the Board strongly advises all shareholders against attending the meeting in person and encourages all shareholders to submit their votes by proxy in advance of the meeting. Shareholders are encouraged to submit any questions they may have to the Company Secretary in advance of the meeting and answers will be posted on the Company website.

Investment Adviser management changes

On 1 July 2019, the Company changed Investment Adviser from John Laing Capital Management ("JLCM") to Foresight Group. The existing team that had been providing investment advice since JLEN's launch in 2014 transferred to Foresight and continue working with the Company, and I am pleased to note that all the individuals are still working with the Company. At the same time, the Company has benefited from the wider fund management resources of Foresight Group, and the Directors look forward to building upon the positive relationship that has been established with Foresight Group since the transfer.

CHAIRMAN'S STATEMENT continued

Outlook

The Board and the Investment Adviser consider that the wider market environment is favourable for the Company's investment policy. While the Covid-19 pandemic has introduced a significant level of uncertainty into the global economy, established environmental infrastructure assets such as those favoured by the Company have generally performed resiliently and continued to generate cash even as other asset classes and market sectors have struggled. Investors have noted this, and the listed renewables sector is expected to continue to see investor support.

In the UK, there were also positive signs that the government was becoming increasingly committed to tackling climate change. The UK became the first major economy to make a legally binding commitment to reaching "net zero" carbon emissions (compared to 1990 levels) during the period, and there have also been positive signals regarding the inclusion of onshore wind and solar in future government subsidy rounds. While detailed plans addressing how "net zero" is to be achieved are still forthcoming, particularly for sectors previously considered hard to de-carbonise such as heat, it is very likely that the paths to "net zero" will require increased investment into environmental infrastructure.

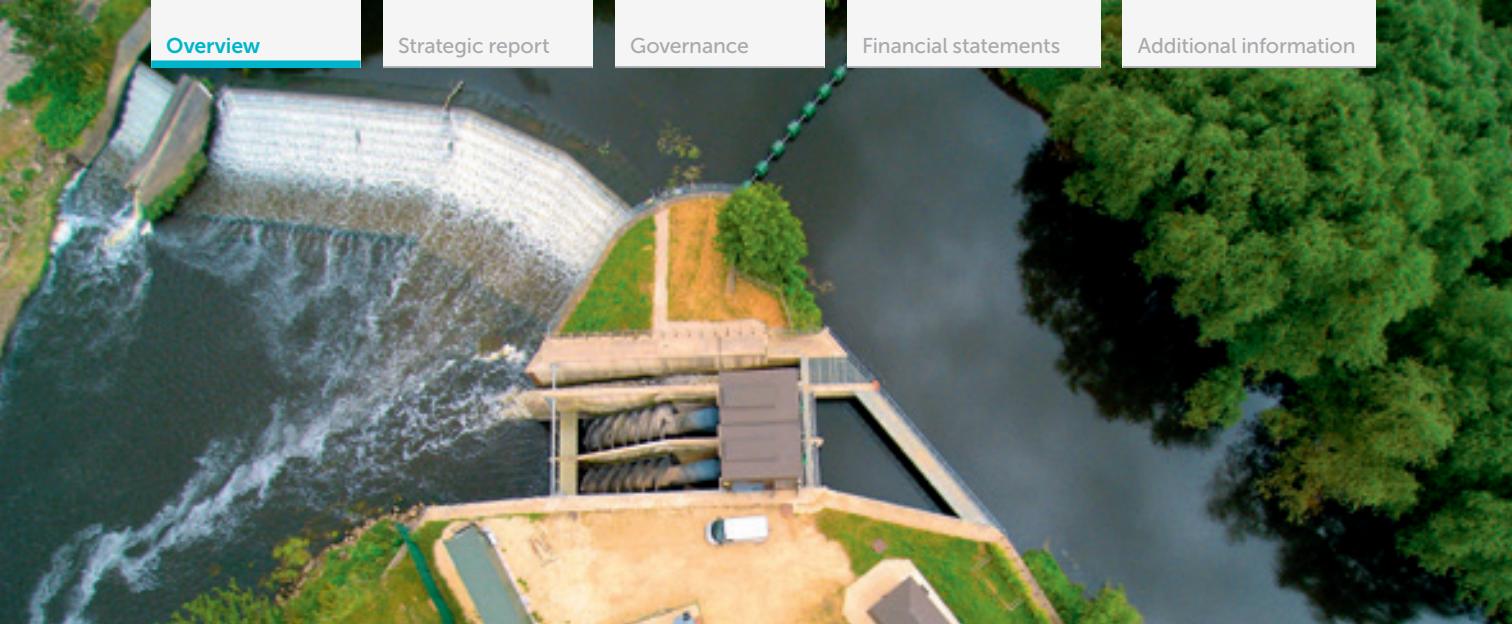
Some of this investment will be into established technologies such as wind and solar that have already become core holdings for investors. As in recent years, the Board continues to see fierce competitive pressure in these markets, even as power price forecasts have reduced. It remains to be seen whether the Covid-19 pandemic leads to a re-evaluation of returns available, but the early signs do not suggest this. The Board does not anticipate material capital deployment here in the short to medium term, except through JLEN's €25 million commitment to FEIP, which will be presented on a look-through basis to the assets.

Bioenergy assets remain attractive to the Company.

The agri-anaerobic digestion sector has been a fruitful one for JLEN in recent years, and further opportunities are available. The Board aims to maintain a broadly diversified portfolio with a spread of risks, and so future investments in this sector are likely to be limited to those that feature links to the existing portfolio such that they offer a strategic benefit in addition to being good investments in their own right. Well-positioned food waste AD assets, such as the Bio Collectors investment, continue to be of interest in the light of legislative changes covering food waste collection, although the impact of the Covid-19 pandemic will need to be factored into any investment case. Biomass and energy-from-waste plants are also of interest, although large UK transactions attract significant investor interest and competition.

Beyond these sectors, the Board continues to believe that JLEN's broad investment mandate provides investors with access to a wider range of environmental infrastructure opportunities that conform to the Company's investment targets. Flexible generation projects remain of interest, as such assets should complement intermittent generators such as wind and solar and facilitate the further roll-out of renewables by helping to balance the grid. The Board is open to exploring the opportunities presented by the "energy efficiency" aspect of the investment policy, particularly where this can be combined with sustainability, as may be the case for low-carbon farming and forms of controlled environment agriculture.

Some future deals will include features that distinguish them from pure "project" deals according to a traditional "project finance" model, such as more exposure to merchant markets in feedstock or by-products, specialist staff within the project vehicle who are important to the project's success, or assumptions around the re-purposing of plant beyond subsidy expiry to maximise economic life. An example of this in the period has been the Bio Collectors investment. As JLEN seeks to set its horizons further afield as the sustainability agenda takes hold, it is likely to become a fact of life for funds such as JLEN that wish to continue to acquire infrastructure projects without competing away returns in "cost of capital" auctions.



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

While the Board continues to view the UK as the Company's main geographical focus for capital deployment, the Investment Adviser has continued to present opportunities from European countries. This has undoubtedly been aided by the transfer of the team to Foresight Group and the origination network that is now available for the benefit of the Company. Where the risks and returns of such investments compare favourably to UK alternatives and there is a credible asset management strategy, then the Board will consider them positively.

Board matters

As announced on 28 February 2020, my fellow Directors and I are delighted to be welcoming Stephanie Coxon to the Board from 11 June 2020. Stephanie is a Guernsey resident who brings considerable financial experience, particularly from a 15-year career spent with PwC, specialising in the reporting accountant and audit services of investment funds and REITs listed on the London Stock Exchange. Stephanie is a fellow of the Institute of Chartered Accountants of England and Wales. We are confident that her skills, background and experience in corporate finance and capital markets will complement the skillsets of the existing Directors and bring greater diversity to the Board.

I am, as ever, grateful to all of my Board, to our Investment Adviser and all our other advisers for their efforts over the course of the year under review. While the year ahead remains subject to significant uncertainties as a result of the Covid-19 pandemic, the Company is in a stable position with great opportunity ahead as questions of environment, sustainability and resilience are addressed in the post-Covid-19 world.

A handwritten signature in black ink, appearing to read 'R. Morse'.

Richard Morse

Chairman

10 June 2020

STRATEGIC REPORT

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INVESTMENT OBJECTIVES

To provide investors with a sustainable, progressive dividend per share, paid quarterly and to preserve the capital value of the portfolio over the long term on a real basis.

The Company aims to provide its investors with a sustainable, progressive dividend per share, paid quarterly. It aims to preserve, and where possible enhance, the capital value of its portfolio on a real basis through the reinvestment of cash flows not required for the payment of dividends.

The dividend for the year ended 31 March 2020 is 6.66 pence per share. Over the longer term, the Company targets an IRR of 7.5% to 8.5% (net of fees and expenses) on the IPO issue price of 100 pence per share, through investment in a diversified portfolio of environmental infrastructure projects.⁽¹⁾

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

Our key objectives

Financial objectives

- Predictable income growth for shareholders
- Preservation of capital over the longer term
- Investment, growth and diversification

ESG objectives

- Promote the efficient use of resources
- Develop positive relationships with the communities in which JLEN works
- Ensure effective, ethical governance across the portfolio

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

FUND OBJECTIVES

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

Financial		
Objectives	KPIs	
 Predictable income growth for shareholders Provide investors with a dividend of 6.66 pence per share for the year to 31 March 2020.	6.66p dividend declared for the year, in line with target	Target dividend for the next financial year 6.76 pence⁽¹⁾, up 1.5% from 2019
 Preservation of capital over the longer term To preserve the capital value of the portfolio over the long term on a real basis through active management of the portfolio and the reinvestment of cash flows not required for the payment of dividends.	£533.0m Net Asset Value 97.5p Net Asset Value per share	- NAV £533.0 million, up 2.4% from £520.3 million at 31 March 2019 - Net Asset Value per share 97.5 pence down 7.2 pence against 104.7 pence at 31 March 2019
 Investment, growth and diversification To invest in operational environmental infrastructure projects in OECD countries with established technologies, operational track records and that have the benefit of long-term, predictable, wholly or partially inflation-linked cash flows supported by long-term contracts or stable regulatory frameworks.	30 project investments £537.1m portfolio value 297.9MW total diversified capacity	- Portfolio value £537.1 million, up 2.6% from £523.6 million at 31 March 2019 - Predominantly UK portfolio balanced by sector: 36% wind, 25% AD, 23% solar, 15% waste & wastewater and 1% hydro
Environmental, social and governance		
Promote the efficient use of resources 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	Develop positive relationships with the communities in which JLEN works To encourage positive relationship-building between portfolio assets and the communities in which they sit	Ensure effective, ethical governance across the portfolio To manage portfolio assets in a way that promotes ethical, effective governance

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

Principal risks

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

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

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

Outlook for 2021

- Weak outlook for UK power prices weighs on revenues
- Progressive dividend policy going forward

- Speed of recovery in demand for electricity uncertain given Covid-19
- Assets demonstrating resilience in the face of Covid-19 disruption likely to be at a premium

- Increased demand for renewable energy to meet global green targets

- 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



BUSINESS MODEL

JLEN invests in a diversified portfolio of environmental infrastructure projects that support environmentally friendly approaches to economic activity whilst generating a sustainable financial return.

Objective	Competitive advantage	Operating model
The Company seeks to acquire infrastructure assets with attractive characteristics through the extensive origination network of its Investment Adviser. The Company seeks to enhance returns, where possible, through active management that identifies opportunities to increase revenues and decrease costs. The Company seeks to maintain the assets to a high standard over their lifetime to support the long-term investment outlook of the Company and its investors. The Company's approach to raising new equity capital is consistent with JLEN's business model objectives. New equity is raised periodically to repay drawings under JLEN's RCF used to acquire assets. The Company does not seek to raise more cash than drawings under the RCF and so will not face pressure to deploy capital or suffer a reduction in returns. This assists the Company in maintaining discipline and targeting attractive assets.	Investment Adviser – Foresight has a strong track record of managing assets in the sector and has access to an extensive pipeline of new projects. Broad investment mandate/ policy – allows for investment across a diversified range of technology sub-sectors and geographies, helping to reduce risks within the portfolio and providing a broader base of assets to consider at the acquisition stage. Existing portfolio – well established portfolio of assets which have the benefit of strong operational track records and predictable, wholly or partially inflation-linked cash flows supported by long-term contracts. Sustainability – investment mandate is limited to investment in projects and assets which support a more environmentally friendly approach to economic activity and JLEN invests in assets with long project lives of up to 35 years.	1  Acquire The Investment Adviser uses its network of relationships to originate environmental infrastructure opportunities. These are screened for suitability and attractive opportunities are subject to a full due diligence process to assess risks, valuation assumptions and ESG considerations. Investment approval is multi-level and culminates in a decision of the Company's Investment Committee. ESG considerations Read more about ESG on pages 62 to 75 ESG criteria are an integral element of the investment assessment at the acquisition stage. The Investment Adviser undertakes a thorough rating analysis against a pre-determined minimum threshold for that asset class.
	Underpinned by	Risk management Read more about risk management on pages 28 to 36
	Portfolio sectors	 Wind  Anaerobic Digestion



2



Maintain

Active asset management is employed by the Investment Adviser to maintain consistent performance and asset condition across the portfolio, identifying and, where possible, mitigating risks. Strong communications between the JLEN Board, the Investment Adviser and external asset managers and other operational and corporate counterparties aid in the management of the assets.

ESG considerations

[Read more about ESG on pages 62 to 75](#)

Third-party service providers, sometimes with the assistance of technical advisers, monitor and manage the ongoing performance of each asset in the JLEN portfolio and these third parties are regularly assessed by Foresight.

3



Enhance

All assets are included in a programme of enhancement initiatives to increase operational and financial performance and to better meet ESG objectives. Where appropriate, the Investment Adviser identifies where value can be realised to enhance the valuation of the portfolio to the benefit of all stakeholders.

ESG considerations

[Read more about ESG on pages 62 to 75](#)

The Investment Adviser continually seeks to improve all areas of ESG across the portfolio and new assets are assessed to see where improvements to ESG matters can be improved over the tenure of ownership.

Who benefits?

Shareholders

Institutional and retail

Local communities and public authorities

Local residents, local authorities and institutions, trade bodies

Company's operational counterparties

O&Ms, other suppliers

[Read more on pages 26 and 27](#)

Strong governance

[Read more about governance on pages 80 to 107](#)

Financial management

[Read more on pages 108 to 145](#)



Solar



Waste & Wastewater



Hydro

[Read more about our portfolio on pages 03 to 05](#)

FUND STRUCTURE

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

Introduction

The Company is a Guernsey-registered investment company with a premium listing on the London Stock Exchange. The Company makes its investments via a Group structure involving JLEN Environmental Assets Group (UK) Limited ("UK HoldCo"), an English limited company and wholly owned subsidiary of the Company, and additional intermediate holding companies for certain projects (the Company and UK HoldCo, together with their wholly owned intermediate holding companies, the "Group"). Through the Group structure, at 31 March 2020 the Company owns a portfolio of 30 environmental infrastructure investments in the UK, France and Sweden. The Company has a 31 March financial year end, announces half-year results in November and full-year results in June. The Company pays dividends quarterly, targeting payments in June, September, December and March each year.

The Company is a self-managed Alternative Investment Fund under the European Union's Alternative Investment Fund Managers Directive.

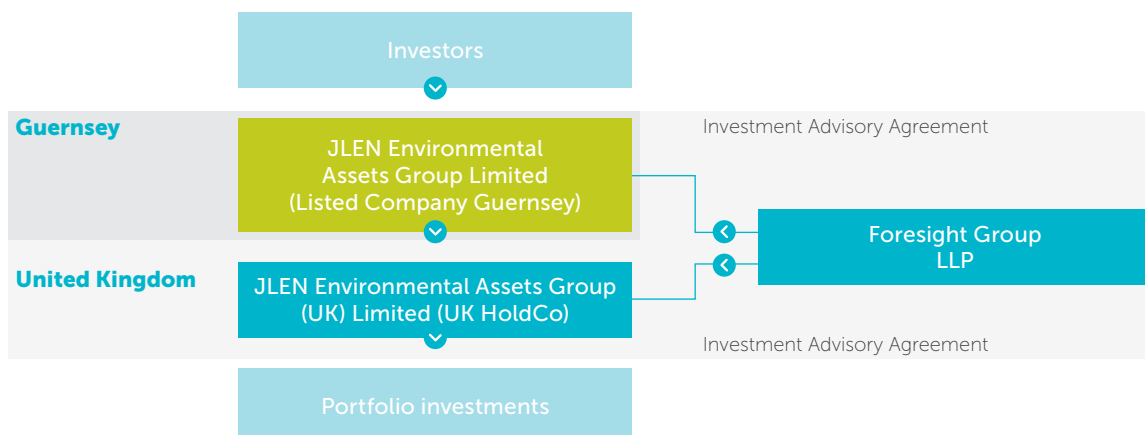
The Company has a Board of five independent non-executive Directors (details of whom can be found on pages 82 and 83) whose role is to manage the governance of the Company in the interests of shareholders and other stakeholders.

In particular, the Board scrutinises the performance of the Investment Adviser, approves and monitors adherence to the investment policy, determines the risk appetite of the Group, and sets Group policies. The Board meets a minimum of four times per year for regular Board meetings and there are a number of ad hoc meetings dependent upon business needs. In addition, the Board has three committees covering Audit, Risk and Nomination. Investment decisions are delegated to an Investment Committee comprising all members of the Board. The Board fulfils the responsibilities typically undertaken by a remuneration committee.

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

Group structure

JLEN's Group structure is illustrated below.⁽¹⁾



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

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

Further details on the Investment Adviser are set out on page 84 and in note 15 to the financial statements on pages 134 and 135 with respect to fees.

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

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

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

Acquisitions

The Fund will seek to acquire further investments going forward sourced via the Investment Adviser's extensive deal-sourcing capabilities across the geographies in which the Fund is permitted to invest. In selecting the projects to acquire, the Investment Adviser and the Directors will be obliged to ensure that these projects meet the Company's investment policy.

The Investment Adviser will be subject to the overall supervision of the Board and all decisions on the acquisition of new investments and the disposal of existing investments will be subject to the approval of the Directors, all of whom are independent of Foresight.

Potential disposal of investments

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

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

STAKEHOLDER ENGAGEMENT

The Board is committed to promoting the long-term success of the Company whilst conducting business in a fair, ethical and transparent manner.

Whilst directly applicable to companies incorporated in the UK, the Board recognises the intention of the AIC Code that matters set out in section 172 of the Companies Act, 2006 are reported. The Board strives to understand the views of the Company's key stakeholders and to take these into consideration as part of its discussions and decision-making process.

As an investment company, the Company does not have any employees and conducts its core activities through third-party service providers. Each provider has an established track record and through regulatory oversight is required to have in place suitable policies and procedures to ensure they maintain high standards of business conduct, treat shareholders fairly, and employ corporate governance best practice.

The Company strongly believes that fostering healthy and constructive relationships with its broad range of stakeholders should result in increased shareholder value over the long term.

The following table sets out how the Company has communicated and engaged with its key stakeholder groups over the last year, highlighting key strategic decisions taken which have had direct impact on these groups.

Stakeholder group

Key stakeholders

Shareholders

- Institutional shareholders
- Retail shareholders
- Proxy voting organisations

Investment Adviser

- Foresight Group

Commercial service providers

- Administration agent
- Corporate broker
- Legal advisers
- Public relations agency
- Auditor and tax advisers

Asset-level counterparties

- Operations & Maintenance ("O&M") contractors
- External management services ("MSA") providers
- Supply chain counterparties
- Landowners

Local communities

- Local authorities and agencies
- Community funds
- Landowners
- Local environment

Debt providers

- Banks

How has JLEN communicated and engaged?

- Annual general meeting
- Regular market announcements
- Investor communications including quarterly factsheets
- Dedicated JLEN website
- Investor roadshows
- Annual and interim reports
- Market events and conferences
- Views and feedback sought from institutional shareholders via corporate broker

- Regular Board meetings in Guernsey during the period attended by key investment personnel
- Meetings to discuss and approve investment recommendations
- Annual service provider questionnaire

- Regular scheduled update calls as well as specific interactions on corporate actions and new portfolio acquisitions
- Collaboration with multiple service providers in publication of annual and interim reports
- Annual service provider questionnaire

- Regular update calls with O&M and MSA providers to ensure adequate oversight of portfolio operations
- Focused engagement on value enhancement opportunities, including rationalisation of service provision for cost savings and/or improved services
- Increased scrutiny of, and resource allocation to, emerging risks identified

- Frequent engagement with local authorities to ensure safe and compliant operation of our assets
- Actively engage with local authorities on construction planning and obtaining necessary planning permissions
- Regular interaction between the owners of land on which our assets operate and the Investment Adviser's asset management team
- Conduct educational site visits for local community schools and colleges

- Regular updates provided on covenant compliance and current positioning

Key strategic decisions impacting stakeholder group during period

- Raised an additional £57.2 million of equity, increasing the size, liquidity and attractiveness of the Company to investors. Shareholders were consulted throughout the fundraising process
- Paid an increased dividend target of 6.66 pence in line with investment objective, continuing to position JLEN as an attractive proposition for investors seeking income
- Made a number of portfolio acquisitions which further diversified the portfolio and should prove accretive to NAV in the long term

- Changed Investment Adviser from JLCM to Foresight Group
- Core investment advisory team retained and supplemented with additional Foresight resource
- Investment Management Agreement subsequently novated to Foresight Group UK LLP from Foresight Group CI Ltd

- Key service providers retained, providing continuity of service and familiarity with the objectives of the Company

- Termination of some O&Ms and MSA providers to consolidate services across portfolio with preferred partners
- Acquired a number of new assets during the period, increasing ongoing servicing requirements from O&M counterparties
- Entered a number of new technology types over the period, including hydro and food waste to energy
- Successful upgrade of capacity at Vulcan AD site resulted in increased revenue for partners

- JLEN donated over £350k to local community funds over the period, helping to address local needs and promote long-term sustainable and prosperous communities

- Debt remained a key component of funding strategy during the period and the portfolio has utilised debt facilities throughout
- Extension of existing debt facilities during the period

RISKS AND RISK MANAGEMENT

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

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

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

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

In the normal course of business, each project will have developed a rigorous risk management framework including a comprehensive risk register that is reviewed and updated regularly and approved by its Board. The purpose of JLEN's risk management policies and procedures is not to eliminate risk completely, as this is neither possible nor commercially viable. Rather, it is to reduce the likelihood of occurrence and to ensure that JLEN is adequately prepared to deal with risks so as to minimise their impact should they materialise.

Risk identification and monitoring

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

The identification, assessment and management of risk are integral aspects of the Investment Adviser's and Administrator's work in both managing the existing portfolio on a day-to-day basis and pursuing new investment opportunities (though the Board has ultimate responsibility for the risk management activities of the Group).

The Investment Adviser and Administrator have established internal controls to manage these risks and they review and consider the Group's key risks with the Risk Committee on a quarterly basis, including new risks arising and/or changes in the likelihood of any particular risk occurring. In the case of unusual and significant risks such as Covid-19, assessment occurs outside of the quarterly cycle. These systems of internal control were in place for the year under review and continue to be in operation.

The Audit Committee has worked closely with Foresight to implement a regime which addresses the changes in the internal control environment as a result of the change of Investment Adviser from John Laing to Foresight. This regime strengthens the oversight of internal controls and provides the necessary comfort that the internal control systems at the Investment Adviser, the Administrator and the operating companies are effective.

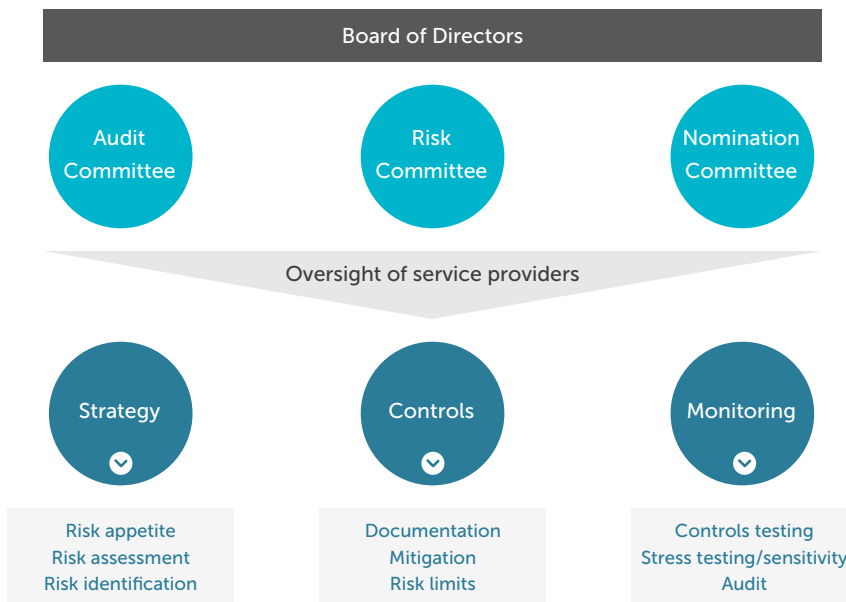
The Board's investment advisory engagement committee reviews the performance of the Investment Adviser and Administrator, as well as other key service providers, annually.

JLEN has a comprehensive risk management framework and risk register that assesses: a) the probability of each identified risk materialising; and b) the impact it may have on JLEN.

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

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

Risk management framework



Climate risk

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. Climate resilience is assessed as standard during the investment process as part of the sustainability evaluation criteria and is considered as part of the asset management approach. In addition to the work it currently undertakes (further information on page 67), this year the Fund will be working to integrate climate risk into its standard risk management processes, integrating it into the Fund's risk matrix.

Emerging risks

A new provision in the AIC Code 2019 calls for specific disclosure about emerging risks within the Annual Report. Emerging risks are characterised by a degree of uncertainty and the Investment Adviser and the Board consider new and emerging risks at the Risk Committee which takes place quarterly; the risk register (found overleaf) is then updated to include these considerations. Furthermore, the Company is advised by various advisers within the listed infrastructure space and the Investment Adviser, Foresight, considers emerging risks over a wider market arena.

Covid-19

In recent months, the emergence of the Covid-19 pandemic has prompted the Directors and the Investment Adviser to reassess these risks to the Company and the portfolio. The Directors consider the risks identified are still the material ones, but it is clear that Covid-19 has changed the way in which some of these risks may be experienced in the future. The actions the Company and the Investment Adviser have taken in responding to the Covid-19 pandemic, and assessing the resilience of the portfolio to Covid-19, are set out on pages 56 and 57.

RISKS AND RISK MANAGEMENT continued

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

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

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

Strategic, economic and political

Risk	Potential impact	Mitigation	Change in year
1 Inflation and interest rates Link to Fund objectives 	• The underlying assets in the portfolio, and therefore the returns expected from them, have some exposure to inflation. • The Company has some interest rate exposure, through its own cash deposits and bank funding (UK HoldCo revolving credit facility) and deposits and funding within the projects themselves. • The Covid-19 pandemic has impacted demand for goods and services in the economy and this will translate into lower inflation in the short term, which will lead to lower revenues from the portfolio.	• Returns from the assets in the portfolio are highly correlated with inflation due to revenues from PFI assets, green benefits for renewable energy assets and most operational costs being directly linked to an inflation index. This results in a "natural hedge", removing the need for the use of derivatives to mitigate inflation risk. • Through the use of interest rate swaps and fixed rate loans, finance costs are fixed at the time of the contract being signed, substantially reducing interest rate risk. • The revolving credit facility has a floating interest charge over LIBOR but this is mitigated as the facility provides short-term finance prior to being repaid with capital raise proceeds.	
2 Acquisitions and pipeline Link to Fund objectives 	• JLEN's intention is to grow the portfolio through the acquisition of further environmental infrastructure projects. However, there is a risk that a pipeline of acquisitions does not materialise.	• JLEN continually receives and seeks opportunities from the wider secondary market and developers, both in the UK and overseas. JLEN benefits from Foresight's well established pipeline of renewable infrastructure assets and presence within the market. • JLEN's broad environmental infrastructure mandate captures a wider range of potential investments.	

Key



Predictable income growth for shareholders



Preservation of capital over the longer term



Investment, growth and diversification

Strategic, economic and political continued

Risk	Potential impact	Mitigation	Change in year
3 Funding of acquisitions and future equity fundraising Link to Fund objectives 	There is a risk that JLEN is unable to achieve its stated ambition of growing the portfolio by acquiring new assets due to a lack of funding, both from corporate debt and equity capital from investors.	- JLEN has a three-year £130 million revolving credit facility (increased to £170 million in May 2019) providing short-term finance to pursue acquisitions. This is used to finance acquisitions prior to raising capital, mitigating the risk of inadequate funding affecting growth. - Investors have been supportive of the infrastructure class in general and the environmental infrastructure/ renewable energy class in particular, with recent capital raises by environmental infrastructure funds confirming the appetite investors have for infrastructure as an asset class. A number of economic factors, including weak power prices and the consequences of the Covid-19 pandemic, could reduce the investors' appetite in future equity fundraising, although environmental infrastructure has been relatively stable compared to other asset classes, so far.	
4 Competition Link to Fund objectives 	- JLEN, in pursuing investment opportunities and in seeking to raise further capital, competes against a number of other listed and private infrastructure funds. There is a risk that such competition could limit growth of the Company. - Competition is strong for infrastructure assets that have demonstrated resilience to the Covid-19 pandemic, such as wind and solar assets with high levels of contracted or subsidised revenues.	JLEN differentiates itself from its peer group in a number of ways, including its investment policy of investing in a diversified range of environmental infrastructure technologies and revenue streams and its aim to only raise capital against committed investments.	

RISKS AND RISK MANAGEMENT continued

Strategic, economic and political continued			
Risk	Potential impact	Mitigation	Change in year
5 Future of UK capital spending Link to Fund objectives 	Under its investment policy, JLEN is required to hold at least 50% of its portfolio by value in UK assets. JLEN therefore has a significant interest in the future of UK infrastructure spending. Government financial support for new renewable energy and environmental processing assets has reduced significantly in recent years and there is a risk that spending is either reduced or stopped altogether or that the model used to procure environmental infrastructure and/or renewable energy projects offers a risk profile that would not allow JLEN to invest under its investment policy.	- The UK Government's adoption of a legally binding commitment to "net zero" carbon emissions by 2050 underpins its support for environmental infrastructure. The recovery from the Covid-19 pandemic and the sectors that government will prioritise is currently uncertain, but prospects for environmental infrastructure appear positive. - The UK Government has indicated that future auctions for allocation of "Contract for Difference" subsidies will be open to established technologies such as onshore wind and solar PV that were previously excluded. - In addition, JLEN has the ability to mitigate the impact of a slowdown in UK deal flow through overseas acquisitions in order to diversify the portfolio and reduce its reliance on the UK for investment opportunities.	
6 UK referendum on EU membership Link to Fund objectives 	- On 31 January 2020, the UK ceased to be a member of the European Union, entering a limited transition period until 31 December 2020, during which the majority of rights and obligations of membership, including market access, remain. The precise model that the relationship between the UK and the EU will follow post 31 December 2020 is not certain. - As a result of this outcome, there is likely to be a prolonged period of market uncertainty as the exact details are negotiated between the UK Government and the rest of the EU, which could result in adverse conditions for JLEN and an increase in the risks noted in this section, particularly volatility in macroeconomic indicators such as inflation and interest rates and changes in regulations. - In response to the decision by the UK to leave the EU, in March 2017 the Scottish Parliament voted in favour of seeking a second Scottish independence referendum, although the UK Government has indicated such a vote should not occur before the UK has formally left the EU. Scottish independence might impact its renewable market and its currency, should it leave its current sterling currency.	- At this stage it is not clear what the precise impact on the UK environmental infrastructure industry will be once the UK ceases to be subject to EU regulation and to have market access. The UK Government remains committed to UK infrastructure development and there continues to be evidence that investors see listed infrastructure as a "safe haven" in times of market turbulence. The mitigation measures for the principal macroeconomic risks are those described above in relation to inflation and interest rates. Given the current level of investment in non-UK assets, JLEN has a non-significant exposure to changes in exchange rates. And whilst the UK Government may not in future be bound by EU-set renewable obligations, the UK is still bound by national and international renewable obligations, including the commitment to "net zero" carbon emissions by 2050. As such, JLEN believes that a low carbon and renewable energy generation agenda will remain a key part of UK policy. - Regarding a Scottish referendum, JLEN will continue to monitor the situation as it develops and will identify potential risks when the likely course of events becomes clearer and it is possible to assess their nature and extent.	

Operational, business, processes and resourcing

Risk	Potential impact	Mitigation	Change in year
7 Volume of resource Link to Fund objectives 	By the very nature of environmental infrastructure projects, their financial performance is dependent on the volume of resource available, be it solar irradiation, wind, feedstock yields, waste or water. These are factors outside the control of JLEN or the projects themselves, with the risk of a significant effect on performance if the outcome is significantly different from the assumptions made in forecasting revenue and costs and hence returns to JLEN.	- For renewable energy projects there is a degree of protection from this variability in weather resource from portfolio diversification, as solar is more productive in the summer and wind more productive in the winter, with the absolute level of resource being weakly negatively correlated. - In addition, the waste & wastewater projects benefit from “banded” volumetric payment arrangements that mean the projects are relatively insensitive to falling volumes. The projects also benefit from contractual exclusivity over the available waste or water stream and, in the case of the waste projects, minimum guaranteed volumes, further mitigating this risk. - On all projects, technical consultants are employed to advise on the assumptions which should be made regarding volume and its impact on performance for each individual asset. - For anaerobic digestion sites, it is common to agree feedstock contracts that adjust for the dry matter content in the biomaterial and relate pricing to that energy content and volume which is delivered. Should a shortfall be likely, for instance due to a poor harvest, substitute feedstocks are widely available.	
8 Power prices Link to Fund objectives 	The revenues of the renewable energy solar, anaerobic digestion and wind assets are dependent to some extent on the market price of electricity and natural gas, which is out of the control of JLEN. There is a risk that the actual prices received vary significantly from the model assumptions, leading to a shortfall in anticipated revenues to JLEN.	- The risk of exposure to variations in electricity and gas prices from assumptions made is mitigated by JLEN in the following ways: i) short-term PPAs are used to fix electricity and gas prices for between one and three years depending on market conditions and many have floor prices; ii) forward prices based on market rates are used for the first two years where no fix is in place; and iii) quarterly reports from various independent established market consultants are used to inform the electricity prices over the longer term used in the financial models. - The Covid-19 pandemic and the associated reduction in economic activity related to counter-measures have had a significant effect on power prices due to the reduction in demand for electricity and gas. It is not certain that prices will recover to previously forecast levels.	

RISKS AND RISK MANAGEMENT continued

Operational, business, processes and resourcing continued

Risk	Potential impact	Mitigation	Change in year
9 Reliance on Investment Adviser Link to Fund objectives 	The Company is heavily reliant on the Investment Adviser to identify, acquire and manage JLEN's investments. A performance deterioration by the Investment Adviser could have an impact on the Company's performance and there is a risk that the Company may not be able to find an appropriate replacement Investment Adviser should the engagement with the Investment Adviser be terminated.	The Company changed Investment Adviser to Foresight Group on 1 July 2019, with the incumbent advisory team also transferring to Foresight. Foresight is a leading infrastructure fund manager, with considerable depth of resource and experience in environmental infrastructure from managing over 200 assets in sectors including wind, solar, bioenergy and flexible generation. Ultimately, in the event of ongoing under-performance by the Investment Adviser, JLEN has the ability to serve notice and to engage a replacement.	
10 Cyber risk Link to Fund objectives 	There exists a threat of cyber-attack in which a hacker or computer virus may attempt to access the IT systems of the Group, the Investment Adviser, the Administrator or one of the project companies and attempt to destroy or use the data for malicious purposes. While JLEN considers that it is unlikely to be the deliberate target of a cyber-attack, there is the possibility that it could be targeted as part of a random or general act.	JLEN has no dedicated IT systems and it relies on those of its service providers, principally the Investment Adviser and Administrator, who have procedures in place to mitigate cyber-attacks and have robust business continuity plans in place. JLEN carries out ongoing compliance checks and reviews on these procedures to ensure the risk is mitigated.	

Financial and taxation

Risk	Potential impact	Mitigation	Change in year
11 Portfolio valuation Link to Fund objectives 	- The discount rates used in the valuation exercise represent the Investment Adviser's and the Board's assessment of the rate of return in the market for assets with similar characteristics and risk profile. Increased underlying gilt rates may lead to increased discount rates being applied by the market and a consequential decrease in the portfolio value. - Asset values may not run in parallel to evolving forecasts for future electricity and gas prices and investors should expect some variation in asset valuation from period to period, as and when a material movement from prior expectations is identified.	- The discount rates are reviewed on a regular basis and updated, where appropriate, to reflect changes in the market and in the project risk characteristics. However, the Covid-19 pandemic has introduced additional uncertainty into the market and the outlook for power prices. - To provide additional assurance to both the Board and JLEN's shareholders with respect to the valuation, an independent verification exercise of the methodology and assumptions applied by Foresight is performed by a leading accountancy firm and an opinion provided to the Directors on a semi-annual basis.	

Financial and taxation continued

Risk	Potential impact	Mitigation	Change in year
12 Changes to tax legislation and rates Link to Fund objectives 	- JLEN values its portfolio based on current enacted corporation tax rates and tax rules in the jurisdictions in which it operates. Changes to these rates or rules in the future could impact the valuation of the portfolio and the level of distributions received from the portfolio. - JLEN works closely with expert tax advisers and adopts tax positions which are based on industry practice and in line with the wider Group strategy. However, other than participating in industry consultation processes, there is little within the power of the Company that is able to mitigate changes in corporation tax rates and tax legislation. The Covid-19 pandemic and the resultant pressure on government finances has increased the risk of future tax rises.	JLEN continues to monitor and participate in any relevant consultation processes with UK HMRC and to assess the impact of any additional changes which may result from the introduction of differing legislation.	

Compliance and legal

Risk	Potential impact	Mitigation	Change in year
13 Regulatory – general Link to Fund objectives 	JLEN is required to comply with certain London Stock Exchange, UK Listing Authority and Guernsey regulatory requirements and regulations, including those under the Alternative Investment Fund Managers Directive ("AIFMD") and the Foreign Account Tax Compliance Act ("FATCA"). There is a risk that failure to comply with any of the relevant rules could result in a negative reputational or financial impact on the Company.	Through a comprehensive compliance monitoring programme, JLEN ensures that it remains well informed as to the legislation, regulation and guidance relevant to both the Company itself as well as the project entities in which it invests. The Board monitors compliance information provided by the Administrator, Company Secretary, Investment Adviser and legal counsel and monitors ongoing compliance developments in the Channel Islands and with the London Stock Exchange and Financial Conduct Authority.	

RISKS AND RISK MANAGEMENT continued

Compliance and legal continued

Risk	Potential impact	Mitigation	Change in year
14 Regulatory – support for renewables Link to Fund objectives 	- Changes to government policy for new renewable energy have resulted in changes to, and in some cases early closure of, the Renewables Obligation, the Renewable Heat Incentive and Feed-in Tariff regimes. If these were applied retrospectively to current operating projects including those in the Group's portfolio, this could adversely impact the market price for renewable energy or the value of the green benefits earned from generating renewable energy. - The UK electricity system is also changing as renewables make up an increasing proportion of the energy mix as old fossil fuel generators are shut down. Changes such as the Targeted Charging Review have reduced ancillary revenues earned by many renewable generators, including wind and solar assets in the JLEN portfolio. Future changes may negatively impact the portfolio.	- The Government has evolved the regulatory framework for new projects being developed but has consistently stood behind the framework that supports operating projects as it understands the need to ensure investors can trust regulation. This principle of "grandfathering" was confirmed in the Energy Act 2013. - The Company aims to hold a diversified portfolio of environmental infrastructure projects so that it is unlikely that all assets will be affected equally by a change in regulation. In the case of changes to the network, the Investment Adviser remains in close contact with specialist advisers and trade bodies to advise and lobby on proposals. - Public sentiment has moved firmly towards action to alleviate the climate emergency. Recent government announcements, such as the extension of the CfD regime to onshore wind and solar, show support increasing rather than decreasing.	

Asset specific

Risk	Potential impact	Mitigation	Change in year
15 Operational risks Link to Fund objectives 	- JLEN invests in projects where the majority of operational risk is retained by the public sector counterparty (relevant to PFI projects) or passed down to sub-contractors. However, in all cases, some risk is retained by the project, as set out above and identified in the Prospectus. - There is a risk that poor performance by sub-contractors or, in the event of having to replace a sub-contractor, that a replacement may only be found at a higher cost, could adversely affect project cash flows. - In the event of a single project suffering from a material issue, distributions to the Fund could possibly be impacted absolutely or for a period of time whilst the issue is resolved. - The Covid-19 pandemic has exposed assets and key counterparties to unexpected risks. While the portfolio has demonstrated its resilience so far, the risk is to the downside while the full impact is still unfolding.	- The portfolio is constantly monitored by the Investment Adviser to address risks as they are identified. - The use of a diverse range of service providers supplying management, operational and maintenance services ensures any failure of a single service provider has a minimal impact on the portfolio as a whole. - This risk is mitigated in part by the diversification represented by JLEN's portfolio of assets. - The portfolio has material damage and business interruption insurance policies in place to cover against potential losses. - The Board has in place a regime, overseen by the Audit Committee, which provides the necessary comfort that the internal control systems at the Investment Adviser, the Administrator and the operating companies are effective. This has included addressing the challenges presented by the Covid-19 pandemic.	

INVESTMENT POLICY

To provide investors with access to a diversified portfolio of environmental infrastructure projects.

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

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

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

The Company will invest in environmental infrastructure projects either directly or through holding structures that give the Company an investment exposure to environmental infrastructure projects. The Company's investment interests in environmental infrastructure projects may include partnership equity, partnership loans, membership interests, share capital, trust units, shareholder loans and/or debt interests in or to project entities or any other entities or undertakings in which the Company invests or may invest.

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

The Company will also ensure that its investment portfolio comprises a minimum of five environmental infrastructure projects at any given time, save that this requirement shall not apply when the Company is being wound up or dissolved.

As technologies and the markets in which they contract into develop and become established, future investments may differ from those currently within the portfolio. These assets may incorporate new technologies that have a demonstrable track record or traditional infrastructure projects with features such as greater exposure to merchant markets in feedstock or by-products. Assets may include the employment of specialist staff within the project vehicle who are important to the project's success, or incorporate assumptions around the re-purposing of plant beyond subsidy expiry to maximise economic life.

Investment restrictions

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

- the substantial majority of projects in the portfolio by value and number will be operational. The Fund will not acquire investment interests in any project if, as a result of such investment, 15% or more of the NAV is attributable to projects that are in construction and are not yet fully operational;
- at least 50% of the portfolio (by value) will be based in the UK and the Fund will only invest in projects that are located in OECD countries; and
- it is intended that investment interests in any single project acquired will not have an acquisition price greater than 25% of the NAV immediately post-acquisition. In no circumstances will a new acquisition exceed a maximum limit of 30% of the NAV immediately post-acquisition.

INVESTMENT POLICY continued

Borrowing and gearing

- The Company intends to make use of short-term debt financing to facilitate the acquisition of investments (either itself or by one of its subsidiaries). Borrowing may be secured against the assets comprising the portfolio. It is intended that such debt will be repaid periodically by the raising of new equity finance by the Company. The level of such debt is limited to 30% of the Company's Net Asset Value immediately after the acquisition of any further investment. Such debt will not include (and will be subordinate to) any project-level gearing, which shall be in addition to any borrowing at Fund level.
- The Fund may acquire investment interests in respect of projects that have non-recourse project finance in place at the project entity level. The Company is limited to aggregate non-recourse financing attributable to renewable energy generation and PPP projects not exceeding 65% and 85% respectively of the aggregate gross project value of such projects.

Hedging

Where investments are made in currencies other than pounds sterling, the Fund will consider whether to hedge currency risk in accordance with the Fund's currency and hedging policy as determined from time to time by the Directors. Interest rate hedging may be carried out to provide protection against increasing costs of servicing debt drawn down by the Fund to finance investments.

This may involve the use of interest rate derivatives and similar derivative instruments. Hedging against inflation may also be carried out where appropriate and this may involve the use of RPI swaps and similar derivative instruments. The currency, interest rate and any inflationary hedging policies will be reviewed by the Directors on a regular basis to ensure that the risks associated with movements in foreign exchange rates, interest rates and inflation are being appropriately managed.

Any hedging transactions (if carried out) will only be undertaken for the purpose of efficient portfolio management to enhance returns from the portfolio and will not be carried out for speculative purposes. The execution of hedging transactions is at the discretion of the Investment Adviser, subject to the policies set by and the overall supervision of the Directors.

Cash balances

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

Origination of further investments

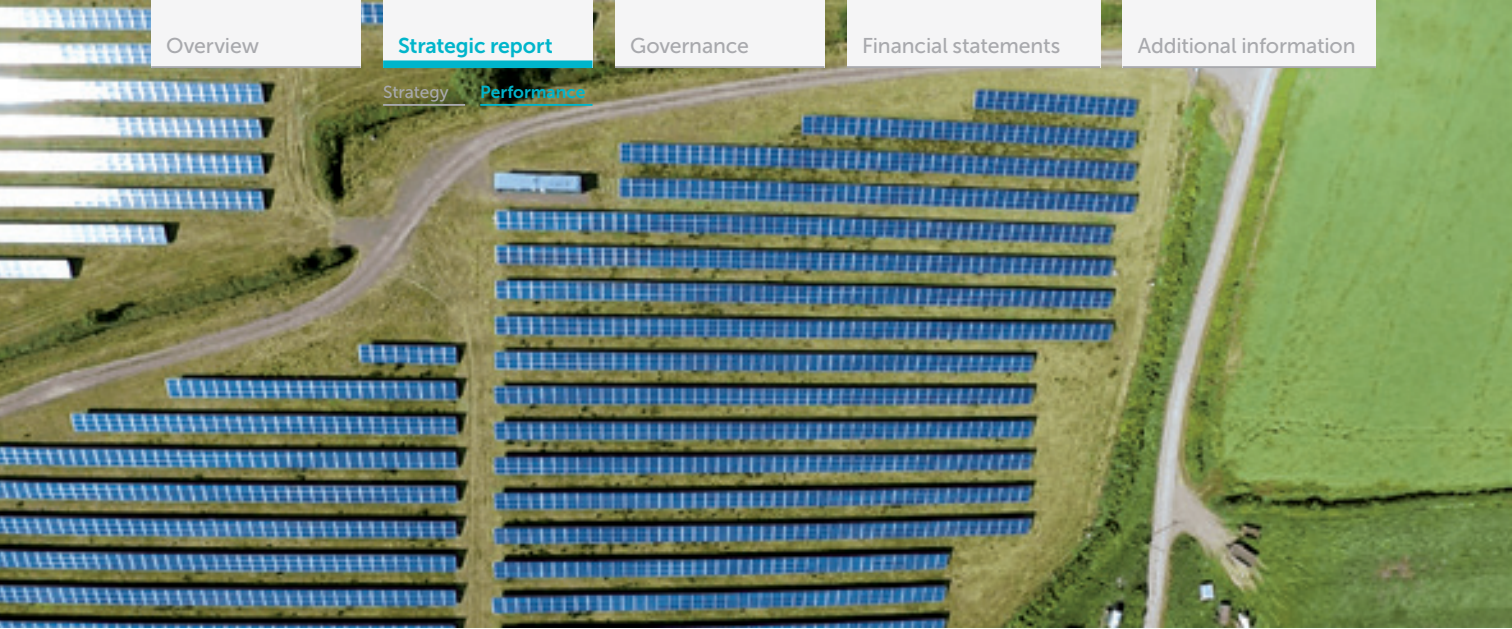
Each of the investments comprising the portfolio comply with the Company's investment policy and further investments will only be acquired if they comply with the Company's investment policy.

Subject to due diligence and agreement on price, the Fund will seek to acquire those projects that fit the investment objectives and investment policy of the Company. If, in the opinion of the Directors, the risk characteristics, valuation and price of the investment interests in the project or projects for sale are acceptable and consistent with the Company's investment objective and investment policy, then (subject to the Fund having sufficient sources of capital) an offer will be made (without seeking the prior approval of shareholders) and, if successful, the investment interests in the relevant project, or projects, will be acquired by the Fund.

The Investment Adviser will be subject to the overall supervision of the Board and all decisions on the acquisition of new investments and the disposal of existing investments will be subject to the approval of the Directors, all of whom are independent of the Investment Adviser.

Amendments to and compliance with the investment policy

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



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

Key performance measures

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

- market capitalisation;
- dividend per share (declared);
- share price;
- total shareholder return for the year (share price basis);
- Net Asset Value;
- Net Asset Value per share;
- Net Asset Value per share growth;
- portfolio value;
- number of investments; and
- total megawatt capacity.

The key performance measures for the year ended 31 March 2020 are set out on pages 20 and 49 of the strategic report.

INVESTMENT PORTFOLIO AND VALUATION

Portfolio value increased to £537.1 million at 31 March 2020 from £523.6 million at 31 March 2019.

Investment portfolio

At 31 March 2020, the Group's investment portfolio comprised of interests in 30 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	Sept 2014
	Carscreugh	UK (Scot)	Wind	100%	15.3	Jun 2014
	Castle Pill	UK (Wal)	Wind	100%	3.2	Oct 2009
	Dungavel	UK (Scot)	Wind	100%	26.0	Oct 2015
	Ferndale	UK (Wal)	Wind	100%	6.4	Sep 2011
	Hall Farm	UK (Eng)	Wind	100%	24.6	Apr 2013
	Le Placis Vert	France	Wind	100%	4.0	Jan 2016
	Llynfi Afan	UK (Wal)	Wind	100%	24.0	Mar 2017
	Moel Moelogan	UK (Wal)	Wind	100%	14.3	2003 & 08
	New Albion	UK (Eng)	Wind	100%	14.4	Jan 2016
	Plouguernevel	France	Wind	100%	4.0	May 2016
	Wear Point	UK (Wal)	Wind	100%	8.2	Jun 2014
	Biogas Meden	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽¹⁾	Mar 2016
	Egmere	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽²⁾	Nov 2014
	Grange	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽²⁾	Sept 2014
	Icknield	UK (Eng)	Anaerobic digestion	53%	5.0 ⁽¹⁾	Dec 2014
	Merlin	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽²⁾	Dec 2013
	Vulcan	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽²⁾	Oct 2013
	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 & 15
	Monksham	UK (Eng)	Solar	100%	10.7	Mar 2014
	Panther	UK (Eng)	Solar	100%	6.5	2011-2014
	Pylle Southern	UK (Eng)	Solar	100%	5.0	Dec 2015
	ELWA	UK (Eng)	Waste management	80%	n/a	2006
	Tay	UK (Scot)	Wastewater	33%	n/a	Nov 2001
	Bio Collectors	UK (Eng)	Waste management	70%	11.7	Dec 2013
	Yorkshire Hydropower	UK (Eng)	Hydro plants and battery storage	100%	2.0	
Total					297.9	

(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.

The JLEN portfolio comprises a diversified range of assets across different geographies, sectors, technologies and revenue types, as illustrated in the analysis below as at 31 March 2020 (by portfolio value and distributions from projects):



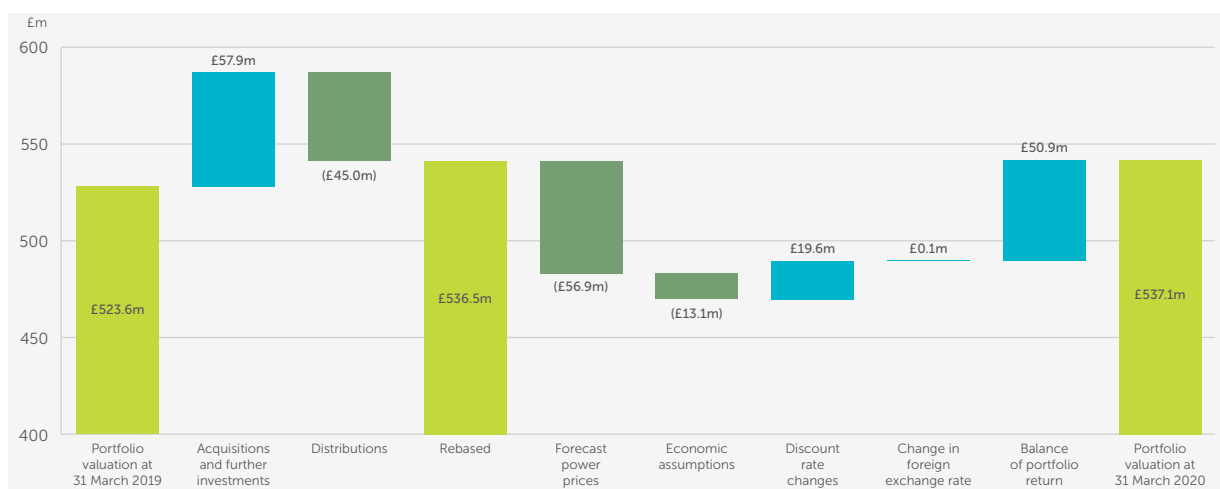
(1) Based on project revenues from volumes/generation during the year and assumes project cash flow distributions reflect revenue split at each project.

INVESTMENT PORTFOLIO AND VALUATION continued

Portfolio valuation

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

The Directors' valuation of the portfolio at 31 March 2020 was £537.1 million, compared to £523.6 million at 31 March 2019. The increase of £13.5 million is the net impact of new acquisitions, cash received from investments, changes in macroeconomic, power price and discount rate assumptions, and underlying growth in the portfolio. A reconciliation of the factors contributing to the growth in the portfolio during the year is shown in the chart below.



The movement in value of investments during the year ended 31 March 2020 is shown in the table below:

	2020 £m	2019 £m
Valuation of portfolio at opening balance	523.6	429.5
Acquisitions in the year (including post-acquisition adjustments and deferred consideration)	57.9	77.5
Cash distributions from portfolio	(45.0)	(43.6)
Rebased opening valuation of portfolio	536.5	463.4
Changes in forecast power prices	(56.9)	4.8
Changes in economic assumptions	(13.1)	(0.9)
Changes in discount rates	19.6	11.6
Changes in exchange rates	0.1	(0.1)
Balance of portfolio return	50.9	44.8
Valuation of portfolio at 31 March	537.1	523.6
Fair value of intermediate holding companies	(4.2)	(3.6)
Investments at fair value through profit or loss	532.9	520.0

Allowing for investments of £57.9 million (including post-acquisition adjustments and deferred consideration) and cash receipts from investments of £45.0 million, the rebased valuation is £536.5 million. The portfolio valuation at 31 March 2020 is £537.1 million (2019: £523.6 million), representing an increase over the rebased valuation of 3% over the year (2019: 13%).

Valuation assumptions

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

Each movement between the rebased valuation and the 31 March 2020 valuation is considered below:

Forecast power prices

The project cash flows used in the portfolio valuation at 31 March 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 2020	Winter 2020/21
Electricity	34 (46)	43 (55)
Gas	9 (14)	13 (18)

At 31 March 2020, 53% of the renewable energy portfolio's electricity price exposure was subject to a fixed price or a floor arrangement for the summer 2020 season and 48% for the winter season 2020/21.

After the initial two-year period, the project cash flows assume future electricity and gas prices in line with a blended curve informed by the central forecasts from two established market consultants, adjusted by the Investment Adviser for project-specific arrangements and price cannibalisation as required.

Compared to the assumptions used in the valuation at 31 March 2019, on a time-weighted average basis, the net decrease in the electricity price assumptions is approximately 17% over the period to 2050 (including a 26% average reduction over the next three years and a 14% average reduction thereafter).

In the event of sudden shocks, the curves provided by consultants can lag the observed effects on wider power markets by a quarter. In the case of the Covid-19 pandemic, the curves used in the valuation are informed by the consultants' views on the implications of the economic slowdown and the severe reduction in electricity and gas demand, although it is likely that the consultants will continue to refine their thinking in quarters to come as more data become available about the impacts of Covid-19.

The overall change in forecasts for future electricity and gas prices compared to forecasts at 31 March 2019 has decreased the valuation of the portfolio by £56.9 million.

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

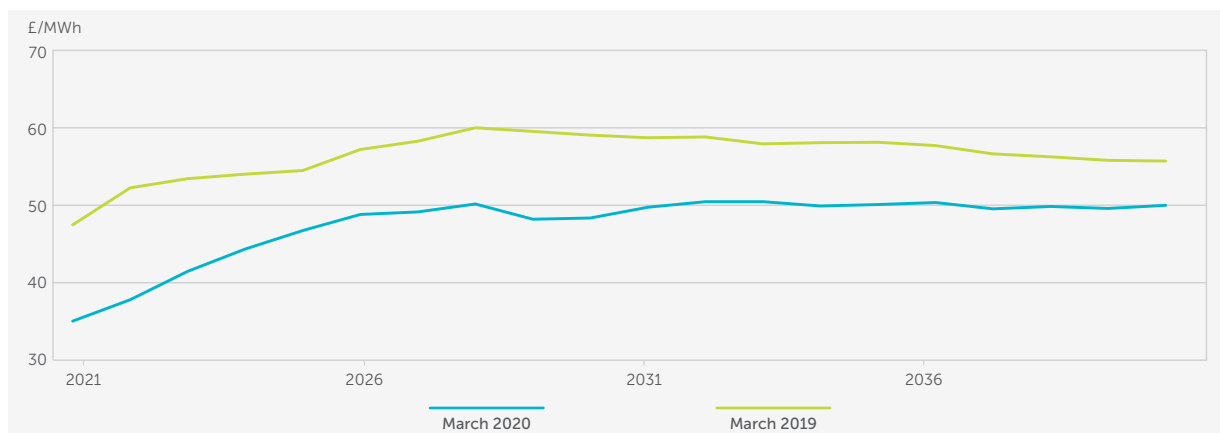
INVESTMENT PORTFOLIO AND VALUATION continued

Portfolio valuation continued

Valuation assumptions continued

Forecast power prices continued

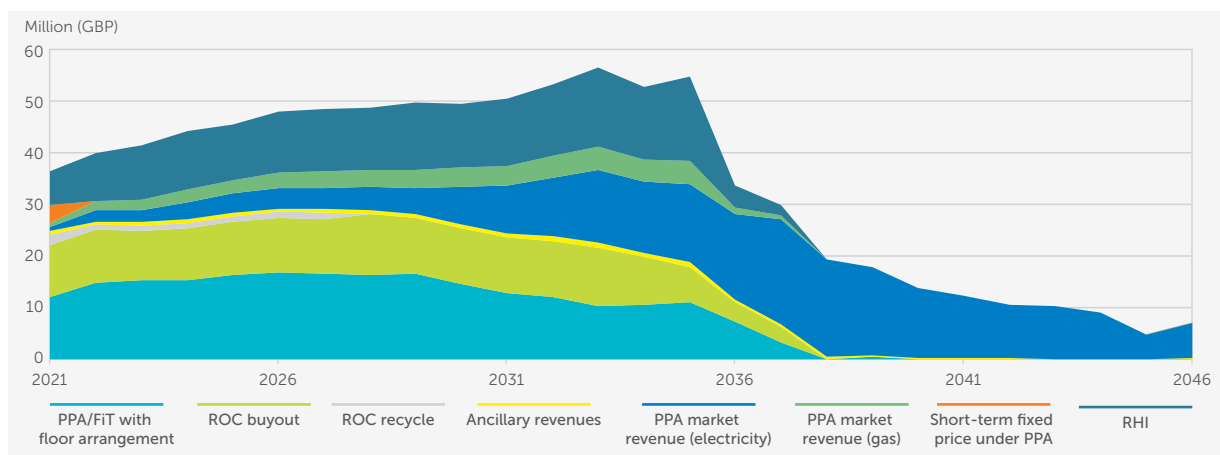
Illustrative blended power price curve



The annual real rate of price growth on a constant basis from 1 April 2020 is 1.9%, which is up from 0.6% at 31 March 2019 due to the severe reduction in near-term prices from which there is a forecasted recovery over time.

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 an NPV 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	27%
ROC buyout	18%
ROC recycle	1%
Ancillary revenues	1%
PPA market revenue (electricity)	17%
PPA market revenue (gas)	5%
PFI	10%
Short-term fixed price under PPA	1%
RHI	20%

According to this analysis, the proportion of Fund revenues that come from the sale of wholesale electricity and gas is 17% 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

The 31 March 2020 valuation reflects an overall reduction in near-term inflation assumptions based on recent independent economic forecasts. RPI inflation rates assumed in the valuation at 31 March 2020 are 2.17% in 2020 (31 March 2019: 3.2%), stepping to 2.75% from 2025 onwards, whilst CPI inflation rates assumed in the valuation at 31 March 2020 are 1.41% in 2020 (31 March 2019: 2.0%), stepping to 2.0% from 2025 onwards and 1.5% for 2020 and all subsequent years (31 March 2019: 1.5%) for the French assets.

The long-term UK corporation tax rate assumed is 19%, reflecting the rates enacted by legislation and in line with market practice following the recent decision by the UK Government to reverse the proposed step-down to 17%. The equivalent rate for the French assets is 28% (31 March 2019: 28%) stepping down to 26.5% in 2021 and 25% from 2022 (31 March 2019: step-down to 26.5% in 2021 and 25% in 2022).

Deposit rates assumed in the valuation reflect a range of deposit rates in the UK from 1.75% in 2020 and a long-term rate of 2.5% thereafter (31 March 2019: 2.5%). For the French assets, the rate assumed is 0.5% (31 March 2019: 0.5%).

The euro/sterling exchange rate used to value the euro-denominated investments in France was €1.12/£1 at 31 March 2020 (€1.16/£1 at 31 March 2019).

The overall reduction in value resulting from changes to economic assumptions in the year is £13.1 million.

Discount rates

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

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

Taking the above into account and reflecting the change in mix of the portfolio during the year, the overall weighted average discount rate ("WADR") of the portfolio was 7.4% at 31 March 2020 (31 March 2019: 7.9%).

INVESTMENT PORTFOLIO AND VALUATION continued

Portfolio valuation continued

Valuation assumptions continued

Balance of portfolio return continued

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 £50.9 million.

Of this, the key valuation adjustments include an uplift of £3.4 million (0.6 pence per share) from the recognition of life extensions on projects where the Company has land rights that permit an additional period of operations, an uplift of £1.9 million (0.3 pence per share) from the ongoing transition through construction to operations for a significant upgrade package at the Vulcan AD project, an uplift of £4.5 million (0.8 pence per share) from the ongoing implementation of various upgrade projects across the portfolio and an uplift of £5.0 million (0.9 pence per share) from recognition of cost savings across the portfolio driven by various tendering processes being conducted in the period.

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 31 March 2020 was 7.4% (31 March 2019: 7.9%). A variance of plus or minus 0.5% is considered to be a reasonable range of alternative assumptions for discount rates.

Volumes

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

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

Separate P10 and P90 sensitivities are determined for each asset and historically the results presented on the basis they are applied in full to all wind and solar assets. This implies individual project uncertainties are completely dependent on one another; however, a recent Portfolio Uncertainty Benefit analysis performed in the year by a third-party technical adviser identified a positive portfolio effect from investing in a diversified asset base. That is to say that the lack of correlation between wind and solar variability means P10 and P90 sensitivity results should be considered independent. Therefore, whilst the overall P90 sensitivity decreases NAV by 6.7 pence, the impact from solar and wind separately is only 1.5 pence and 5.2 pence respectively, as shown in the chart overleaf.

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

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

Electricity and gas prices

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

INVESTMENT PORTFOLIO AND VALUATION continued

Portfolio valuation continued

Valuation sensitivities continued

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 45. The sensitivity assumes a 0.5% increase or decrease in inflation relative to the base case for each year of the asset life.

Euro/sterling exchange rates

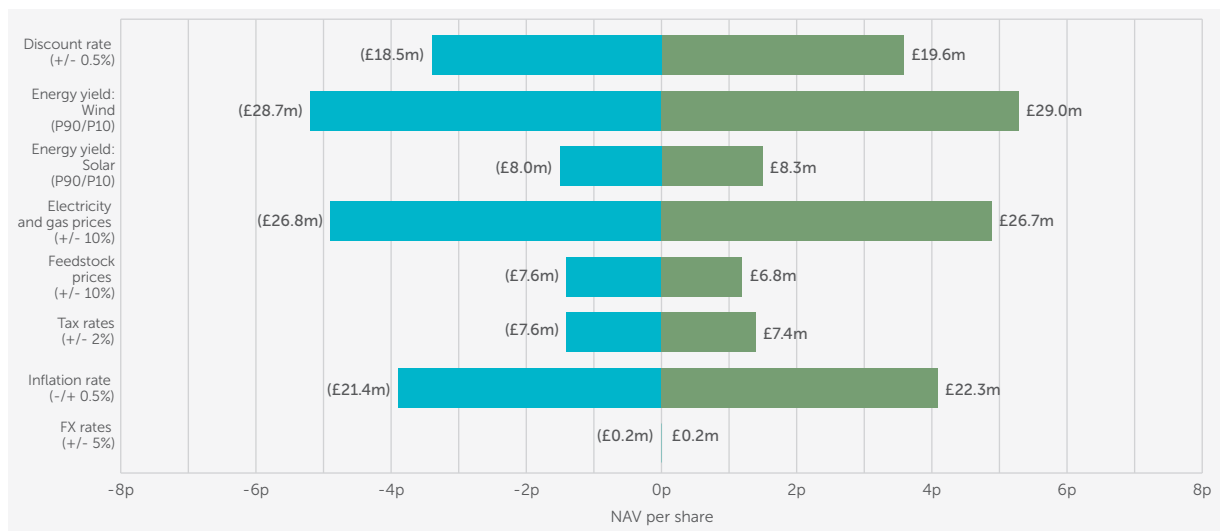
As the proportion of the portfolio assets with cash flows denominated in euros represented approximately less than 1% of the portfolio value at 31 March 2020, the Directors consider the sensitivity to changes in euro/sterling exchange rates to be insignificant.

Corporation tax

The UK corporation tax assumptions applied in the portfolio valuation are outlined in the notes to the accounts on page 138. 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 31 March 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

Overall performance of the portfolio has been in line with expectations, with good performance from the wind and AD assets offsetting weaker performance from the solar portfolio, which has made progress during the year in improving asset condition.

Key performance measures

The key performance measures for the year ended 31 March 2020 are summarised below:

	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Market capitalisation	£606.9m	£549.2m
Dividend per share (declared)	6.66p	6.51p
Share price	111.0p	110.5p
Total shareholder return for the year (share price basis)	6.3%	16.3%
Net Asset Value	£533.0m	£520.3m
Net Asset Value per share	97.5p	104.7p
Net Asset Value per share growth (after adjusting for dividends)	(1.1)%	11.0%
Portfolio value	£537.1m	£523.6m
Number of investments	30	28
Largest single investment as % of portfolio value	7.9%	9.0%

Portfolio performance

Operating performance of the environmental infrastructure portfolio during the year ended 31 March 2020 was generally good and the portfolio performed 2.4% above budget over the year. The renewables segment of the portfolio produced 904GWh (2019: 746GWh) of green energy. Solar was the biggest detractor from budget, with generation 3.3% below budget (2019: 1.6% variance from budget), primarily due to grid outages and significant repair works carried out under warranty. Wind generation was 3.9% above budget (2019: 9.2% below budget), with particularly good wind resource in the last quarter boosting generation. The AD portfolio continued to outperform, with gas generation 3.6% above budget (2019: 3.9% above budget).

The wind portfolio generated 458.4GWh over the 12 months ended 31 March 2020, 3.9% above budget. Exceptional wind speeds over the last quarter buoyed what was otherwise a period of generally poor wind resource. Meanwhile, availability levels improved with a marked difference in the performance of the wind farms serviced by Servion, following Servion filing for self-administration and subsequently selling the European operations business that services JLEN's wind farms to SGRE. Reliability of the Servion machines remains inconsistent, but faster response times and improved spares availability have helped reduce downtime. The Investment Adviser continues to monitor the situation closely but is cautiously optimistic that SGRE's acquisition represents a positive long-term solution to servicing needs following Servion's insolvency.

OPERATIONAL REVIEW continued

Portfolio performance continued

Various value enhancement opportunities were implemented across the wind portfolio during the year. Aftermarket software and hardware upgrades for two sites were agreed with OEMs and installed during the period. While additional data must be collected before the impact can be quantified definitively, initial data analysis makes clear that production has improved. A systematic cost rationalisation campaign resulted in improved terms across a selection of key contractual arrangements, including financial administration, turbine operations and maintenance provision and power purchase arrangements. A sustained campaign with the O&M to address historical availability issues at Carscreugh has resulted in sustained improvement and recognition of higher energy yield going forward.

The Investment Adviser continues to explore additional value enhancement opportunities including co-locating battery storage systems with other renewable technologies, private wire opportunities, power price hedging and operational life extensions.

The hydro assets have performed 16.8% below budget since acquisition. The negative variance is primarily attributable to extreme river levels over the period. Record floods in November caused peripheral damage to both sites, materially impacting generation for a sustained period. Following successful repair works, subsequent widespread flooding caused by a series of powerful storms systematically kept hydrostatic pressure low and resulting generation suppressed.

The battery asset co-located with one of the hydro installations continued to focus exclusively on delivering frequency response services throughout the period. Following expiry of the original two-year Fast Frequency Response agreement, the asset has consistently successfully bid into month-ahead frequency response auctions, providing a more predictable revenue stream.

Generation from the solar assets (which represent 8% of the portfolio energy generation for the year) at 75.5GWh was 3.3% below budget.

Irradiation for the solar portfolio was 4.2% higher than the long-term average forecast for the portfolio. The discrepancy between the irradiation and generation was due to a combination of technical issues, network outages, warranty works and grid constraints scheduled over the summer months.

Distribution Network Operator ("DNO") outages in Amber Fryingdown and CSGH Shoals Hook related to major long-term maintenance plans on DNO HV equipment retrofit and 132kV overhead lines. This resulted in an overall 2.2% negative impact on generation from the solar portfolio.

Warranty works on the CSGH projects were in relation to corrosion issues and involved off-site repainting of all transformers and replacement of most of inverter substation enclosures at the manufacturer's cost, resolving concerns on long-term reliability of the equipment. This resulted in an overall 1.3% portfolio impact as the Investment Adviser was able to plan with the component manufacturer to schedule works away from the peak summer months.

The Branden asset experienced outages at the beginning of the year due to a small fire at an inverter station. This impacted portfolio performance by 0.5% but the loss will be covered by insurance and the transformers have since been upgraded.

CSGH Higher Tregarne experienced an event of HV equipment failure impacting portfolio performance by 0.7% and which loss will also be covered by insurance.

Higher than usual temperatures also had a negative impact on the performance of key components at some sites, although a testing regime has been undertaken to understand the root cause of these issues and various options are being considered to enhance the performance of the sites.

Lease extension options are now in place for five of the solar assets, with one new extension recognised in the portfolio valuation at the year end. The Company's policy is to recognise longer economic lives for assets only when there is no technical indication that the asset is not capable of operating for longer and where suitable land rights for that longer period of operations are secured. The Investment Adviser continues to look at the prospects for further extensions.

For the ELWA waste project and the Tay wastewater project, financial performance has been in line with expectations. Operational performance and compliance with contractual targets has also been good, with no material breaches reported. Waste tonnages at the East London waste project have continued to be stable for the year as a whole, with the Covid-19 pandemic only occurring at the very end of the period with no material impact on volumes. Operational performance targets were with diversion from landfill at 99.8%, substantially ahead of the 67% contract target, and recycling at 26.4%, also ahead of the 22% contract target, and ELWA was again able to pay distributions in line with budget. The project has faced Brexit-related issues with disposing of the project's residual refuse-derived fuel to European counterparties and with placing insurance in a challenging market for waste facilities during the year. The project company benefits from contractual protections that place these risks with counterparties; the Investment Adviser continues to follow developments in these areas closely.

After two relatively dry years, rainfall, and therefore wastewater, flows picked up in the last part of the year at Tay, leading to revenues on budget. When combined with the project's strong cost control that has been in evidence over recent years, Tay was able to distribute slightly ahead of budget.

The Dumfries and Galloway project was formally terminated on 11 September 2018 in a settlement agreed between the project company, the Council, lenders and Renewi. Compensation payments were made by Renewi and the Council. The lenders were repaid in full. The project company has now substantially completed the steps necessary for winding up and has distributed remaining cash of £2 million to the Company. It has been removed from the portfolio.

OPERATIONAL REVIEW continued

Portfolio performance continued

The Bio Collectors waste collection and processing business collects and treats food waste from around London. The business processes commercial and residential food waste. As a result of Covid-19, the business has seen a material reduction in commercial food waste collections, whilst residential food waste collection has remained stable. Commercial food waste forms up to half of the anticipated tonnages for the plant and therefore it is possible that the plant will see a material impact on performance going into the new financial year. Management of Bio Collectors have been proactive during this period with advancing planned lifecycle maintenance works and sourcing alternative feedstocks.

The AD portfolio maintained its good operational performance this year; overall energy generation was 3.6% above budget due to high plant availability and further process optimisation (2019 variance was 3.7% favourable). The operational results are particularly impressive given the challenges from the low-yielding feedstock harvest in 2018, followed by the wet harvest experienced in 2019. Both Icknield Gas and Grange Farm Energy have been amongst the top-performing sites and have exceeded their energy generation budgets by >10% and >5% respectively.

The expansion of Vulcan Renewables was completed in late 2019 and the plant is successfully operating at over double its original output. Although the build and commissioning did see some minor delays, the plant has shown a strong performance for the final quarter and exceeded its generation budget by 4% for the year.

Biogas Meden, which was acquired in December 2018, completed its first full financial year under JLEN ownership and its new replacement operator, Future Biogas, and concluded the year with a negative performance variance of 1.5%. This was due to a number of unplanned outages and a low level of buffer of feedstock prior to the 2019 harvest. The Investment Adviser continues to work with the Future Biogas team at Biogas Meden to increase plant availability and optimise the feedstock mix. This facility is being considered for a number of value enhancement projects in the coming year, potentially including the processing of further alternative feedstocks.

As highlighted, the above-average rainfall experienced during this year's winter period (October to February) has resulted in some issues in terms of feedstock harvesting, feedstock establishment in some areas and digestate management. Coupled with the prior year's drought and lower than expected feedstock yields, the AD portfolio has been presented with various challenges which have been managed as effectively as possible through its asset managers across the UK.

More recently, the impact of Covid-19 on the Agri-AD plants during Q4 has been noticed, but remains minimal due to the security of the feedstock and dynamic continuity plans put in place by the various asset managers.

Wholesale gas price fixing has been achieved for 45% of the gas volumes across the AD portfolio for summer and winter 2020. Given the volatility of the wholesale gas market and the more recent negative gas pricing, the hedging volumes and prices are partially mitigating this volatility.

Going forward, the Investment Adviser will be assessing and implementing various plant upgrades, securing and improving feedstock supply contracts and developing greater operational consistency amongst the existing assets.

Portfolio generation		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total since IPO
	Wind portfolio actual generation (GWhe)	82	184	217	399	406	458	1,746
	Variation from budget ⁽¹⁾	+7%	+11%	-15%	0%	-9%	+4%	-2.8%
	AD portfolio actual generation (GWth)	—	—	—	51	262	352	665
	Variation from budget	—	—	—	+8%	+4%	+4%	+4.1%
	Solar portfolio actual generation (GWhe)	10	30	40	64	79	75	298
	Variation from budget ⁽¹⁾	-1%	-2%	-12%	-9%	+2%	-3%	-4.4%
	Waste and wastewater actual generation (GWth)	—	—	—	—	—	16	16
	Variation from budget	—	—	—	—	—	n/a	n/a
	Hydro portfolio actual generation (GWth)	—	—	—	—	—	3	3
	Variation from budget	—	—	—	—	—	-17%	-17%

The average all-in price received by the differing technology classes in the UK for their energy volumes generated in the year ended 31 March 2020 was £87.63 per MWhe for onshore wind (31 March 2019: £92 per MWhe), £186.0 per MWhe for solar⁽²⁾ (31 March 2019: £190 per MWhe) and £96 per MWth for AD (31 March 2019: £101 per MWth).

The effects of monthly variability and seasonality in production expected in a portfolio of intermittent renewables projects are reduced by the overall technology diversification in JLEN's portfolio. Although agricultural AD plants have some indirect exposure to weather patterns through the yield of harvests (feedstock), it is very unlikely to impact on their gas volumes. The environmental processing assets, apart from Tay, have revenues independent of weather and all have revenues that vary little with changes in volume of waste and wastewater processed. The Company now separates the sensitivities illustrating the effect of different levels of wind and solar resource on the portfolio valuation as there is no indication that these weather resources are positively correlated.

Acquisitions

Since 31 March 2019, the Company has acquired three new projects, and provided initial funding against its €25 million commitment as a limited partner in the FEIP fund. The total consideration was £58.6 million. The aggregate investment amount was funded through cash available and drawdowns under the Company's revolving credit facility, which were subsequently partially paid down following the Company's successful equity raise of £57.2 million in February 2020. The assets were as follows:

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

(2) Does not include the Panther rooftop portfolio.

OPERATIONAL REVIEW continued

Acquisitions continued

Yorkshire Hydropower Holdings Limited

In July 2019, the Company completed the acquisition of Yorkshire Hydropower Holdings Limited ("YHHL"), for a total consideration of c.£4.3 million.

YHHL owns 100% of the equity in Yorkshire Hydropower Limited ("YHL"), which in turn holds the rights to two operational hydro projects and an operational battery storage system.

This represents JLEN's first investment in two new sectors – run-of-river hydro and battery storage – diversifying the Fund's portfolio of environmental infrastructure projects.

The Yorkshire-based projects acquired are:

- Kirkthorpe hydro, a 500kW single turbine hydro project located on the River Calder, which was commissioned on 21 November 2016; and
- Thrybergh hydro, a twin screw 260kW hydro project located on the River Don, commissioned on 26 October 2015, and a 1.2MW battery co-located at Thrybergh, commissioned in January 2018.

Warren Energy Limited

In August 2019, the Company completed the acquisition of Warren Power Limited ("WPL") for an initial consideration, including working capital, of £14.8 million subject to additional deferred payments up to £0.8 million. WPL owns 100% of the equity in Warren Energy Limited ("WEL"), which holds the rights and operational assets that make up the anaerobic digestion plant.

The Warren AD plant is located in Methwold, Norfolk and was commissioned in December 2015 and became operational in March 2016. The plant has a thermal capacity of c.5MWth and predominantly produces biomethane to be injected to the national gas grid. In addition, the plant also has a 0.5MWe CHP engine and is accredited under the Renewable Heat Incentive and Feed-in Tariff schemes.

The Warren AD plant has been acquired from EIS funds managed by Amersham Investment Management Ltd and minority shareholders, Future Biogas Ltd ("FBL"). FBL will continue to provide management, operations and maintenance services to the AD plant after the acquisition.

Bio Collectors Holdings Limited

In December 2019, the Company announced the acquisition of a 70% equity stake in Bio Collectors Holdings Limited ("BCH"). BCH, through its subsidiary companies, holds the rights and operational assets that make up the waste-fuelled anaerobic digestion plant and the Bio Collectors waste collections business.

The group of companies is based in Merton, London. The AD plant was commissioned in December 2013 and has subsequently been expanded through several phases. The plant has a current thermal capacity of c.10MWth, a waste processing capacity of up to 100,000tpa and predominantly produces biomethane to be injected to the national gas grid. In addition, the plant has 1.7MWe of capacity through two CHP engines and is accredited under the Renewable Heat Incentive ("RHI") and Feed-in-Tariff ("FiT") schemes. The Bio Collectors waste collections business collects source-separated and packaged food waste for the AD plant from a variety of commercial, industrial and local authorities located in and around Greater London, utilising an increasing biogas-powered fleet.

The 70% stake in BCH has been acquired from private individuals, with the residual 30% retained by the existing owner who will remain active in the business going forward.

The acquisition was funded by a drawdown on JLEN's revolving credit facility.

FEIP

In January 2020, JLEN announced a commitment of €25 million to Foresight Energy Infrastructure Partners SCSp ("FEIP"), a Luxembourg limited partnership investment vehicle. At the balance sheet date £1.4 million had been invested into FEIP.

FEIP aims to generate returns from investing in a portfolio of diversified infrastructure assets that contribute to the decarbonisation of electricity networks. The majority of investments will be in construction-stage European renewable energy generation infrastructure such as wind farms and solar parks, and FEIP also has an allocation to renewable-enabling infrastructure such as energy storage, and transmission and distribution assets that complement intermittent generation assets. FEIP has identified an initial portfolio that includes European construction-stage wind and solar assets and operational battery storage assets. Its first investment into the Skaftasen wind farm, a 231MW greenfield project in Sweden, was announced post year end.

The investment in FEIP will allow JLEN to further diversify its geographic and technology exposure, while also gaining an allocation to construction-stage assets which is expected to enhance returns. Given construction-stage assets can only represent a small part of the Company's portfolio, the FEIP investment allows a greater level of diversification than would be possible with direct investments, providing for a more attractive risk-adjusted return profile. JLEN's commitment to FEIP will also open the possibility of future co-investment opportunities on a selective basis. JLEN will be excused from any FEIP investment that is not consistent with JLEN's investment policy. Any management fees payable by FEIP in connection with JLEN's commitment will be rebated to JLEN. A carried interest is due to the manager, subject to a hurdle rate.

Financing

The Group benefits 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 the year end, drawings under the RCF were £29.3 million. Under its investment policy, JLEN may borrow up to 30% of its NAV.

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

The project-level gearing at 31 March 2020 across the portfolio was 31.9% (31 March 2019: 33.7%) being 26.7% (31 March 2019: 28.1%) for the renewable energy assets and 52.4% (31 March 2019: 52.7%) for the PFI processing assets. Taking into account the amount drawn down under the revolving credit facility of £29.3 million, the overall fund gearing at 31 March 2020 was 35.3% (31 March 2019: 35.7%).

As at 31 March 2020, the Group, which comprises the Company and the intermediate holding companies, had cash balances of £22.0 million (31 March 2019: £11.4 million).

Covid-19 response

The Covid-19 pandemic is an unprecedented crisis in our time, one which could not be predicted and the changes to our business practices have been rapid and unplanned. However, the combination of JLEN's risk-averse investment strategy and management practices have, so far, allowed the Company to continue operation with minimal interruptions.

While some disruption is inevitable, the Company is taking steps to identify and mitigate, where possible, the effect of Covid-19 on the business and to ensure that health and safety best practices are adhered to. Communication between the Company and its stakeholders and counterparties is particularly important in these circumstances and the way in which events unfolded has meant that business continuity throughout the business has been tested and, in places, improved.

Foresight response

The wellbeing of the Foresight staff is their priority and most staff transitioned to working from home in the weeks leading up to the government lockdown.

Foresight has a well-established Business Continuity Plan ("BCP") which was tested in early March as the prospect of a serious disruption to everyday operations became apparent and IT infrastructure was refined so that staff could efficiently work from home. In addition to this, lines of regular communication were put in place between line managers and their teams to both ensure efficient working practices and to allow regular check-ins on the health and wellbeing of staff.

Foresight, in its capacity as asset manager, quickly began to build and implement a "Covid-19 Response Plan" which identified the main risks to the portfolio and set in place a risk management matrix for mitigating and dealing with these risks.

Example risk management matrix

General issue	Cause	Impact	Likelihood ⁽¹⁾	Impact ⁽²⁾	Mitigation
Staff absence	Illness	Delay on repairs resulting in long downtime	1	3	Contacted all major O&M providers to request BCPs to understand what measures they are taking to mitigate the impact of the pandemic on their staff.
Travel restrictions	Quarantine	Delays in approvals for work to proceed	1	3	Delegated authority shared amongst a range of people
	Exclusion zones/ travel restrictions	Fault response delayed	1	3	Remote control of plant to reset faults where possible.
		Emergency response impossible/delayed	2	1	Remote control of plant to isolate plant to protect people and equipment.

(1) 1-high, 2-medium, 3-low.

(2) 1-safety, 2-major financial, 3-minor financial, 4-other.

Macroeconomic risks have been assessed in-house by the Foresight valuation team, particularly the effect of the pandemic on power prices over the long and short term. In the short term, power prices which had already declined in late 2019 are forecast to decline further as businesses and industries are not operating at full capacity.

Due to the diversification of the JLEN portfolio, it has one of the lowest exposures to wholesale power prices within its peer group; however, it is not immune to the changes in power prices and JLEN uses power price fixes and floors to reduce its exposure to short-term fluctuations in power prices. The majority of projects are on fixed price arrangements for the next six to 12 months in order to reduce the revenue risk from price volatility.

Communications with operational counterparties

Foresight asset managers are in regular contact with the operations and management providers of the JLEN assets. These communications were increased in response to the crisis and counterparties were asked to provide Business Continuity Plans. Depending on the requirements, in some cases communications were held on a weekly basis or even daily basis. JLEN's counterparties were quick to respond and practical measures were put in place to keep operations running as smoothly as possible while also ensuring that government guidelines were adhered to and the health and safety of staff was prioritised.

Plans were discussed to address disruption to:

- scheduled maintenance planning – where necessary adjusting timing of planned maintenance work;
- response to unplanned technical incidents – ensuring the correct resources are in place to manage unplanned incidents across the portfolio;
- supply chain of spare parts – working with counterparties to either acquire in advance, bulk purchase or find alternative suppliers of spare parts;
- feedstock supply and offtake of digestate – diversifying feedstock mixes, securing alternative feedstocks;

- insurance – close liaison with insurance providers during this period;
- response in case of emergency – e.g. fire;
- Where applicable, adopting Government financial support (tax holiday, furlough); and
- regulatory authorities – working with Ofgem and the Environment Agency to ensure minimum disruption to operations.

On the whole, plans to decrease the effects of these disruptions have been successful, with problems being addressed as they arise.

Communications with other stakeholders

At the beginning of the crisis, JLEN set up regular calls with its broker and PR agency to keep informed about changes in the market which could affect the business and to take decisions on external communications in the market. A Regulatory News Service announcement was released with the London Stock Exchange to give the market an operational update.

Lessons learned

While the impact of Covid-19 is not yet fully known and may have long-reaching consequences, for JLEN which invests in assets over the longer term, a pandemic and associated economic downturn may be one of many risks that the Company faces over its lifetime. However, when risks do emerge, they can provide an opportunity to learn and further increase the resilience of the portfolio.

Lessons learned from this most recent crisis have led to greater oversight of emergency procedures in business continuity planning and more technical lessons in the management of the supply chain and resources.

VALUE ENHANCEMENT

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

Vulcan upgrade and land acquisition

The Vulcan capital upgrade project involved doubling the capacity of JLEN's first AD acquisition through converting an existing storage tank into an additional digester, plus associated works to process the increased gas flow. This was completed in Q3 following some minor delays during the construction phase. The plant has successfully ramped up and is now achieving energy yields in excess of the investment model.

Land adjacent to the facility was acquired at the end of the period, enabling the opportunity for potential cost savings and increased feedstock security going forward. Vulcan is being considered for a number of other value enhancement projects in the coming year which will further increase its profitability.

Restructuring of rooftop solar portfolio

Potential opportunities for improvement of operational efficiency on the portfolio projects are continuously explored. During the past year, a restructuring of the Panther rooftop solar portfolio was completed. The restructuring was aimed at consolidating the rooftop portfolio's ownership structure from 10 special purpose entities at acquisition into one project company and entering into a new operations and maintenance agreement with Freetricity Operations Limited, a specialist service provider in the rooftop solar sector. It is expected that this initiative will achieve savings of Company management costs and improve system performance by benefiting from Freetricity's experience of managing similar portfolios for various investors and with over the thousand rooftop solar installations throughout the UK. The costs savings are estimated to be c.£25k per annum.

Service providers retendering

Following a cost and performance review of Financial Management Service Agreements, five wind assets exercised options to terminate existing arrangements and awarded new contracts to an existing provider. The new arrangements further streamline asset management across the wind portfolio and represent a saving of c.£20,000 per annum.



General AD upgrades/improvements

The Investment Adviser successfully secured a number of improved green gas certificate ("GGC") purchase agreements in 2019/20, further increasing the revenues received in this area. A range of innovative upgrade projects have been implemented across the portfolio in 2019/20 and will continue to be installed going into 2020/21. These include retrofitting mechanical treatment units across applicable plants within the portfolio that allows increased digestion efficiency, the initial results of which are promising. Other enhancements include investing in "online" dry matter sampling equipment with a view to use this to optimise plant performance. Additionally, given the importance of feedstock security, the Fund has also invested in additional feedstock storage at its Warren AD plant.

Alternative feedstocks have been trialled with a view to optimise operating performance of certain assets but also increase feedstock security during the year. The Investment Adviser intends to continue its activity in incorporating value-enhancing technologies in the coming year.

Notwithstanding the challenges experienced by the UK AD sector in both feedstock production and digestate management in 2019/20, the JLEN AD portfolio has maintained its overperformance to budget across the portfolio, whilst also achieving increased value through a number of value-enhancement measures.



CASE STUDY



Bio Collectors

In December 2019, JLEN acquired a 70% stake in Bio Collectors Holdings Limited ("BCH"). BCH, through its subsidiary companies, holds the rights and operational assets that make up an anaerobic digestion ("AD") plant and the Bio Collectors waste collections business.

Background

The AD plant was commissioned in December 2013 and has subsequently been expanded through several phases. The plant has a current thermal capacity of c.10MWth, a waste processing capacity of up to 100,000tpa and predominantly produces biomethane to be injected to the national gas grid. In addition, the plant has 1.7MWe of capacity through two CHP engines and is accredited under the Renewable Heat Incentive ("RHI") and Feed-in-Tariff ("FIT") schemes.

The Bio Collectors waste collections business collects source-separated and packaged food waste for the AD plant from a variety of commercial, industrial and local authorities located in and around Greater London utilising an increasing biogas-powered fleet.

The award-winning collection business consists of a fleet of over 20 vehicles, seven of which are fuelled with CNG at the AD plant's refuelling station. Bio Collectors are the only company in England collecting food waste in vehicles powered by gas from food waste and all the food waste from the West London Waste Contract is collected by CNG powered vehicles.

The Bio Collectors plant to date has offset 60,950tCO₂e and is expected to save a further 182,859tCO₂e over its remaining operational life by generating renewable electricity and gas. In addition to this, the addition of the six CNG fuelled collection vehicles will offset a further 242tCO₂e per annum.



Location



Food waste in the UK

The transaction represents a strategic move by JLEN following the commitment by Defra to introduce mandatory weekly food waste collections in England from 2023. This was set out in its Resource and Waste Strategy launched in December 2018.

In 2015, the UK was estimated to generate around 10.2 million tonnes of food waste, approximately 70% of this is believed to come from private households (WRAP, 2018). Only a proportion of the UK food waste is currently going to AD plants for disposal; this is likely to increase should segregated collections be rolled out in 2023.

This potential increase in available food waste tonnages represents an opportunity for Bio Collectors to further increase the amount of renewable energy it generates in the future.

11.7

Megawatt capacity

100,000 tpa

Waste processing capacity

The UK AD sector's food waste treatment capacity is currently estimated to be c.3.84 million tonnes and based on current planning permissions could rise to 6.3 million tonnes (REA based on NNFFC data, 2019). It is, however, anticipated that under the current incentive regime only a proportion of the new plants will be deployed; this will result in an opportunity for existing plants such as Bio Collectors to potentially expand in the future as demand for capacity increases.



SUSTAINABILITY AND ESG

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CHAIRMAN'S FOREWORD

Last year we launched our first report, articulating our commitment to ESG matters. This year, we have developed a set of ESG objectives and over the next year we intend to test and refine a range of KPIs to inform these objectives.

Richard Morse
Chairman



Last year we launched our first report articulating our commitment to environmental, social and governance ("ESG") matters. June 2019 marked the move of JLEN to Foresight, joining our team with one that has broad experience and geographical reach across a wide range of environmental sectors. The use of Foresight's ESG assessment and monitoring tools has helped to further cement JLEN's ESG principles and allowed us to build on our ESG foundations over the course of the past year.

This year, for the first time, we have articulated a set of ESG objectives, which are set out in this report and which have been integrated into the Fund's objectives. Over the course of the next year we will be developing and testing a range of key performance indicators ("KPIs") to inform these objectives. These KPIs will provide a consistent framework against which we can track the ESG performance of our portfolio over time. We anticipate that our 2021 ESG report will provide an update on the KPIs under development.

We remain conscious of the risks of Covid-19 and have taken all necessary steps to ensure the safety of all staff and stakeholders, however we do not currently forecast any material long-term impact on our ability to meet our investment and ESG objectives. We operate a portfolio that is highly diversified across wind, solar, waste & wastewater, anaerobic digestion and hydro technology. Our solar and wind assets have proven very robust during this time, experiencing minor to no disruption from the crisis. These technologies are less exposed to the personnel challenges a pandemic situation can cause, given that they generate their energy from the weather rather than from efforts made by staff on site. Despite the current challenges, the global need to reduce carbon emissions remains an important goal not to lose sight of.

Indeed, the World Economic Forum recently stated that investment in sustainable infrastructure will aid the post-Covid-19 recovery on an environmental, societal and economic level.

Events over the first quarter of the 2020 calendar year have demonstrated the value of ESG criteria in understanding the resilience of investments to significant risks. In addition to this, JLEN sees the implementation of robust ESG criteria as being crucial to addressing the recommendations of the Task Force on Climate-related Financial Disclosures. ESG KPIs can help in understanding the resilience of our portfolio to climate change as well as in identifying options and opportunities for mitigation and adaptation. While climate resilience is already a consideration in our approach to investment appraisal, going forward we will be working to integrate climate risk into our standard risk management processes by embedding it into the Fund's risk matrix. As a long-term investor, JLEN is well placed to take this approach to ensure we maintain portfolio performance over the lifetime of our investments.

We are proud to have built a reputation as a thought leader in this space, which has been recognised over the past year as JLEN was awarded the new Green Economy Mark by the London Stock Exchange as well as Best ESG Investment Fund: Private Capital at the 2020 ESG Investment Awards.

Richard Morse
Chairman

10 June 2020

AT A GLANCE

Environmental performance 2019/20



>900,000
MWh energy generated



>445,000
waste diverted from landfill (tonnes)



>115,000
waste recycled (tonnes)



39 billion
wastewater treated (litres)



245,000
organic fertiliser produced (tonnes)

Social performance 2019/20



£350,000
community funding



27
health and safety audits

Governance performance 2019/20



JLEN'S APPROACH TO ESG

JLEN's approach to ESG is based on three core principles: Assess, Monitor and Engage. The Fund's approach to these is set out below.

Sustainability considerations are embedded throughout the JLEN investment process and asset management procedures, from initial investment screening through due diligence and into ongoing monitoring and reporting. Overall responsibility for ESG resides with the Board of JLEN, with analysis and reporting of ESG criteria advised on by the Fund's Investment Adviser, Foresight.

ESG objectives

- Promote the efficient use of resources
- Develop positive relationships with the communities in which JLEN works
- Ensure effective, ethical governance across the portfolio

This year the Investment Adviser has developed ESG objectives on behalf of the Fund. These objectives are set out above and can also be seen on pages 20 and 21. Over the next year a series of KPIs will be developed to help the Fund track the portfolio's performance against each of the three ESG objectives.



Assess

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

Each of the assets employs a third-party service provider to monitor and manage their ongoing performance. These companies are assessed and chosen on a range of criteria, including ESG performance. Foresight's asset managers, who monitor the assets of JLEN, are closely aligned with the process of assessing potential acquisitions. This structure allows the Fund's Investment Adviser to ensure that lessons learned from the management of assets currently within the portfolio are fed back into the due diligence process, ensuring that the team is able to continually improve the way that JLEN invests in environmental assets.

This learning and monitoring approach is one that JLEN values highly, allowing the Fund to manage risk and identify opportunities in a consistent and collaborative way between its investment and portfolio management teams.

Each asset is assessed against a range of "sustainability evaluation criteria" covering aspects such as contribution to sustainable development, environmental footprint, social engagement, governance and third-party interactions. Assets are scored against a range of factors within these criteria, providing an overall picture of ESG performance. Foresight has minimum thresholds for ESG performance – ensuring that, where necessary, post investment improvement plans are implemented (further information on page 74).

JLEN'S APPROACH TO ESG continued

Monitor

Third-party service providers, sometimes with the assistance of technical advisers, monitor and manage the ongoing performance of each asset in the JLEN portfolio. Site visits are undertaken to ensure that the asset's day-to-day running and ESG performance is as expected and simultaneously help to prepare the asset, and asset managers, for a regular series of third-party environmental, governance and health and safety ("H&S") audits that Foresight contracts. The audits produce recommendations, which are subsequently assigned to designated responsible individuals from the asset manager and Investment Adviser, who are held accountable for ensuring the recommendation is actioned. All operational and financial KPIs as well as live tracking of "incidents", including H&S, operational performance, ESG, insurance and contractual management, are monitored using a specialist software package utilised across Foresight.

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

Engage

Stakeholder engagement is an important part of JLEN's approach. Engagement with stakeholders occurs through a combination of formal (e.g. contractual obligations or industry events) and informal channels (e.g. ongoing meetings and discussions). Further information on stakeholder engagement can be found on pages 26 and 27.

Risk management – environment and climate

As an environmental infrastructure fund, JLEN's mandate is aligned with the transition to a low-carbon economy. This approach brings with it sector-specific risks that must be managed throughout the investment and asset management processes.

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

On all potential asset acquisitions, JLEN employs technical consultants to advise on performance assumptions. Additionally, the Investment Adviser ensures that all appropriate measures are taken to maximise the technical performance of each asset once it has been acquired.

Once an asset is acquired, JLEN works with third-party service providers to ensure that each asset is as resilient as possible to variation in resource availability. For example, anaerobic digestion sites will ensure that they have access to substitute feedstocks if weather conditions result in poor harvests. JLEN also works to maximise resource efficiency in its assets through installing enhancements to boost performance, for example on its wind assets (further information on page 70).

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

Task Force on Climate-related Financial Disclosures

The Financial Stability Board's Task Force on Climate-related Financial Disclosures ("TCFD") was set up by the Bank of England Governor and Chair of the Financial Stability Board ("FSB"), Mark Carney, and chaired by Michael Bloomberg. It was established to develop recommendations for more effective climate-related financial disclosures that:

- could promote more informed investment, credit and insurance underwriting decisions; and
- would enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.

TCFD provides JLEN with a framework under which to consolidate its existing climate-related activities, as well as to identify opportunities for improvement and gaps in its current approach. Further information on how TCFD is being considered in investment and asset management activities is set out on page 29.

Going forward

With the Investment Adviser being part of the Foresight Group, JLEN's commitment to achieving positive environmental impact through its investments is aligned with, and strengthened by Foresight's Sustainability Principles and associated Sustainability and ESG policy. This policy, as well as Foresight's commitment to the United Nations Principles for Responsible Investment and other globally recognised responsible investing standards, provides JLEN with a robust framework through which to direct its commitment to continuous improvement.

This year JLEN has articulated its ESG objectives for the first time. Over the coming year, Foresight will be developing, on behalf of the Fund, a set of measurable KPIs for each of those objectives, in addition to its financial KPIs. This will allow the Fund to consistently monitor and communicate ESG performance.

Finally, the recommendations of the TCFD provides a toolkit for diving deeper into sector-specific climate risk in the portfolio. Over the coming year any material long-term climate risks to the portfolio sectors will be identified, and a path mapped out to mitigating and managing those risks as appropriate.



JLEN'S APPROACH TO ESG continued

Case studies

AD feedstock management



Key environmental criteria:

- climate resilience.

The efficiency of AD assets is heavily influenced by feedstock supply. As such, resilience of feedstock supply is an important focus for JLEN. JLEN's Investment Adviser and asset managers work together to improve the resilience of feedstock supply through a combination of monitoring of stocks, forecasting consumption and contingency strategies.

Climate change has driven abnormal weather patterns at multiple points in recent years, most recently drought in 2018 and prolonged rainfall during the latter part of 2019. This highlights the importance of having the correct measures in place to increase feedstock supply resilience. By closely monitoring stock levels and working on forecasting consumption levels, JLEN has been able to work effectively with its asset managers to:

- diversify feedstock types, avoiding reliance on a single type of feedstock; and
- operate with a "buffer" feedstock capacity, preventing supply challenges during periods of lower feedstock availability.

This approach reduces the risk of feedstock being unavailable at a critical point and allows JLEN to be confident in the ongoing operations of its AD assets.

Engaging on ESG



ESG is important to JLEN in having a comprehensive understanding of the risks and opportunities associated with the portfolio. It is also important when engaging with stakeholders. In-depth understanding of the ESG performance of the portfolio helps to engage with a broader range of stakeholders across a multitude of topics. That insight and comprehensive knowledge of portfolio performance beyond financial returns is one that JLEN values highly.

JLEN's Investment Adviser is a recognised thought leader in this space and this year has seen significant recognition of their approach. In 2019 JLEN was awarded the new Green Economy Mark by the London Stock Exchange, which identifies London-listed companies and funds that generate between 50% and 100% of total annual revenues from products and services that contribute to a global green economy. Also this year, JLEN was awarded Best ESG Investment Fund: Private Capital at the 2020 ESG Investment Awards

ENVIRONMENTAL

Environmental criteria are embedded in the structure of JLEN's investment and portfolio management activities. As part of its move to Foresight, the Fund's approach has been further formalised through assessment of assets against sustainability evaluation criteria described below.

With its Investment Adviser, Foresight, JLEN considers the following key environmental criteria during due diligence of a potential acquisition and thereafter the ongoing monitoring of its assets:

- resource management;
- life on land/below water; and
- climate change and resilience.

Impact

JLEN is proud of the contribution of its assets to the low carbon economy. Foresight, as Investment Adviser to the Fund, works with third-party technical advisers to maximise the technical performance and operational life of each asset in its portfolio. This focus on technical performance and longevity helps to maximise resource efficiency which, in turn, maximises the environmental benefit delivered by each asset through generation of renewable electricity and heat, production of organic fertiliser from the Fund's AD plants, treatment of wastewater, waste recycled and waste diverted from landfill. Figures for 2019/20 performance are set out on page 64.

In order to quantify some of the benefits being delivered by its portfolio, JLEN works with Aardvark Certification Ltd to undertake an independent, third-party assessment of the environmental impact of its assets. Individual reports for each asset, as well as a portfolio summary report, are published on the Fund's website.

Foresight, acting as Investment Adviser to JLEN, works with third-party service providers to ensure that habitat management plans for each asset are being implemented appropriately and effectively, helping to protect life on land and below water.

Portfolio electricity and carbon performance⁽¹⁾

In 2019/20, the wind, solar and hydro assets generated over 535GWh, which equates to the average annual electricity usage of 143,500 households. Detailed information on portfolio energy performance is provided on page 53.

A summary of the greenhouse gas benefits delivered by the portfolio is provided in the table below. JLEN's portfolio is forecast to result in the avoidance of over 387 ktCO₂e per year, the equivalent of taking almost 178,000 cars off the road.

Asset portfolio by sector	Greenhouse gas emissions reduction (tCO ₂ e)		
	Emissions avoided to date	Average annual emissions avoided	Lifetime emissions avoided
Wind assets	600,960	119,390	2,946,000
Solar assets	125,850	21,630	476,820
AD assets	275,040	46,740	934,850

JLEN's portfolio is forecast to deliver, per year

535
GWh electricity

Equivalent to

143,500
households' annual electricity

And avoid emissions of

387
ktCO₂e

Equivalent to

177,500
cars off the road

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

ENVIRONMENTAL continued

Case studies

Bio Collectors



Key environmental criteria:

- resource management: waste.

Food waste is a global issue, and governments, the third sector and the private sector are working hard to reduce food waste throughout supply chains. While that work is ongoing, the UK is faced with a challenge in how to effectively manage food waste and avoid it going to landfill.

One of the most effective ways food waste is managed can be seen at Bio Collectors. Bio Collectors collects food waste from around London and also has a multi-year partnership with West London Waste Authority for collection of residential food waste.

The business converts the food waste primarily into renewable gas, injected into the gas network, which is then used locally to heat homes and businesses.

Bio Collectors also uses the food waste it collects to run its own operations by:

- converting some of the gas produced into electricity to power its own business and provide additional renewable electricity to the grid; and
- powering their fleet of food waste collection vehicles with biomethane produced on site, eliminating the need for a diesel fleet.

Finally, nutrients from processing the food waste are recovered and returned to farmland as organic fertiliser, reducing the use of artificial fertilisers. This circular approach to operating the business allows Bio Collectors to effectively manage waste as a resource.

Asset optimisation



Key criteria:

- resource management: efficiency.

One method of managing resources is to ensure JLEN's portfolio is making the most of naturally available resources such as wind power. By maximising the power produced by each turbine, JLEN ensures that its assets are operating as efficiently as they can. A number of the Fund's wind assets have recently been optimised following acquisition to increase the efficiency of power production. This includes:

- hardware changes, where the turbine blades might be changed to improve aerodynamics or power capture, or additional sensors installed to improve reliability of information driving the turbine's control system; and/or
- software changes designed to improve the responsiveness of the turbines to a range of wind conditions including speed and direction.

Initial analysis of power production indicates that there has been a clear improvement of performance, and the asset managers continue to analyse power production against past data to understand to what degree performance has been optimised. Lessons learned from this exercise will be used to inform future investment appraisals and optimisation exercises.

SOCIAL

The following social criteria are typically considered during due diligence and ongoing monitoring of assets:

- health and wellbeing;
- local economic impact – job creation;
- local social impact; and
- community engagement and benefit.

Impact

Health and safety

JLEN takes its responsibility to health and safety seriously and works to ensure that reporting and liaison arrangements between the asset managers and the Investment Adviser are appropriate. JLEN engages the Investment Adviser to carry out a rolling programme of independent audits of the health and safety policies and compliance of its projects and all major suppliers. Further information on this can be found on page 73.

Foresight's investment and asset management teams work closely with all third-party asset managers to ensure the sites are being operated to the highest possible standard, with health and safety ("H&S"), environmental performance and regulatory adherence all being of paramount importance. As part of this, Foresight undertakes regular site visits to help identify opportunities for improvement, and ensures that the third-party asset managers implement:

- a robust set of enforceable site rules, tailored to the individual asset, which clearly stipulate the working practices and procedures that are to be adhered to at all times by employees and visitors alike;
- a site-specific induction and training programme, conducted for all new employees/operators, which highlights the importance of ESG performance; and
- developmental training to further improve the knowledge and practices of the workforce.

Following JLEN's move to Foresight, health and safety considerations are now integrated into Foresight's monitoring and reporting software, which aggregates health and safety information across the portfolio, allowing the Fund to better identify trends and opportunities for improvement. Further information on this can be found on page 73.

Skilled labour

Many of JLEN's assets are situated in rural areas, providing vital skilled roles in smaller rural communities. A strong base of qualified engineers is required in order to run the Fund's environmental assets in the long term and to support increased capacity for environmental assets, both in the UK and abroad. As a specialist investor into environmental assets, JLEN is committed to ensuring that those assets are managed and maintained by skilled teams.

JLEN's portfolio relies on skilled labour to ensure its assets operate as efficiently as possible. In addition to apprenticeships in the AD portfolio, third-party asset managers also provide a range of support to staff to enhance their skillsets, as well as job progression opportunities.

Community benefit

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

Recent community projects that JLEN assets have contributed to include:

- regeneration and equipment for children's play areas;
- support for sports groups such as sponsoring players, purchasing equipment and improving facilities; and
- support for arts groups, including purchase of equipment.

Case studies

Skilled labour



JLEN's third-party asset managers work to promote skilled labour across a range of experience levels.

Entry level

JLEN's 2019 ESG report highlighted the apprenticeship programme run by Future Biogas. Over the past year, the apprentices have been working on a range of different sites in order to provide them with a working knowledge of multiple assets. Their training includes time working on maintenance activities, as well as getting involved in planned shutdowns. Additionally, Bio Collectors provides four apprenticeship schemes with associated support for GNVQs. This helps to ensure that skilled staff continue to be trained to fill skilled roles in the sector.

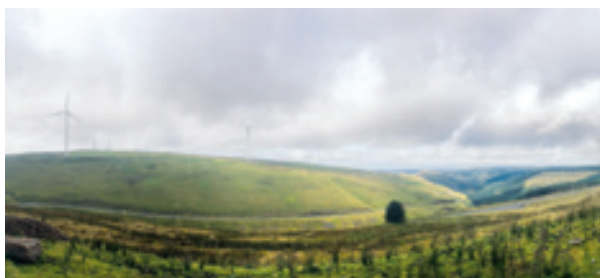
Supporting continued development

ROC Energy, one of JLEN's third-party contractors on its solar assets, maintains a skilled labour base as all their experienced electricians have been trained to High Voltage Authorised Personnel ("AP HV") level. They are currently training members within their operations team to become qualified electricians and, when suitably experienced, they will progress to complete AP HV level training. This helps to enhance skillsets and retain staff due to the career progression opportunities available.

Knowledge sharing

Bio Collectors welcomes a variety of public sector authorities to the site to further the external knowledge of operational biogas facilities. A number of training/demonstration days have been conducted with BEIS, HSE and the Fire Service. This helps to advance knowledge of the sector.

Llynfi Afan Renewable Energy Park



Key criteria:

- community engagement and benefit.

The Llynfi Afan Renewable Energy Park is located on Mynydd y Gelli near Abergwynfi in Neath Port Talbot and Blaengarw in Bridgend, South Wales, and has been operational since 2017. It consists of 12 turbines with a total capacity of 24MW and produces enough electricity to power the equivalent of over 14,000 homes. Throughout the life of the wind farm, approximately £96,000 per year is being made available to the local community to support projects that provide academic, cultural, economic, environmental, recreational or social benefit locally.

In the 2018/19 year, the Llynfi Afan Community Fund Steering Group approved applications for almost £100,000 of funding from projects including:

- support for local schools, including purchase of equipment and renovation of outdoor spaces to include agility trails;
- training and equipment to help boost skills for local young people;
- funding of community events, clubs and facilities;
- purchase and installation of equipment, including a defibrillator and disabled access, for local sports and fitness clubs; and
- funding a part-time library support officer position.

ENVIRONMENTAL AND HEALTH AND SAFETY INCIDENTS

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

Each of JLEN's renewable energy sites has an environmental or habitat management plan agreed with the relevant local authorities under planning approvals, which ensures the projects mitigate habitat damage and protect local wildlife.

This report identifies the material environmental and health and safety incidents in the JLEN portfolio in 2019/20.

Reportable environmental and health and safety incidents

	2019/20
H&S incidents	3
Environmental incidents	0

Health and safety recording and reporting

Third-party asset managers are responsible for the day-to-day management of H&S issues and are required to report incidents to Foresight, which are recorded through their portfolio management software. Depending on the requirement, the software can deliver either a high degree of granularity on individual assets or an aggregated snapshot of the portfolio's performance as a whole. This allows the Investment Adviser to monitor, and report, individual asset performance as well as sector and portfolio-level performance to a range of internal stakeholders.

Foresight periodically contracts third parties to conduct comprehensive audits of each site. This serves both to encourage best possible working practices and acts as a means of highlighting areas for development. Foresight staff also perform spot auditing and reporting functions on selected assets on an ongoing basis. Any recommendations from the audit are allocated to the Investment Adviser's asset management team, which then becomes responsible for ensuring the recommendation is actioned as necessary. These tasks are tracked through Foresight's portfolio management software and monitored to ensure they have been resolved in a timely manner. All audit results, shortfalls and recommendations are included on the agenda of the asset's board meetings, with H&S constituting one of the first items for discussion in all cases. Further information on the approach to health and safety can be found on page 71.

GOVERNANCE

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

JLEN holds Board positions for each of its assets, which are fulfilled by Foresight on its behalf. The Board members work to promote good governance as part of the Fund's active engagement with projects.

JLEN typically considers the following governance criteria during due diligence and ongoing monitoring of assets:

- anti-bribery and corruption;
- modern slavery;
- audit and tax practices; and
- Board composition.

Specialist non-executive Directors

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

Foresight employs these industry specialists in onshore wind and solar. Simon Vince (Partnerships for Renewables Ltd) and Giuseppe La Loggia (Senior Adviser to Octopus Investments) have both been advising on the JLEN portfolio for the last three years.

The appointment of specialists and Foresight representatives to the boards of project companies provides direct insight into the operational aspects of the portfolio, the performance of key counterparties, and ensuring a continued alignment of interest.

Health and safety governance

Foresight, as Investment Adviser to JLEN, commissions a rolling programme of health and safety audits on each of the Fund's assets in order to ensure that policies, procedures and management arrangements are being undertaken to good industry practice. These audits provide recommendations for improvements which are then acted on as appropriate. Further information on health and safety practices can be found on page 73.

Anti-bribery practices

JLEN places a contractual obligation on its third-party service providers for them to implement anti-bribery policies and practices for each asset within its portfolio.

Modern slavery and human trafficking

As part of Foresight Group, JLEN's policy and practices in relation to modern slavery and human trafficking are included in the Group's Modern Slavery Act statement. The statement sets out Foresight's approach to matters such as services and supply chain due diligence and training of employees, recruitment and welfare.

Post investment improvement plans

When identifying the suitability of an investment opportunity for the JLEN Fund, it is assessed against a number of ESG criteria. If an investment does not meet the standard of governance required by JLEN prior to acquisition, but improvements can be swiftly achieved, the Investment Manager will identify these areas and work with the relevant stakeholders to ensure the required governance levels are met. This is often done through creating a "100-day plan" which sets out the steps required to ensure the investment reaches the standards expected by JLEN.

The investment has a series of deadlines to meet in delivering the steps in the 100-day plan. These deadlines are monitored closely by the Investment Adviser, who provides support and guidance to the investment during the process when needed. Where implemented, these plans are a topic of discussion at the quarterly board meetings held by the SPVs and attended by the Investment Adviser, to ensure that the 100 day plan is progressing.

CORPORATE SOCIAL RESPONSIBILITY

As Investment Adviser to JLEN, Foresight believes an engaged and empowered workforce supports the Company's purpose. Foresight seeks to co-ordinate and manage its corporate practices to maximise positive social and economic contributions and minimise the environmental impact of its business operations. Engagement with key clients, employees, community, environmental stakeholders, regulators, business partners and suppliers is central to Foresight's approach.

Foresight's approach to corporate social responsibility ("CSR") is integrated into its Sustainability and ESG Policy, ensuring that it is considered under the same remit as ESG in its investments.

Foresight divides its commitment to CSR into four segments:

1. marketplace – how they work with their customers and counterparties;
2. workplace – where they work, how they recruit and how they work with their staff;
3. environment – how they reduce their environmental impact; and
4. community – how they engage with the community.

As part of this commitment, Foresight supports employee volunteering opportunities and encourages and supports employees in their own community activities. In addition, Foresight uses its position in the marketplace to raise awareness of sustainability, ESG and CSR with clients and the market and helps facilitate change to minimise impact on the natural environment and communities in which they operate.

Key party CSR commitments

Corporate social responsibility is also important to those that Foresight works with. PraxisIFM Group, JLEN's Company Secretary and Administrator, provides support to the local communities in which it operates by supporting learning, training and development and healthy lifestyle initiatives. This includes supporting a number of local initiatives near to PraxisIFM's registered offices in Guernsey.

Carbon offsetting

In addition to the emissions avoided by the portfolio, JLEN recognises the importance of managing its own emissions from necessary travel as part of its business. JLEN offsets flights taken by Directors for travel related to Board meetings and other JLEN activities. This year JLEN purchased 4tCO₂e carbon offsets from native broadleaved tree planting in UK schools and biodiversity sites.

Goodwood sustainability partnership

In January 2020, Foresight embarked on a partnership with the Goodwood Estate as their Sustainability Partner. The five-year partnership is working to accelerate the delivery of the Estate's sustainability goals, which cover:

- organic farming;
- driving change;
- fostering innovation; and
- rewilding.

In particular, Foresight's work with the Estate will focus on clean energy generation, waste management and energy-efficient solutions, helping to play a constructive part in their transition towards a carbon-positive business. The Estate is already actively exploring green initiatives such as transitioning its power supply to 100% renewable energy, the electrification of the Estate's entire vehicle fleet and developing its visitor carbon offset programme. Foresight's collective expertise in these areas can contribute to their efforts to preserve what is one of Britain's most prestigious, family-run estates.

At the beginning of 2020, key staff from Foresight, including JLEN's Investment Advisers Chris Holmes and Chris Tanner, visited Goodwood Estate to take part in a workshop in order to identify opportunities for accelerating the Estate's transition. Further information can be found at <https://www.foresightgroup.eu/responsible-investing/sustainability-partnerships/>

FINANCIAL REVIEW

Analysis of financial results

The financial statements of the Company for the year ended 31 March 2020 are set out on pages 118 to 145.

The Company prepared the financial statements for the year ended 31 March 2020 in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and IFRS as issued by the International Accounting Standards Board. In order to continue providing useful and relevant information to its investors, the financial statements also refer to the "Group", which comprises the Company, its wholly owned subsidiary (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). Following a restructuring of the Panther Solar Portfolio, JLEAG Solar 1 Limited has been reclassified as a project company and is included in the portfolio valuation.

Basis of accounting

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

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

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

The Group holds investments in the 30 portfolio assets which make distributions comprising returns on investments (interest on loans and dividends on equity) together with repayments of investments (loan repayments and equity redemptions).

Results for the year ended 31 March 2020

All amounts presented in £million (except as noted)	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Net assets ⁽¹⁾	533.0	520.3
Portfolio value ⁽²⁾	537.1	523.6
Operating income and gains/(losses) on fair value of investments	(4.2)	59.2
Net assets per share	97.5p	104.7p
Distributions, repayments and fees from portfolio	45.0	43.6
(Loss)/profit before tax	(10.7)	53.4

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

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

Net assets

Net assets increased from £520.3 million at 31 March 2019 to £533.0 million at 31 March 2020, primarily driven by the equity raise during the year, offset by the effect of the long-term power price forecast on the portfolio value.

The net assets of £533.0 million comprise £537.1 million portfolio value of environmental infrastructure investments and the Company's cash balances of £1.8 million, partially offset by £4.2 million of intermediate holding companies' net liabilities and other net liabilities of £1.7 million.

The intermediate holding companies' net liabilities of £4.2 million comprises a £29.3 million credit facility loan, partially offset by cash balances of £20.2 million and other net assets of £4.9 million.

Analysis of the Group's net assets at 31 March 2020

All amounts presented in £million (except as noted)

	At 31 Mar 2020	At 31 Mar 2019
Portfolio value	537.1	523.6
Intermediate holding companies' cash	20.2	9.5
Intermediate holding companies' revolving credit facility	(29.3)	(16.7)
Intermediate holding companies' other assets	4.9	3.6
Fair value of the Company's investment in UK HoldCo	532.9	520.0
Company's cash	1.8	1.9
Company's other liabilities	(1.7)	(1.6)
Net Asset Value at 31 March	533.0	520.3
Number of shares	546,720,025	497,018,205
Net Asset Value per share	97.5p	104.7p

At 31 March 2020, the Group (the Company plus intermediate holding companies) had a total cash balance of £22.0 million (31 March 2019: £11.4 million), including £1.8 million in the Company's balance sheet (31 March 2019: £1.9 million) and £20.2 million in the intermediate holding companies (31 March 2019: £9.5 million), which is included in the Company's balance sheet within "investments at fair value through profit or loss".

At 31 March 2020, UK HoldCo had drawn £29.3 million of its revolving credit facility (31 March 2019: £16.7 million) which is included in the Company's balance sheet within "investments at fair value through profit or loss".

The movement in the portfolio value from 31 March 2019 to 31 March 2020 is summarised as follows:

	Year ended 31 Mar 2020	Year ended 31 Mar 2019
All amounts presented in £million (except as noted)		
Portfolio value at start of the year	523.6	429.5
Acquisitions and further investment (net of post-acquisition price adjustments)	57.9	77.5
Distributions received from investments	(45.0)	(43.6)
Growth in value of portfolio	0.6	60.2
Portfolio value at 31 March	537.1	523.6

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 40 to 48.

Income

The Company's loss before tax for the year ended 31 March 2020 is £10.7 million, generating earnings of (2.1) pence per share.

	Year ended 31 Mar 2020	Year ended 31 Mar 2019
All amounts presented in £million (except as noted)		
Interest received on UK HoldCo loan notes	28.7	24.1
Dividend received from UK HoldCo	10.6	7.3
Net (losses)/gains on investments at fair value	(43.5)	27.9
Operating income and gains/(losses) on fair value of investments	(4.2)	59.3
Operating expenses	(6.5)	(5.9)
(Loss)/profit before tax	(10.7)	53.4
(Loss)/earnings per share	(2.1)p	12.2p

FINANCIAL REVIEW continued

Income continued

In the year to 31 March 2020, the operating income and gains/(losses) on fair value of investments was £(4.2) million, including the receipt of £28.7 million of interest on the UK HoldCo loan notes, £10.6 million of dividends also received from UK HoldCo and net losses on investments at fair value of £43.5 million.

The operating expenses included in the income statement for the year were £6.5 million, in line with expectations. These comprise £5.5 million Investment Adviser fees and £1.0 million operating expenses. The details on how the Investment Adviser fees are charged are as set out in note 15 to the financial statements.

Ongoing charges

The "ongoing charges" ratio is an indicator of the costs incurred in the day-to-day management of the Fund. JLEN uses the AIC-recommended methodology for calculating this ratio, which is an annual figure.

The ongoing charges percentage for the year to 31 March 2020 was 1.22% (year ended 31 March 2019: 1.26%). The ongoing charges have been calculated, in accordance with AIC guidance, as annualised ongoing charges (i.e. excluding acquisition costs and other non-recurring items) divided by the average published undiluted Net Asset Value in the period. The ongoing charges percentage has been calculated on the consolidated basis and therefore takes into consideration the expenses of UK HoldCo as well as the Company. Adjusting for the impact of the drawdown amount under the revolving credit facility, the ongoing charges ratio would be 1.14% (31 March 2019: 1.14%). Foresight believes this to be competitive for the market in which JLEN operates and the stage of development and size of the Fund, demonstrating that management of the Fund is efficient with minimal expenses incurred in its ordinary operation.

Cash flow

The Company had a total cash balance at 31 March 2020 of £1.8 million (31 March 2019: £1.9 million). The breakdown of the movements in cash during the year is shown below.

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

	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Cash balance at 1 April	1.9	5.5
Net proceeds from share issues	56.4	103.1
Investment in UK HoldCo (equity and loan notes)	(56.4)	(103.7)
Interest on loan notes received from UK HoldCo	28.7	24.1
Dividends received from UK HoldCo	10.6	7.3
Directors' fees and expenses	(0.3)	(0.2)
Investment Adviser fees	(5.5)	(4.8)
Administrative expenses	(0.7)	(0.6)
Dividends paid in cash to shareholders	(32.9)	(28.8)
Company cash balance at 31 March	1.8	1.9

The Group had a total cash balance at 31 March 2020 of £22.0 million (31 March 2019: £11.4 million) and borrowings under the revolving credit facility of £29.3 million (31 March 2019: £16.7 million). The breakdown of the movements in cash during the year is shown opposite.

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

	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Cash distributions from environmental infrastructure investments	45.0	43.6
Administrative expenses	(1.0)	(1.0)
Directors' fees and expenses	(0.3)	(0.2)
Investment Adviser fees	(5.5)	(4.8)
Financing costs (net of interest income)	(2.0)	(2.0)
Cash flow from operations	36.2	35.6
Net proceeds from share issues	56.4	103.1
Acquisition of investment assets and further investment	(61.0)	(76.7)
Post-acquisition price adjustment	2.4	0.2
Acquisition costs (including stamp duty)	(2.4)	(1.2)
Short-term projects debtors	—	(0.5)
Debt arrangement fee cost	(0.8)	(0.4)
Proceeds/(repayment) from borrowings under the revolving credit facility	12.7	(31.7)
Dividends paid in cash to shareholders	(32.9)	(28.8)
Cash movement in the year	10.6	(0.4)
Opening cash balance	11.4	11.8
Group cash balance at 31 March	22.0	11.4

During the year, the Group received cash distributions of £45.0 million from its environmental infrastructure investments, an increase of 3.2% compared to 2019.

Cash received from investments in the year covers the operating and administrative expenses and financing costs, as well as the dividends declared to shareholders in respect of the year ended 31 March 2020. Cash flow from operations of the Group of £36.2 million covers dividends paid in the year to 31 March 2020 of £32.9 million by 1.1x. The dividend cover based on dividends declared in respect of the year to 31 March 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 fully cover future costs as well as planned dividends payable to its shareholders.⁽¹⁾

Dividends

During the year, the Company paid a final dividend of 1.6275 pence per share in June 2019 (£8.1 million) in respect of the quarter to 31 March 2019.

Interim dividends of 1.665 pence per share were paid in September 2019 (£8.3 million) in respect of the quarter to 30 June 2019, of 1.665 pence per share in December 2019 (£8.3 million) in respect of the quarter to 30 September 2019, and of 1.665 pence per share in March 2020 (£8.3 million) in respect of the quarter to 31 December 2019. On 27 May 2020, the Company declared an interim dividend of 1.665 pence per share in respect of the quarter ended 31 March 2020 (£9.1 million), which is payable on 26 June 2020.

The target dividend for the year to 31 March 2021 is 6.76 pence per share, a 1.5% increase from the dividend declared in respect of the year to 31 March 2020.⁽¹⁾

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

GOVERNANCE

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CHAIRMAN'S INTRODUCTION

The Board recognises the importance of a strong corporate governance culture and has put in place a framework for corporate governance which it believes is appropriate for the Company.

Richard Morse

Chairman



Introduction

The Listing Rules and the Disclosure Guidance and Transparency Rules ("Disclosure Rules") of the UK Listing Authority ("UKLA") require listed companies to disclose how they have applied the principles and complied with the provisions of the Corporate Governance Code to which the issuer is subject. The provisions of the UK Corporate Governance Code ("UK Code"), as issued by the Financial Reporting Council ("FRC") in July 2018, are applicable to the year under review and can be viewed at www.frc.org.uk.

The related Code of Corporate Governance (the "AIC Code"), issued by the Association of Investment Companies ("AIC") provides specific corporate governance guidelines to investment companies. The AIC issued their revised code for member companies in February 2019 and this applies to accounting periods beginning on or after 1 January 2019. The FRC has confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the UK Code and the associated disclosure requirements of the Disclosure Rules. The AIC Code can be viewed at www.theaic.co.uk.

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

Statement of compliance with the AIC Code and Guide

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

The Company is a member of the AIC and is classified within the renewable energy infrastructure sector. The Company currently complies (except as set out at the end of this paragraph) with the principles and provisions of good governance contained in the AIC Code (which complements the UK Code and provides a framework of best practice for listed investment companies) and in accordance with the AIC Code, the Company will be meeting its obligations in relation to the UK Code and associated disclosure requirements of the Listing Rules.

The UK Code includes provisions relating to the role of the Chief Executive, executive Directors' remuneration and the need for an internal audit function. The Board considers these provisions are not relevant to the position of the Company, as all of the Company's day-to-day management and administrative functions are outsourced to third parties and it has no executive Directors, employees or internal operations. Therefore, no further reporting has been provided in respect of these provisions.

BOARD OF DIRECTORS

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



Richard Morse
Chairman

Richard has more than 33 years' experience in energy and infrastructure, including environmental energy. He is a partner at Opus Corporate Finance, where he leads the environmental energy practice. His current boardroom experience includes Bazalgette Tunnel Limited (Deputy Chairman and Chairman of the Audit Committee), Woodard Corporation (Chairman), and Heathrow Southern Rail Limited (non-executive director).

Past experience

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

Committee memberships



Denise Mileham
Director

Denise has over 32 years' experience in financial services, having worked in fund administration, custody and compliance roles. She previously sat on the board of Resolution Limited, the FTSE 100 company, now part of Aviva. She was previously an executive director of Kleinwort Benson (Channel Islands) Fund Services, acting as Head of Fund Administration and Deputy Head of Fund Services (which included custody). She also worked at Close Fund Services, as Director of New Business, running a team responsible for marketing, sales and implementation.

Past experience

In her early career, Denise worked in the funds department of Barclaytrust before moving to Credit Suisse where she undertook a number of roles, including Compliance Officer in the fund administration department. She is a Chartered Fellow of the Securities and Investment Institute and a member of the Institute of Directors, and the Guernsey NED Forum.

Committee memberships



Peter Neville
Director

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

Past experience

Peter's boardroom experience has included the Chairmanship of Kleinwort Benson (Channel Islands) Limited and acting as a non-executive director of Mytrah Energy Limited. He has worked in merchant banking and corporate finance in the UK and the Far East, undertaking IPOs, corporate restructurings, mergers and acquisitions and project finance, mainly while working for various bodies within the HSBC group. At Malta's financial services regulator, he established the Maltese regulatory regime for funds and investment management firms. Peter was also involved in establishing the Investment Management Regulatory Organisation in the UK. Peter currently holds a number of non-executive directorships, including as a non-executive director on the Board of Network Rail Insurance Limited. Peter is a Fellow of the Institute of Chartered Accountants in England and Wales.

Committee memberships



Key

AC Audit Committee

NC Nomination Committee

RC Risk Committee



Richard Ramsay
Senior Independent Director

Richard is a chartered accountant with considerable experience of the energy sector and the closed-end fund industry. He is currently Chairman of Seneca Global Income & Growth Trust plc, an investment trust, and is also Chairman of Northcourt Limited, a private company providing insurance services to the global nuclear sector.

Past experience

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

Committee memberships

AC



Hans Joern Rieks
Director

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

Past experience

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

Committee memberships

RC



Stephanie Coxon
Director

Stephanie has 15 years' experience within audit and advisory with PwC in the asset management sector, specialising in listed investment funds in a multitude of asset classes. She has a wealth of knowledge, having advised numerous investment managers throughout the UK, US and Europe on initial public offerings and secondary offerings. Stephanie is a fellow of the Institute of Chartered Accountants of England and Wales.

Past experience

Prior to joining the JLEN Board and over the past nine years, Stephanie led the PwC capital markets team responsible for advising on the listing process for UK, Guernsey and Jersey investment funds.

THE INVESTMENT ADVISER

JLEN is advised by Foresight Group LLP. Foresight Group is a leading infrastructure and private equity investment manager with c.£4.6 billion of assets under management and employing over 230 people worldwide.

The Group has offices in London, Manchester, Edinburgh, Nottingham, Leicester, Milton Keynes, Guernsey, Rome, Madrid, Seoul and Sydney. As Investment Adviser to JLEN Environmental Assets Group, Foresight Group LLP has a highly experienced global infrastructure team with 88 people. This includes an experienced team of investment professionals supported by a leading multi-disciplined in-house asset management team.

Foresight
FOR A SMARTER FUTURE



Chris Tanner
Co-lead Investment Adviser

Chris joined Foresight in 2019 as a Partner and currently works in the London office. He has over 20 years' experience as an infrastructure fund manager, an equity principal, a project director and an adviser. Before joining Foresight, Chris was a Director of JLCM and was co-lead Investment Adviser to the JLEN fund.

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

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



Chris Holmes
Co-lead Investment Adviser

Chris joined Foresight in 2019 as a Partner in the London office and has over 20 years' experience in infrastructure, including PPPs, economic infrastructure and renewables.

Prior to joining Foresight, Chris worked at JLCM as a Director, where he co-led the investment advisory services for JLEN. Before joining JLCM, Chris was a Managing Director and Head of the Waste & Bioenergy team at the Green Investment Group (formerly the UK Green Investment Bank plc) for four years. During his time at Green Investment Group, Chris was responsible for over £0.5 billion of investment across 18 assets in the waste and biomass sectors.

In addition, Chris was Head of Capital Markets in the Infrastructure and Renewables team at NIBC, also with responsibility for UK debt origination and advisory within these sectors. Chris was with NIBC for over 12 years, working on a number of waste and bioenergy transactions.

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

BOARD LEADERSHIP AND COMPANY PURPOSE

The Board places a high degree of importance on ensuring that high standards of corporate governance are maintained throughout the Group.

Duties and responsibilities

The Board meets at least four times a year and, should the nature of the activity of the Company require it, additional meetings may be scheduled, some at short notice. Between meetings there is regular contact with the Investment Adviser and the Administrator and the Board requires information to be supplied in a timely manner by the Investment Adviser, the Company Secretary and other advisers in a form and of a quality appropriate to enable it to discharge its duties.

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

An Investment Advisory Agreement between the Company and the Investment Adviser sets out the matters over which the Investment Adviser has delegated authority, including monitoring and managing the existing investment portfolio, and also the limits on cost and expenditure above which Board approval must be sought. All other matters are reserved for approval by the Board of Directors. In contributing to the delivery of the Company's strategy, the Board maintains a high level of engagement with the Investment Adviser and seeks to work in a collegiate and co-operative manner, whilst encouraging open discussion, challenge and debate of all significant matters relevant to the Investment Adviser's delegated authority. In addition to the Board's cycle of scheduled meetings, members of the Board regularly attend operational update meetings hosted by the investment advisory team.

The Directors are expected to devote such time as is necessary to enable them to discharge their duties. Where necessary, in carrying out their duties, the Directors may seek independent professional advice at the expense of the Company. The Company maintains appropriate Directors' and Officers' liability insurance in respect of legal action against its Directors on an ongoing basis.

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

Board operation

The overall management of the Company is the responsibility of the Board, who exercise all the powers of the Company subject to the relevant statutes, the Company's Articles of Incorporation, and any directions given by resolutions passed by shareholders. The Articles empower the Board to allot, grant options, warrants or other rights over or otherwise dispose of the Company's shares as the Board determines. The law permits the Company to make market purchases of its own shares if the purchase has first been authorised by a resolution of the Company.

Shareholders authorised the renewal of the Board's authority to allot ordinary shares at the 2019 AGM and, subject to certain terms and conditions, to repurchase ordinary shares on behalf of the Company. Similar authorities are being sought at the forthcoming AGM and details are set out in the notice of AGM.

BOARD LEADERSHIP AND COMPANY PURPOSE continued

Board operation continued

The Board's annual cycle includes quarterly meetings where the Directors follow a formal agenda which is fixed in advance and standing agenda items at each quarterly meeting cover each area where the Board has reserved decision-making power, in addition to receiving reports from key service providers on portfolio performance, asset valuations and enhancements, operational matters, business development and capital allocation, ESG matters, risk management, peer group information, regulatory and industry developments. The Board actively monitors the regulatory environment in which the Company operates to ensure any developments which may affect the Company are considered. Strategy sessions are held at least annually and are co-ordinated by the Investment Adviser, which include site visits and technical briefings. The Board's annual cycle also includes a dividend policy review session and setting the target for the next financial year.

In order to discharge their duties and to operate effectively as a Board, the Directors have full and timely access to all relevant information concerning the Company.

The principal matters considered by the Board during the year (including attending to matters formally reserved for its decision making) included:

- the strategic direction of the Company and the effect of emerging technologies;
- composition of the Board and succession planning;
- the Annual Report and audited financial statements and the half-yearly report;
- the dividend policy;
- periodic reports from committees of the Board;
- assessing the feasibility of entering new overseas markets; and
- the risk management framework and the principal risks facing the Company.

Committees of the Board

The Board has not deemed it necessary to appoint a separate remuneration committee as, being comprised of five Directors, it considers that such matters may be considered by the Board as a whole. At the launch of the Fund, the remuneration of the Board was fixed after consultation with independent external advisers. During subsequent years, the Board has reviewed the remuneration levels for the Company and received industry comparison information from advisers in respect of Directors' remuneration. The Company's remuneration policy was last subject to a full independent review during 2017. As noted in the Directors' remuneration report on pages 100 and 101, remuneration levels were reviewed internally by the Directors during the year and recommendations for fee levels to apply from the financial year commencing April 2020, unchanged from the year ending 31 March 2020, will be proposed to shareholders as part of the remuneration policy at the 2020 annual general meeting.

The Board as a whole performs the functions typically undertaken by an investment committee. The Board ensures compliance with the terms of the investment policy of the Company and will consider and decide on any changes to the investment policy (subject to obtaining the relevant shareholder approvals), including geographical and sectorial spread of investments, risk profile, investment restrictions and the approach to project selection.

The Board also makes discretionary management decisions in respect of the investment portfolio (with reference as necessary to advice provided by the Investment Adviser), but may appoint sub-committees to meet on an ad hoc basis to consider potential acquisitions and disposals of particular investments.

The Board as a whole also fulfils the functions of an investment advisory engagement committee. The Board reviews and makes recommendations on any proposed amendment to the Investment Advisory Agreement and keeps under review the performance of the Investment Adviser. The investment advisory engagement committee also performs a review of the performance of other key service providers to the Fund and meets at least once a year. In the case of each service provider, the review seeks to ensure that:

- the terms of engagement remain fair and reasonable in the context of the Company and the market;
- their objectives remain aligned with those of the Company;
- they have not been subject to any adverse event which may present additional risk to the Company;
- they remain appropriately incentivised to perform their duties to a high standard; and
- that their continued engagement remains in the best interests of the Company as a whole.

The Board notes the supporting guidance provided under provision 17 of the 2019 edition of the AIC Code on means by which investment companies may assess the relationship with the adviser. During 2019, the Board reviewed the Company's position against each of the suggested considerations and concluded that the relationship was operating effectively, and that the continued retention of the Investment Adviser's services remained in the best interests of the Company.

Audit Committee

The Company has established an Audit Committee, chaired by Peter Neville, which operates within clearly defined terms of reference and comprises three non-executive Directors: Peter Neville, Richard Morse and Richard Ramsay, whose qualifications and experience are noted on pages 82 and 83. All members of the Audit Committee are independent Directors and have no connections with the external auditor. The Audit Committee meets at least three times a year, at times appropriate to the financial reporting calendar.

Following the resignation of Chris Legge during 2019, the Board determined that it would be appropriate for the Chairman of the Company to be a member of the Audit Committee as the breadth of his financial experience and his knowledge of the Company provided value and continuity to the work of the Committee in the discharge of its responsibilities.

Further details of the membership and activities of the Audit Committee are described in this report on pages 96 to 98.

Risk Committee

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

BOARD LEADERSHIP AND COMPANY PURPOSE continued

Nomination Committee

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

Separate reports from the Audit, Risk and Nomination Committees on their activities for the year are set out on pages 94 to 99. The terms of reference for each of the Committees are available on the Company's website or upon request from the Company Secretary.

Directors' attendance

The attendance record of Directors for the year to 31 March 2020 is set out below.

	Board meeting	Audit Committee	Risk Committee	Nomination Committee
Number of meetings held	4	4	4	2
Richard Morse	4	3 ⁽¹⁾	4	2
Christopher Legge (resigned 13 June 2019)	1	1	1	n/a
Denise Mileham	3	n/a	4	2
Peter Neville	4	4	4	2
Richard Ramsay	3	4	n/a	n/a
Hans Joern Rieks	3	n/a	3	n/a

(1) Member of the Audit Committee from 13 June 2019.

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

RELATIONS WITH SHAREHOLDERS

The Company welcomes engagement with shareholders and the investment community.

Dialogue with shareholders

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. The Investment Adviser produces a regular factsheet which is available on the Company's website. The Chairman and senior members of the Investment Adviser make themselves available, as practicable, to meet with principal shareholders and key sector analysts.

Feedback from these meetings is provided to the Board on a regular basis. The Board is also kept fully informed of all relevant market commentary on the Company by the Company's financial PR agency, as well as receiving relevant updates from the Investment Adviser and the Company's broker.

Investor publications

All shareholders can address their individual concerns to the Company in writing at its registered address.

The Chairman or the Senior Independent Director are willing to meet with major shareholders to discuss any particular items of concern or to understand their views on governance and the performance of the Company, and the annual general meeting of the Company provides a forum for shareholders to meet and discuss issues with the Directors and the Investment Adviser.

Company website

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

Stakeholders, business relationships and socially responsible investment

Section 172 statement

Whilst directly applicable to companies incorporated in the UK, the Board recognises the intention of the AIC Code that matters set out in section 172 of the Companies Act, 2006 are reported.

The Board strives to understand the views of the Company's key stakeholders and to take these into consideration as part of its discussions and decision-making process. Additionally, the Board promotes the success of the Company for the benefit of our members as a whole as well as a broad range of stakeholders that we recognise are material to the long-term success of the business. We set out below the detail of how the Board has complied with its duty under section 172.

As an investment company, the Company does not have any employees and conducts its core activities through third-party service providers. Each provider has an established track record and through regulatory oversight is required to have in place suitable policies and procedures to ensure they maintain high standards of business conduct, treat shareholders fairly and employ corporate governance best practice.

The Board's commitment to maintaining high standards of corporate governance, combined with the Directors' duties enshrined in company law, the constitutive documents, the Disclosure Guidance and Transparency Rules, and the Market Abuse Regulation, provides shareholders with regular and detailed announcements concerning the Company and its activities. A significant amount of time is dedicated at each scheduled meeting to risk management and how effectively the Company can preserve value for shareholders over the long term through mitigating downside risk. Regular dialogue with the Investment Adviser and the corporate broker ensures the Board is aware of the investment strategy and the views of major shareholders and for these to be taken into consideration as part of the Board's decision-making process.

Representatives of the Investment Adviser are involved in the governance framework of each project. This provides information on the activities of the Company's significant counterparty exposures involved in operating each project to be considered at each scheduled meeting of the Directors, and to ensure their interests remain aligned with the objectives of the Company.

Further information on how the Company engages with stakeholders can be found on pages 26 and 27.

DIVISION OF RESPONSIBILITIES

The Board has overall responsibility for the management of the Company's affairs.

Chairman

As Chairman, Richard Morse is responsible for leading the Board and for ensuring its effectiveness in all aspects of its role. Specific duties of the Chairman include demonstrating ethical leadership, objective judgement, promoting the highest standards of integrity, probity and a culture of openness and debate. The Chairman sets the Board's agenda and ensures the Board has a clear understanding of the views of those who provide the Company's capital and that effective decision-making processes are in place, supported by high quality information, that take into consideration the interests of all the Company's key stakeholders.

The Chairman leads the annual performance evaluation of the Board, with support from the Senior Independent Director, and acts as appropriate on the results. One-on-one meetings are held between the Chairman and the Directors each year, which provides an additional forum through which any potential training needs or other relevant Board matters are addressed.

Senior Independent Director

Richard Ramsay is the Senior Independent Director and provides support to the Chairman on matters of Board effectiveness, governance, and acting as an intermediary for the Directors, shareholders and other key stakeholders. The Senior Independent Director also provides an additional channel of communication through which stakeholders may voice concerns, works annually with the other Directors on reviewing the performance of the Chairman, and will be responsible for leading the succession planning arrangements for the Chairman.

Non-executive Directors

Including the Chairman and the Senior Independent Director, the Company currently has five independent non-executive Directors.

The Company Secretary

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

Market Abuse Regulation

The Board has formally adopted procedures in relation to the Company's obligations under the EU Market Abuse Regulation ("MAR"), including procedures for the identification, management and disclosure of price sensitive information, share dealing by persons discharging managerial responsibility and their persons closely associated. The Board is responsible for overseeing the Company's compliance with MAR, and ensuring compliance with MAR by the Directors.

AIFM Directive

The Company is categorised as an internally managed non-EEA AIF for the purposes of the AIFM Directive and, as such, neither it nor the Investment Adviser is required to seek authorisation under the AIFM Directive. The Board retains responsibility for the majority of the Company's risk management and portfolio management functions and performs a number of its management functions through the various committees described on pages 86 to 88.

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

AIFM Directive disclosures

As explained in Part 9 of the Prospectus, the Company is required, pursuant to Article 42(1)(a) of the AIFM Directive, to make certain specified disclosures to prospective investors prior to their investment in the Company, in accordance with Article 23 of the AIFM Directive (the "Article 23 Disclosures"). As at the date of this report, there is one material update to the Article 23 Disclosures contained in Section 11 of Part 9 of the Prospectus, as follows:

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

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

Non-mainstream pooled investments

The Board notes the rules of the UK FCA on the promotion of non-mainstream pooled investments.

The Board confirms that it conducts the Company's affairs, and intends to continue to do so, in order that the Company's shares will be excluded securities under the FCA's rules. This is on the basis that the Company, which is resident outside the EEA, would qualify for approval as an investment trust by the Commissioners for HM Revenue and Customs under Sections 1158 and 1159 of the Corporation Tax Act 2010 if resident and listed in the United Kingdom. Therefore, the Company's shares will not amount to non-mainstream pooled investments. Accordingly, promotion of the Company's shares will not be subject to the FCA's restriction on the promotion of non-mainstream pooled investments.

Significant voting rights

Details of shareholders with notifiable interests in the voting rights of the Company can be found on page 104.

Share repurchase

Subject to the provisions of the law and the Company's Articles of Incorporation, the Company may purchase all or any of its shares of any class, including any redeemable shares, and may hold such shares as treasury shares or cancel them. During the year no shares were acquired by the Company.

Amendment to the Company's Articles of Incorporation

Subject to the provisions of the law and the Company's Articles of Incorporation, the Company's Articles can be amended by special resolution.

COMPOSITION, SUCCESSION AND EVALUATION

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

Board independence and composition

The Board consists of five Directors, all of whom are non-executive and independent of the Company's Investment Adviser and other key service providers. Board independence is formally reviewed annually against the factors suggested in the AIC Code as likely to impair, or could appear to impair, independence, in addition to any other relevant considerations. The Board considers all of the Directors, including the Chairman, to be independent. The Directors' details are contained on pages 82 and 83 and set out the range of investment, financial and business skills and experience represented. Richard Morse has been appointed Chairman and Richard Ramsay Senior Independent Director.

The Board believes that the Directors provide the appropriate balance of skills, knowledge and diversity necessary to manage the affairs of the Company. Biographical details of the Directors are provided on pages 82 and 83. The composition of the Board is formally reviewed annually by the Nomination Committee with the objective of ensuring that it meets the current and expected future leadership needs of the Company. The Board's formal performance evaluation also provides feedback from the Directors on aspect of the Board's operation where greater effectiveness may be achieved.

The Board is pleased to welcome Stephanie Coxon who joins in June 2020. Stephanie's appointment comes after an extensive search process led by the Nomination Committee. No external firm was engaged in the recruitment process.

Tenure, succession planning and induction

The tenure of all Directors, including the Chairman, is expected not to exceed nine years unless exceptional circumstances warrant, such as to allow for phased Board appointments and retirements and to ensure that the Board remains well balanced and that the skills, knowledge and experience of the Board is refreshed at appropriate intervals.

The Company launched in 2014 and to avoid undue disruption in future from multiple Board changes within the same year and to ensure a smooth transfer of knowledge, in 2019 the Board began a staged process of rotating the Directors first appointed at the Company's launch. In accordance with corporate governance best practice as set out in the AIC Code, each Director will be subject to annual re-election by shareholders at the annual general meeting.

On appointment to the Board, new Directors will be provided with an induction pack by the Company Secretary containing all relevant information regarding the Company, its history, operations, key relationships, and their duties and responsibilities as Directors. New appointees meet with each of the Directors and with representatives of the Investment Adviser. The Chairman is responsible for agreeing the programme of induction training with new appointees, and that any training needs of the existing Directors are addressed.

The Nomination Committee is responsible for ensuring that a diverse pipeline for succession is maintained, relevant to the future leadership needs of the Company.

Board diversity

The Board supports the recommendations of the Davies Report and notes the recommendations of the Parker review into ethnic diversity and the Hampton-Alexander review on gender balance in FTSE leadership. The Board is mindful and supportive of the principle of widening the diversity of its composition. It is also committed to appointing the most appropriate available candidate based on merit, taking into account the skills and attributes of both existing members and potential new recruits and thereby the balance of skills, experience and approach of the Board as a whole which will lead to optimal Board effectiveness. Acting on the findings from the Nomination Committee's recent review of the size, structure and composition of the Board, the Board is actively seeking to address the balance of gender diversity as part of its succession planning arrangements to achieve the target of not less than one-third female representation on the Board.

No Director has a service contract with the Company and the terms and conditions of appointment for each of the Directors are set out in writing between each individual and the Company. Copies of the relevant appointment letters are available for inspection at the Company's registered office.

Conflicts of interest

The Directors have undertaken to notify the Company Secretary as soon as they become aware of any actual or potential new conflict of interest. Only Directors who have no material interest in the matter being considered will be able to participate in the Board approval process. Other business relationships, including those that conflict or may potentially conflict with the interests of the Company, are taken into account when appointing Board members and are monitored on a regular basis. The terms of each Director's appointment letter with the Company requires that they seek prior approval from the Board before taking up any additional external appointments.

The Board recognises the holdings of ordinary shares in the Company held by each of Richard Morse, Richard Ramsay, Peter Neville and Denise Mileham, details of which are set out on page 105. The Board considers these interests at each scheduled meeting and remains satisfied that they do not affect the ability of the Directors to exercise independent judgement or their objectivity.

Performance and evaluation

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

This year, the Board engaged Aspida Advisory Services Limited ("Aspida") to undertake an externally facilitated assessment of its effectiveness and performance. Aspida (formerly Optimus Group) undertook the Company's first external Board effectiveness review in 2017. Save for this, Aspida has no other connection to the Company.

The findings from the external performance review were generally satisfactory and no material deficiencies or issues were raised.

The external effectiveness review process included meetings held between Aspida with each of the Directors individually, the Investment Adviser and with the Company Secretary. Questionnaires were completed by each of the Directors and Aspida observed the Board's proceedings at a scheduled quarterly meeting before providing their findings to the Board during February 2020.

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

- enhancements to the Board's Director induction programme to include a greater focus on boardroom dynamics and the operation of the Board; and
- continuing work on Board succession and implementing the Board's diversity plans, particularly seeking to address the balance of gender diversity represented on the Board during 2020 and 2021.

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

Internal control

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

The process is based on a risk-based approach to internal control through a matrix which identifies the key functions carried out by the Investment Adviser, Administrator and other key service providers, the various activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise and mitigate those risks and the risks at the operating companies. The Audit Committee works in close co-operation with the Risk Committee, with the prime responsibility of the Audit Committee being the review of internal controls and processes, and of the Risk Committee being the principal risks and uncertainties facing the Company. A separate report on the activities of the Risk Committee is set out on page 99.

COMPOSITION, SUCCESSION AND EVALUATION continued

Nomination Committee report

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

The main roles and responsibilities of the Nomination Committee are to:

- regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any changes, based on merit and objective criteria (including skills, knowledge and experience, and promoting diversity of gender, social and ethnic backgrounds);
- give full consideration to succession planning for Directors, ensuring effective plans are in place for orderly succession to the Board and to oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Company; and
- lead the process for appointments and be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.

The members of the Nomination Committee are:

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

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

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

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

- the findings of the Board evaluation concerning the size, structure and composition of the Board and the appropriateness of the current mix of skills, knowledge and experience for its current activities;
- the Company's policy on diversity, ensuring this remained aligned with the Company's strategy and objectives;
- Director succession planning;
- Director training;
- the time requirements and independence of Directors;
- governance of subsidiaries; and
- consideration and agreement of the terms of reference of the Nomination Committee for approval by the Board.

The Nomination Committee is pleased with the progress made to date in implementing the Board's succession plans, noting the appointment of Hans Rieks in 2019, who succeeded one of the original five Directors appointed at the Company's launch. Hans' extensive experience in the wind sectors across European and global markets has provided great value to the Board since his appointment.

During 2019, the Nomination Committee reviewed in detail the Board's succession planning arrangements and the feedback from the Board performance evaluation, recognising the continued growth of the Company in terms of portfolio diversity and assets under management, the skills represented on the Board, and the intention to further increase the diversity of the Board. This led to a search process conducted through existing relationships which identified several potential candidates suitable for appointment to the Board based on their broad and relevant skillsets, personal strengths, and supporting the Board's diversity objectives. Resulting from this, the Nomination Committee is pleased to welcome the appointment of Stephanie Coxon, who has considerable financial services experience from a 15-year career spent with PwC in the UK, Australia and Guernsey.

The Nomination Committee continues to maintain and develop the Board's succession planning arrangements to ensure the arrangements remain effective, and that a diverse pipeline for succession is maintained which remains aligned with the Company's strategy and future leadership needs. The Board is committed to maintaining not less than one-third female representation.

AUDIT, RISK AND INTERNAL CONTROL

Audit Committee report

Summary of the roles and responsibilities of the Audit Committee

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

The main roles and responsibilities of the Audit Committee are:

- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and reporting to the Board on significant financial reporting issues and judgements contained therein;
- reviewing the content of the Half-year and Annual Reports and financial statements and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy;
- agreeing with the external auditor the audit plan and reviewing the auditor's report related to the Half-year Report and the Annual Report and financial statements;
- maintaining the Company's policy on the provision of non-audit services by the external auditor;
- reviewing and recommending for approval the audit, audit-related and non-audit fees payable to the external auditor and the terms of their engagement;
- reviewing the long-term viability and going concern statements, including the underlying documentation prepared by the Investment Adviser;
- reviewing, in conjunction with the Risk Committee, the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;

- reviewing the adequacy and security of the Company's arrangements for regulatory compliance, whistleblowing and fraud, recognising that responsibilities for whistleblowing arrangements reside with the Board as a whole;
- making recommendations to the Board, to be put to shareholders for approval at the annual general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor; and
- assessing annually the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services and the effectiveness of the audit process.

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

Composition of the Committee

The members of the Audit Committee are:

- Peter Neville (Chairman);
- Richard Morse; and
- Richard Ramsay.

Meetings

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

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

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

Annual general meeting

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

Significant issues

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

Valuation of investments

The Company is required to calculate the fair value of its investments. Whilst there is a relatively active market for investments of this nature, there is not a suitable listed or other public market in these investments against which their value can be benchmarked. As a result, a valuation is performed based on a discounted cash flow methodology in line with IFRS 9 Financial Instruments and IFRS 13 Fair Value Measurement.

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

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

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

- the macroeconomic assumptions, including the comparison of these assumptions to observable market data, actual results, and prior year comparatives;
- the electricity price, gas price, energy generation and volume assumptions, including the comparison of these assumptions to observable market data, actual results and prior year comparatives including in the context of the effects and implications of the Covid-19 pandemic; and
- the build-up of the discount rates for consistency and reasonableness, benchmarking against market data and peers and project-specific items.

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

Internal audit

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

External audit

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

AUDIT, RISK AND INTERNAL CONTROL continued

Audit Committee report continued

External audit continued

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

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

The Audit Committee has noted the revisions to the UK Code and the AIC Code, and in particular the recommendation, in each, to put the external audit out to tender every five to 10 years. The Audit Committee has also noted the requirements of the Competition and Markets Authority with respect to external auditor services and retendering. This is the sixth year of Deloitte's appointment as the Company's auditor. The audit partner for the Company, David Becker, joined the audit team during the year after John Clacy stepped down as the Company's audit partner after five years, in line with the rotation requirements.

The Audit Committee is satisfied with the effectiveness and independence of the audit process and, as such, recommended to the Board that Deloitte LLP be reappointed as external auditor for the year ending 31 March 2021. The Audit Committee also recommended the audit appointment is retendered every 10 years, with the audit partner changing every five years.

Non-audit services

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

The Company paid £27,400 during the year for non-audit services to Deloitte LLP, all in relation to the half-year interim review.

Activities of the Audit Committee

The Audit Committee met on four occasions during the year ended 31 March 2020. Matters considered at these meetings included, but were not limited to:

- review of the reappointment of the external auditor;
- review of the proposed change of lead audit partner;
- review of the effectiveness of the external auditor and the external audit process;
- approval of the external audit fees;
- consideration and agreement of the terms of reference of the Audit Committee for approval by the Board;
- review of the proposed accounting policies and format of the financial statements;
- review of the audit plan and timetable for the preparation of the Annual Report and financial statements;
- review of the Company's valuation methodology;
- review of the independent valuation report; and
- review of the 2020 Annual Report and financial statements and the 2019 Half-year Report.

Following the sale of JLCM's investment advisory business to Foresight, during the year the Audit Committee worked with the Investment Adviser to review the Foresight internal control environment to ensure the necessary internal control systems at the Investment Adviser and the operating companies remain robust and effective.

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

Approval

On behalf of the Audit Committee:



Peter Neville
Chairman of the Audit Committee

10 June 2020

Risk Committee report

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

The main roles and responsibilities of the Risk Committee are to:

- when requested to do so, advise the Board on the overall risk appetite, tolerance and strategy of the Fund, taking account of the extent to which the risk profile of the Company corresponds to the size, structure and objectives of the Company, in addition to the current and prospective macroeconomic, financial and regulatory environment, including relevant stakeholder issues;
- oversee and advise the Board on the current risk exposures of the Fund with particular focus on the Fund's principal risks, being those which could influence shareholders' economic decisions, and the controls in place to mitigate those risks;
- keep under review the Fund's overall risk identification and assessment processes and, in conjunction with the Audit Committee, review the adequacy and effectiveness of the risk management systems;
- in conjunction with the Audit Committee, ensure that a framework of strong corporate governance and best practice is in place, which enables the Company to comply with the main requirements of the Guernsey Code, UK Code or the AIC Code where considered appropriate;

- when requested to do so, advise the Board on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focusing in particular on risk aspects and implications for the risk appetite and tolerance of the Fund, and taking independent external advice where appropriate and available; and
- oversee the remit of the risk management function, its resources, access to information and independence.

The members of the Risk Committee are:

- Hans Rieks (Chairman);
- Denise Mileham; and
- Peter Neville.

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

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

REMUNERATION

Directors' remuneration report

Introduction

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

The Board has not deemed it necessary to appoint a remuneration committee as, being comprised of five Directors, it considers that such matters may be considered by the whole Board, provided that no Director is involved in deciding their own remuneration.

The Board determines and agrees the policy for the remuneration of the Directors of the Company, including the approval of any ad hoc payments in respect of exceptional work required (e.g. for the work involved with the issue of prospectuses and equity fundraises). No Director is involved in determining his or her own remuneration.

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

At IPO, the remuneration of the Board was fixed after consultation with independent external advisers and has since been increased broadly with inflation.

During 2018 the Board engaged the services of Trust Associates to undertake an external review of the Company's remuneration policy, and to provide recommendations in relation to any changes which may apply to the financial year commencing 1 April 2019. The review included benchmarking the fees paid by the Company against the investment funds sector generally, and with companies operating in the infrastructure and renewable energy infrastructure sectors.

Certain recommendations from the independent review were accepted; in addition, the Directors gave due consideration to certain specific factors of the Company which placed additional responsibilities on the Directors, including the active nature of the Board and the governance obligations of operating as a self-managed AIF, and elements of the previous remuneration policy which were deemed to be inconsistent with market practice or commensurate with the levels of work undertaken by the designated Chairs of the Company's formally constituted committees. These aspects were approved by shareholders at the 2019 annual general meeting and incorporated into the Company's remuneration policy for the current financial year.

For the current year, the Directors undertook an internal review of the Company's remuneration policy and benchmarked the policy against comparable information on listed investment companies, particularly those operating in similar or adjacent market sectors, in addition to giving due regard to the individual circumstances of the Company which may warrant a departure from industry norms. It was concluded that the policy remained appropriate in its current form and that this would be proposed to shareholders at the 2020 annual general meeting.

Remuneration policy

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

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

All of the Directors have been provided with letters of appointment which stipulate that their initial term shall be for three years, subject to re-election. The Articles of Incorporation provide that Directors retire and offer themselves for re-election at the first annual general meeting after their appointment and at least every three years thereafter. A Director's appointment may at any time be terminated by, and at the discretion of, either party upon three months' written notice.

A Director's appointment will automatically end without any right to compensation whatsoever if they are not re-elected by the shareholders. A Director's appointment may also be terminated with immediate effect and without compensation in certain other circumstances.

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

Details of individual remuneration

During the year, the Board, with assistance from the Investment Adviser and the Administrator, recommended no change to the levels of individual remuneration paid to the Directors.

For comparative purposes, the table below sets out the Directors' remuneration approved and actually paid for the year to 31 March 2020, as well as that proposed for the year ending 31 March 2021.

Director	Role	Base proposed for 2020/2021	Paid 2019/2020
Richard Morse	Chairman	£66,500	£66,500
Richard Ramsay	Senior Independent Director	£48,400	£48,400
Christopher Legge (resigned 13 June 2019)		n/a	£9,220
Peter Neville	Audit Committee Chairman	£46,100	£45,122
Denise Mileham	Nomination Committee Chairman	£42,000	£42,000
Hans Rieks (appointed 13 June 2019)	Risk Committee Chairman	£42,000	£33,456
Stephanie Coxon		£42,000	n/a
Total		£287,000	£244,698

Where the Company requires Directors to work on specific corporate actions such as further equity raisings, an additional fee will be appropriately determined. No additional fees were paid to the Directors for the year ended 31 March 2020.

Directors are entitled to claim reasonable expenses which they incur attending meetings or otherwise in performance of their duties relating to the Company. The total amount of Directors' expenses paid for the year ended 31 March 2020 was £7,844 (31 March 2019: £1,991).

Approval of report

The Board will seek approval at the annual general meeting on 3 September 2020 for both the remuneration policy and the annual Directors' fees for routine business for the year ended 31 March 2021, as set out above.

REPORT OF THE DIRECTORS

The Directors are pleased to submit their report and the audited financial statements of the Company for the year ended 31 March 2020.

Principal activities

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

At 31 March 2020, the total number of ordinary shares of the Company in issue was 546,720,025, including 49,701,820 shares issued in March 2020 in an oversubscribed placing.

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

Business review

The Company is required to present a fair review of its business during the year ended 31 March 2020, its position at the year end and a description of the principal risks and uncertainties it faces.

This information is contained within the strategic report on pages 19 to 79.

Disclosure of information under Listing Rule 9.8.4

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

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

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

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

Results and dividends

The results for the year are set out in the financial statements on pages 118 to 145. On 27 May 2020, the Directors declared a dividend in respect of the period 1 January 2020 to 31 March 2020 of 1.665 pence per share to shareholders on the register as at the close of business on 5 June 2020, payable on 26 June 2020.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and prospects, are set out in the strategic report.

The financial position of the Company, its cash flows and its liquidity position are also described in the strategic report. In particular, the current economic conditions, including the impact of Covid-19 on electricity and gas prices, have created a number of risks and uncertainties for the Company and these are set out in the risks and risk management section on pages 28 to 36. The Directors have also reviewed the results of reverse stress test and downside case as part of the going concern assessment. The financial risk management objectives and policies of the Company and the exposure of the Company to credit risk, market risk and liquidity risk are discussed in note 16 to the financial statements.

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

JLEN benefits from a £170 million multi-currency revolving credit facility with a remaining accordion facility of up to £20 million with HSBC, NIBC, ING and Santander. This revolving credit facility is expected to expire in June 2022 after committing, in May 2019, to an additional £40 million within the accordion facility and extending the facility by one further year.

At 31 March 2020, the Company had net current assets of £0.1 million (31 March 2019: £0.3 million), including a cash balance of £1.8 million (31 March 2019: £1.9 million). At UK HoldCo level, the £170 million revolving credit facility was drawn to a level of £29.3 million (31 March 2019: £16.7 million), with the balance available for future acquisitions and working capital. JLEN has sufficient cash balances to meet other current obligations as they fall due, while all key financial covenants are forecast to continue to be complied with.

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

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

Long-term viability statement

The Directors have assessed the viability of the Group over the three-year period to June 2023, taking account of the Group's current position and the potential impact of the principal risks documented in the strategic report. Based on this robust assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to June 2023.

In making this statement, the Directors have considered and challenged the reports of the Investment Adviser in relation to the resilience of the Group, taking account of its current position, the principal risks facing it in severe but reasonable scenarios, including a stressed scenario due to Covid-19, the effectiveness of any mitigating actions and the Group's risk appetite. Sensitivity analysis has been undertaken to consider the potential impacts of such risks on the business model, future performance, solvency and liquidity over the period, both on an individual and combined basis. In particular, this has considered the achievement of budgeted energy yields, the level of future electricity and gas prices, continued government support for renewable energy subsidy payments and the impact of a proportion of the PPP portfolio not yielding. The sensitivity analysis was premised on a number of assumptions, including that the Group's current revolving credit facility remains in place and that there will be sufficient liquidity within equity and debt markets to raise new capital as and when required, or a reduction of dividends paid to shareholders.

The Directors have determined that a three-year look forward to June 2023 is an appropriate period over which to provide its viability statement. This is consistent with the outlook period used in economic and other medium-term forecasts regularly prepared for the Board by the Investment Adviser and the discussion of any new strategies undertaken by the Board in its normal course of business. These reviews consider both the market opportunity and the associated risks, principally the ability to raise third-party funds and invest capital, or mitigating actions taken, such as a reduction of dividends paid to shareholders.

REPORT OF THE DIRECTORS continued

Internal controls review

Taking into account the information on principal risks and uncertainties provided on pages 30 to 36 of the strategic report and the ongoing work of the Audit and Risk Committees in monitoring the risk management and internal control systems on behalf of the Board, the Directors:

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

Share capital

The issued ordinary share capital of the Company was increased through placings in March 2020. Further details can be found in note 13 to the financial statements.

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

Major interests in shares and voting rights

As at 31 March 2020, the Company had been notified, in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules, of the following interests in 5% or more of the voting rights as a shareholder in the Company.

Shareholder	Percentage of voting rights and issued share capital	Number of ordinary shares
Newton Investment Management Limited	9.28%	50.8m
Gravis Capital Management	7.53%	41.2m
Legal & General Investment Management	5.79%	31.6m

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

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

Authority to purchase own shares

A resolution to provide the Company with authority to purchase its own shares will be tabled at the annual general meeting on 3 September 2020. This shareholder authority was renewed at the 2019 annual general meeting.

Board of Directors

The Board members that served during the year and up until the date of this report, all of whom are non-executive Directors and independent of the Investment Adviser, are listed below. Their biographical details are shown on pages 82 and 83.

Name	Function
Richard Morse	Chairman
Christopher Legge (resigned 13 June 2019)	Director
Denise Mileham	Director
Peter Neville	Director
Richard Ramsay	Senior Independent Director
Hans Rieks (appointed 13 June 2019)	Director
Stephanie Coxon (joining on 11 June 2020)	Director

Chris Legge, Director and former Chair of the Audit Committee, stood down from the Board on 13 June 2019. He was succeeded as Audit Chair by Peter Neville. On 13 June 2019, Hans Rieks was appointed as a Director and succeeded Peter Neville as Chair of the Risk Committee. Stephanie Coxon will join the Board on 11 June 2020.

Re-election of Directors

At the first annual general meeting of the Company on 14 August 2014, all of the Directors offered themselves for re-election and were duly re-elected. In compliance with the provisions of the AIC Code of Corporate Governance, all of the Directors will stand for re-election at each annual general meeting. Having considered the results of the internal performance evaluation for the year ended 31 March 2020, the Directors are satisfied that the Board continues to perform effectively, and that each Director continues to demonstrate commitment to their roles. Each of the Directors has a letter of appointment rather than a service contract.

Directors' interests

Directors who held office during the year and had interests in the shares of the Company as at 31 March 2020 were:

	Ordinary shares of no par value each held at 31 Mar 2020	Ordinary shares of no par value each held at 31 Mar 2019
Richard Morse	103,535	103,535
Christopher Legge	n/a	29,896
Denise Mileham	32,340	32,340
Peter Neville	29,896	29,896
Richard Ramsay	53,813	53,813
Hans Rieks	—	—

There have been no changes in the Directors' interests from 31 March 2020 to the date of this report.

REPORT OF THE DIRECTORS continued

Annual general meeting

The Company's annual general meeting will be held at 10.00am on 3 September 2020 at Sarnia House, Le Truchot, St Peter Port, Guernsey, Channel Islands. Details of the business to be conducted are contained in the notice of annual general meeting. As explained in the Chairman's statement, due to the Covid-19 pandemic the Board advises shareholders against attending the meeting in person and instead voting by proxy.

Appointment of the Investment Adviser

On 1 July 2019, the Company changed Investment Adviser from JLCM to Foresight Group. The existing team that had been providing investment advice since JLEN's launch in 2014 transferred to Foresight to continue working with the Company. The material terms, fees and provisions of the Investment Advisory Agreement with Foresight Group are the same as the previous Investment Advisory Agreement with JLCM, as set out in note 15 to the financial statements. It is the Directors' opinion that the appointment of Foresight Group on the agreed terms is in the best interests of the shareholders as a whole.

Auditor

The Audit Committee reviews the appointment of the external auditor, its effectiveness and its relationship with the Company and its subsidiaries and joint ventures, which includes monitoring use of the auditor for non-audit services and the balance of audit and non-audit fees paid. Following a review of the independence and effectiveness of the auditor, a resolution will be proposed at the 2020 annual general meeting to reappoint Deloitte LLP.

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

By order of the Board



Richard Morse
Chairman

10 June 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

Responsibility statement

We confirm that to the best of our knowledge:

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

By order of the Board



Richard Morse
Chairman

10 June 2020

INDEPENDENT AUDITOR'S REPORT

to the members of JLEN Environmental Assets Group Limited

Report on the audit of the financial statements

1. Opinion

In our opinion, the financial statements of JLEN Environmental Assets Group Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board ("IASB"); and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 19.

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

2. Basis for opinion

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

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

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

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

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year is the valuation of investments at fair value.
Materiality	The materiality that we used in the current year was £10.7 million, which was determined on the basis of 2% of net assets.
Scoping	As the Company is treated as an investment entity under IFRS 10, its subsidiaries are measured at fair value rather than consolidated on a line-by-line basis and therefore the Company has been treated as one component. There has been no change in approach for the current year.
Significant changes in our approach	There were no significant changes in our approach from the prior year, other than to incorporate the impact of Covid-19 in our work relating to investment valuation as discussed in the key audit matters section below.

4. Conclusions relating to going concern, principal risks and viability statement

4.1. Going concern

We have reviewed the Directors' statement in note 2(b) to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the Company, its business model and related risks including, where relevant, the impact of the Covid-19 pandemic and Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the Directors' assessment of the Company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the Directors' plans for future actions in relation to their going concern assessment.

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

Going concern is the basis of preparation of the financial statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the financial statements.

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

4.2. Principal risks and viability statement

Based solely on reading the Directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the Directors' assessment of the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 28 to 36 that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated;
- the Directors' confirmation on page 107 that they have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; or
- the Directors' explanation on page 107 as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the Directors' statement relating to the prospects of the Company required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Viability means the ability of the Company to continue over the time horizon considered appropriate by the Directors.

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

INDEPENDENT AUDITOR'S REPORT continued

to the members of JLEN Environmental Assets Group Limited

Report on the audit of the financial statements continued

5. Key audit matters

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

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

Valuation of investments at fair value

Key audit matter description

The Company's principal activity is to act as an investor for environmental infrastructure assets, and has direct and indirect interests in wind farms, solar farms, anaerobic digestion and waste & wastewater projects. As described in the significant accounting policies in note 2 to the financial statements, the fair value of the Company's investments is determined using a discounted cash flow methodology, as there is no liquid market for these projects. These investments are valued at £532.9 million (2019: £520.0 million). Note 9 to the financial statements provides a breakdown of the movement in these investments in the financial year.

The complexity of the valuation methodology, as well as a number of significant estimates, means that the fair value of the investments will be sensitive to the assumptions made (as described in the sensitivity disclosures in note 16 and the "Investment portfolio and valuation" section of the Annual Report) and may not be appropriate. There is also judgement as to how the impact of the Covid-19 pandemic has been reflected in the valuation and how this has been incorporated into the key assumptions.

The key assumptions included in the valuation are:

- discount rates – the determination of the appropriate discount rate for each investment with regards to risk-free rates, operational risk and recent market transactions, where applicable; there is also potential for fraud through manipulation of this assumption;
- macroeconomic assumptions – including forward electricity and gas prices (including the impact of the Covid-19 pandemic), corporation tax rates, and inflation rates; and
- operational assumptions – including expected future energy yields, output levels and asset extension assumptions.

Valuation of investments at fair value continued

How the scope of our audit responded to the key audit matter

Our audit procedures were designed to allow us to obtain appropriate evidence to challenge the assumptions adopted in the discounted cash flow models. Our audit procedures included:

- obtaining an understanding of the relevant controls in respect of updates to the valuation model used at 31 March 2020;
- challenging the discount rates applied by working with our internal valuation specialists to calculate an independent appropriate range, and benchmarking the discount rates against those used by comparable market participants and those indicated by recent market transactions;
- challenging the macroeconomic assumptions by reference to observable market data and forecasts;
- reviewing the adjustments made to the projected cash flows and economic assumptions as a result of the Covid-19 pandemic, which included lower short-term power and gas price assumptions, and lower anaerobic digestion yields on certain projects;
- reviewing changes to operational assumptions in the underlying models, in particular movements from acquisition values, and extensions and value enhancements made, through reference to third-party support where required;
- challenging the conclusions of the Investment Adviser's external report;
- reviewing the historical accuracy of the models' cash flow forecasts against actual results;
- reviewing the share purchase agreements for assets acquired in the year in order to confirm that the value of assets acquired was appropriately included in the valuation of the portfolio;
- testing the mechanical accuracy of the valuation models including performing model integrity tests; and
- reviewing the appropriateness of the disclosures made in the financial statements including the sensitivities applied.

Key observations

In consideration of the fair value of the portfolio, we have determined that as a whole the assumptions adopted are appropriate, noting in particular that:

- the discount rate, macroeconomic assumptions (including electricity and gas price), future energy yield, output level, and asset enhancement assumptions are considered reasonable, and reflect the latest available observable market data; and
- the discount rates applied to certain anaerobic digestion assets are at the optimistic end of our acceptable range, however are supported by recent market transactions.

INDEPENDENT AUDITOR'S REPORT continued

to the members of JLEN Environmental Assets Group Limited

Report on the audit of the financial statements continued

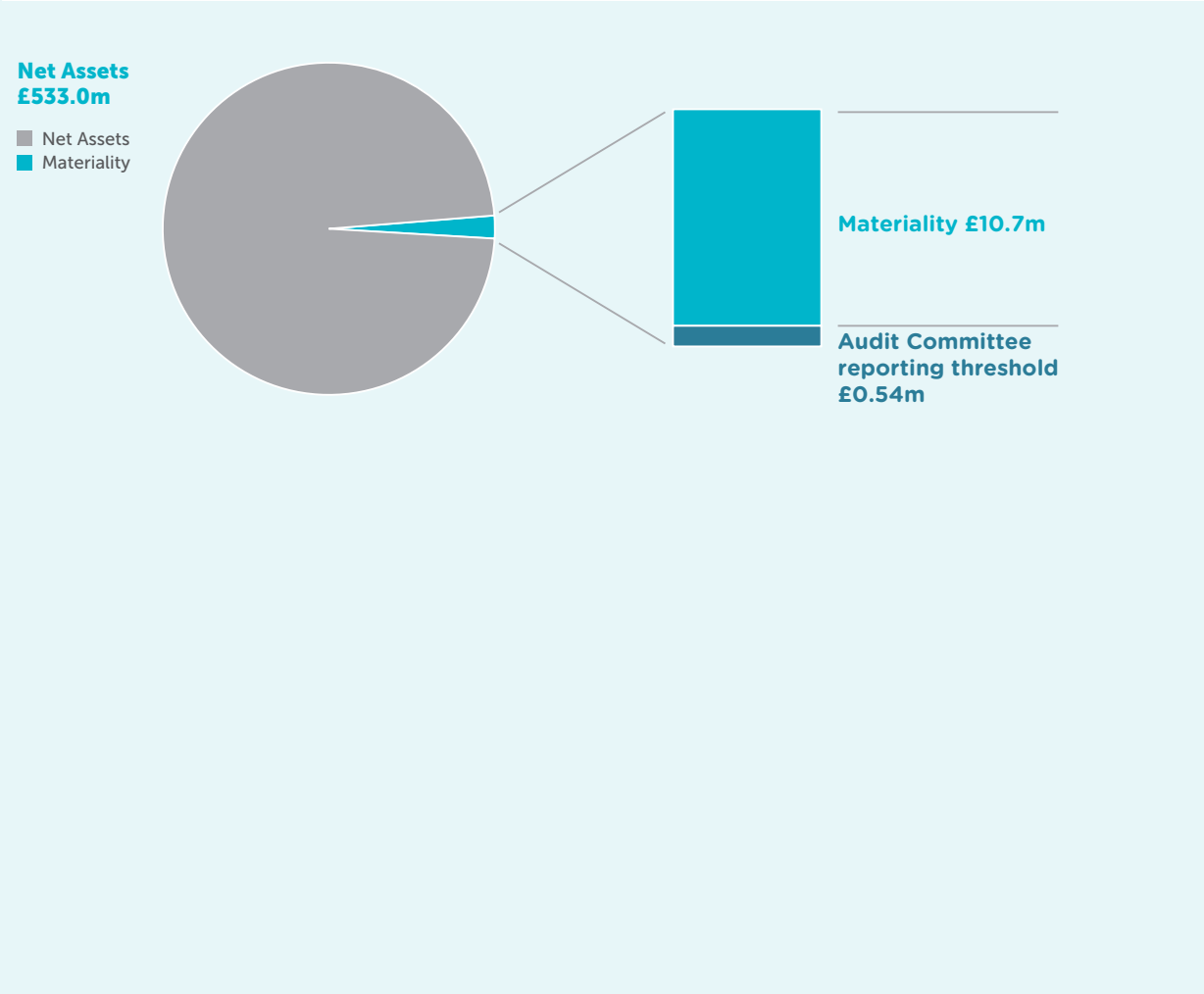
6. Our application of materiality

6.1. Materiality

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

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

Materiality	£10.7 million (2019: £10.2 million)
Basis for determining materiality	2% of net assets
Rationale for the benchmark applied	We consider Net Asset Value to be a key benchmark used by members of the Company in assessing financial performance.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the number of assumptions, estimations and judgements used in the investment valuation which is noted as a key audit matter.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £535,000 (2019: £510,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

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

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

8. Other information

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

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

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

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

INDEPENDENT AUDITOR'S REPORT continued

to the members of JLEN Environmental Assets Group Limited

Report on the audit of the financial statements continued

8. Other information continued

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

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

We have nothing to report in respect of these matters.

9. Responsibilities of Directors

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

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

10. Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations, are set out below.

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

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

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

11.1. Identifying and assessing potential risks related to irregularities

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

- the nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and involving relevant internal specialists, including tax and valuations specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: valuation of investments at fair value. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Guernsey) Law 2008, Listing Rules and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

INDEPENDENT AUDITOR'S REPORT continued

to the members of JLEN Environmental Assets Group Limited

Report on the audit of the financial statements continued

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

11.2. Audit response to risks identified

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

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

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

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

Report on other legal and regulatory requirements

12. Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

13. Other matters

13.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board on 12 December 2013 to audit the financial statements for the year ending 31 March 2015 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is six years, covering the years ending 2015 to 2020.

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

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

14. Use of our report

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

David Becker

For and on behalf of Deloitte LLP
Statutory Auditor
Guernsey, Channel Islands

10 June 2020

INCOME STATEMENT

for the year ended 31 March 2020

	Notes	2020 £'000s	2019 £'000s
Operating income and gains/(losses) on fair value of investments	9	(4,190)	59,247
Operating expenses	5	(6,493)	(5,895)
Operating (loss)/profit		(10,683)	53,352
(Loss)/profit before tax		(10,683)	53,352
Tax	6	—	—
(Loss)/profit for the year		(10,683)	53,352
(Loss)/earnings per share			
Basic and diluted (pence)	8	(2.1)	12.2

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

All results are derived from continuing operations.

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

STATEMENT OF FINANCIAL POSITION

as at 31 March 2020

	Notes	2020 £'000s	2019 £'000s
Non-current assets			
Investments at fair value through profit or loss	9	532,941	520,032
Total non-current assets		532,941	520,032
Current assets			
Trade and other receivables	10	31	21
Cash and cash equivalents		1,762	1,849
Total current assets		1,793	1,870
Total assets		534,734	521,902
Current liabilities			
Trade and other payables	11	(1,720)	(1,563)
Total current liabilities		(1,720)	(1,563)
Total liabilities		(1,720)	(1,563)
Net assets		533,014	520,339
Equity			
Share capital account	13	548,943	492,670
Retained earnings	14	(15,929)	27,669
Equity attributable to owners of the Company		533,014	520,339
Net assets per share (pence per share)		97.5	104.7

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

The financial statements were approved by the Board of Directors and authorised for issue on 10 June 2020.

They were signed on its behalf by:



Richard Morse
Chairman



Peter Neville
Director

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

	Notes	Year ended 31 Mar 2020		
		Share capital account £'000s	Retained earnings £'000s	Total £'000s
Balance at 1 April 2019		492,670	27,669	520,339
Loss for the year		—	(10,683)	(10,683)
Loss and total comprehensive income for the year		—	(10,683)	(10,638)
Issue of share capital	13	57,157	—	57,157
Expenses of issue of equity shares	13	(884)	—	(884)
Dividends paid	7	—	(32,915)	(32,915)
Balance at 31 March 2020		548,943	(15,929)	533,014
	Notes	Year ended 31 Mar 2019		
		Share capital account £'000s	Retained earnings £'000s	Total £'000s
Balance at 1 April 2018		389,262	3,125	392,387
Profit for the year		—	53,352	53,352
Profit and total comprehensive income for the year		—	53,352	53,352
Issue of share capital	13	105,000	—	105,000
Expenses of issue of equity shares	13	(1,592)	—	(1,592)
Dividends paid	7	—	(28,808)	(28,808)
Balance at 31 March 2019		492,670	27,669	520,339

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

CASH FLOW STATEMENT

for the year ended 31 March 2020

	Notes	2020 £'000s	2019 £'000s
(Loss)/profit from operations		(10,683)	53,352
Adjustments for:			
Investment interest		(28,701)	(24,063)
Dividends received		(10,600)	(7,300)
Net loss/(gain) on investments at fair value through profit or loss		43,491	(27,884)
Operating cash flows before movements in working capital		(6,493)	(5,895)
Increase in receivables		(10)	(1)
Increase/(decrease) in payables		157	(47)
Net cash outflow from operating activities		(6,346)	(5,943)
Investing activities			
Investments in subsidiaries		(56,400)	(13,680)
Loan to subsidiaries	12	—	(90,000)
Investment interest		28,701	24,063
Dividends received		10,600	7,300
Net cash used in investing activities		(17,099)	(72,317)
Financing activities			
Proceeds on issue of share capital	13	57,157	105,000
Expenses relating to issue of shares	13	(884)	(1,592)
Dividends paid	7	(32,915)	(28,808)
Net cash from financing activities		23,358	74,600
Net decrease in cash and cash equivalents		(87)	(3,660)
Cash and cash equivalents at beginning of the year		1,849	5,509
Cash and cash equivalents at end of the year		1,762	1,849

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 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 audited financial statements of the Company are for the year ended 31 March 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 key accounting policies below. The Company and its subsidiaries invest in environmental infrastructure projects that utilise natural or waste resources or support more environmentally friendly approaches to economic activity.

2. Significant accounting policies

(a) Basis of preparation

The financial statements were approved and authorised for issue by the Board of Directors on 10 June 2020. The set of financial statements included in this financial report has been prepared in compliance with the Companies (Guernsey) Law, 2008 and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and IFRS as issued by the International Accounting Standards Board ("IASB") using the historical cost basis, except that the financial instruments classified at fair value through profit or loss are stated at their fair value.

As a result of adopting the amendments to IFRS 10, IFRS 12 and IAS 28 first adopted in the Company's Annual Report to 31 March 2015, the Company is required to hold its subsidiaries that provide investment services at fair value, in accordance with IFRS 9 Financial Instruments: Recognition and Measurement, and IFRS 13 Fair Value Measurement. The Company accounts for its investment in its wholly owned direct subsidiary UK HoldCo at fair value. The Company, together with its wholly owned direct subsidiary UK HoldCo 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 31 March 2020 principally comprise working capital balances, the revolving credit facility and investments in projects, are required to be included at fair value in the carrying value of investments.

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

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

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

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

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

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

- amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU);
- amendments to IAS 1 and IAS 8 Definition of Material (applicable for annual periods beginning on or after 1 January 2020);
- amendments to IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU);
- amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (applicable for annual periods beginning on or after 1 January 2020);
- amendments to references to the Conceptual Framework in IFRS standards (applicable for annual periods beginning on or after 1 January 2020);
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU); and
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

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

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

- IFRS 16 Leases;
- IFRIC 23 Uncertainty over Income Tax Treatments;
- amendments to IAS 19 Plan Amendment, Curtailment or Settlement;
- amendments to IAS 28 Long-term Interests in Associates and Joint Ventures;
- amendments to IFRS 9 Prepayment Features with Negative Compensation; and
- annual improvements to IFRS Standards 2015-2017 Cycle.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

2. Significant accounting policies continued

(b) Going concern

The Directors, in their consideration of going concern, have reviewed comprehensive cash flow forecasts prepared by the Company's Investment Adviser, which are based on prudent market data, and believe, based on those forecasts, the assessment of the Company's subsidiary's banking facilities and the assessment of the principal risks described in this report, including those related to Covid-19, that it is appropriate to prepare the financial statements of the Company on the going concern basis. In arriving at their conclusion that the Company has adequate financial resources, the Directors were mindful that the Group had unrestricted cash of £22.0 million (including £1.8 million in the Company) as at 31 March 2020 and a revolving credit facility ("RCF") (available for investment in new or existing projects and working capital) of £130 million and an accordion facility of £60 million, of which £40 million has been committed, expiring in June 2022. On 8 May 2019, the accordion facility was exercised for up to £40 million, increasing the borrowing facility to £170 million.

As at 31 March 2020, the Company's wholly owned subsidiary UK HoldCo had borrowed £29.3 million under the facility. Since the balance sheet date, UK HoldCo borrowed an additional £3 million for a further investment in the Vulcan Renewables anaerobic digestion plant (refer to note 9 for further detail). At the date of signing this Annual Report and financial statements, the Group had an additional borrowing capacity under the RCF of £137.7 million.

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

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

Refer to the report of the Directors for further information.

(c) Revenue recognition – Operating income and gains/(losses) on fair value of investments

Operating income and gains/(losses) on fair value of investments in the income statement represents gains or losses that arise from the movement in the fair value of the Company's investment in UK HoldCo, dividend income and interest received from UK HoldCo. Dividends from UK HoldCo are recognised when the Company's right to receive payment has been established. Interest income is accrued by reference to the loan principal outstanding, applicable interest rate, and in accordance with the loan note agreement. Refer to note 9 for details.

(d) Taxation

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

(e) Cash and cash equivalents

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

(f) Financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with IFRS 9 Financial Instruments and IFRS 13 Fair Value Measurement.

1) Financial assets

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

i) Investments at fair value through profit or loss

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

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

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

ii) Financial assets at amortised cost

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

2. Significant accounting policies continued

(f) Financial instruments continued

II) Financial liabilities and equity

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

i) Equity instruments

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

ii) Financial liabilities

Financial liabilities are classified as other financial liabilities, comprising:

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

III) Effective interest method

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

IV) Fair value estimation for investments at fair value

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

Fair value is calculated by discounting at an appropriate discount rate future cash flows expected to be received by the Company's intermediate holdings, from investments in both equity (dividends and equity redemptions), shareholder and inter-company loans (interest and repayments). The discount rates used in the valuation exercise represent the Investment Adviser's and the Board's assessment of the rate of return in the market for assets with similar characteristics and risk profile. The discount rates are reviewed on a regular basis and updated, where appropriate, to reflect changes in the market and in the project risk characteristics. The discount rates that have been applied to the financial assets at 31 March 2020 were in the range 6.0% to 9.2% (31 March 2019: 6.5% to 9.2%). Refer to note 9 for details of the areas of estimation in the calculation of the fair value.

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

(g) Segmental reporting

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

(h) Statement of compliance

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

3. Critical accounting judgements, estimates and assumptions

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

Key sources of estimation uncertainty

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

Investments at fair value through profit or loss

The fair value of environmental infrastructure investments is calculated by discounting at an appropriate discount rate future cash flows expected to be received by the Company's intermediate holdings, from investments in both equity (dividends and equity redemptions), shareholder and inter-company loans (interest and repayments). Estimates such as the cash flows are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the fair value of assets not readily available from other sources. Actual results may differ from these estimates.

Discount rates used in the valuation represent the Investment Adviser's and the Board's assessment of the rate of return in the market for assets with similar characteristics and risk profile. The discount rate is deemed to be one of the most significant unobservable inputs and any change could have a material impact on the fair value of investments. Underlying assumptions and discount rates are disclosed in note 9 and sensitivity analysis is disclosed in note 16.

Critical accounting judgements**Equity and debt investment in UK HoldCo**

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

Investment entities

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

4. Seasonality

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

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

5. Operating expenses

	Year ended 31 Mar 2020 £'000s	Year ended 31 Mar 2019 £'000s
Investment advisory fees	5,500	5,006
Directors' fees and expenses	253	242
Administration fee	122	100
Other expenses	618	547
	6,493	5,895

The Company had no employees during the year (31 March 2019: nil). There was no Directors' remuneration for the year other than Directors' fees as detailed in note 15 (31 March 2019: nil).

Included within other expenses is an amount of £84,600 to Deloitte LLP for the audit of the Company for the year ended 31 March 2020 (year ended 31 March 2019: £77,000).

The Company paid £27,400 during the year for non-audit services to Deloitte LLP, all in relation to the half-year interim review (year ended 31 March 2019: £25,000 to Deloitte LLP).

6. Tax

Income tax expense

The Company has obtained exempt status from income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. 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 countries in which they operate. The underlying tax within the subsidiaries and environmental infrastructure assets, which are held as investments at fair value through profit or loss, are included in the estimate of the fair value of these investments.

7. Dividends

	Year ended 31 Mar 2020 £'000s	Year ended 31 Mar 2019 £'000s
Amounts recognised as distributions to equity holders during the year (pence per share):		
Final dividend for the year ended 31 March 2019 of 1.6275 (31 March 2018: 1.5775)	8,090	6,216
Interim dividend for the quarter ended 30 June 2019 of 1.6650 (30 June 2018: 1.6275)	8,275	6,414
Interim dividend for the quarter ended 30 September 2019 of 1.6650 (30 September 2018: 1.6275)	8,275	8,089
Interim dividend for the quarter ended 31 December 2019 of 1.6650 (31 December 2018: 1.6275)	8,275	8,089
	32,915	28,808

A dividend for the quarter ended 31 March 2020 of 1.6650 pence per share, amounting to £9.1 million, was approved by the Board on 27 May 2020 and is payable on 26 June 2020. The dividend has not been included as a liability at 31 March 2020.

8. (Loss)/earnings per share

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

	Year ended 31 Mar 2020 £'000s	Year ended 31 Mar 2019 £'000s
(Loss)/earnings		
(Loss)/earnings for the purposes of basic and diluted earnings per share, being net (loss)/profit attributable to owners of the Company	(10,683)	53,352
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	500,820,530	438,919,897
The denominator for the purposes of calculating both basic and diluted earnings per share is the same, as the Company has not issued any share options or other instruments that would cause dilution.		
	Pence	Pence
Basic and diluted (loss)/earnings per share	(2.1)	12.2

9. Investments at fair value through profit or loss

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

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

	31 Mar 2020 £'000s	31 Mar 2019 £'000s
Fair value of environmental infrastructure investments	537,094	523,558
Fair value of intermediate holding companies	(4,153)	(3,526)
Total fair value of investments	532,941	520,032

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

9. Investments at fair value through profit or loss continued

Reconciliation of movement in fair value of portfolio of assets

The table below shows the movement in the fair value of the Company's portfolio of environmental infrastructure assets. These assets are held through other intermediate holding companies. The table also presents a reconciliation of the fair value of the asset portfolio to the Company's statement of financial position as at 31 March 2020, by incorporating the fair value of these intermediate holding companies.

	Portfolio value 31 Mar 2020 £'000s	Cash, working capital and debt in intermediate holdings 31 Mar 2020 £'000s	Total 31 Mar 2020 £'000s	Portfolio value 31 Mar 2019 £'000s	Cash, working capital and debt in intermediate holdings 31 Mar 2019 £'000s	Total 31 Mar 2019 £'000s
Opening balance	523,558	(3,526)	520,032	429,494	(41,026)	388,468
Acquisitions						
Portfolio of assets acquired	60,276	—	60,276	77,666	—	77,666
Post-acquisition price adjustments	(2,407)	—	(2,407)	(163)	—	(163)
	57,869	—	57,869	77,503	—	77,503
Growth in portfolio⁽¹⁾	629	—	629	60,143	—	60,143
Yields from portfolio to intermediate holding companies	(44,962)	44,962	—	(43,582)	43,582	—
Yields from intermediate holding companies						
Interest on loan notes ⁽¹⁾	—	(28,701)	(28,701)	—	(24,063)	(24,063)
Dividend payments from UK HoldCo to the Company ⁽¹⁾	—	(10,600)	(10,600)	—	(7,300)	(7,300)
	—	(39,301)	(39,301)	—	(31,363)	(31,363)
Other movements						
Investment in working capital in UK HoldCo	—	11,189	11,189	—	(5,553)	(5,553)
Expenses borne by intermediate holding companies ⁽¹⁾	—	(4,819)	(4,819)	—	(896)	(896)
(Drawdown)/repayment of UK HoldCo revolving credit facility borrowings	—	(12,658)	(12,658)	—	31,730	31,730
Fair value of the Company's investment in UK HoldCo	537,094	(4,153)	532,941	523,558	(3,526)	520,032

(1) The net loss on investments at fair value through profit or loss for the year ended 31 March 2020 is £43,491,000 (31 March 2019: net gain of £27,884,000). This, together with interest received on loan notes of £28,701,000 (31 March 2019: £24,063,000) and dividend income of £10,600,000 (31 March 2019: £7,300,000) comprises operating income and gains/(losses) on fair value of investments in the income statement.

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

Fair value of portfolio of assets

The Investment Adviser has carried out fair market valuations of the investments as at 31 March 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.

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

Discount rates applied to the portfolio of assets range from 6.0% to 9.2% (31 March 2019: 6.5% to 9.2%). The weighted average discount rate of the portfolio at 31 March 2020 is 7.4% (31 March 2019: 7.9%).

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

	31 Mar 2020	31 Mar 2019
UK – inflation rates	2.17% for 2020, gradually increasing to 2.75% from 2025	2.8% for 2019, decreasing to 2.75% from 2021
France – inflation rates	1.5%	1.5%
UK – deposit interest rates	1.75% for 2020, gradually rising to 2.5% from 2021	1.5% for 2019, gradually rising to 2.5% from 2020
France – deposit rates	0.5%	0.5%
Euro/sterling exchange rate	1.12	1.16

The UK corporation tax rate assumed in the 31 March 2020 portfolio valuation is 19% (31 March 2019: 19%), in line with market practice. The equivalent rate for the French assets is 28%, stepping down to 25% from 2022.

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

9. Investments at fair value through profit or loss continued

Fair value of portfolio of assets continued

Details of environmental infrastructure project investments were as follows:

Project name	% holding at 31 Mar 2020		% holding at 31 Mar 2019	
	Equity	Shareholder loan	Equity	Shareholder loan
Amber	100%	100%	100%	100%
Bilsthorpe	100%	100%	100%	100%
Bio Collectors	70%	100%	—	—
Branden	100%	100%	100%	100%
Burton Wold Extension	100%	100%	100%	100%
Carscreugh	100%	100%	100%	100%
Castle Pill	100%	100%	100%	100%
CSGH	100%	100%	100%	100%
Dumfries and Galloway	—	—	80%	80%
Dungavel	100%	100%	100%	100%
Egmere Energy	100%	100%	100%	100%
ELWA	80%	80%	80%	80%
Ferndale	100%	100%	100%	100%
Grange Farm	100%	100%	100%	100%
Hall Farm	100%	100%	100%	100%
Icknield	53%	100%	53%	100%
Le Placis Vert	100%	100%	100%	100%
Llynfi	100%	100%	100%	100%
Biogas Meden	100%	100%	100%	100%
Merlin Renewables	100%	100%	100%	100%
Moel Moelogan	100%	100%	100%	100%
Monksham	100%	100%	100%	100%
New Albion Wind Farm	100%	100%	100%	100%
Panther	100%	100%	100%	100%
Plouguernevel	100%	100%	100%	100%
Pylle Southern	100%	100%	100%	100%
Tay	33%	33%	33%	33%
Vulcan	100%	100%	100%	100%
Warren	100%	100%	—	—
Wear Point	100%	100%	100%	100%
Yorkshire Hydro	100%	n/a	—	—

Details of investments made during the year

On 12 July 2019, the Group acquired two operational hydro projects and an operational battery storage system, Yorkshire Hydropower Limited, for a total consideration of £4.3 million.

On 28 August 2019, the Group acquired an anaerobic digestion asset, Warren Power Limited, for a total consideration of £14.8 million.

On 13 December 2019, the Group acquired a 70% equity stake in an anaerobic digestion ("AD") plant and a waste collection business, Bio Collectors Holdings Limited.

On 31 March 2020, the Group signed a further investment in the Vulcan Renewables anaerobic digestion plant. The investment consists of a provision of funding of c.£3.1 million to acquire two freehold plots of land.

During the year, the Group also invested £1.4 million towards its commitment to FEIP.

10. Trade and other receivables

	31 Mar 2020 £'000s	31 Mar 2019 £'000s
Prepayments	31	21
Balance at 31 March	31	21

11. Trade and other payables

	31 Mar 2020 £'000s	31 Mar 2019 £'000s
Accruals	1,720	1,563
Balance at 31 March	1,720	1,563

12. Loans and borrowings

The Company had no outstanding loans or borrowings at 31 March 2020 (31 March 2019: Nil), as shown in the Company's statement of financial position.

The Company's immediate subsidiary, UK HoldCo, as Borrower, and the Company, as Guarantor, benefit from a three-year revolving credit facility with HSBC, ING, NIBC and Santander which provides for a committed revolving credit facility of £130 million and an accordion facility of up to £60 million. On 8 May 2019, the facility was further extended by one year to June 2022 and the accordion facility was exercised for up to £40 million, increasing the borrowing facility to £170 million. The facility margin is 200 to 225 bps (depending on the loan-to-value ratio for the Fund) over LIBOR. The facility will be used to finance the acquisitions of environmental infrastructure projects and to cover working capital requirements.

As at 31 March 2020, UK HoldCo had an outstanding balance of £29.3 million under the facility (31 March 2019: £16.7 million). The loan bears interest of LIBOR + 200 to 225 bps and is intended to be repaid by proceeds from future capital raises.

As at 31 March 2020, the Company held loan notes of £318.9 million which were issued by UK HoldCo (31 March 2019: outstanding amount of £318.9 million).

There were no other outstanding loans and borrowings in either the Company, UK HoldCo or HWT at 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

13. Share capital account

	Number of shares	31 Mar 2020 £'000s	31 Mar 2019 £'000s
Opening balance at 1 April 2019	497,018,205	492,670	389,262
Shares issued in the year	49,701,820	57,157	105,000
Expenses of issue of equity shares	—	(884)	(1,592)
Balance at 31 March 2020	546,720,025	548,943	492,670

On 27 February 2020, the Company raised gross proceeds of £57.2 million by way of issuing a total of 49,701,820 new ordinary shares at 115 pence per new ordinary share.

Following this issue, at 31 March 2020, the Company's share capital is comprised of 546,720,025 fully paid-up ordinary shares of no par value.

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

14. Retained earnings

	31 Mar 2020 £'000s	31 Mar 2019 £'000s
Opening balance	27,669	3,125
(Loss)/profit for the year	(10,683)	53,352
Dividends paid	(32,915)	(28,808)
Balance at 31 March	(15,929)	27,669

15. Transactions with Investment Adviser and other related parties

Transactions between the Company and its subsidiaries, which are related parties of the Company, are fair valued and are disclosed within note 9. Details of transactions between the Company and other related parties are disclosed below. This note also details the terms of the Company's engagement with JLCM (for the period from 1 April to 30 June 2019) and Foresight Group (from 1 July 2019 to 31 March 2020) as respective Investment Adviser following the change announced on 5 June and effective 1 July 2019.

Transactions with the Investment Adviser

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

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 income statement for the year ended 31 March 2020 was £5,499,712 (31 March 2019: £5,006,000), of which £1,367,079 remained payable as at 31 March 2020 (31 March 2019: £1,341,000).

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

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

(2) Fund means the Company and 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

During the year, the Directors of the Company, who are considered to be key management, received fees of £244,698 (31 March 2019: £239,000) for their services. The Directors of the Company were also paid £7,844 of expenses (31 March 2019: £1,991).

The Directors held the following shares:

	Ordinary shares of no par value each held at 31 Mar 2020	Ordinary shares of no par value each held at 31 Mar 2019
Richard Morse	103,535	103,535
Christopher Legge	—	29,896
Denise Mileham	32,340	32,340
Peter Neville	29,896	29,896
Richard Ramsay	53,813	53,813
Hans Joern Rieks	—	—

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

The Directors were paid dividends in the year of £16,522 (31 March 2019: £14,924).

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

16. Financial instruments

Financial instruments by category

The Company held the following financial instruments at fair value at 31 March 2020. There have been no transfers of financial instruments between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

31 Mar 2020					
Level	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
Level	1	1	3	1	
Non-current assets					
Investments at fair value through profit or loss (Level 3)	—	—	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

31 Mar 2019					
Level	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
Level	1	1	3	1	
Non-current assets					
Investments at fair value through profit or loss (Level 3)	—	—	520,032	—	520,032
Current assets					
Trade and other receivables	—	21	—	—	21
Cash and cash equivalents	1,849	—	—	—	1,849
Total financial assets	1,849	21	520,032	—	521,902
Current liabilities					
Trade and other payables	—	—	—	(1,563)	(1,563)
Total financial liabilities	—	—	—	(1,563)	(1,563)
Net financial instruments	1,849	21	520,032	(1,563)	520,339

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

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

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

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

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

An analysis of the movement between opening and closing balances of the investments at fair value through profit or loss is given in note 9.

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

Sensitivity analysis of the portfolio

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

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

31 March 2020

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

31 March 2019

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

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

31 March 2020

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

31 March 2019

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

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.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

16. Financial instruments continued

Sensitivity analysis of the portfolio continued

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

31 March 2020

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

31 March 2019

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

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

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

31 March 2020

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

31 March 2019

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

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

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

31 March 2020

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

Comparative sensitivity results are not applicable for 31 March 2019 as the Company did not present such sensitivity at the time.

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

31 March 2020

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

31 March 2019

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

Euro/sterling exchange rate sensitivity

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

Capital risk management

Capital management

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

Gearing ratio

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

As at 31 March 2020, the Company had no outstanding debt. However, as set out in note 12, the Company's subsidiary UK HoldCo has a £170 million revolving credit facility, which was drawn by £29.3 million at 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

16. Financial instruments continued

Financial risk management

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

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

Financial risk management – Company only

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

Capital risk

The Company has implemented an efficient financing structure that enables it to manage its capital effectively. The Company's capital structure comprises equity only (refer to the statement of changes in equity). As at 31 March 2020 the Company had no recourse debt, although as set out in note 12, the Company is a guarantor for the revolving credit facility of UK HoldCo.

Liquidity risk

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

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

The Company was in a net cash position and had no outstanding debt at the balance sheet date. At the balance sheet date, the Group had debt of £29.3 million, being the amount drawn on the revolving credit facility.

Market risk – foreign currency exchange rate risk

As the proportion of the portfolio assets with cash flows denominated in euros represented less than 1% of the portfolio value at 31 March 2020, the Directors consider the sensitivity to changes in the euro/sterling exchange rate to be insignificant.

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

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

Financial risk management – Company and non-consolidated subsidiaries

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

Market risk – interest rate risk

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

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

Market risk – inflation risk

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

Market risk – power price risk

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

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

Volume risk – electricity generation risk

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

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

16. Financial instruments continued

Financial risk management – Company and non-consolidated subsidiaries continued

Credit risk

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

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

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

Liquidity risk

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

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

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

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

17. Guarantees and other commitments

As at 31 March 2020, the Company has provided a guarantee under the Company's wholly owned subsidiary UK HoldCo's £170 million revolving credit facility ("RCF"). Following a further one-year extension signed in May 2019, the RCF is now due to expire in June 2022.

On 28 January 2020, the Group committed €25 million to Foresight Energy Infrastructure Partners SCSp ("FEIP"), a Luxembourg limited partnership investment vehicle, of which £1.4 million has been invested at the balance sheet date.

The Company had no other commitments or guarantees.

18. Subsidiaries

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

Name	Category	Place of business	Registered office	Ownership interest	Voting rights
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 (dormant)	UK	C	100%	100%
Cross Solar PV Limited	Operating subsidiary (dormant)	UK	C	100%	100%
Domestic Solar Limited	Operating subsidiary (dormant)	UK	C	100%	100%
Ecossol Limited	Operating subsidiary (dormant)	UK	C	100%	100%
Hill Solar PV Limited	Operating subsidiary (dormant)	UK	C	100%	100%
Share Solar PV Limited	Operating subsidiary (dormant)	UK	C	100%	100%
Tor Solar PV Limited	Operating subsidiary (dormant)	UK	C	100%	100%
Residential PV Trading Limited	Operating subsidiary (dormant)	UK	C	100%	100%
South-Western Farms Solar Limited	Operating subsidiary (dormant)	UK	C	100%	100%
Angel Solar Limited	Operating subsidiary (dormant)	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	F	100%	100%
Ferndale Wind Limited	Project holding company	UK	F	100%	100%
Castle Pill Wind Limited	Project holding company	UK	F	100%	100%
Wind Assets LLP	Operating subsidiary	UK	F	100%	100%
Shanks Dumfries and Galloway Holdings Limited	Active proposal to strike off	UK	G	80%	80%
Shanks Dumfries and Galloway Limited	In liquidation	UK	G	80%	80%
Hall Farm Wind Farm Limited	Operating subsidiary	UK	F	100%	100%
Branden Solar Parks (Holdings) Limited	Project holding company	UK	F	100%	100%
Branden Solar Parks Limited	Operating subsidiary	UK	F	100%	100%
KS SPV 3 Limited	Operating subsidiary	UK	F	100%	100%
KS SPV 4 Limited	Operating subsidiary	UK	F	100%	100%
Carscreugh Renewable Energy Park Limited	Operating subsidiary	UK	F	100%	100%
Wear Point Wind Limited	Operating subsidiary	UK	F	100%	100%
Monksham Power Ltd	Project holding company	UK	D	100%	100%
Frome Solar Limited	Operating subsidiary	UK	D	100%	100%
BL Wind Limited	Operating subsidiary	UK	F	100%	100%
Burton Wold Extension Limited	Operating subsidiary	UK	F	100%	100%
New Albion Wind Farm (Holdings) Limited	Project holding company	UK	F	100%	100%

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

18. Subsidiaries continued

Name	Category	Place of business	Registered office	Ownership interest	Voting rights
New Albion Wind Limited	Operating subsidiary	UK	F	100%	100%
Dreachmhor Wind Farm Limited	Operating subsidiary	UK	F	100%	100%
France Wind GP Germany GmbH	Project holding company	DE	K	100%	100%
France Wind Germany GmbH & Co. KG	Project holding company	DE	K	100%	100%
Parc Eolien Le Placis Vert SAS	Operating subsidiary	FR	I	100%	100%
Energie Eolienne de Plouguernevel SAS	Operating subsidiary	FR	J	100%	100%
CSGH Solar Limited	Project holding company	UK	A	100%	100%
CSGH Solar(1) Limited	Project holding company	UK	A	100%	100%
Catchment Tay Holdings Limited	Project holding company	UK	H	33.3%	33.3%
Catchment Tay Limited	Operating subsidiary	UK	H	33.3%	33.3%
sPower Holdco 1 (UK) Limited	Project holding company	UK	D	100%	100%
sPower Finco 1 (UK) Limited	Project holding company	UK	D	100%	100%
Higher Tregarne Solar (UK) Limited	Operating subsidiary	UK	D	100%	100%
Crug Mawr Solar Farm Limited	Operating subsidiary	UK	D	100%	100%
Golden Hill Solar (UK) Limited	Project holding company	UK	D	100%	100%
Golden Hill Solar Limited	Operating subsidiary	UK	D	100%	100%
Shoals Hook Solar (UK) Limited	Operating subsidiary	UK	D	100%	100%
CGT Investment Limited	Project holding company	UK	L	100%	100%
CWMNI GWYNT TEG CYF	Operating subsidiary	UK	L	100%	100%
Moelogan 2 (Holdings) Cyfyngedig	Project holding company	UK	L	100%	100%
Moelogan 2 C.C.C.	Operating subsidiary	UK	L	100%	100%
Vulcan Renewables Limited	Operating subsidiary	UK	M	100%	100%
Llynfi Afan Renewable Energy Park (Holdings) Limited	Project holding company	UK	A	100%	100%
Llynfi Afan Renewable Energy Park Limited	Operating subsidiary	UK	A	100%	100%
Green Gas Oxon Limited	Project holding company	UK	N	52.6%	52.6%
Icknield Gas Limited	Operating subsidiary	UK	N	52.6%	52.6%
Slapton Power Company Limited	Operating subsidiary (dissolved)	UK	N	52.6%	52.6%
Egmere Energy Limited	Operating subsidiary	UK	M	100%	100%
Grange Farm Energy Limited	Operating subsidiary	UK	M	100%	100%
Merlin Renewables Limited	Operating subsidiary	UK	M	100%	100%
Biogas Meden Limited	Operating subsidiary	UK	M	100%	100%
Yorkshire Hydropower Holdings Limited	Project holding company	UK	F	100%	100%
Yorkshire Hydropower Limited	Operating subsidiary	UK	F	100%	100%
Warren Power Limited	Project holding company	UK	M	100%	100%
Warren Energy Limited	Operating subsidiary	UK	M	100%	100%
Bio Collectors Holdings Limited	Project holding company	UK	O	70%	70%
Bio Collectors Limited	Operating subsidiary	UK	O	70%	70%
Riverside Bio Limited	Operating subsidiary	UK	O	70%	70%
Riverside AD Limited	Operating subsidiary	UK	O	70%	70%

(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.

Registered offices

- A. The Shard, 32 London Bridge Street, London SE1 9SG
- B. 50 Lothian Road, Festival Square, Edinburgh, Midlothian EH3 9WJ
- C. 1 Filament Walk, Suite 203, Wandsworth, London, SW18
- D. Long Barn, Manor Farm, Stratton-on-the-Fosse, Radstock BA3 4QF
- E. Dunedin House, Auckland Park, Mount Farm, Milton Keynes MK1 1BU
- F. C/O Res White Limited, Beaufort Court, Egg Farm Lane, Kings Langley, Hertfordshire WD4 8LR
- G. 16 Charlotte Square, Edinburgh EH2 4DF
- H. Infrastructure Managers Limited, 2nd Floor, 11 Thistle Street, Edinburgh EH2 1DF
- I. Parc Eolien le Placis Vert, Rue du Pre Long 35770 Vern Sur Seiche, France
- J. 3 Rue Benjamin Delessert, 56104 Lorient Cedex 04, France
- K. Steinweg 3-5, Frankfurt am Main, 60313, Germany
- L. Cae Sgubor Ffordd Pennant, Eglwysbach, Colwyn Bay, Conwy LL28 5UN
- M. 10-12 Frederick Sanger Road, Guildford, Surrey GU2 7YD
- N. Friars Ford, Manor Road, Goring, Reading RG8 9EL
- O. 10 Osier Way, Mitcham, Surrey CR4 4NF

19. Events after balance sheet date

After the balance sheet date, the Group acquired a 70% stake in Peacehill Farm AD plant for an aggregate amount of c.£10.7 million. The plant is located in Wormit, Fife, Scotland and has a thermal capacity of c.5MW and predominantly produces biomethane which is exported to the national gas grid.

A dividend for the quarter ended 31 March 2020 of 1.6550 pence per share, amounting to £9.1 million, was approved by the Board on 27 May 2020 for payment on 26 June 2020.

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	£606.9 million at 31 March 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 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)
Denise Mileham
Peter Neville
Richard Ramsay
Hans Joern Rieks

Administrator to the Company, Company Secretary and registered office

Praxis Fund Services Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 1GR
Channel Islands

Registrar

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

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

UK transfer agent

Link Asset Services (formerly Capita 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

Public company directorships

Richard Morse

JLEN Environmental Assets
Group Limited

Denise Mileham

JLEN Environmental Assets
Group Limited

Peter Neville

JLEN Environmental Assets
Group Limited

Richard Ramsay

JLEN Environmental Assets
Group Limited

Seneca Global Income & Growth plc,
London – Main Market

Hans Joern Rieks

JLEN Environmental Assets
Group Limited

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

CfD

Contracts for Difference

the Company or JLEN or the Fund

JLEN Environmental Assets Group Limited

EU

European Union

FIT

the Feed-in Tariff

gross project value

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

Group

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, HWT Limited and JLEAG Solar 1 Limited

Investment Adviser or Foresight

Foresight Group LLP

IPO

Initial Public Offering

IRR

internal rate of return

John Laing

John Laing Group plc and its subsidiary companies

MWe

megawatt electric

MWh

megawatt hour

MWth

megawatt thermal

NAV

Net Asset Value

OECD

Organisation for Economic Co-operation and Development

portfolio

the 30 assets in which JLEN had a shareholding as at 31 March 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

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

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

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

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

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

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

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

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



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JLEN Environmental Assets Group Limited

Annual Report 2020