JLEN

John Laing Environmental Assets Group Limited

Half-year Report

for the six months ended 30 September 2017

About us

John Laing Environmental Assets Group Limited ("JLEN" or the "Company") is an environmental infrastructure investment fund which aims to provide shareholders with a sustainable dividend, paid quarterly, that increases progressively in line with inflation, and to preserve the capital value of its portfolio on a real basis over the long term through the reinvestment of cash flows not required for the payment of dividends.

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

At 30 September 2017, the portfolio includes onshore wind, PV solar, anaerobic digestion, and waste and wastewater processing projects in the UK and two onshore wind projects in France. The renewable energy projects are supported by the UK's and France's commitment to support low-carbon targets and the waste and wastewater processing projects benefit from long-term contracts backed by the UK government.


Wind


Solar


Environmental Processing

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At a glance

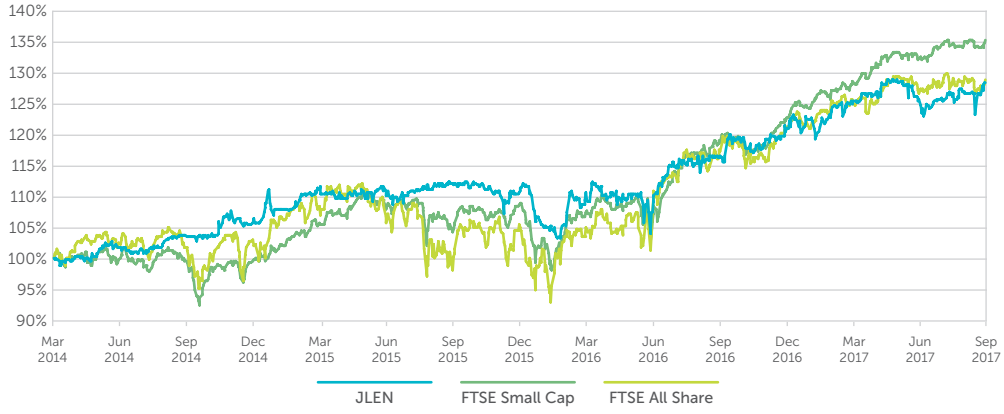
at 30 September 2017

£412.5m Market capitalisation	109.0p Share price	378.5m Ordinary shares in issue
£374.7m Net Asset Value	99.0p Net Asset Value per share	£375.9m Portfolio value
£14.4m Group cash	22 Number of investments	3.16p Half-year dividend per share

Highlights

- Dividend of 3.16p per share declared for the six months to 30 September 2017 (six months to 30 September 2016: 3.07p)
- NAV per share 99.0p, down from 100.1p per share at 31 March 2017, primarily due to a decrease in forecast electricity prices during the period
- Profit before tax for the period of £6.3m (six month period ended 30 September 2016: £11.3m)
- Total shareholder return over six months to 30 September 2017 of 2.9% (period since IPO: 31.0%)
- Performance of portfolio satisfactory against backdrop of below average irradiation conditions
- Successfully raised £40m via a placing in July 2017
- Three acquisitions completed during the period totalling £53.4m giving a total of 22 investments
- Strong pipeline of assets for further growth both under First Offer Agreement with John Laing and from third parties
- New three-year revolving credit facility of £130m expiring June 2020

Total shareholder return since launch



Source: Morningstar

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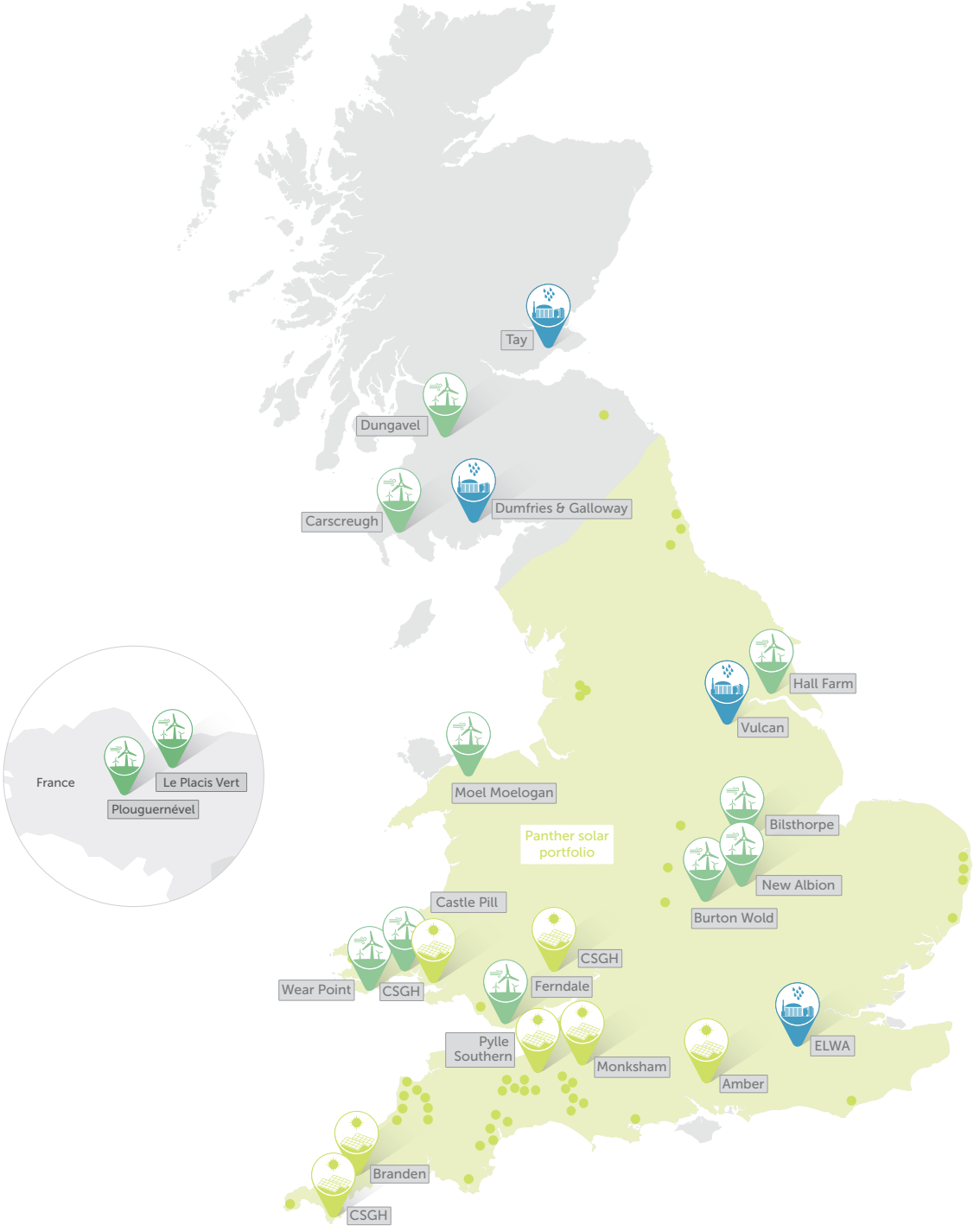
Portfolio at a glance

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



Wind

Bilsthorpe 100%

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

Burton Wold Extension 100%

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

Carscreugh 100%

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

Castle Pill 100%

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

Dungavel 100%

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

Ferndale 100%

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

Hall Farm 100%

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

Le Placis Vert 100%

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

Moel Moelogan 100%

14.3MW wind farm located near Llanrwst, Conwy, North Wales, which has been operational since 2008 and nine Siemens SWT-62-1.3MW and two Bonus-1.3MW turbines operational since 2003. The project is accredited for 1.0 ROC on the Siemens turbines and under the NFFO scheme for the Bonus turbines.

New Albion 100%

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

Plouguernével 100%

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

Wear Point 100%

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

Solar

Domestic rooftop solar

Commercial small scale solar

Amber 100%

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

Branden 100%

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

CSGH 100%

Comprises four separate sites: Higher Tregarne, located in Cornwall, commissioned in March 2014, is 5MW and accredited for 1.6 ROCs. Crug Mawr, Golden Hill and Shoals Hook are located in South Wales, commissioned in March 2015, with total capacity of 28.5MW and accredited for 1.4 ROCs.

Monksham 87%[1]

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

Pylle Southern 100%

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

Panther – small scale solar portfolio 100%

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

(1) Economic interest in the period. JLEN successfully acquired the remaining A shares in Monksham post 30 September 2017, increasing JLEN's total ownership to 100%.

Environmental Processing

Dumfries & Galloway ("D&G") 80%

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

ELWA 80%

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

Tay 33%

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

Vulcan Renewables – anaerobic digestion 100%

Located near Doncaster, the biogas-to-grid anaerobic digestion plant has a capacity of 5MWth and 0.5MWe and is accredited under both the Renewable Heat Incentive ("RHI") and Feed-in Tariff ("FiT").

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Fund objectives

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

Strategic objective

Predictable income growth for shareholders

Provide investors with a dividend of 6.31p per share for the year to 31 March 2018, thereafter increasing progressively in line with inflation.

Preservation of capital over the longer term

To preserve the capital value of the portfolio over the long term on a real basis through active management of the portfolio and the reinvestment of cash flows not required for the payment of dividends.

Investment, growth and diversification

To invest in operational environmental infrastructure projects in OECD countries with established technologies and operational track records and that have the benefit of long-term, predictable, wholly or partially inflation-linked cash flows supported by long-term contracts or stable regulatory frameworks.

KPI

- 3.155p dividend for the half-year
- Uplifted by 2.77% for inflation from 1 April 2017

- NAV per share 99.0p, down from 100.1p at 31 March 2017 largely due to a reduction in forecast electricity prices
- Portfolio value £375.9m up from £327.6m at 31 March 2017

- Predominantly UK portfolio balanced by sector (49% wind, 31% solar, 20% environmental processing)
- 22 project investments
- Largest individual asset 11.3% (limit 25%)
- Revenue mix 32% merchant power, 59% green benefits, 9% PFI

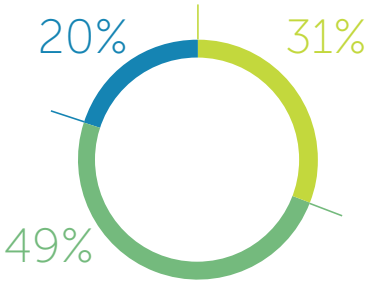
Generation of total return to shareholders over the longer term. Target an IRR of 7.5% to 8.5% (net of fees and expenses) on the issue price of the shares over the longer term.[1]

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

Investment portfolio and valuation

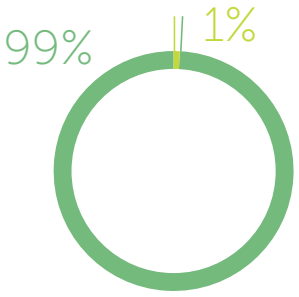
The JLEN portfolio comprises a diversified range of assets across different geographies, sectors, technologies and revenue types, as illustrated in the analysis below as at 30 September 2017 (by portfolio value and distributions from projects):

Portfolio value split by sector



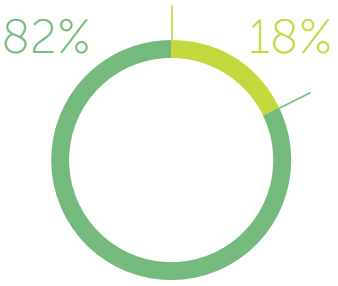
- Solar
- Wind
- Environmental Processing

Portfolio value split by geography



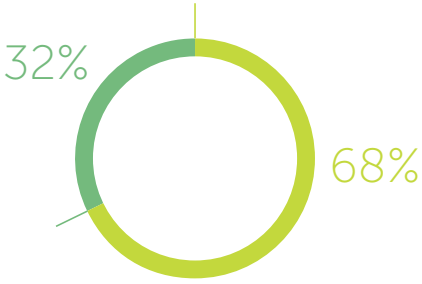
- France
- UK

Portfolio value split by remaining asset life (years)



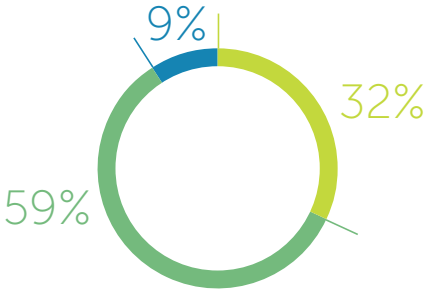
- 11 to 20 years
- 21 to 30 years

Portfolio distributions split by inflation linkage[1]



- Inflation linked
- Non-inflation linked

Portfolio distributions split by revenue type[1]



- Merchant power
- Green benefits
- PFI

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

Chairman's statement

The Company has successfully grown its portfolio, made progress in its operations, and remains on target to pay dividends of 6.31p for the year.

Richard Morse
Chairman

On behalf of the Board, I am pleased to present the half-year report of John Laing Environmental Assets Group Limited for the six months ended 30 September 2017.

Results

During the period under review, the Company has successfully grown its portfolio and has made progress in its operations and asset management. Weakness in future electricity price forecasts has affected reported profits and net asset value, but cash generation and dividend cover remain satisfactory and the Company remains on target to pay dividends of 6.31p per share relating to the year ending 31 March 2018.

The Company's profit before tax for the six month period to 30 September 2017 was £6.3 million (six months to 30 September 2016: £11.3 million) and earnings per share for the period was 1.8 pence (six months to 30 September 2016: 4.5 pence). The lower level of earnings per share of the Company in the current period is the result of unrealised valuation movements in the profit and loss due to lower forecast electricity prices. However, taking account of the cash generation of the portfolio, the Board continues to believe that the portfolio is well positioned to deliver the target returns to shareholders.

The Net Asset Value ("NAV") per share at 30 September 2017 was 99.0 pence, down from 100.1 pence at 31 March 2017.

Cash received from the portfolio by way of distributions, which includes interest, loan repayments and dividends, was £15.4 million (six months to 30 September 2016: £12.4 million). Net cash inflows from the investment portfolio (after operating and finance costs) of £12.1 million (six months to 30 September 2016: £9.0 million) cover the interim dividends paid in the half-year period of £11.2 million by approximately 1.1 times (six months to 30 September 2016: £7.5 million; 1.2 times).

Dividend policy

For the year to 31 March 2017, the Company achieved its target dividend of 6.14 pence per share by the payment of four interim dividends.

In line with the total inflation adjusted target for the year ending 31 March 2018 of 6.31 pence per share set out in our 2017 Annual Report, a quarterly dividend of 1.5775 pence per share was paid in September 2017 for the quarter to 30 June 2017. I am pleased to announce that the Board has declared an interim dividend of 1.5775 pence per share for the quarter to 30 September 2017, payable on 22 December 2017 to shareholders on the register as at 1 December 2017. The ex-dividend date will be 30 November 2017. Based on the current performance of the portfolio, the Board is targeting interim dividends for the six months ending 31 March 2018 totalling 3.155 pence per share.

Portfolio performance

During the period, generation from the wind assets was ahead of budget with a number of the larger wind farms in the portfolio performing well. The solar assets suffered from a poor UK summertime. The main asset-specific issue continued to be on the Branden project, where the plant experienced a number of technical issues. I am however pleased to report that good progress has been made with remedial works and availability has now returned to normal levels.

At our environmental processing assets; ELWA, D&G, Tay and Vulcan operational performance has been in line with expectations and volumes have been at or above budgeted levels.

The results from the renewable energy assets within the portfolio are dependent in part on the weather, which can be predicted with some degree of confidence over the long term but may vary over the short term. The Company's exposure to both solar and wind assets provides a degree of protection against variability and seasonality in resource as solar tends to be more productive at times when wind is less productive and vice versa. Production from our anaerobic digestion plant now adds consistent 'green' base load gas to our generation mix.

The results from our renewable energy assets are also dependent in part on the level of electricity prices, which have trended noticeably lower since the IPO in March 2014. The impact on the Company of any prolonged period of low prices continues to be mitigated by the fact that the Company has a relatively low exposure to commodity prices in its ROC, RHI and FiT operating projects compared to other portfolios held by peer funds and that short-term fixed prices have been put in place for a significant proportion of the assets to lock in pricing for near term future cash flows. The waste and wastewater processing assets are not affected by the level of electricity prices.

The resilience of the Company's NAV during the period despite the reduction in the forecast of future electricity prices continues to demonstrate the benefits of the Company's portfolio diversification across a range of environmental infrastructure projects and its operational resilience.

Acquisitions

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

Moel Moelogan

As mentioned in the March 2017 report, JLEN acquired the Moel Moelogan 1 and 2 wind farms in North Wales in April 2017 and May 2017. These have a combined capacity of 14.3MW.

CSGH solar portfolio

In June 2017, JLEN acquired a portfolio of four ground mounted solar parks with a total generating capacity of 33.5MW. Higher Tregarne, located in Cornwall, has been operational since March 2014, has a generation capacity of 5MW and is accredited for 1.6 ROCs. The other three solar parks, Crug Mawr, Golden Hill and Shoals Hook, all located in South Wales, have been operational since March 2015, and have a total generation capacity of 28.5MW and are accredited for 1.4 ROCs.

Vulcan Renewables

In August 2017, JLEN diversified the technology exposure already within the Fund by making its first investment into the anaerobic digestion sector through Vulcan Renewables. The farm based anaerobic digestion plant is managed by experienced operator Future Biogas Ltd and is located in Hatfield Woodhouse near Doncaster. It was commissioned in October 2013 and was one of the first commercial biogas-to-grid projects in the UK. It has a capacity of 5MWth and predominantly produces grid injectable biomethane from its biogas. The plant also has a 0.5MWe CHP engine which supplies the site's electricity and heat needs. The project is accredited both under the Renewable Heat Incentive ("RHI") and the Feed-in Tariff ("FiT").

Following the period under review the Investment Adviser has continued to explore pipeline opportunities and one additional transaction was completed.

For the Monksham solar project, JLEN increased its economic interest to 100% by completing the purchase of the 'A' shares from the founding EIS shareholders.

Capital raising

In June 2017, the Fund signed a new three-year facilities agreement with HSBC, NIBC, ING and Santander which provides for a committed revolving credit facility of £130 million (of which £15.8 million has been drawn at 30 September 2017), and for an uncommitted "accordion" facility of up to £60 million. The facility incorporates an uncommitted option to extend for a further year.

This has replaced the previous facility and 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 July 2017, JLEN successfully raised £40 million via a book building process following the announcement of the annual results, with an issue price of 103 pence per share, an estimated 3% premium to NAV. The proceeds of the share issue were used to repay the outstanding balance on the RCF, which was then used to finance the acquisitions of Moel Moelogan and CSGH solar in April and May respectively.

Valuation

The Net Asset Value at 30 September 2017 is £374.7 million, comprising £375.9 million portfolio valuation, £14.4 million of cash held by the Group, together with outstanding revolving credit debt of £15.8 million and a positive working capital balance of £0.2 million.

The Investment Adviser has prepared a fair market valuation of the portfolio as at 30 September 2017. This valuation is based on a discounted cash flow analysis of the future expected equity and loan note cash flows accruing to the Group from each portfolio investment. This valuation uses key assumptions which are recommended by the Investment Adviser using its experience and judgement, having taken into account available comparable market transactions and financial market data in order to arrive at a fair market value. The Directors have satisfied themselves as to the methodology used and the assumptions adopted and have approved the valuation of £375.9 million for the portfolio of 22 investments as at 30 September 2017.

The most significant factor impacting NAV per share this period has been the reduction in the long-term forecasts, informed by our market consultant, for electricity prices which the portfolio's energy generating assets receive.

At the D&G waste project, discussions with the Operator, Renewi UK Services (formerly Shanks Waste Management), and the Council have been ongoing for some time regarding possible changes to the scope of services under the project documents resulting from the impact of Zero Waste Scotland legislation announced in 2012. Although the day-to-day operations are not affected, there is significant uncertainty over the outcome of those discussions, and the Company has increased the discount rate used to value the project to reflect that uncertainty. As at 30 September 2017, the project represented c.1% of the portfolio value.

Chairman's statement continued

Outlook

The Board continues to work closely with the Investment Adviser in assessing the risks and opportunities in the environmental infrastructure market. The Board considers that the principal risks and uncertainties for JLEN have not materially altered from those set out in the Prospectus issued in December 2016. The full Prospectus is available on JLEN's website, and a summary of the principal risks and uncertainties is included on pages 44 to 48 of the strategic report in the Annual Report for the year ended 31 March 2017.

A key strength of the Company is its strategy of diversification across a range of technologies, geographies and revenue sources within the environmental infrastructure space. As a result, the Company continues to see an attractive pipeline of opportunities from John Laing under the First Offer Agreement and in the wider environmental infrastructure market, even as markets such as onshore wind and solar have continued to mature. The Board believes that this breadth will continue to enable the Company to offer attractive, long-term returns for shareholders without concentrating exposure to any particular sector risk.

The strong demand for the Company's most recent equity placing, combined with the success of expanding the Company's borrowing facilities at lower cost have put the Company in a good position to capitalise on the opportunities that it currently sees.

The Board, through its Investment Adviser John Laing Capital Management Limited ("JLCM"), also continues to focus on asset management of the existing portfolio, and is pleased to note further progress in this area. This includes software and hardware upgrades to wind turbines, competitive tendering of service providers and the improvement in outlook for the Branden solar project.

As the portfolio grows, the investment advisory team has been reinforced to support that growth and we are delighted to have announced the recent appointment of Chris Holmes as joint lead adviser of the JLCM team advising the Fund. He is due to start in January 2018.

Richard Morse
Chairman

21 November 2017

Investment Adviser's report

JLEN's Net Asset Value as at 30 September 2017 increased to £374.7 million from £340.0 million at 31 March 2017, driven by share issues in the period to fund acquisitions. On a per share basis it decreased to 99.0 pence from 100.1 pence.

About the Investment Adviser

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

The portfolio

At 30 September 2017, the Group's investment portfolio comprised of interests in 22 project vehicles, 20 located in the UK and two in France:

Asset	Location	Type	Ownership	Capacity (MWs)	Commercial operations date
Amber	UK (Eng)	Solar	100%	9.8	Jul 2012
Branden	UK (Eng)	Solar	100%	14.7	Jun 2013
CSGH	UK (Eng)	Solar	100%	33.5	Mar 2014 & 15
Monksham	UK (Eng)	Solar	87%[1]	10.7	Mar 2014
Pylle Southern	UK (Eng)	Solar	100%	5.0	Dec 2015
Panther	UK (Eng)	Solar	100%	6.5	2011 – 2014
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
Moel Moelogan	UK (Wal)	Wind	100%	14.3	2003 & 08
New Albion	UK (Eng)	Wind	100%	14.4	Jan 2016
Plouguernével	France	Wind	100%	4.0	May 2016
Wear Point	UK (Wal)	Wind	100%	8.2	Jun 2014
Dumfries & Galloway	UK (Scot)	Waste mgnt.	80%	n/a	2007
ELWA	UK (Eng)	Waste mgnt.	80%	n/a	2006
Tay	UK (Scot)	Wastewater	33%	n/a	Nov 2001
Vulcan	UK (Eng)	Anaerobic digestion	100%	5.0[2]	Oct 2013

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

(2) MWth (thermal) also includes 0.5 MW CHP engine for onsite power provision.

Investment performance

The increase in total NAV has been driven by the equity funds raised while also reflecting the generation of cash from the portfolio, updates for recent operational performance and changes in forecast electricity prices. The Directors have considered the current status of the electricity and gas markets as well as discount rates seen in the secondary markets for environmental infrastructure assets in arriving at the forecasts used in the valuation.

The NAV per share at 30 September 2017 was 99.0 pence, down from 100.1 pence at 31 March 2017.

JLEN has announced an interim dividend of 1.5775 pence per share for the quarter ended 30 September 2017, payable on 22 December 2017, in line with the full-year target of 6.31 pence per share for the year ending 31 March 2018 as set out in the 2017 Annual Report.

Portfolio performance

In general, during the period under review, the performance of the portfolio as a whole has been satisfactory and has been in line with expectations. Total electricity generation for the period was 187.8GWh. There were no major incidents in the period.

Generation from the wind assets of 145.0GWh was ahead of budget by 4%. Availability was robust across the board with many of the larger projects operating well and posting strong production figures. A programme of upgrades and enhancements is underway to drive improvements in availability and power performance of the wind assets.

The solar assets have generally operated satisfactorily during the period despite lower than average irradiation during July and August holding back generation. The solar portfolio has generated 42.8GWh which was 12% below budget, however this included Branden which has only recently returned to full availability. Excluding performance from Branden and making an adjustment to account for recoverable claims, the portfolio was only 6% below budget, mainly due to lower than average solar irradiation.

A programme of works is ongoing on the Branden Solar Farms which had experienced a serial defect in DC cable connectors and a number of unrelated issues attributable to manufacturing and installation defects. Accordingly, the cost of the rectification works will be deducted from retention monies under the EPC contracts, and equipment warranties. Insurance claims are also underway where applicable in respect of some elements of lost production. As at the date of this report, the Branden sites have been restored to expected availability levels and we continue to monitor performance closely as the rectification programme continues.

The ELWA, D&G and Tay environmental processing plants have performed in line with expectations during the period, with no significant operational issues. Volumes of waste and wastewater respectively have been in line with budget although the environmental processing projects are relatively insensitive to volume changes due to the presence of banded payment arrangements that see little movement in profit for a marginal unit of waste.

At the D&G waste project discussions with the Operator, Renewi UK Services (formerly Shanks Waste Management), and the Council have been ongoing for some time regarding possible changes to the scope of services under the project documents resulting from the impact of Zero Waste Scotland legislation announced in 2012, which represents a change in law for contractual purposes. The changes are not affecting the day-to-day operations of the project, but require addressing before the requirements of the legislation come into force, including reductions in waste going to landfill from 2021.

Acquisitions

Since 31 March 2017, the Company has acquired three projects for a consideration of £53.2 million. The acquisitions were funded by the proceeds of the July 2017 shares issue and a drawdown under the Company's £130 million revolving credit facility. The assets were as follows:

Moel Moelogan

As mentioned in the 2017 Annual Report, JLEN acquired the Moel Moelogan 1 and 2 wind farms in North Wales in April 2017 and May 2017. These have a combined capacity of 14.3MW and were acquired for a total consideration of £25.7 million.

CSGH solar portfolio

In June 2017, JLEN acquired a portfolio of four ground mounted solar parks with a total generating capacity of 33.5MW. Higher Tregarne, located in Cornwall, has been operational since March 2014, has a generation capacity of 5MW and is accredited for 1.6 ROCs. The other three solar parks, Crug Mawr, Golden Hill and Shoals Hook, located in South Wales, have been operational since March 2015, and have a total generation capacity of 28.5MW and are accredited for 1.4 ROCs. The CSGH solar portfolio was acquired for a total consideration of £12.2 million.

Vulcan Renewables

In August 2017, JLEN made its first investment in the anaerobic digestion sector through Vulcan Renewables. The plant is rated at 5MWth and predominantly produces grid injectable biomethane from its biogas. The plant also has a 0.5MWe CHP engine which supplies the site's needs. The project is accredited both under the Renewable Heat Incentive ("RHI") and the Feed-in Tariff ("FiT"). The farm based anaerobic digestion plant is managed by experienced operator Future Biogas Ltd and is located in Hatfield Woodhouse near Doncaster. It was commissioned in October 2013 and was one of the first commercial biogas-to-grid projects in the UK. Vulcan was acquired for a total consideration, including working capital, of £15.3 million.

These acquisitions brought the total capacity of the renewable energy assets in the JLEN portfolio to 225.2MW and 5.0MWth by 30 September 2017.

Following the period under review, two further acquisitions were concluded:

Monksham solar

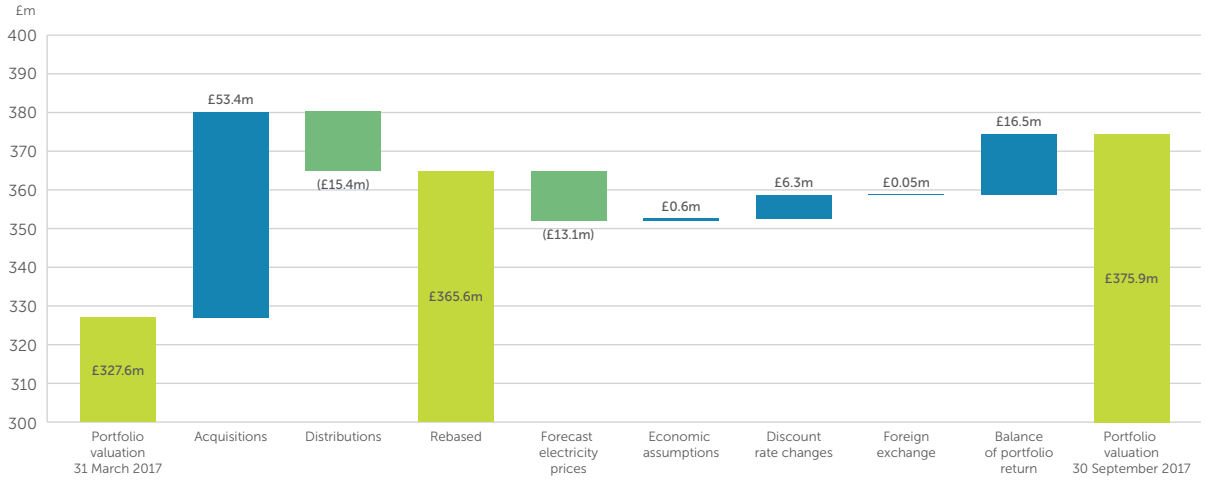
In October 2017, and as originally anticipated, JLEN increased its interest in the Monksham solar portfolio by completing the purchase of the 'A' shares for c.£2.1 million from founding EIS shareholders. This takes JLEN's control, economic or otherwise from 87% to 100%.

Portfolio valuation

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

The Directors' valuation of the portfolio at 30 September 2017 was £375.9 million, compared to £327.6 million at 31 March 2017. The increase of £48.3 million is the net impact of acquisitions, cash received from investments, changes in macroeconomic and electricity price assumptions, and underlying growth in the portfolio.

A reconciliation of the factors contributing to the growth in the portfolio during the period is shown in the chart below:



The total movement of investments during the period ended 30 September 2017 is shown in the table below:

	Six months ended 30 Sep 2017 (unaudited) £m
Valuation of portfolio at beginning of the period	327.6
Acquisitions in the period	53.4
Cash distributions from portfolio	(15.4)
Rebased opening valuation of portfolio	365.6
Changes in forecast electricity prices	(13.1)
Changes in economic assumptions	0.6
Changes in discount rates	6.3
Balance of portfolio return	16.5
Valuation of portfolio at end of the period	375.9
Fair value of Intermediate Holding Companies	(5.2)
Investments at fair value through profit or loss	370.7

Valuation assumptions

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

Each movement between the rebased valuation and the 30 September 2017 valuation is considered below:

Forecast electricity and gas prices

The project cash flows used in the portfolio valuation at 30 September 2017 reflect contractual fixed price arrangements under PPAs where they exist and short-term market forward prices where they do not, for the next two years. Thereafter, the project cash flows assume future electricity and gas prices in line with central forecasts from an established market consultant, adjusted by the Investment Adviser for project specific arrangements if required.

JLEN has reflected a decline in mid- to long-term electricity expectations during the period. Compared to the assumptions used in the valuation at 31 March 2017, on a time weighted average basis, the decrease in the electricity price assumptions is approximately 7.7% over a 25-year period (being a simple average decrease over 25 years of approximately 8.0%.

Notwithstanding this decline, in the short term the price of electricity has increased. Where generating projects in the portfolio do not have a fixed price under their PPAs, JLEN has reflected an average of £49/MWh (gross of PPA discounts) for winter seasons, and £42/MWh for summer seasons (31 March 2017: £45/MWh and £40/MWh respectively).

At 30 September 2017, 77% of the renewable energy portfolios' electricity price exposure was subject to a fixed price for the winter 2017 season and 61% for the summer 2018 season.

The overall decrease in forecasts for future electricity prices compared to forecasts at 31 March 2017, has decreased the valuation of the portfolio by £13.1 million.

Economic assumptions

Macroeconomic assumptions in respect of inflation, corporation tax and deposit interest rates have remained relatively constant during the period and the overall movement in valuation is not significant. RPI inflation rates assumed in the valuation at 30 September 2017 are 3.8% in 2017 (3.7% at 31 March 2017), 3.1% in 2018 (3.3% at 31 March 2017) with 2.75% for all subsequent years for UK assets, and 1.00% in 2017 (1.5% at 31 March 2017), 1.25% in 2018 (1.5% at 31 March 2017) and 1.50% for all subsequent years for the French assets. The long-term UK corporation tax rate assumed is 19%, stepping down to 17% from April 2020 onwards, reflecting the rates enacted by legislation, which is in line with market practice. The equivalent rate for the French assets is 28% (33.3% at 31 March 2017). Deposit rates assumed in the valuation reflect a range of deposit rates in the UK from 1.5% in 2017 with a gradual increase to a long-term rate of 2.75% with effect from 2019 onwards. For the French assets the rate assumed is 0.5%. The euro/sterling exchange rate used to value the euro-denominated investments in France was €1.16/£1 (€1.17/£1 at 31 March 2017).

Valuation assumptions continued

Discount rates

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

During the period since 31 March 2017, there has continued to be strong demand for income-producing infrastructure assets, including environmental infrastructure projects as the market matures. The Investment Adviser, based on its experience of bidding in the secondary market for onshore wind, and as flagged in the 2017 Annual Report, has proposed a reduction in the discount rate used for valuing UK onshore wind farms that has been adopted by the Board. Discount rates for the other sectors within the portfolio remain unchanged from those used at 31 March 2017 (with the exception of the discount rate used to value the D&G project as discussed below), although the Investment Adviser notes discount rate benchmarks for geared UK solar projects are reducing. While the majority of the solar assets in the portfolio are ungeared, the read-across from geared to ungeared discount rates (assuming a market-norm level of gearing) suggests that these too are reducing and the Investment Adviser will continue to monitor this for future valuations.

As mentioned in the portfolio performance section, addressing the issues of all the parties at the D&G project is proving complex and is likely to involve significant effort and resources in finding solutions, which JLEN as majority shareholder in the project company is prepared to do. Although the project company benefits from contractual protections that govern changes to the contract, the eventual outcome is subject to significant uncertainty. To reflect that uncertainty, the Company has increased the discount rate used to value the project and has assumed that a proportion of the project's cash flows will be used for adviser costs connected to the changes. As at 30 September 2017, the project represented c.1% of the portfolio value after such changes to its valuation assumptions.

Taking the above into account, and the change in mix of the portfolio during the period due to new acquisitions, the overall Weighted Average Discount Rate ("WADR") of the portfolio was 8.2% at 30 September 2017 (8.2% at 31 March 2017).

Balance of portfolio return

This represents the balance of valuation movements in the period 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 £16.5 million.

Valuation sensitivities

The Net Asset Value of the Company is the sum of the discounted value of the future cash flows of the underlying asset financial models, the cash balances of the Company and the Intermediate Holding Companies, 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 cash inflows and outflows.

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

The key assumptions are as follows:

Discount rate

The WADR of the portfolio at 30 September 2017 was 8.2% (8.2% at 31 March 2017). A variance of plus or minus 0.5% is considered to be a reasonable range of alternative assumptions for discount rates.

Volumes

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

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

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

Electricity prices

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

Valuation sensitivities continued

Inflation

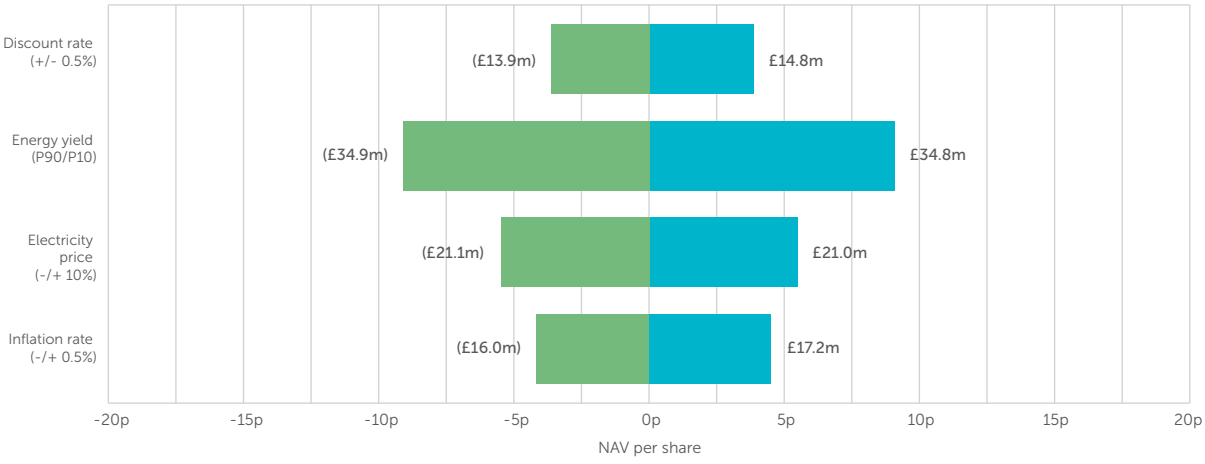
The inflation assumptions used in the valuation as at 30 September 2017 are 3.8% in 2017, 3.1% in 2018 with 2.75% for all subsequent years for UK assets, and 1.00% in 2017, 1.25% in 2018 and 1.50% for all subsequent years for the French assets. Each project in the portfolio receives a revenue stream which is either fully or partially inflation-linked.

Euro/sterling exchange rates

As the proportion of the portfolio assets with cash flows denominated in euros represented less than 1% of the portfolio value at 30 September 2017, JLCM considers the sensitivity to changes in euro/sterling exchange rates to be insignificant.

The chart below shows the impact of the key sensitivities on NAV per share, with the £ labels indicating the impact of the sensitivities on portfolio value.

Sensitivities – impact on NAV
at 30 September 2017



Financing

In June 2017, the Fund signed a new three-year facilities agreement with HSBC, NIBC, ING and Santander which provides for a committed revolving credit facility of £130 million and for an uncommitted accordion facility of up to £60 million. Furthermore the facility incorporates an uncommitted option to extend for a further year. The facility margin is 200 to 225 bps (depending on the loan-to-value ratio for the Fund) over LIBOR.

This replaced the existing facility and gives 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 and waste water processing assets, on a timely basis, reducing the performance drag associated with holding excess cash. As at the period end, drawings under the RCF were £15.8 million. Under its investment policy, JLEN may borrow up to 30% of its NAV.

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

The project-level gearing at 30 September 2017 across the portfolio was 41.9% (31 March 2017: 42.9%) being 34.5% (31 March 2017: 32.7%) for the renewable energy assets and 55.7% (31 March 2017: 59.8%) for the PFI processing assets. The increase in the gearing for the renewable energy assets during the period reflects the acquisition of Moel Moelogan and CSGH Solar. Taking into account the amount drawn down under the revolving credit facility, the overall fund gearing at 30 September 2017 was 44.2% (31 March 2017: 44.9%).

As at 30 September 2017, the Group, which comprises the Company and the Intermediate Holding Companies, had cash balances of £14.4 million (31 March 2017: £26.1 million).

Share capital

In July 2017, JLEN raised £40 million through the issue of 38,834,951 new ordinary shares at a price of 103 pence per share, an estimated 3% premium to NAV and accretive to existing shareholders. The placing was significantly oversubscribed and applications had to be scaled back in accordance with the terms of the placing. The proceeds of the share issue were used to repay the outstanding balance on the RCF, which had been drawn to finance the acquisitions of Moel Moelogan and CSGH solar in April and May respectively.

Profit before tax

Profit before tax for the period was £6.3 million (30 September 2016: £11.3 million), generating earnings per share for the period of 1.8 pence (30 September 2016: 4.5 pence). The decrease over the period to 30 September 2017 reflects the decrease in forecast electricity prices assumed in the valuation of the portfolio.

All amounts presented in £million (except as noted)	**Six months ended 30 Sep 2017 (unaudited) £m**	Six months ended 30 Sep 2016 (unaudited) £m
Interest received on UK HoldCo loan notes	**8.9**	6.6
Dividends received from UK HoldCo	**5.5**	3.5
Net (loss)/gains on investments at fair value	**(5.7)**	3.3
Operating income	**8.7**	13.4
Operating cost	**(2.4)**	(2.1)
Profit before tax	**6.3**	11.3
Earnings per share	**1.8p**	4.5p

Ongoing charges

The "ongoing charges" ratio is an indicator of the costs incurred in the day-to-day management of the Fund. JLEN uses the Association of Investment Companies ("AIC") recommended methodology for calculating this ratio, which is an annual figure. The annualised ratio for the six months to 30 September 2017 was 1.4% (year ended 31 March 2017: 1.5%). 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 NAV 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's.

Net assets

Net assets increased from £340.0 million at 31 March 2017 to £374.7 million at 30 September 2017, primarily driven by equity funds raised, which in turn were used to finance acquisitions.

Analysis of the Group's net assets

All amounts presented in £million (except as noted)	30 Sep 2017 (unaudited)	31 Mar 2017 (audited)
Portfolio value	375.9	327.6
Intermediate Holding Companies cash	9.3	21.9
Intermediate Holding Companies revolving credit facility	(15.8)	(12.5)
Intermediate Holding Companies other assets/(liabilities)	1.3	(0.1)
Fair value of the Company's investment in UK HoldCo	**370.7**	336.9
Company's cash	5.1	4.2
Company's other net liabilities	(1.1)	(1.1)
Net Asset Value	**374.7**	340.0
Number of shares	378,477,029	339,642,078
Net Asset Value per share	**99.0p**	100.1p

The movement in the portfolio value of environmental infrastructure assets during the period is summarised as follows:

	£m
Value at 31 March 2017 (audited)	327.6
Acquisitions	53.4
Growth in value of portfolio	10.3
Distributions received from investments	(15.4)
Portfolio value at 30 September 2017 (unaudited)	**375.9**

Cash flow

At 30 September 2017, the Group (Company plus Intermediate Holding Companies) had a total cash balance of £14.4 million (31 March 2017: £26.1 million), including £5.1 million (31 March 2017: £4.2 million) in the Company's balance sheet and £9.3 million (31 March 2017: £21.9 million) in the Intermediate Holding Companies, which is included in the Company's balance sheet within "investments at fair value through profit or loss".

At 30 September 2017, UK HoldCo had £15.8 million drawn down (31 March 2017: £12.5 million) under its revolving credit facility.

Cash flows of the Group for the period are summarised as follows:

	Six months ended 30 Sep 2017 (unaudited) £m	Six months ended 30 Sep 2016 (unaudited) £m
Cash received from environmental infrastructure investments	15.4	12.4
Administrative expenses	(0.6)	(0.5)
Directors' fees and expenses	(0.1)	(0.1)
Investment advisory fees	(1.8)	(1.4)
Financing costs (net of interest income)	(0.8)	(1.4)
Cash flow from operations	12.1	9.0
Net proceeds from share issues	39.5	49.9
Drawdown under the revolving credit facility	3.3	10.2
Arrangement fee for revolving credit facility	(1.2)	—
Acquisition of investment assets	(52.8)[1]	(53.4)
Reduction in acquisition price (as reported in the 2016 Annual Report)	—	2.0
Acquisition cost (including stamp duty)	(1.4)	(0.7)
Dividends paid in cash to shareholders	(11.2)	(7.5)
Cash movement in the period	(11.7)	9.5
Opening cash balance	26.1	6.2
Group cash balance at 30 September	14.4	15.7

(1) Acquisitions of £53.4 million in the valuation includes acquisition costs paid by the acquired company.

During the period, the Group received cash distributions of £15.4 million from its environmental infrastructure investments, in line with distributions expected by the Group.

The Company has declared an interim dividend of 1.5775 pence per share for the quarter to 30 September 2017 (estimated based on the shares in issue at the date of this Half-year Report at £6.0 million), which is payable on 22 December 2017.

Investment advisory team changes

Chris Holmes will join JLCM in January 2018 to take on the role as joint lead adviser to JLEN. Chris Holmes is formerly of Green Investment Group (part of Macquarie Group), where he was Managing Director of Waste and Bioenergy.

Outlook

Despite the current political and economic uncertainty in the UK and Europe, in particular following the continuing Brexit negotiations and the outcome of the recent elections across Europe and the US, we believe that the Company's strategy of investing in a diversified portfolio of assets in the wider environmental infrastructure sector and of providing consistent long-term income with NAV resilience remains achievable.

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

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

Short-term electricity prices have remained robust, supported by the ongoing weakness of sterling impacting on the cost of gas imports for the gas-fired power stations that tend to be the marginal generators that set the price of electricity. However, the longer-term outlook for electricity prices has softened, informed in part by the low prices bid into auctions for new plants seeking subsidies throughout Europe. In the UK, the most recent CFD auction for offshore wind delivered the lowest bid strike price of £57.50/MWh, significantly lower than the lowest price in the previous auction in 2015 of £114/MWh. This winter will also be the first delivery year for the Capacity Market ("CM"), aimed at ensuring security of electricity supply by providing a payment for reliable sources of capacity, alongside electricity revenues, to ensure the delivery of electricity when needed. National Grid's view of the generation margin for the GB electricity network is that the position is improved compared to the previous year, and if this develops into a trend then another factor feeding into future electricity prices is weakened.

Despite this backdrop, we see no indication that pricing is softening in core UK wind and solar markets, and competition remains fierce. The Investment Adviser continues to see good levels of potential transactions in the market and participates on occasion, but remains committed to observing the Company's investment requirements and not overpaying for assets. Similarly, while the investment mandate covers OECD countries, finding opportunities in stable, well-understood markets that meet the investment requirements while offering an acceptable risk profile is a challenge. The Investment Adviser does not believe that overseas markets will be a significant focus in the short term, although it will continue to monitor opportunities and elements of these markets may become more significant in the future.

Although smaller in number, the Investment Adviser has been pleased with the level of environmental infrastructure opportunities outside of wind and solar that it has seen. During the period, JLEN made its first anaerobic digestion investment when it acquired Vulcan Renewables. These projects present a different risk/return profile to wind and solar projects, often with relatively high proportions of indexed-linked subsidy revenue. The Investment Adviser believes that the Company is an attractive counterparty for developers and early-stage investors seeking to recycle capital from environmental infrastructure projects, and will continue to analyse opportunities in the space. The impending arrival of Chris Holmes, formerly head of waste and bioenergy at the Green Investment Bank, as co-head of the investment advisory team will assist with this activity.

JLEN has the benefit of a First Offer Agreement with John Laing over a pipeline of environmental infrastructure projects which supports its growth plans in the next few years. The Company expects that, pursuant to the First Offer Agreement, environmental infrastructure projects that are in accordance with its investment policy with a combined investment value for the Fund of approximately £270 million (as estimated by John Laing) will become available for acquisition by the Fund within the period to 31 December 2019. This includes wider environmental infrastructure projects, including biomass and energy-from-waste.

The Investment Adviser will also continue to seek opportunities to improve the performance of the portfolio assets ahead of target through the delivery of additional operational scale efficiencies and through prudent portfolio and financial management. The Investment Adviser is currently pursuing a number of avenues which should boost the value of the portfolio, including upgrades to equipment, rationalisation of service providers and ancillary revenues from generation assets. We consider that these opportunities should increase in number and value as the portfolio grows and innovation continues in environmental infrastructure sectors where the Company invests.

Responsibility statement

We confirm that to the best of our knowledge:

- the condensed set of unaudited financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' and in accordance with the accounting policies set out in the audited Annual Report to 31 March 2017; and
- the Chairman's statement and Investment Adviser's report meet the requirements of an interim management report and include a fair review of the information required by:
  a) DTR 4.2.7R, being an indication of important events during the first six months of the financial year and a description of principal risks and uncertainties for the remaining six months of the year; and
  b) DTR 4.2.8R, being the disclosure of related parties' transactions and changes therein.

This responsibility statement was approved by the Board of Directors on 21 November 2017 and is signed on its behalf by:

Richard Morse
Chairman

21 November 2017

Independent review report

to John Laing Environmental Assets Group Limited

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2017 which comprises the condensed income statement, the condensed statement of financial position, the condensed statement of changes in equity, the condensed cash flow statement and related notes 1 to 18. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Statutory Auditor,
Guernsey, Channel Islands

21 November 2017

Condensed unaudited income statement

for the six months ended 30 September 2017

	Notes	Six months ended 30 Sep 2017 (unaudited) £'000s	Six months ended 30 Sep 2016 (unaudited) £'000s
Operating income	8	8,756	13,426
Operating expenses	4	(2,412)	(2,108)
Operating profit		6,344	11,318
Profit before tax		6,344	11,318
Tax	5	—	—
Profit for the period		6,344	11,318
Earnings per share			
From continuing operations			
Basic and diluted (pence)	7	1.8	4.5

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

All results are derived from continuing operations.

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

Condensed unaudited statement of financial position

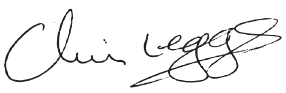
as at 30 September 2017

	Notes	30 Sep 2017 (unaudited) £'000s	31 Mar 2017 (audited) £'000s
Non-current assets			
Investments at fair value through profit or loss	8	370,708	336,921
Total non-current assets		370,708	336,921
Current assets			
Trade and other receivables	9	24	32
Cash and cash equivalents		5,125	4,150
Total current assets		5,149	4,182
Total assets		375,857	341,103
Current liabilities			
Trade and other payables	10	(1,200)	(1,055)
Total current liabilities		(1,200)	(1,055)
Total liabilities		(1,200)	(1,055)
Net assets		374,657	340,048
Equity			
Share capital account	12	374,307	334,858
Retained reserves	13	350	5,190
Equity attributable to owners of the Company		374,657	340,048
Net assets per share (pence per share)		99.0	100.1

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

The condensed set of unaudited financial statements were approved by the Board of Directors and authorised for issue on 21 November 2017.

They were signed on its behalf by:



Richard Morse
Chairman

Christopher Legge
Director

Condensed unaudited statement of changes in equity

for the six months ended 30 September 2017

	Notes	Six months ended 30 Sep 2017 (unaudited) Share capital account £'000s	Retained reserves £'000s	Total £'000s
Balance at 1 April 2017		334,858	5,190	340,048
Profit and total comprehensive profit for the period		—	6,344	6,344
Issue of share capital	12	40,000	—	40,000
Expenses of issue of equity shares	12	(551)	—	(551)
Dividends paid	6, 13	—	(11,184)	(11,184)
Balance at 30 September 2017		374,307	350	374,657

	Notes	Six months ended 30 Sep 2016 (unaudited) Share capital account £'000s	Retained reserves £'000s	Total £'000s
Balance at 1 April 2016		221,122	(4,231)	216,891
Profit and total comprehensive income for the period		—	11,318	11,318
Issue of share capital	12	51,543	—	51,543
Expenses of issue of equity shares	12	(664)	—	(664)
Dividends paid	6, 13	—	(7,483)	(7,483)
Balance at 30 September 2016		272,001	(396)	271,605

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

Condensed unaudited cash flow statement

for the six months ended 30 September 2017

	Notes	Six months ended 30 Sep 2017 (unaudited) £'000s	Six months ended 30 Sep 2016 (unaudited) £'000s
Profit from operations		**6,344**	11,318
Adjustments for:			
Interest received		**(8,969)**	(6,571)
Dividends received		**(5,500)**	(3,500)
Net loss/(gain) on investments at fair value through profit or loss		**5,713**	(3,355)
Operating cash flows before movements in working capital		**(2,412)**	(2,108)
Decrease/(increase) in receivables		**8**	(1,006)
Increase in payables		**145**	150
Net cash outflow from operating activities		**(2,259)**	(2,964)
Investing activities			
Investments in subsidiaries		**(17,500)**	(8,300)
Loans to subsidiaries	11	**(22,000)**	(34,500)
Interest received		**8,969**	6,571
Dividends received		**5,500**	3,500
Net cash used in investing activities		**(25,031)**	(32,729)
Financing activities			
Gross proceeds on issue of share capital	12	**40,000**	51,543
Expenses relating to issue of shares	12	**(551)**	(664)
Dividends paid	6	**(11,184)**	(7,483)
Net cash from financing activities		**28,265**	43,396
Net increase in cash and cash equivalents		**975**	7,703
Cash and cash equivalents at beginning of period		**4,150**	3,312
Cash and cash equivalents at end of period		**5,125**	11,015

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

Notes to the condensed unaudited financial statements

for the six months ended 30 September 2017

1. General information

John Laing Environmental Assets Group Limited (the "Company" or "JLEN") is a closed-ended investment company domiciled and incorporated in Guernsey, Channel Islands, under Section 20 of the Companies (Guernsey) Law. The shares are publicly traded on the London Stock Exchange under a Premium Listing. The condensed set of financial statements of the Company are for the six month period ended 30 September 2017 and have been prepared on the basis of the accounting policies set out in the Company's latest annual audited financial statements. The condensed set of financial statements comprise the Company and its investment in John Laing Environmental Assets Group (UK) Limited ("UK HoldCo"). 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.

During the six month period ended 30 September 2017, the Company successfully raised gross proceeds of £40.0 million through the issue of ordinary shares and continued to manage its investment in UK HoldCo adding two further wind assets, a solar asset and an environmental processing asset to its portfolio of environmental infrastructure assets.

2. Significant accounting policies

(a) Basis of preparation

The condensed set of financial statements were approved and authorised for issue by the Board of Directors on 21 November 2017. The condensed set of financial statements included in this Half-year Report have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The accounting policies are consistent with those used in the latest audited financial statements to 31 March 2017 and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 March 2017.

As a result of adopting the amendments to IFRS 10, IFRS 12 and IAS 28 first adopted in the Company's Annual Report to 31 March 2015, the Company is required to hold its subsidiaries that provide investment services at fair value, in accordance with IAS 39 Financial Instruments: Recognition and Measurement, and IFRS 13 Fair Value Measurement. The Company accounts for its investment in its wholly owned direct subsidiary UK HoldCo at fair value. The Company, together with its wholly-owned direct subsidiary UK HoldCo, the intermediate holding subsidiary HWT Limited and JLEAG Solar 1 Limited, comprise the Group (the "Group") investing in environmental infrastructure assets.

The net assets of the intermediate holding companies (comprising UK HoldCo, HWT Limited and JLEAG Solar 1 Limited), which at 30 September 2017 principally comprise working capital balances, the bank loan and investments in projects, are required to be included at fair value in the carrying value of investments.

(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 consider, based on those forecasts and an assessment of the Company's subsidiary's banking facilities, that it is appropriate to prepare the financial statements of the Company on the going concern basis. In arriving at their conclusion that the Company has adequate financial resources, the Directors were mindful that the Group had unrestricted cash of £14.4 million as at 30 September 2017 and a banking facility available for investment in new or existing projects and for working capital of £130.0 million. £114.2 million of this facility was undrawn at the period end and the facility is repayable in June 2020.

As at 30 September 2017, the Company's wholly-owned subsidiary UK HoldCo had borrowed £15.8 million under the banking facility to finance the cost and the acquisition of environmental infrastructure projects.

All key financial covenants are forecast to continue to be complied with at least 12 months from the date of signing these financial statements.

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

(c) Segmental reporting

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

(d) Statement of compliance

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

3. Seasonality

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

Notes to the condensed unaudited financial statements continued

for the six months ended 30 September 2017

4. Operating expenses

	Six months ended 30 Sep 2017 (unaudited) £'000s	Six months ended 30 Sep 2016 (unaudited) £'000s
Investment advisory fees	1,977	1,605
Directors' fees and expenses	137	134
Administration fee	44	47
Other expenses	254	322
	2,412	2,108

5. Tax

Income tax expense

The Company has obtained exempt status from income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989.

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

6. Dividends

	Six months ended 30 Sep 2017 (unaudited) £'000s	Six months ended 30 Sep 2016 (unaudited) £'000s
Amounts recognised as distributions to equity holders during the period:		
Dividend for the quarter ended 31 March 2017 of 1.535 pence per share (for the six-month period ended 31 March 2016: 1.5135 pence per share)	5,214	3,396
Interim dividend for the quarter ended 30 June 2017 of 1.5775 pence per share (June 2016: 1.54 pence per share)	5,970	4,087
	11,184	7,483

A dividend for the quarter to 30 September 2017 of 1.5775 pence per share was approved by the Board on 21 November 2017 and is payable on 22 December 2017. The dividend has not been included as a liability at 30 September 2017.

7. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30 Sep 2017 (unaudited) £'000s	Six months ended 30 Sep 2016 (unaudited) £'000s
Earnings		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to owners of the Company	**6,344**	11,318
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**357,892,383**	251,896,599

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

	Six months ended 30 Sep 2017	Six months ended 30 Sep 2016
Basic and diluted earnings per share (pence)	**1.8**	4.5

8. Investments at fair value through profit or loss

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

	30 Sep 2017 (unaudited) £'000s	31 Mar 2017 (audited) £'000s
Fair value of environmental infrastructure investments	**375,899**	327,647
Fair value of Intermediate Holding Companies	**(5,191)**	9,274
Total fair value of investments	**370,708**	336,921

8. 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 below also presents a reconciliation of the fair value of the asset portfolio to the Company's condensed unaudited statement of financial position as at 30 September 2017, by incorporating the fair value of these Intermediate Holding Companies.

	Six months to 30 Sep 2017 (unaudited)			Year to 31 Mar 2017 (audited)		
	Portfolio value £'000s	Cash, working capital and debt in Intermediate Holding Companies £'000s	Total £'000s	Portfolio value £'000s	Cash, working capital and debt in Intermediate Holding Companies £'000s	Total £'000s
Opening balance	**327,647**	**9,274**	**336,921**	264,486	(50,086)	214,400
Acquisitions						
Portfolio of assets acquired	**53,373**	**—**	**53,373**	53,948	—	53,948
Post-acquisition price adjustments	**—**	**—**	**—**	1,358	—	1,358
	53,373	**—**	**53,373**	55,306	—	55,306
Growth in portfolio[1]	**10,326**	**—**	**10,326[1]**	33,248	—	33,248[1]
Cash yields from portfolio to Intermediate Holding Companies	**(15,447)**	**15,447**	**—**	(25,393)	25,393	—
Yields from Intermediate Holding Companies						
Interest on loan notes[1]	**—**	**(8,969)**	**(8,969)[1]**	—	(14,170)	(14,170)[1]
Dividends from UK HoldCo to the Company[1]	**—**	**(5,500)**	**(5,500)[1]**	—	(7,000)	(7,000)[1]
	—	**(14,469)**	**(14,469)**	—	(21,170)	(21,170)
Other movements						
Investment in working capital in UK HoldCo	**—**	**(10,573)**	**(10,573)**	—	16,274	16,274
Administrative expenses borne by Intermediate Holding Companies[1]	**—**	**(1,570)**	**(1,570)[1]**	—	(3,457)	(3,457)[1]
Drawdown of UK HoldCo credit facility borrowings	**—**	**(3,300)**	**(3,300)**	—	42,320	42,320
Fair value of the Company's investment in UK HoldCo	**375,899**	**(5,191)**	**370,708**	327,647	9,274	336,921

(1) The net loss on investments at fair value through profit or loss for the period ended 30 September 2017 is £5,713,000 (31 March 2017: gain of £8,621,000, 30 September 2016: gain of £3,355,000). This, together with interest received on loan notes of £8,969,000 (31 March 2017: £14,170,000, 30 September 2016: £6,571,000) and dividend income of £5,500,000 (31 March 2017: £7,000,000, 30 September 2016: £3,500,000) comprises operating income in the condensed income statement.

The balances in the above table 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 movement 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 30 September 2017. The Directors have satisfied themselves as to the methodology used and the discount rates applied for the valuation. Investments are all investments in environmental infrastructure projects and are valued using a discounted cash flow methodology, being the most relevant and most commonly used method in the market to value similar assets to the Company's. The Company's holding of its investment in UK HoldCo represents its interest in both the equity and debt instruments. The equity and debt instruments are valued as a whole using a blended discount rate and the value attributed to the equity instruments represents the fair value of future dividends and equity redemptions in addition to any value enhancements arising from the timing of loan principal and interest receipts from the debt instruments, while the value attributed to the debt instruments represents the principal outstanding and interest due on the loan at the valuation date.

The valuation techniques and methodologies have been applied consistently with the valuation performed since the launch of the Fund in March 2014.

Discount rates applied to the portfolio of assets range from 6.5% to 13.2% (weighted average 8.2%) (at 31 March 2017: from 6.5% to 9.3% – weighted average 8.2%).

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

	30 Sep 2017	31 Mar 2017
UK – inflation rates	**3.8% for 2017 gradually reducing to 2.75% from 2019**	3.7% for 2017 decreasing to 2.75% from 2019
France – inflation rates	**1% for 2017 gradually increasing to 1.5% from 2019**	1.5%
UK – deposit interest rates	**1.5% for 2017 gradually rising to 2.75% from 2019**	1.5% for 2017, gradually rising to 2.75% from 2019
France – deposit rates	**0.5%**	0.5%
Euro/sterling exchange rate	**1.16**	1.17

The long-term UK corporation tax rate assumed in the 30 September 2017 portfolio valuation is 19% stepping down to 17% in April 2020 (in line with market practice). The equivalent rate for the French assets is 28%.

Fair value of Intermediate Holding Companies

The assets in the Intermediate Holding Companies substantially comprise working capital, cash balances and the outstanding credit facility debt, therefore the Directors consider the fair value to be equal to the book values.

Details of investments made during the period

On 30 April 2017 the Group acquired the Moel Moelogan 2 wind farm in North Wales and on 22 May 2017 completed a further acquisition of the Moel Moelogan 1 wind farm for a total consideration, including working capital of £25.7 million.

On 6 June 2017 the Group acquired the CSGH solar portfolio for a total consideration, including working capital of £11.8 million.

On 29 August 2017 the Group acquired Vulcan Renewables Limited for a total consideration of £15.9 million including working capital.

Notes to the condensed unaudited financial statements continued

for the six months ended 30 September 2017

9. Trade and other receivables

	30 Sep 2017 (unaudited) £'000s	31 Mar 2017 (audited) £'000s
Prepayments	24	32
Closing balance	24	32

10. Trade and other payables

	30 Sep 2017 (unaudited) £'000s	31 Mar 2017 (audited) £'000s
Accruals	1,200	1,055
Closing balance	1,200	1,055

11. Loans and borrowings

The Company had no outstanding loans or borrowings at 30 September 2017 (31 March 2017: none), as shown in the Company's condensed statement of financial position.

The Company's immediate subsidiary, UK HoldCo as Borrower and the Company, as Guarantor, benefit from a three-year revolving credit facility with HSBC, ING, NIBC and Santander. On 14 June 2017, the Fund signed a new three-year facilities agreement which provides for a committed revolving credit facility of £130 million and an uncommitted accordion facility of up to £60 million. Furthermore the facility incorporates an uncommitted option to extend for a further year. The facility margin is 200 to 225 bps (depending on the loan-to-value ratio for the Fund) over LIBOR. The facility will be used to finance the acquisitions of environmental infrastructure projects and to cover working capital requirements.

As at 30 September 2017, UK HoldCo had an outstanding balance of £15.8 million under the facility (31 March 2016: £12.5 million). The loan bears interest of LIBOR +200 to 225 bps and will be repaid by proceeds from future capital raises.

As at 30 September 2017, the Company held loan notes of £213.9 million which were issued by UK HoldCo (31 March 2017: outstanding amount of £191.9 million).

There were no other outstanding loans and borrowings in either the Company, UK HoldCo, HWT or JLEAG Solar 1 at 30 September 2017.

12. Share capital account

	30 Sep 2017 (unaudited) £'000s	31 Mar 2017 (audited) £'000s
Opening balance	334,858	221,122
Shares issued in the period	40,000	115,572
Expenses of issue of equity shares	(551)	(1,836)
Closing balance	**374,307**	334,858

On 7 July 2017, the Company raised gross proceeds of £40.0 million by way of a placing of 38.8 million new ordinary shares at a price of 103 pence per new ordinary share to institutional investors pursuant to the placing programme dated 15 June 2017.

Following the placing, at 30 September 2017, the Company's share capital comprises 378,477,029 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 or paid.

13. Retained reserves

	30 Sep 2017 (unaudited) £'000s	31 Mar 2017 (audited) £'000s
Opening balance	5,190	(4,231)
Profit for the period/year	6,344	25,600
Dividends paid	(11,184)	(16,179)
Closing balance	**350**	5,190

14. Transactions with Investment Adviser and other related parties

Transactions between the Company and its subsidiaries, which are related parties of the Company, are transacted at arm's length and are disclosed within this note. Details of transactions between the Company and other related parties are disclosed below. This note also details the terms of the Company's engagement with John Laing Capital Management Limited as Investment Adviser, together with the details of investment acquisitions from John Laing Group plc, of which JLCM is a wholly-owned subsidiary.

14. Transactions with Investment Adviser and other related parties continued

Transaction with the Investment Adviser

JLCM is the Company's Investment Adviser. JLCM's appointment as Investment Adviser is governed by an Investment Advisory Agreement which may be terminated after an initial four-year term, starting 31 March 2014, by either party giving one year's written notice.

JLCM is entitled to a base fee equal to a) 1.0% per annum of the Adjusted Portfolio Value[1] of the Fund[2] up to and including £500 million; and b) 0.8% per annum of the Adjusted Portfolio Value of the Fund in excess of £500 million.

The total Investment Adviser fee charged to the income statement for the six months ended 30 September 2017 was £1,977,000 (30 September 2016: £1,605,000) of which £1,038,000 remained payable as at 30 September 2017 (31 March 2017: £850,000).

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

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

Other transactions with related parties

The Directors of the Company, who are considered to be key management, received fees for their services for the six month period of £135,500 (30 September 2016: £132,500 of which nil remained payable as at 30 September 2017 (31 March 2017: nil)). The Directors were paid expenses of £1,055 in the six month period (30 September 2016: £1,348) of which £412 remained payable as at 30 September 2017 (31 March 2017: nil).

The Directors held the following shares:

	Total number of shares held at 30 Sep 2017	Total number of shares held at 30 Sep 2016
Richard Morse	**83,042**	83,042
Christopher Legge	**29,896**	29,896
Denise Mileham	**28,160**	28,160
Peter Neville	**29,896**	29,896
Richard Ramsay	**53,813**	53,813

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

The Directors were paid dividends in the period of £6,962 (30 September 2016: £6,865).

15. Financial instruments

Financial instruments by category

The Company held the following financial instruments at fair value at 30 September 2017. There have been no transfers of financial instruments between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

	30 Sep 2017 (unaudited)				
	Cash and bank balances £'000s	Loans and receivables £'000s	Financial assets at fair value through profit or loss £'000s	Financial liabilities at amortised cost £'000s	Total £'000s
Levels	1	1	3	1	
Non-current assets					
Investments at fair value through profit or loss (Level 3)	—	—	370,708	—	370,708
Current assets					
Trade and other receivables	—	24	—	—	24
Cash and cash equivalents	5,125	—	—	—	5,125
Total financial assets	5,125	24	370,708	—	375,857
Current liabilities					
Trade and other payables	—	—	—	(1,200)	(1,200)
Total financial liabilities	—	—	—	(1,200)	(1,200)
Net financial instruments	5,125	24	370,708	(1,200)	374,657

	31 Mar 2017 (audited)				
	Cash and bank balances £'000s	Loans and receivables £'000s	Financial assets at fair value through profit or loss £'000s	Financial liabilities at amortised cost £'000s	Total £'000s
Levels	1	1	3	1	
Non-current assets					
Investments at fair value through profit or loss (Level 3)	—	—	336,921	—	336,921
Current assets					
Trade and other receivables	—	32	—	—	32
Cash and cash equivalents	4,150	—	—	—	4,150
Total financial assets	4,150	32	336,921	—	341,103
Current liabilities					
Trade and other payables	—	—	—	(1,055)	(1,055)
Total financial liabilities	—	—	—	(1,055)	(1,055)
Net financial instruments	4,150	32	336,921	(1,055)	340,048

15. Financial instruments continued

Financial instruments by category continued

The table on page 39 provides an analysis of financial instruments that are measured subsequent to their initial recognition at fair value as follows:

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are those derived from valuation techniques that include inputs to the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between Level 1 and 2, Level 1 and 3, or Level 2 and 3 during the period.

In the table on page 39, financial instruments are held at carrying value as an approximation to fair value unless stated otherwise.

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

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

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

Sensitivity analysis of the portfolio

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

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

30 Sep 2017 (unaudited)			
Discount rate	**Minus 0.5%**	**Base 8.2%**	**Plus 0.5%**
Change in portfolio valuation	**Increases £14.8m**	**£375.9m**	**Decreases £13.9m**
Change in NAV per share	**Increases 3.9p**	**99.0p**	**Decreases 3.7p**

31 Mar 2017 (audited)			
Discount rate	Minus 0.5%	Base 8.2%	Plus 0.5%
Change in portfolio valuation	Increases £13.1m	£327.6m	Decreases £12.3m
Change in NAV per share	Increases 3.8p	100.1p	Decreases 3.6p

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

30 Sep 2017 (unaudited)			
Inflation rates	**Minus 0.5%**	**Base 2.75%**	**Plus 0.5%**
Change in portfolio valuation	**Decreases £16.0m**	**£375.9m**	**Increases £17.2m**
Change in NAV per share	**Decreases 4.2p**	**99.0p**	**Increases 4.5p**

31 Mar 2017 (audited)			
Inflation rates	Minus 0.5%	Base 2.75%	Plus 0.5%
Change in portfolio valuation	Decreases £14.3m	£327.6m	Increases £15.5m
Change in NAV per share	Decreases 4.2p	100.1p	Increases 4.6p

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 output for the renewable energy assets, being the expected level of generation over the long term. The sensitivity of the portfolio to movements in energy yields based on an assumed "P90" level of electricity output (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 output (i.e. a level of generation that is above the "P50", with a 10% probability of being achieved) is as follows:

30 Sep 2017 (unaudited)			
Energy yield	**P90 (10 year)**	**Base P50**	**P10 (10 year)**
Change in portfolio valuation	**Decreases £34.9m**	**£375.9m**	**Increases £34.8m**
Change in NAV per share	**Decreases 9.2p**	**99.0p**	**Increases 9.2p**

31 Mar 2017 (audited)			
Energy yield	P90 (10 year)	Base P50	P10 (10 year)
Change in portfolio valuation	Decreases £33.6m	£327.6m	Increases £33.6m
Change in NAV per share	Decreases 9.9p	100.1p	Increases 9.9p

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

30 Sep 2017 (unaudited)			
Electricity prices	**Minus 10%**	**Base**	**Plus 10%**
Change in portfolio valuation	**Decreases £21.1m**	**£375.9m**	**Increases £21.0m**
Change in NAV per share	**Decreases 5.6p**	**99.0p**	**Increases 5.6p**

31 Mar 2017 (audited)			
Electricity prices	Minus 10%	Base	Plus 10%
Change in portfolio valuation	Decreases £16.9m	£327.6m	Increases £17.1m
Change in NAV per share	Decreases 5.0p	100.1p	Increases 5.0p

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

15. Financial instruments continued

Euro/sterling exchange rates sensitivity

As the proportion of the portfolio assets with cash flows denominated in euros represented less than 1% of the portfolio value at 30 September 2017, the Directors consider the sensitivity to changes in the euro/sterling exchange rate to be insignificant.

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

16. Guarantees and other commitments

As at 30 September 2017, the Company has provided a guarantee under the Company's wholly-owned subsidiary UK HoldCo's £130 million revolving credit facility which is due to expire on 14 June 2020.

The Company had no other commitments or guarantees.

17. Subsidiaries

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

Name	Category	Place of business	Registered office	Ownership interest	Voting rights
John Laing Environmental Assets Group (UK) Limited	Intermediate holding	UK	A	100%	100%
HWT Limited	Intermediate holding	UK	B	100%	100%
JLEAG Solar 1 Limited	Intermediate holding	UK	A	100%	100%
Croft Solar PV Limited	Operating subsidiary	UK	C	100%	100%
Cross Solar PV Limited	Operating subsidiary	UK	C	100%	100%
Domestic Solar Limited	Operating subsidiary	UK	C	100%	100%
Ecossol Limited	Operating subsidiary	UK	C	100%	100%
Hill Solar PV limited	Operating subsidiary	UK	C	100%	100%
Share Solar PV Limited	Operating subsidiary	UK	C	100%	100%
Tor Solar PV limited	Operating subsidiary	UK	C	100%	100%
Residential PV trading Limited	Operating subsidiary	UK	C	100%	100%
South-Western Farms Solar Limited	Operating subsidiary	UK	C	100%	100%
Angel Solar Limited	Operating subsidiary	UK	C	100%	100%
Easton PV Limited	Project holding company	UK	D	100%	100%
Pylle Solar Limited	Project holding company	UK	D	100%	100%
Second Energy Limited	Operating subsidiary	UK	D	100%	100%
ELWA Holdings Limited	Project holding company	UK	E	80%	80%
ELWA Limited[1]	Operating subsidiary	UK	E	80%	81%
JLEAG Wind Holdings Limited	Project holding company	UK	A	100%	100%
JLEAG Wind Limited	Project holding company	UK	A	100%	100%
Amber Solar Parks (Holdings) Limited	Project holding company	UK	F	100%	100%
Amber Solar Park Limited	Operating subsidiary	UK	F	100%	100%

Name	Category	Place of business	Registered office	Ownership interest	Voting rights
Fryingdown Solar Park Limited	Operating subsidiary (dormant)	UK	F	100%	100%
Five Oaks Solar Parks Limited	Operating subsidiary (dormant)	UK	F	100%	100%
Bilsthorpe Wind Farm Holdings Limited	Project holding company	UK	F	100%	100%
Bilsthorpe Wind Farm Limited	Operating subsidiary	UK	F	100%	100%
Ferndale Wind Limited	Project holding company	UK	F	100%	100%
Castle Pill Wind Limited	Project holding company	UK	F	100%	100%
Wind Assets LLP	Operating subsidiary	UK	F	100%	100%
Shanks Dumfries and Galloway Holdings Limited	Project holding company	UK	G	80%	80%
Shanks Dumfries and Galloway Limited	Operating subsidiary	UK	G	80%	80%
JL Hall Farm Holdings Limited	Project holding company	UK	F	100%	100%
Hall Farm Wind Farm Limited	Operating subsidiary	UK	F	100%	100%
Branden Solar Parks (Holdings) Limited	Project holding company	UK	F	100%	100%
Branden Solar Parks Limited	Operating subsidiary	UK	F	100%	100%
KS SPV 3 Limited	Operating subsidiary	UK	F	100%	100%
KS SPV 4 Limited	Operating subsidiary	UK	F	100%	100%
Carscreugh (Holdings) Limited	Project holding company	UK	F	100%	100%
Carscreugh Renewable Energy Park Limited	Operating subsidiary	UK	F	100%	100%
Wear Point Wind Holdco Limited	Project holding company	UK	F	100%	100%
Wear Point Wind Limited	Operating subsidiary	UK	F	100%	100%
Monksham Power Ltd	Project holding company	UK	D	(2)	(2)
Frome Solar Limited	Operating subsidiary	UK	D	(2)	(2)
BL Wind (Holdings) Limited	Project holding company	UK	F	100%	100%
BL Wind Limited	Operating subsidiary	UK	F	100%	100%
Burton Word Extension Limited	Operating subsidiary	UK	F	100%	100%
New Albion Wind Farm (Holdings) Limited	Project holding company	UK	F	100%	100%
New Albion Wind Limited	Operating subsidiary	UK	F	100%	100%
Dreachmhor Wind (Holdings) Limited	Project holding company	UK	F	100%	100%
Dreachmhor Wind Farm Limited	Operating subsidiary	UK	F	100%	100%
France Wind GP Germany GmbH	Project holding company	DE	K	100%	100%
France Wind Germany GmbH & Co. KG	Project holding company	DE	K	100%	100%
Parc Eolien Le Placis Vert SAS	Operating subsidiary	FR	I	100%	100%
Energie Eolienne de Plouguernével SAS	Operating subsidiary	FR	J	100%	100%
CSGH Solar Limited	Project holding company	UK	A	100%	100%
CSGH Solar (1) Limited	Project holding company	UK	A	100%	100%
Catchment Tay Holdings Limited	Project holding company	UK	H	100%	100%
Catchment Tay Limited	Operating subsidiary	UK	H	100%	100%
sPower Holdco 1 (UK) Limited	Operating subsidiary	UK	D	100%	100%
sPower Finco 1 (UK) Limited	Operating subsidiary	UK	D	100%	100%
Higher Tregarne Solar (UK) Limited	Operating subsidiary	UK	D	100%	100%

Notes to the condensed unaudited financial statements continued

for the six months ended 30 September 2017

17. Subsidiaries continued

Name	Category	Place of business	Registered office	Ownership interest	Voting rights
Crug Mawr Solar (UK) Limited	Operating subsidiary	UK	D	100%	100%
Golden Hill Solar (UK) 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%
Vulcan Renewables Limited	Operating subsidiary	UK	M	100%	100%

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

(2) 100% of "B" shares plus 100% of loans to the project. The "A" shareholders, investors under the Enterprise Investment Scheme, remain invested in the project. Including the loans, JLEN held an economic interest over 87% of the value of the project's cash flow (as calculated at acquisition). The "A" shares were acquired by JLEN after the period end taking JLEN's ownership and control to 100%, further details are provided in note 18.

Registered office

A) 1 Kingsway, London WC2B 6AN

B) 50 Lothian Road, Festival Square, Edinburgh, Midlothian EH3 9WJ

C) Calder & Co, 16 Charles II Street, London SW1Y 4NW

D) Long Barn, Manor Farm, Stratton-on-the-Fosse, Radstock BA3 4QF

E) Dunedin House, Auckland Park, Mount Farm, Milton Keynes MK1 1BU

F) 8 White Oak Square, London Road, Swanley, Kent BR8 7AG

G) 16 Charlotte Square, Edinburgh EH2 4DF

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

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

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

K) Steinweg 3-5, Frankfurt am Main, 60313, Germany

L) Cae Sgubor Ffordd Pennant, Eglwysbach, Colwyn Bay, Conwy LL28 5UN

M) 10-12 Frederick Sanger Road, Guildford, Surrey GU2 7YD

18. Events after the reporting period

In October 2017, and as originally anticipated, JLEN increased its interest in the Monksham Solar portfolio by completing the purchase of the 'A' shares for c.£2.1 million. This takes JLEN's control, economic or otherwise from 87% to 100%.

A dividend for the quarter ended 30 September 2017 of 1.5775 pence per share was approved by the Board on 21 November 2017. Please refer to note 6 for further details.

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

Directors and advisers

Directors

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

Administrator to the Company, Company Secretary and Registered Office

Praxis Fund Services Limited
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Channel Islands

Registrar

Link Registrars (Guernsey) Limited (formerly Capita Asset Services)
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St Sampson
Guernsey GY2 4LH
Channel Islands

UK Transfer Agent

Link Asset Services (formerly Capita Asset Services)
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United Kingdom

Auditor

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London EC2M 5NT
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Joint Corporate Brokers

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Cannon Bridge House
25 Dowgate Hill
London EC4R 2GA
United Kingdom

Barclays
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Canary Wharf
London E14 4BB
United Kingdom

Corporate Bankers

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

Glossary of key terms

bps
basis points

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

EPC
Engineering, Procurement and Construction

EU
European Union

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

FiT
the Feed-in Tariff

gross project value
the fair market value of the investment interests held in a project as increased by the amount of any financing in the relevant project entity

Group
John Laing Environmental Assets Group Limited and its Intermediate Holding Companies UK HoldCo, HWT and JLEAG Solar 1

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 and JLEAG Solar 1

Investment Adviser or JLCM
John Laing Capital Management Limited

IPO
Initial Public Offering

IRR
internal rate of return

John Laing
John Laing Group plc and its subsidiary companies

MWe
megawatt electric

MWh
megawatt hour

MWth
megawatt thermal

NAV
Net Asset Value

O&M
Operations and Maintenance

OECD
Organisation for Economic Co-operation and Development

portfolio
the 22 investments in which JLEN had a shareholding as at 30 September 2017

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

PPAs
Power Purchase Agreements

PPP/PFI
the Public Private Partnership procurement model

PV
photovoltaic

RHI
Renewable Heat Incentive

ROCs
Renewables Obligation Certificates

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

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

WADR
the weighted average discount rate

Cautionary statement

Pages 1 to 23 of this report, including the about us, at a glance, fund objectives, Chairman's statement and the Investment Adviser's 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 the times at or by which such performance or results will be achieved. The Company's actual investment performance, results of operations, financial condition, liquidity, prospects, opportunities, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward looking statements contained in this report.

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

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

This Half-year Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to John Laing Environmental Assets Group Limited and its subsidiary undertakings when viewed as a whole.

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lyonsbennett
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