JLEN

John Laing Environmental Assets Group Limited

Half-year Results 2017

22 November 2017

Overview of JLEN

JLEN

Diversified portfolio of environmental infrastructure projects – long-term, predictable, wholly or partially inflation linked cash flows

Investment profile

- Invests in operational projects with well-established technologies and demonstrable track record of operational performance
- 22 wind, solar, waste and wastewater management, and anaerobic digestion projects in the UK and France

Investor returns

- Sustainable dividend, paid quarterly, targeted to increase progressively in line with inflation. 3.16p per share declared for the six months to 30 September 2017 (six months to 30 September 2016: 3.07p)
- Target net IRR of 7.5% to 8.5% over longer term[1]

Management

- Independent Board of five non-executive directors
- Experienced Investment Adviser: John Laing Capital Management

Future growth

- First Offer Agreement over pipeline of existing assets from John Laing
- Active secondary market for third party asset purchases

1. *On IPO issue price. These are targets only and not profit forecasts. There can be no assurance that these targets will be met.*

Highlights

Performance

- NAV per share 99.0p, down primarily due to a decrease in forecast electricity prices during the period (March 2017: 100.1p)
- Portfolio value of £375.9m (March 2017: £327.6m)
- Dividend of 3.16p declared for the period

Portfolio

- Three acquisitions totalling £53.4m
- 230.2MW capacity across all assets
- 22 operational solar, onshore wind and environmental processing assets

Funding

- £40m equity raised via a placing in July 2017
- New three year revolving credit facility £130m; £15.8m currently drawn

Portfolio Overview as at 30 September 2017

D&G - 80%, PFI for Council
ELWA - 80%, PFI for Waste Authority
Tay - 33%, PFI for Scottish Water
Vulcan – 100%, 5MW RHI, FiT

Bilsthorpe - 100%, 10.2MW, ROC
Burton Wold - 100%, 14.4MW, ROC
Carscreugh - 100%, 15.3MW, ROC
Castle Pill - 100%, 3.2MW, ROC
Dungavel - 100%, 26MW, ROC
Ferndale - 100%, 6.4MW, ROC
Hall Farm - 100%, 24.6MW, ROC
Le Placis Vert - 100%, 4MW, FiT
Moel Moelogan - – 100%, 14.7MW, ROC/NFFO
New Albion - 100%, 14.4MW, ROC
Plouguernével - 100%, 4MW, FiT
Wear Point - 100%, 8.2MW, ROC

Amber Fryingdown - 100%, 5MW, FiT
Amber Five Oaks - 100%, 4.8MW, FiT
Branden Victoria - 100%, 5.8MW, ROC
Branden Luxulyan/Treddinick - 100%, 8.9MW, ROC
CSGH Solar – 100%, 33.5MW, ROC
Monksham - 87%*, 10.7MW, ROC
Pylle Southern- 100%, 5MW, FiT
Panther Solar - 100%, 6.5MW, FiT

Domestic rooftop solar
Commercial small scale solar

Acquisitions and pipeline

Three acquisitions made in the period to 30 September 2017:

Moel Moelogan 2 wind farm
- April 2017
- £22.65m
- 11.7MW
- 1.0 ROC

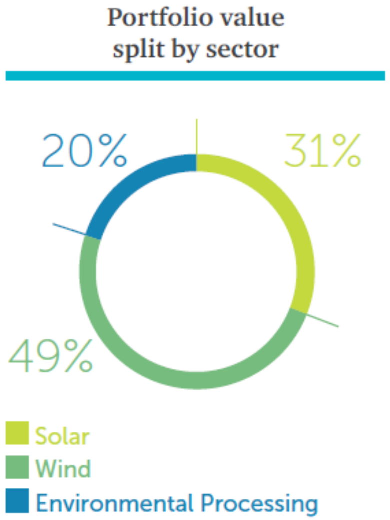
Moel Moelogan 1 wind farm
- May 2017
- £3m
- 2.6MW
- NFFO

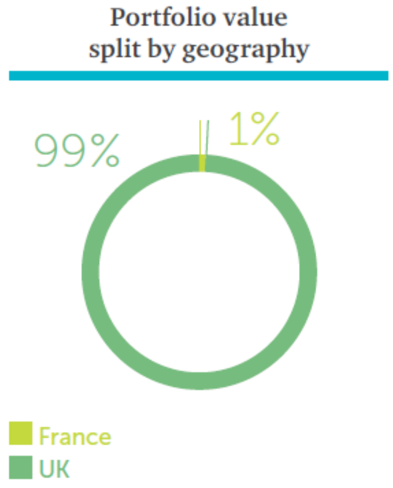
CSGH Solar portfolio
- June 2017
- £12.2m
- 33.5MW
- 1.6 and 1.4 ROCs

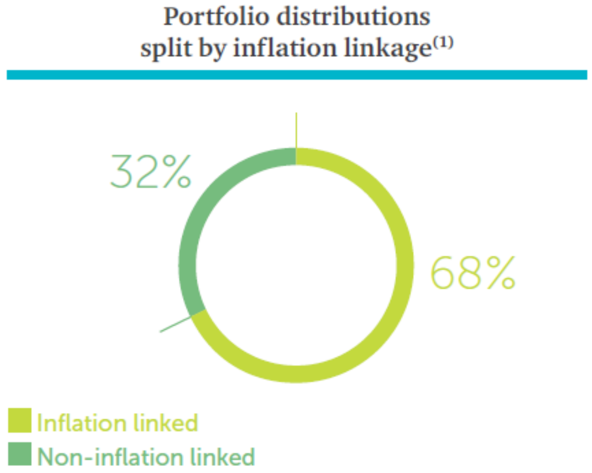
Vulcan Renewables
- August 2017
- £15.3m
- 5MW (plus 0.5MWe)
- RHI and FiT

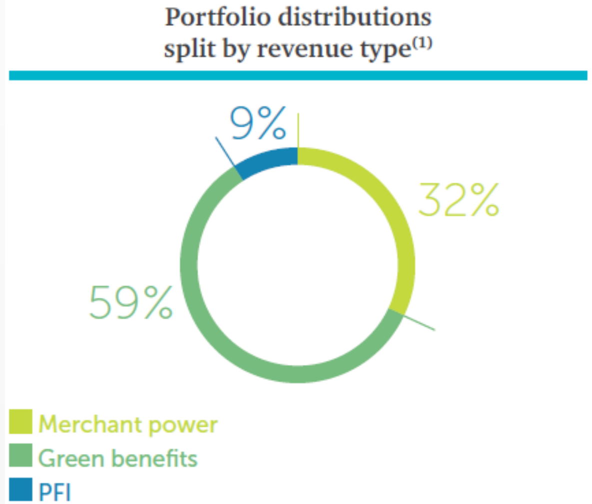
Strong level of acquisition opportunities across breadth of environmental infrastructure including estimated £270m pipeline under First Offer Agreement with John Laing to 31 December 2019

Portfolio analysis at 30 September 2017



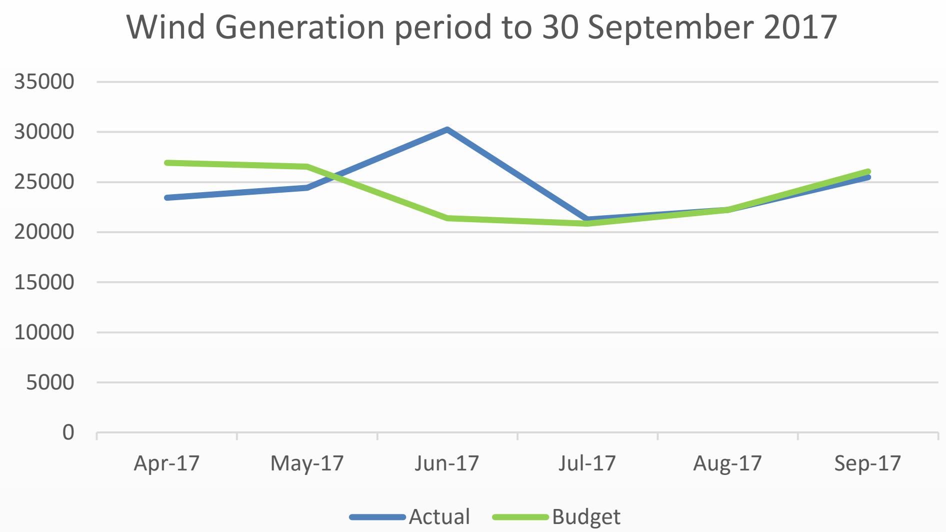


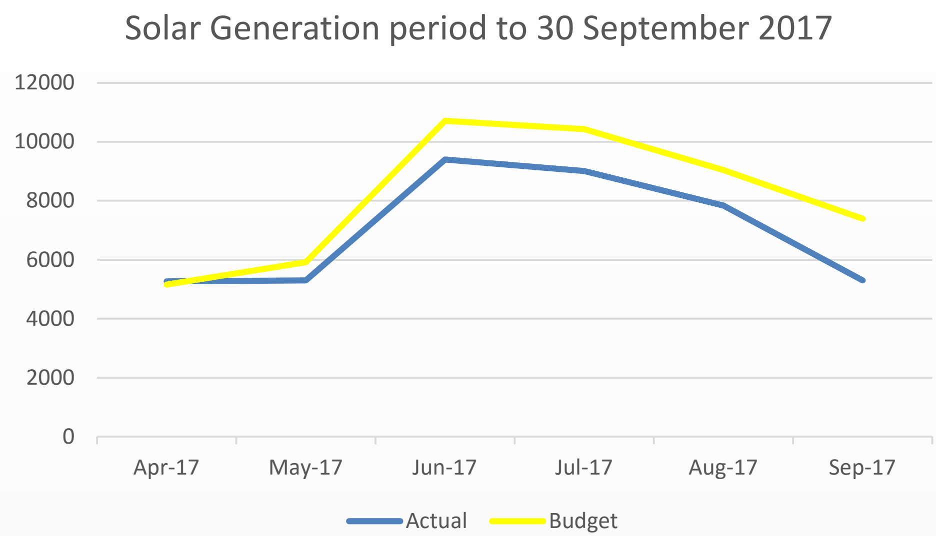




[1]Based on project revenues from volumes/generation during the year and assumes project cash flow distributions reflect revenue spilt at each project.

Portfolio performance





- 187.8GWh generation across the portfolio
  - Wind generation 4% above budget
  - Headline solar generation 6% below budget excluding the Branden project due to lower than average irradiation
  - Other instances of unavailability covered by insurance and contractual protections

Portfolio performance

- Waste volumes in line with budget and wastewater volumes below budget following dry winter period
- Total distributions from projects in line with budget
- Good availability across all asset classes apart from Branden and Crug Mawr due to technical issues
- Overall performance again demonstrates benefit of a diversified portfolio and spread of risks across technologies and revenue sources

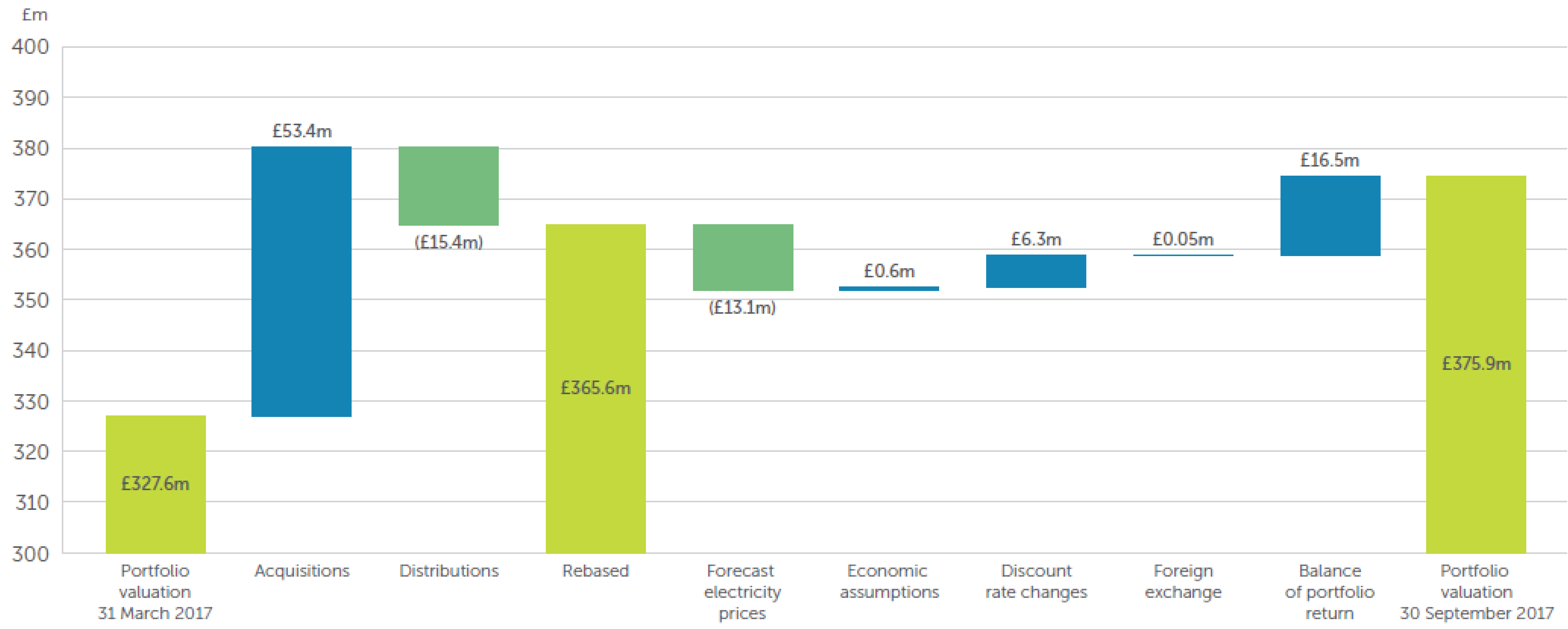
Balance sheet

Summary – Investment basis

	30 September 2017 (£m)	31 March 2017 (£m)
Portfolio valuation	375.9	327.6
Cash	14.4	26.1
Net debtors	0.2	(1.2)
Revolving credit facility	(15.8)	(12.5)
Net assets	**374.7**	**340.0**
Number of shares in issue	378,477,029	339,642,078
Net asset value per share	99.0p	100.1p

Portfolio valuation movements

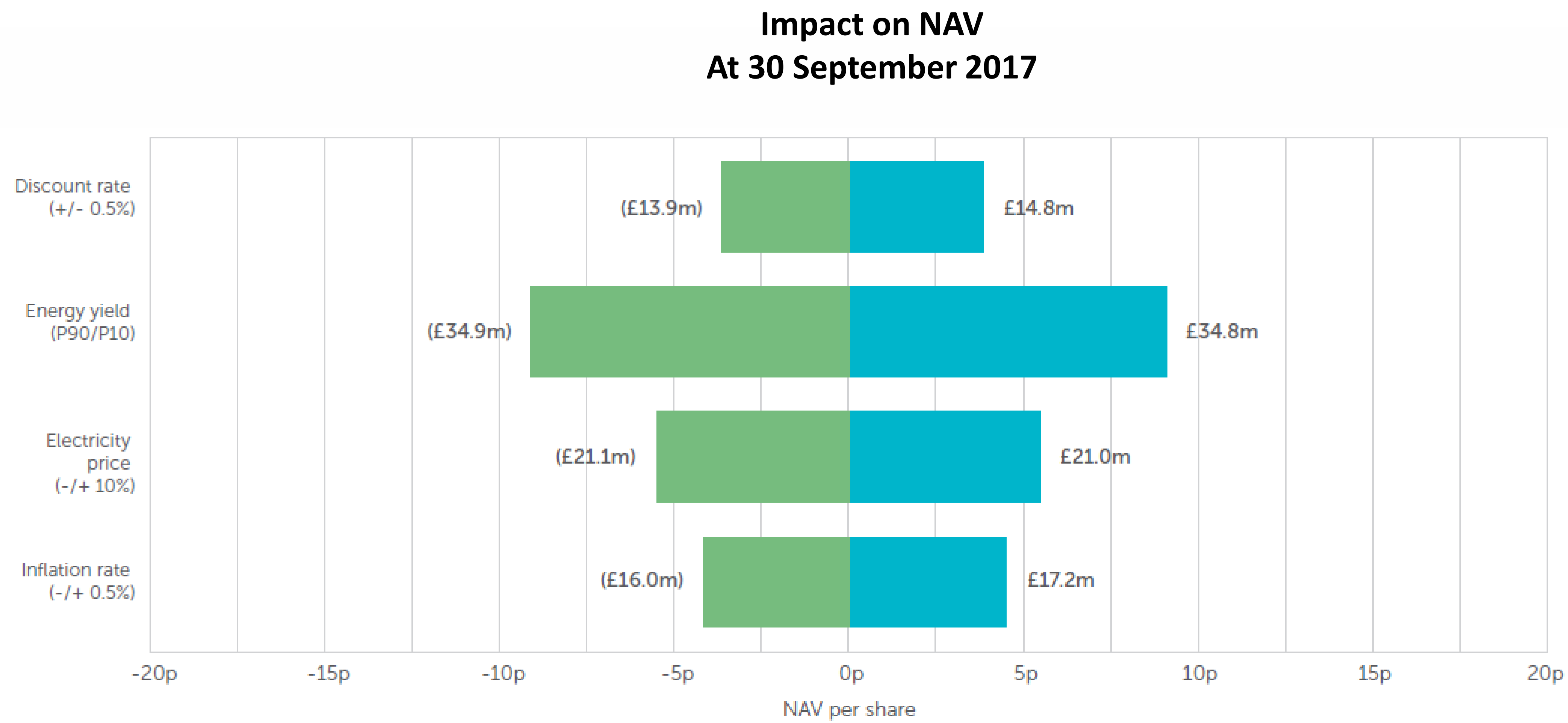
Year ended 30 September 2017



Portfolio valuation – key assumptions

- **Generation** – assumes base case of "P50" level of electricity output for renewable assets based on technical advisors analysis
- **Electricity prices**
  - for the next 2 years fixed prices or short term market forward prices:
    - market forward averages for next 2 seasons: £49/MWh for winter; and £42/MWh for summer
  - then central case forecasts from established market consultant, down 7.7% over 25 years on time weighted average basis
- **Economic** – Inflation 3.8% for 2017, 3.1% in 2018 and 2.75% from 2019 onwards. France 1.0%
- **Discount rates** – Overall WADR unchanged at 8.2% (31 March 2017: 8.2%)
  - Impact of new acquisitions balanced by changes to asset discount rates
  - reduction in the discount rate assumption for UK wind assets
  - increase in the discount rate for D&G due to uncertainty around varying scope of services

NAV sensitivity analysis



Group cash flow

Six months ended 30 September 2017

	£m
Cash at 31 March 2017	**26.1**
Net share issue proceeds	39.5
Acquisition of investment assets (net)	(52.8)
Drawdown under credit facility	3.3
Distributions from projects	15.4
Operating and other costs	(4.5)
Acquisition costs	(1.4)
Dividends paid	(11.2)
Cash at 30 September 2017	**14.4**

Dividend cover – 1.1 times on cash dividends paid during the year

Funding

Placing programme

- **July 2017:** £40m equity raise

Revolving credit facility

- **June 2017:** Facility increased from £75m to £130m
- **30 September 2017:** £15.8m drawn

Project-level gearing: 41.9% (31 March 2016: 42.9%)

- **Renewable energy assets:** 34.5% (31 March 2017: 32.7%)
- **PFI processing assets:** 55.7% (31 March 2017: 59.8%)
- Increase in RE gearing due to acquisition of geared solar (CSGH) vs ungeared wind and AD

Overall fund gearing: 44.2% (31 March 2017: 44.9%), including RCF drawn balance

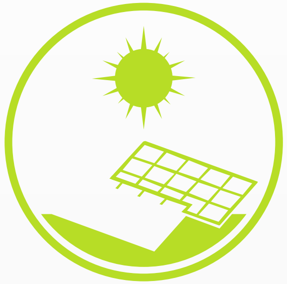
Conclusion

- Continue to deliver on promises at IPO in March 2014
- NAV per share 99.0p (March 2017: 100.0p), down primarily due to a decrease in forecast electricity prices during the period
- Successfully raised £40m in the six months to 30 September 2017
- RCF increased to £130m (£15.8m drawn at 30 September 2017)
- Strong level of acquisition opportunities across breadth of environmental infrastructure, including estimated £270m pipeline under First Offer Agreement with John Laing to December 2019
- Target dividend of 6.31p[1] for year to 31 March 2018

1. *This is an annualised target only and not a profit forecast. There can be no assurance that this target will be met or that the Company will make any distributions at all.*

Q&A

Appendices



Fund Governance and Terms

The Fund	• Domiciled in Guernsey • Independent Board of Directors • Chapter 15, premium listing on LSE
Investment Adviser	• John Laing Capital Management Limited • FCA authorised and regulated • Monitors and reviews projects
Base Fee	• 1.0% of Adjusted Portfolio Value[1] up to and including £0.5bn • 0.8% of Adjusted Portfolio Value[1] over £0.5bn
Performance Fee	• No performance fee
Asset Origination Fee	• No origination fee
Investment Adviser Terms	• 4 years followed by rolling 1 year notice
Discount Control	• The Company can buy up to 14.99% p.a. of the ordinary shares in issue at prices below the estimated prevailing NAV per ordinary share where the Directors believe such purchases will result in an increase in the NAV per ordinary share
Continuation Vote	• Would take place if shares trade at a significant discount to Net Asset Value per share for a prolonged period of time

1. *"Adjusted Portfolio Value" means the sum of the Fair Market Value of the Investment Portfolio, plus any cash owned by or held by or to the order of the Fund plus the aggregate amount of payments made to Shareholders by way of dividend in the quarterly period ending on the relevant Valuation Day, less any other liabilities (excluding any borrowings) and any Uninvested Cash (each to the extent that it has not already been deducted). Uninvested Cash refers to the net proceeds of any equity or debt capital raising by the Company that is held in cash or near cash instruments until such time as such net proceeds are invested by the Fund in Investment Interests.*

Investment Policy

JLEN's investment policy is to invest in Environmental Infrastructure projects that have the benefit of long-term, predictable cash flows

Sector	• Environmental Infrastructure projects that utilise natural or waste resources or support more environmentally-friendly approaches to economic activity, which could involve: ▪ Renewable energy generation (including solar, wind, hydropower and biomass) ▪ Supply and treatment of water ▪ Treatment and processing of waste ▪ Projects that promote energy efficiency • All projects to have the benefit of long-term, predictable, wholly or partially inflation-linked cash flows supported by long-term contracts or stable regulatory frameworks
Geography	• At least 50% of the portfolio by value will be based in the UK (current portfolio is over 99% UK based by value) • Investments in projects that are located only in OECD countries
Operational	• No more than 15% of the Net Asset Value ("NAV") will be attributable to projects in construction and not yet fully operational • Intention to invest in projects underpinned by well-established technologies with significant track record of use in other projects with demonstrable operational performance
Single Asset Limit	• No more than 30% of NAV invested in a single asset post-acquisition
Gearing	• Asset level: no more than 65% of Gross Project Value[(1)] for Renewable Energy projects and no more than 85% of Gross Project Value for PFI / PPP projects • Fund level: no more than 30% of NAV immediately post-acquisition; any acquisition debt intended to be repaid periodically by equity raising

1. *"Gross Project Value" means in respect of each Project Entity, the Fair Market Value of the Investment Interests in such Project Entity acquired or to be acquired by the Fund as increased by the amount of any financing held within the relevant Project Entity.*

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