

## CHAIR'S STATEMENT



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**Ed Warner**  
Chair

On behalf of the Board, I'm pleased to report that JLEN delivered a resilient NAV performance for the six months ended 30 September 2023.

The period under review has continued to be marked by uncertainty. Persistent inflation and rising interest rates, both short- and long term, make it difficult to predict the point at which the peak in the rate tightening cycle might be reached. While electricity prices, key to the prospects for many of JLEN's assets, were less volatile than in the preceding 12 months, geopolitical tensions remained a troubling backdrop against which to forecast and plan.

In spite of a challenging operating environment, JLEN remains in a strong position to deliver on its operational and financial objectives. Whilst the portfolio value was modestly up, NAV per share declined slightly, but the Company continued to pay a dividend that is well covered by returns from its diversified portfolio of environmental infrastructure assets.

JLEN's NAV per share declined by 2.8% in the period, from 123.1 pence to 119.7 pence. This is after the payment of two dividends to shareholders in the period totalling 3.68 pence. Dividend cover in the period was 1.32 times (1.54 times prior to paying the Electricity Generator Levy ("EGL")). The Board is pleased to be able to reaffirm the dividend target of 7.57 pence per share for the full year.

The Board is acutely aware of the discount to NAV at which JLEN's shares and those of its peers continue to trade in the current environment. It is very disappointing nonetheless that JLEN's shares have dropped below their underlying asset value. In light of this derating of JLEN's shares, the Board has worked closely with our Investment Manager, Foresight Group, to establish a clear, disciplined strategy for the allocation of capital that will ensure the continued long-term success of the Company while reflecting the challenge and opportunity posed by the discount to NAV at which the shares trade. This capital allocation strategy includes active consideration of potential asset disposals, should attractive prices be achievable, that would free up capital for deployment in other ways to benefit shareholders.

In the current market environment, capital generated from JLEN's portfolio and from future asset sales will likely be prioritised towards existing commitments, planned follow-on investments and asset enhancements within our current portfolio, alongside managing the Company's credit facility to maintain a robust balance sheet, as well as the potential for share buybacks.

The Board and the Investment Manager believe that the discount to NAV at which JLEN's shares are currently trading materially undervalues the Company, and so represents an attractive investment opportunity. Share buybacks consequently form an important part of our capital allocation considerations.

## CHAIR'S STATEMENT continued

The current discount to NAV has heightened significance because, when the Company launched, the Board committed to put forward a discontinuation vote if the Company's shares trade at an average discount of 10% or more over the course of any financial year. The average discount at which the shares have traded in the current financial year to date has been approximately 13%. If a discontinuation vote is triggered, it will be proposed as a special resolution at the 2024 Annual General Meeting. The Board is actively monitoring the share price discount, and will be engaging with shareholders in the coming months to discuss any concerns they may have.

As JLEN approaches its tenth anniversary, the Board is encouraged by the prospects for the portfolio and proud of its track record of delivering consistent dividend growth and NAV growth over its life. The outlook for sustainable infrastructure investment remains positive as the UK and European economies decarbonise to meet net zero emissions targets and find ways to live more sustainably.

We will be suitably cautious in our approach given the prevailing uncertainties, but considering this is a long-term asset class, we view the future with confidence. Thank you to all shareholders for your continued support.



**Ed Warner**

Chair

24 November 2023



Grange Farm Energy AD located in Spridlington, Lincolnshire.