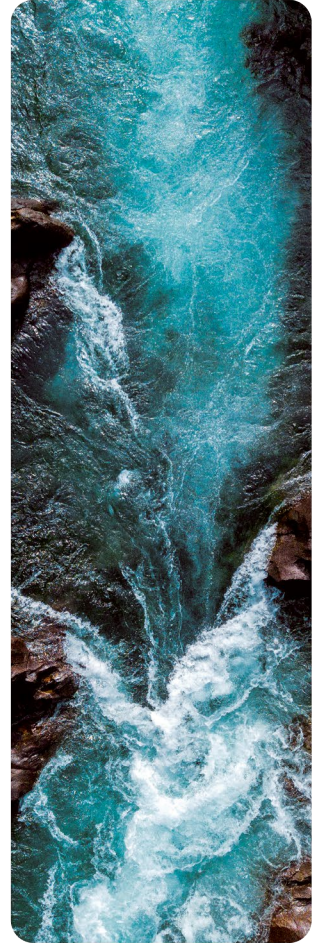
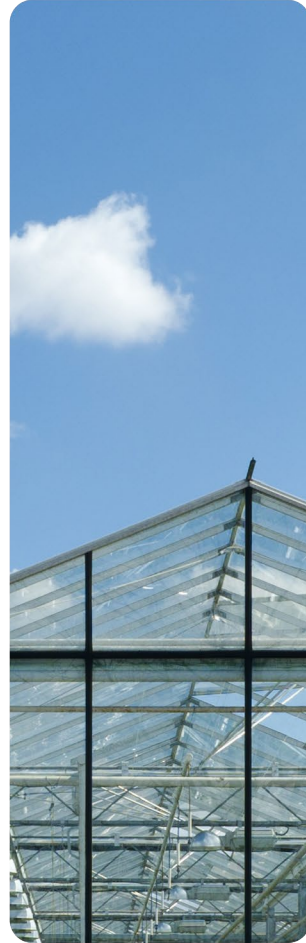
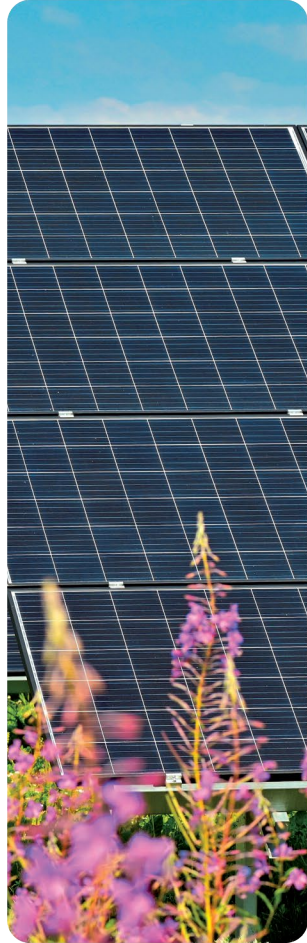


JLEN ENVIRONMENTAL ASSETS GROUP LIMITED



The evolving opportunity within renewable energy investment

September 2023

SPEAKER BIO

Foresight Group LLP

Foresight Group LLP is the alternative investment fund manager (“AIFM”) to JLEN



Chris Tanner – Partner, Foresight

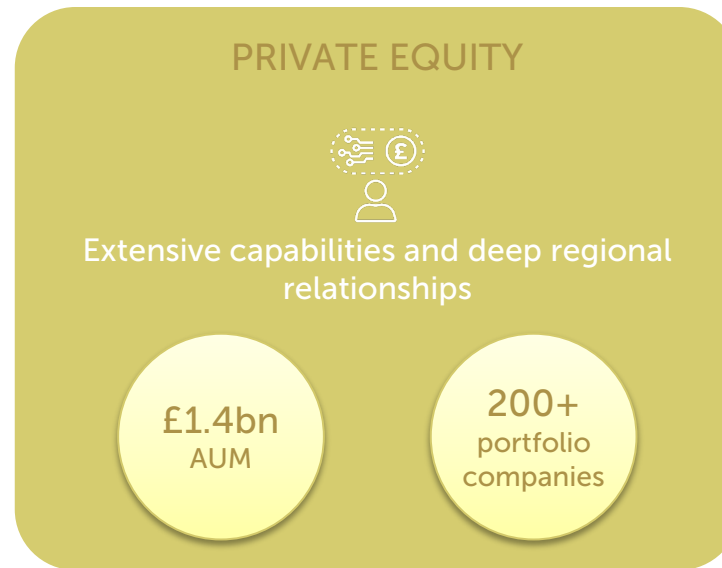
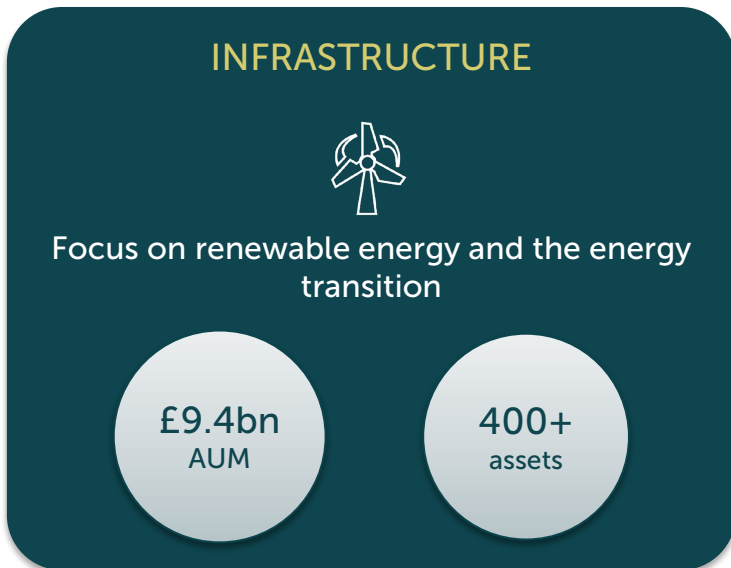
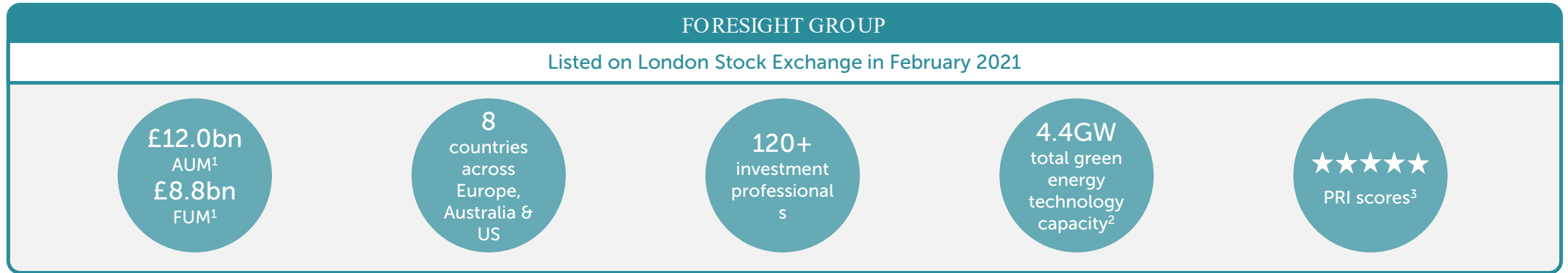
Chris has been an Investment Manager to JLEN since IPO in 2014. He joined Foresight in 2019 as a Partner and has over 23 years of industry experience.

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

Chris also serves as Chair of the Finance Forum for The Association for Renewable Energy and Clean Technology (REA).

FORESIGHT GROUP OVERVIEW

A sustainability-led infrastructure and private equity investment manager, founded in 1984



(1) Based on unaudited AUM as at 30 June 2023. All other figures accurate as at 31 March 2023, unless otherwise stated.

(2) As defined by the London Stock Exchange Green Economy Mark.

(3) Five-star PRI scores awarded across the Group, Private Equity and Infrastructure divisions. Issued in September 2022, see Foresight website for more details.

(4) Including launch of US based Cromwell Foresight Global Sustainable Infrastructure Fund in February 2023.

JLEN OVERVIEW

Because environmental infrastructure is more than just renewable energy

10

Technology types
(7 technology subsectors)

42

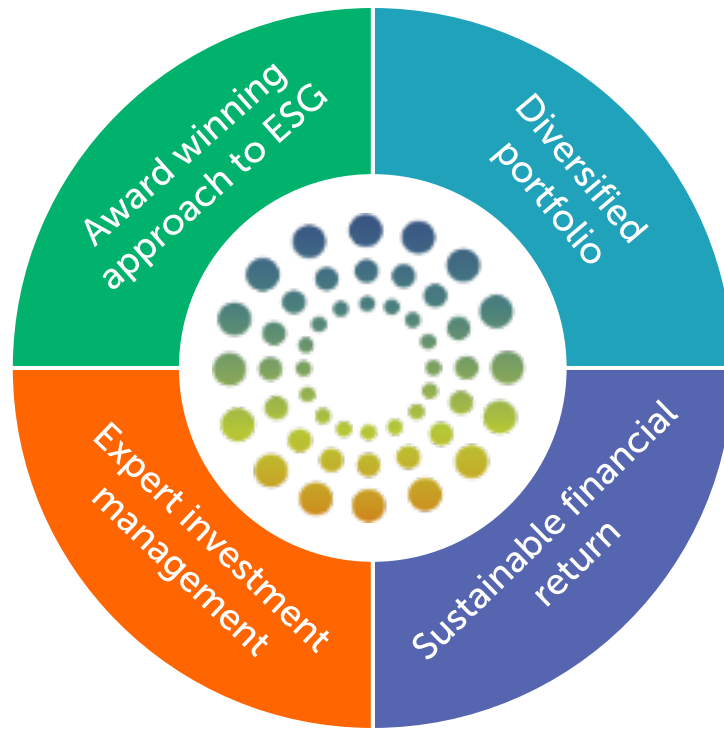
No. of assets in the portfolio

7.57p²

Target dividend to 31 March 2024

£801.4m¹

NAV at 30 June 2023



- Targeting a **sustainable, progressive dividend**, with consistent annual dividend growth since IPO and **8.9% annualised NAV Total Return***
- **Diversified portfolio** includes wind, solar, anaerobic digestion, waste facilities, wastewater treatment, bioenergy, low carbon transport, battery storage, controlled environment, hydropower and hydrogen.
- High degree of **inflation linkage**, with 62% of lifetime portfolio revenues linked to RPI**
- **Broad mandate** allowing exposure to a wide opportunity set.
- **Expert investment management team**
- Transparent and **award-winning approach to ESG**

(1) No representation is being made by the inclusion of the data contained herein that the Company will achieve results similar to that which it has achieved in the past or avoid losses. Past performance cannot be relied on as a guide to future performance.
 (2) This is a target only and not a profit forecast. There can be no assurances that this target will be met. No representation is being made by the inclusion of the data contained herein that the Company will achieve results similar to that which it has achieved in the past or avoid losses.

* Calculated at 30 June 2023

**Calculated on an NPV basis at 31 March 2023

**Environmental
infrastructure,
not just
renewable
energy**



WHAT IS 'INFRASTRUCTURE'?

And what does it include?

“The basic systems and services that a country or organisation uses in order to work effectively”

Source: Cambridge Dictionary

Traditional sectors included within infrastructure:

- Accommodation
- Roads
- Rail
- Ports
- Energy
- Education
- Hospitals
- To name a few...

Key investment characteristics

How the asset class is typically described:

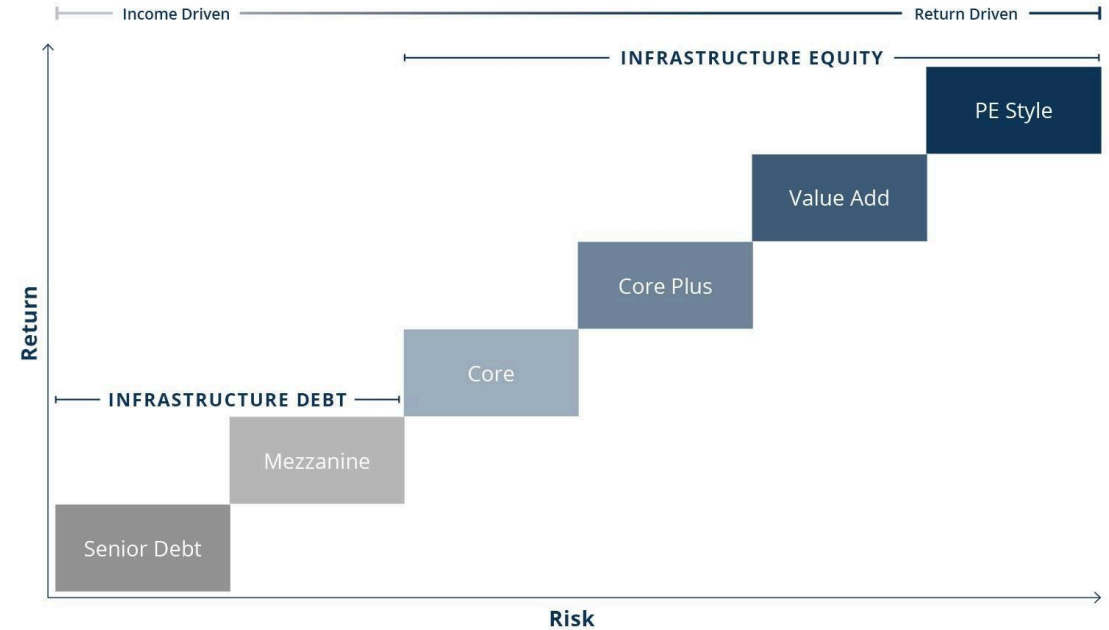
- Stable, predictable cashflows
- Inflation linked revenues
- Long term useful life
- Essential goods or services
- High barriers to entry
- Perception of lower risks

HOW HAS THE SECTOR EVOLVED?

Not all infrastructure is created equal

Evolution of the infrastructure investment landscape

- Investment trusts providing access to infra since the early 2000's
- As allocations have grown, so too have the terms used to define investments (see chart): [Core](#) / [Core +](#) / [Value Add](#)
- Competition has intensified, pushing investors along the risk curve to find new opportunities
- Holding to traditional definitions leaves few new opportunities. New sectors now classed as "infra" e.g., data centres, fibre broadband & even asset heavy operating businesses
- These may not have long-term government-backed contracts, but other features provide similar characteristics



Source: Brookfield

SO WHAT IS 'RENEWABLES INFRASTRUCTURE'?

A subset of infrastructure

The birth of renewables infrastructure

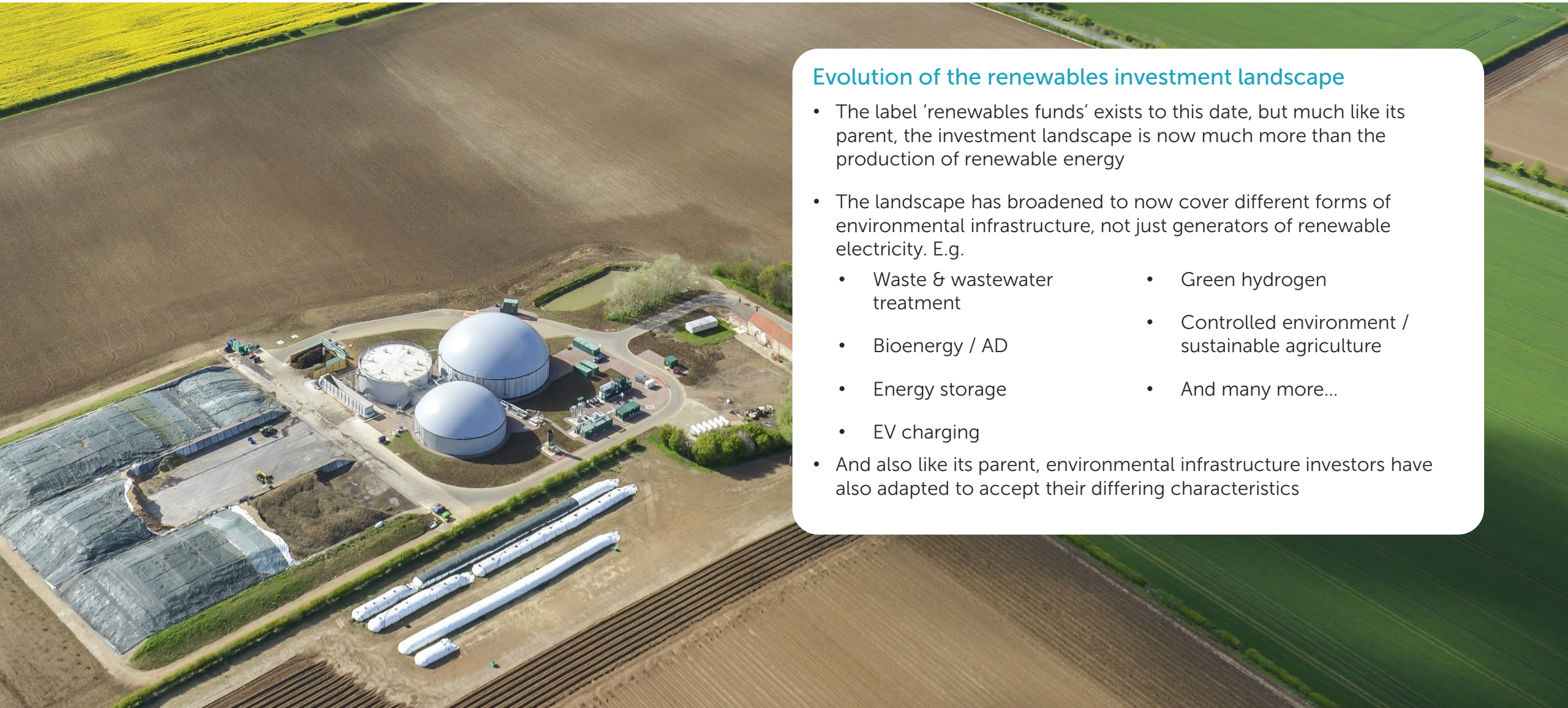
- Availability of attractive subsidies and changes in the traditional infra market facilitated the launch of a subset of environmentally focused investment trusts in the mid [2010s]
- These often specialised in a single technology, such as wind or solar and were therefore collectively labelled the 'renewables funds'
- And like traditional infra it retains a foundation of the same principal investment attractions:
 - Predictable cashflows
 - Inflation linked revenues
 - Merchant risk
 - Essential goods or services
 - Long term assets
 - Resource risk

But also...



FOLLOWING IN CORE INFRASTRUCTURE'S FOOTSTEPS

The green economy



Evolution of the renewables investment landscape

- The label 'renewables funds' exists to this date, but much like its parent, the investment landscape is now much more than the production of renewable energy
- The landscape has broadened to now cover different forms of environmental infrastructure, not just generators of renewable electricity. E.g.
 - Waste & wastewater treatment
 - Bioenergy / AD
 - Energy storage
 - EV charging
 - Green hydrogen
 - Controlled environment / sustainable agriculture
 - And many more...
- And also like its parent, environmental infrastructure investors have also adapted to accept their differing characteristics

Market backdrop



THE IMPORTANCE OF INVESTMENT IN THE SECTOR

Public sector policy isn't enough

The climate challenge

- The world faces widespread climate, energy, and economic crises¹
- The last 8 years – the warmest since records began²
- Predictions that key climate thresholds will be breached in the next five years³
- Predicted to fail the Paris Agreement goals unless global emissions are reduced by 43% by 2030⁴
- Development of sustainable infrastructure can accelerate the achievement of climate and sustainable development goals (SDGs), while creating strong and resilient economies⁵

What can renewables do?

- Traditional renewables continue to play a critical role in clean energy transitions
- Renewables are at the centre of the transition to less carbon-intensive and more sustainable energy systems
- Generation capacity has grown rapidly in recent years, driven by policy support and sharp cost reductions for solar PV and wind power in particular
- In the Net Zero Emissions by 2050 scenario, renewables allow electricity generation to be almost completely decarbonized
- But investment is needed beyond energy production to have a realistic chance of achieving Net Zero

(1) <https://www.weforum.org/reports/global-risks-report-2023/digest/>

(2) <https://public.wmo.int/en/media/press-release/past-eight-years-confirmed-be-eight-warmest-record#:~:text=The%20average%20global%20temperature%20in,all%20datasets%20compiled%20by%20WMO>

(3) <https://www.theguardian.com/environment/2023/may/17/global-heating-climate-crisis-record-temperatures-wmo-research>

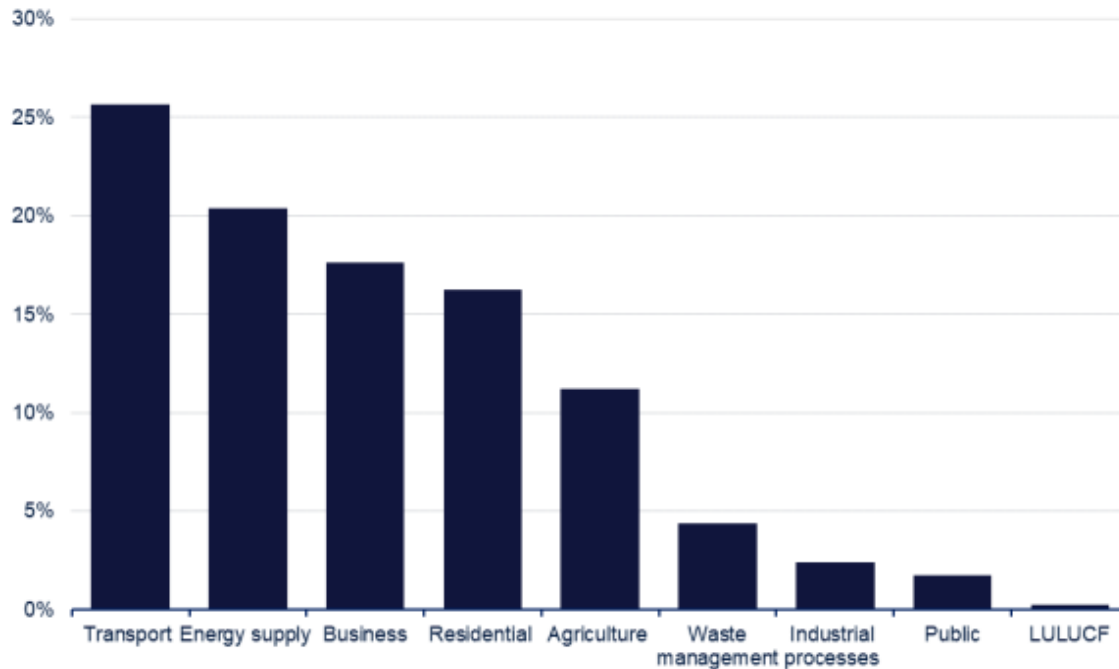
(4) <https://public.wmo.int/en/media/press-release/climate-change-undermines-nearly-all-sustainable-development-goals>

(5) <https://www.unpri.org/sustainable-development-goals/bridging-the-gap-how-infrastructure-investors-can-contribute-to-sdg-outcomes/6053.article>

SECTOR FOCUS

Which sectors are the most carbon intensive?

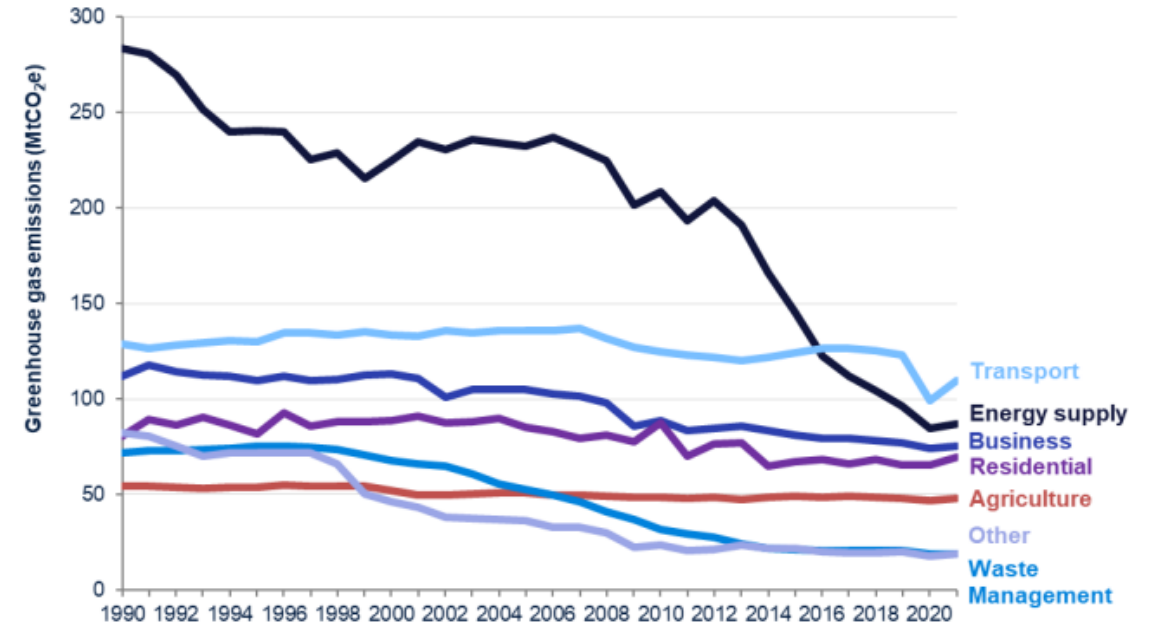
Net UK greenhouse gas emissions by sector, 2021 (%)



Source: UK Gov¹

- Energy supply remains a top polluter, but so too are transport, business, residential and agriculture

UK greenhouse gas emissions by NC sector, 1990-2021 (MtCO₂e)



Source: UK Gov¹

- In fact, energy supply is one of the few sectors to have made significant progress over the past decade

(1) [2021 UK Greenhouse Gas Emissions, Final Figures \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

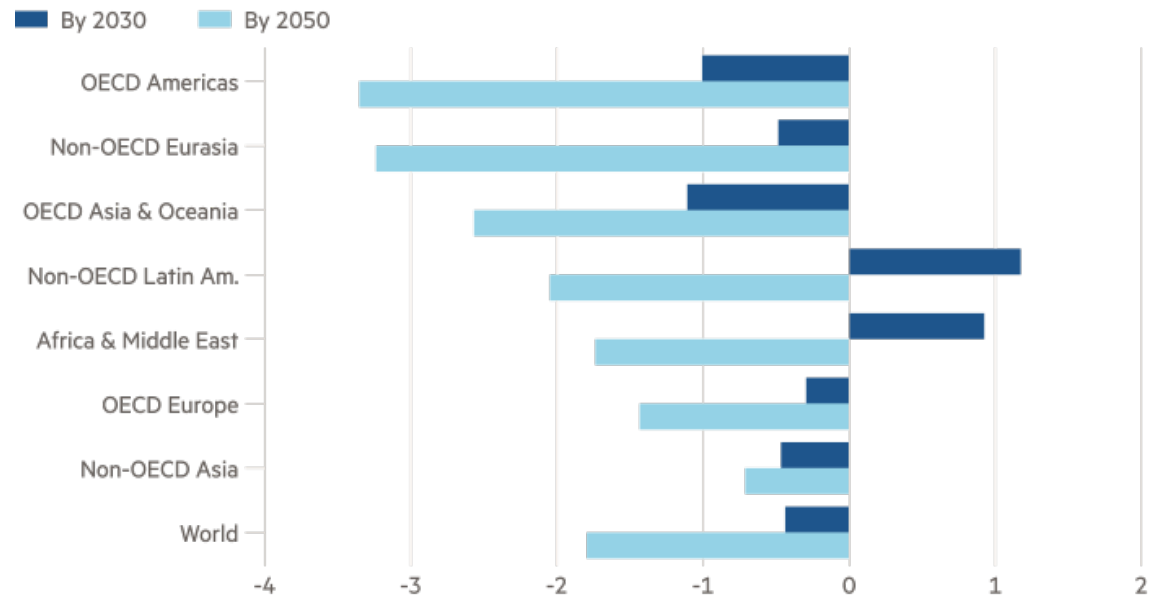
THE COST OF THE CLIMATE TRANSITION

No such thing as a free lunch

Funding requirement to hit net zero

- Global investment needs to rise from \$2tn per annum to almost \$5tn by 2030, and would still need \$4.5tn in 2050¹
- That's \$100tn over 30 or 40 years, to boost areas such as renewable energy, electrify transport systems, decarbonise the heating and cooling of buildings, and foster green hydrogen
- The scale of investment is just too high to come from governments alone
- The fiscal costs of net zero vary between regions (see chart to right)

OECD forecast change in net public revenues (as a % of baseline 2050 GDP)¹



Source: Foure, Dellink, Lanzi & Pavenello, OECD 2023
© FT

(1) [The \\$100tn path to net zero | Financial Times \(ft.com\)](https://www.ft.com/content/2023/01/12/the-100tn-path-to-net-zero)

Investment landscape



GOVERNMENT SUPPORT POLICIES

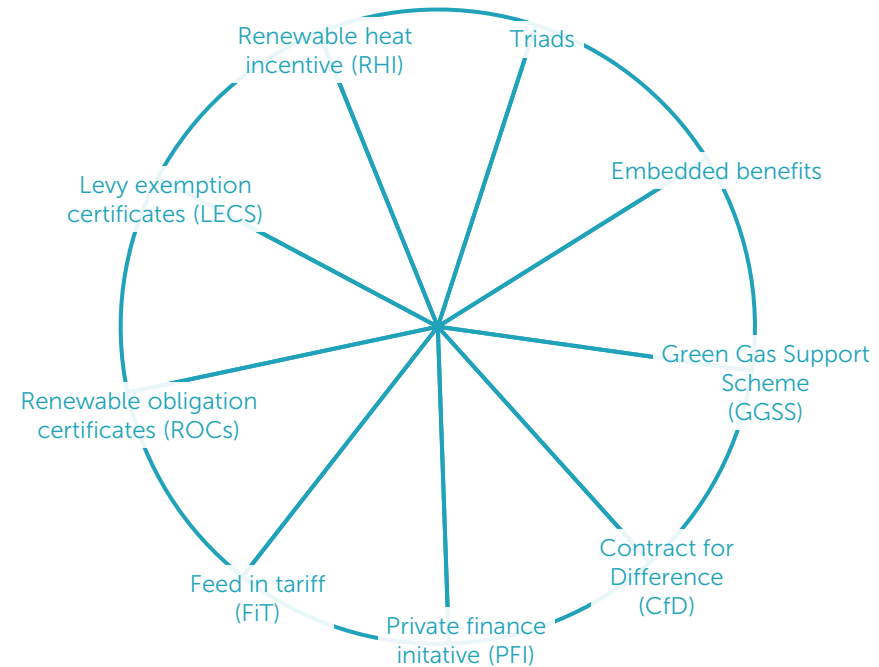
Access to government support

Evolution of subsidy support

- Life started with large/simple **revenue support mechanisms**: generate electricity and receive payments to offset the high cost of building renewables at that time
- As build costs came down, policy **switched to auction based subsidies** focused on securing the lowest cost for consumers
- Onshore wind, solar & EV infra costs are now deemed low enough to not require subsidies – debatable for EV charging!
- Whereas other sectors still require some support, such as:
 - Biomethane
 - Green hydrogen
 - Carbon Capture & Storage (CCS)
 - Sustainable Aviation Fuels (SAF)
- Result is that **investors will need to take more market risk** as subsidies are inevitably withdrawn

New policy

- REPowerEU
- The Green Deal Industrial Plan
- UK Green Finance Strategy
- Shift away from revenue-based support towards capex grants



CHANGES IN RETURN EXPECTATIONS

Thoughts on the current rate environment

Discount rates

- Persistent inflation and inconsistent government policy has fueled large discounts across investment trusts, despite those very trusts benefitting from high inflation linkage and generally prudent balance sheet management
- UK Gilts are at their highest levels since 2008



Source: CNBC as at 15 September 2023¹

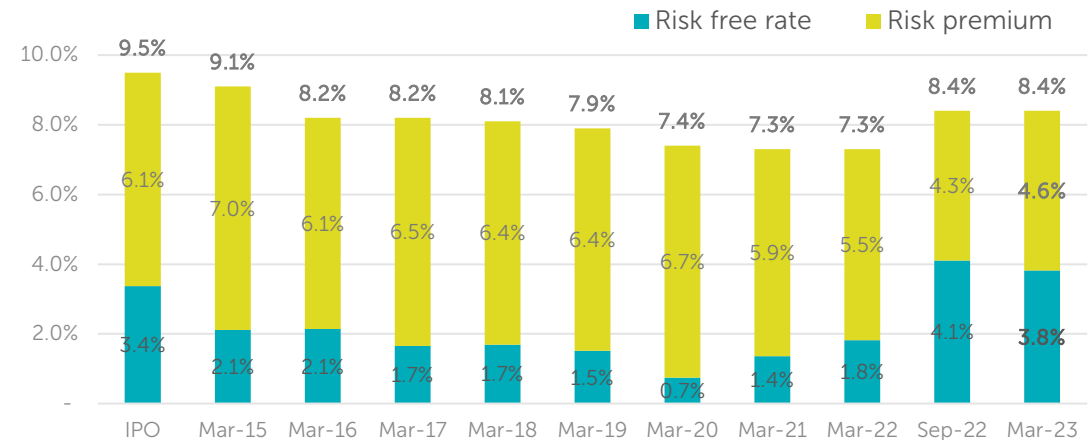
(1) [GB20Y-GB: 4.644% +0.051 \(0.00%\) \(cnbc.com\)](#)

(2) Calculated at 30 June 2023

(3) Past performance is not indicative of future performance and returns are not guaranteed

Illustration of JLEN's discount rate evolution since IPO

- Early years post-IPO saw a sustained period of compression, driven by intense market competition for renewables and low risk free rates
- More recently, discount rates have risen sharply to maintain healthy premiums over risk free rates
- JLEN's current WADR of 8.9%² represents a 4.3% premium over long term gilts³ (see chart below)
- Current share price suggests investors pricing JLEN at a c.12% discount rate

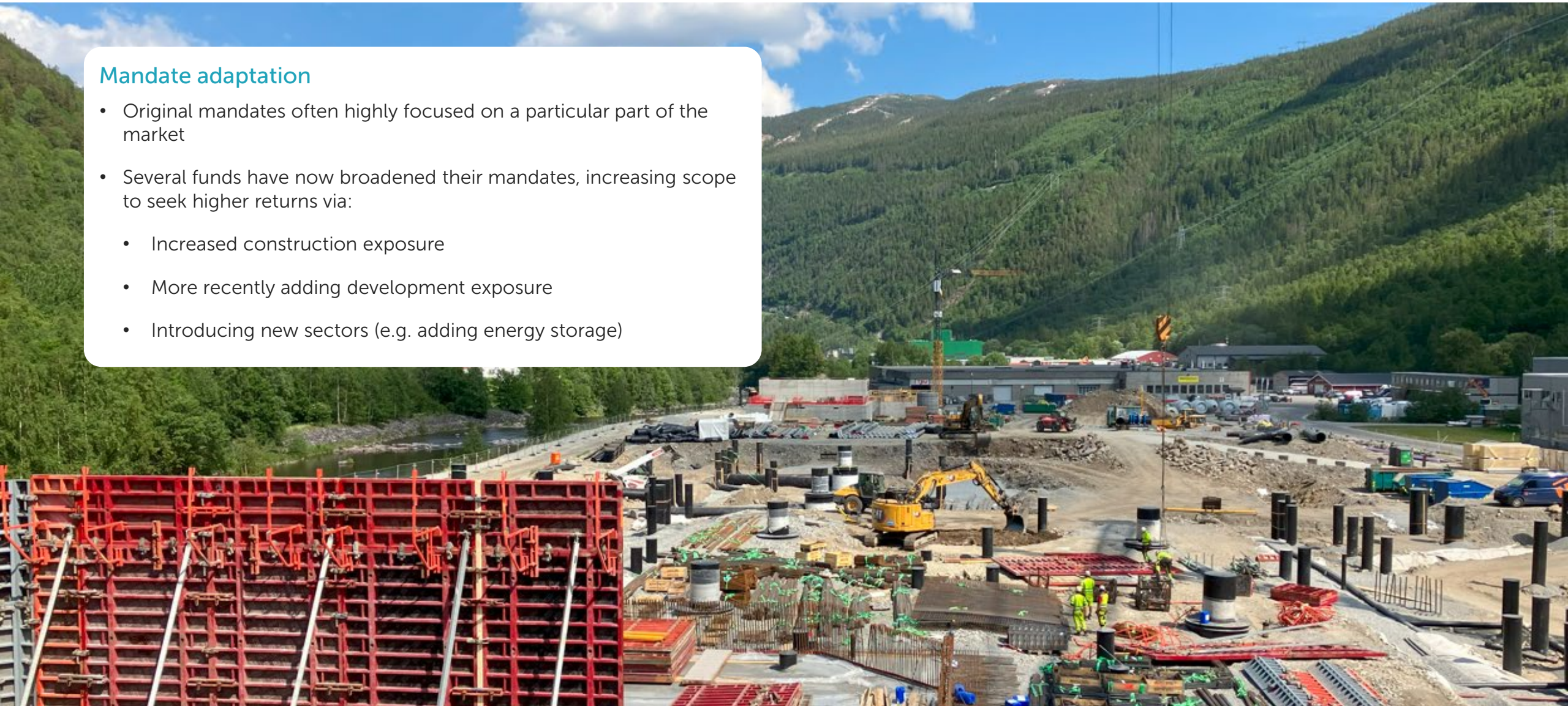


HOW CAN HIGHER RETURNS BE ACHIEVED?

How investment trusts have adapted

Mandate adaptation

- Original mandates often highly focused on a particular part of the market
- Several funds have now broadened their mandates, increasing scope to seek higher returns via:
 - Increased construction exposure
 - More recently adding development exposure
 - Introducing new sectors (e.g. adding energy storage)

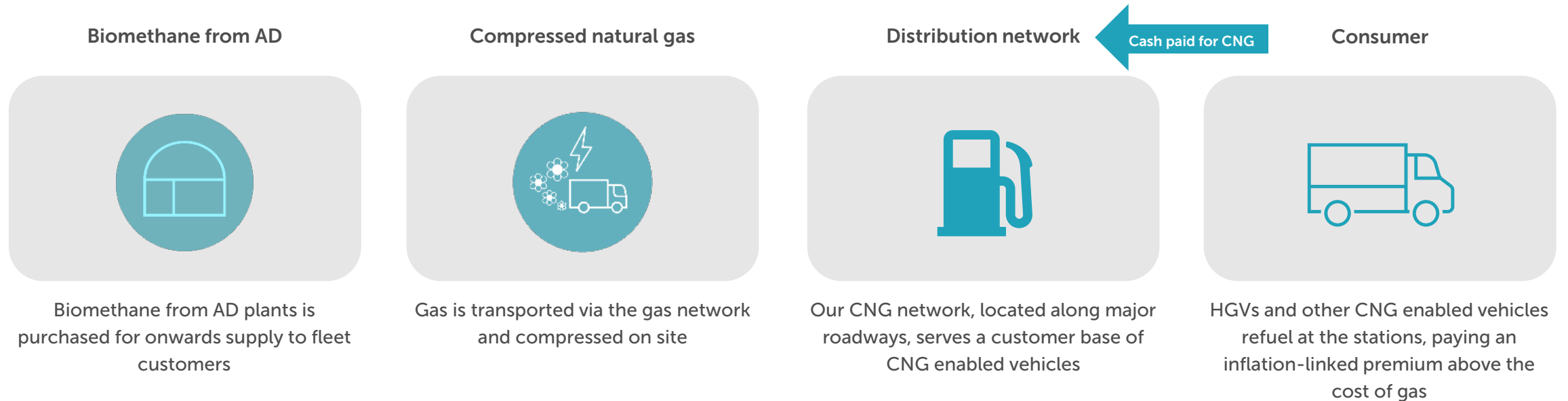


Real world Examples



LOW CARBON TRANSPORT – CNG REFUELING STATIONS

Biomethane refueling stations provide heavy goods vehicles (“HGVs”) with compressed natural gas from renewable sources significantly reducing carbon emissions



Sector benefits

- No exposure to gas commodity prices
- Lower cost than equivalent diesel trucks
- Carbon saving of c. 85% compared to diesel on a “wheel-to-wheel” basis¹
- Policy support

Revenue sources (gas to grid)



■ Contract revenues

Conveniently located stations



(1) CNG Fuels

CONTROLLED ENVIRONMENT - AQUACULTURE

JLEN is invested in a construction-stage aquaculture facility in Norway

Controlled Environment Aquaculture (“CEAq”) market drivers





- Global supply of seafood has been shifting towards aquaculture while the proportion of wild caught fish has stagnated or diminished due to regulatory and resource constraints¹
- Global demand for protein is forecasted to double from to c. 400 million tonnes in 2050, driven by²:
 - Global population growth to 9.7 billion in 2050²
 - Middle-class consumers – the fastest growing segment – predicted to grow from 4 billion people in 2020 to 5.3 billion in 2030³
 - Increased propensity of consumers towards healthier lifestyle³
- Sustainable methods of fish farming will be critical to supplying the protein the world needs³
- Salmonids, including salmon and trout, offer high resource efficiency compared to other key protein sources³

Onshore Aquaculture / CEAq sector benefits

- Resource-use efficiency
- Better environmental performance compared to conventional alternatives
- Food security and nutrition
- Commodity market provides underpin to revenue assumptions



Environmental benefits of aquaculture⁴

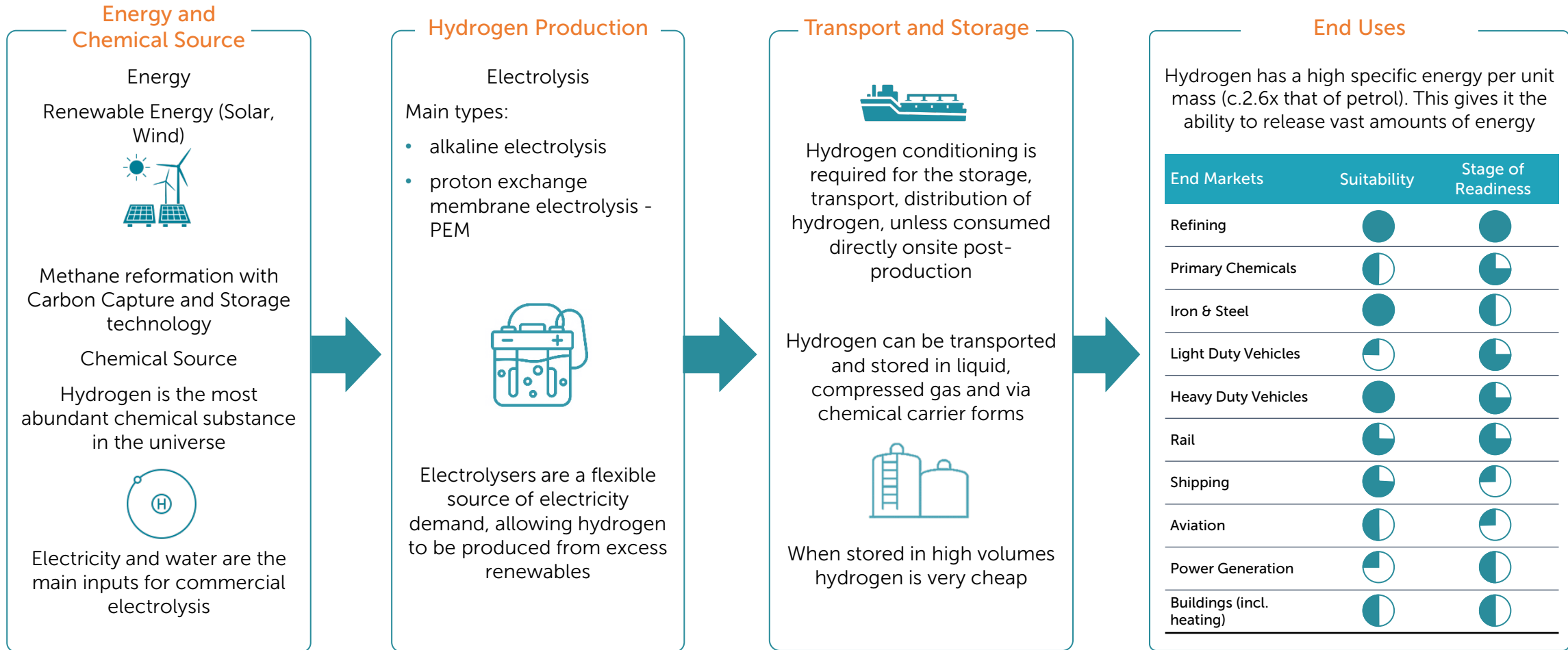
Metric				
Feed conversion ratio (“FCR”) ¹	1.1 - 1.15	1.7 – 2.0	2.7 – 5.0	6.0 – 10.0
Freshwater consumption (litre / kg edible product) ²	500	4,300	6,000	15,400
GHG emissions (kg CO ₂ e / kg edible product) ¹	4.1	6.1	7.2	60

Land-based technology well proven to develop efficient and low-emission protein

- (1) UN Report – “The State of World Fisheries and Aquaculture” (2022)
- (2) <https://news.un.org/en/story/2022/07/1122272#:~:text=The%20latest%20UN%20projections%20suggest%20that%20the%20world%E2%80%99s,of%20around%2010.4%20billion%20people%20during%20the%202080s.>
- (3) Hatch Blue due diligence report, December 2021
- (4) Mowi Industry Handbook 2020

GREEN HYDROGEN OPPORTUNITY

Hydrogen is a zero-carbon energy vector that offers a decarbonisation solution to otherwise hard-to-abate sectors, whilst also offering practical benefits to the energy system as a whole



CLOSING REMARKS

Sustainable returns from sustainable investments

- Environmental infrastructure assets **delivering, inflation-linked returns**
- Share premiums flipped to **sector wide discounts** due to macro environment
- Huge task ahead to achieve **net zero**
- **Renewable electricity is only one piece of the puzzle**
- Growing **opportunity** set for investment trusts with the **right mandate**
- **Income and capital growth** opportunities ready to be unlocked when markets reopen



Thanks for listening

Q&A



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



Appendices



FUND GOVERNANCE AND SUMMARY OF TERMS

The Fund	<ul style="list-style-type: none"> • Domiciled in Guernsey • Independent Board of Directors • Premium listing on the LSE (Chapter 15)
Alternative Investment Fund Manager	<ul style="list-style-type: none"> • Foresight Group LLP • Authorised and regulated by the Financial Conduct Authority (“FCA”) under firm reference number 198020 • Monitors and reviews projects
Base Fee	<ul style="list-style-type: none"> • Up to and including £0.5bn of Adjusted Portfolio Value* - 1.0% • Over £0.5 bn – 0.8%
Performance Fee	<ul style="list-style-type: none"> • No performance fee
Asset Origination Fee	<ul style="list-style-type: none"> • No origination fee
Alternative Investment Fund Manager Term	<ul style="list-style-type: none"> • Rolling one year notice
Discount Control	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Would take place if shares trade at a significant discount to Net Asset Value per share for a prolonged period of time

* “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.

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