

# Key Information Document (KID)

## Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

## Product

Ordinary compulsorily redeemable shares of Leaf Clean Energy Company (Leaf), ISIN KYG541351279 (**new ISIN for shares remaining after July 2018 compulsory partial redemption**)

Website: [www.leafcleanenergy.com](http://www.leafcleanenergy.com)

Call Leaf's administrator (EPE Administration) for more information: +44 (0) 20 3440 9307

Competent authority: AIM market of the London Stock Exchange

This KID was produced on 9 July 2018

**COMPREHENSION ALERT: You are about to purchase a product that is not simple and may be difficult to understand.**

## What is this product?

**Type:** Ordinary compulsorily redeemable shares of Leaf Clean Energy Company, a Cayman Islands exempted company, traded on the AIM market of the London Stock Exchange.

**Objectives:** Leaf's investment strategy is to carry out an orderly realisation of its portfolio of private equity assets, distribute the net proceeds to holders of the ordinary redeemable shares, and undertake a voluntary winding-up of the company.

Leaf's remaining holdings are all in the equity of three unlisted, private companies: 1) Invenergy Renewables LLC (Invenergy), North America's largest independently owned clean power generation company, which develops, owns, and operates clean power generation facilities and storage solutions in the Americas and Europe, and which is headquartered in Chicago, Illinois, USA; 2) Vital Renewable Energy Company, LLC (VREC), a Delaware USA limited liability company which owns a stake in a sugar-cane-based facility in Brazil that produces ethanol and refined sugar; and 3) Energía Escalona s. r. l. (Escalona), a company developing a hydroelectric power project in Mexico City.

As these investments are in the equity of unlisted, private companies, and, except for Escalona, Leaf is a minority investor in each company, Leaf has little control over the timing or amount of any realisation. Leaf will not invest in any new portfolio companies but may make additional investments in existing portfolio companies where required to preserve or enhance the realisation value of these investments.

The primary source of returns to shareholders will be derived from Leaf's investment in Invenergy. As previously reported, Leaf brought an action against Invenergy in the Delaware Court of Chancery (the "Court") for breach of contract. In June of 2016, the Court ruled that Invenergy had breached the agreement governing the membership interests in Invenergy (the "Agreement"). The Court's ruling did not determine the amount of damages to which Leaf is entitled. Leaf believes the damages, pursuant to a formula contained in the Agreement, were \$126.1 million on 15 December 2015, the date of the breach. Leaf believes such damages should be reduced by the \$3.9 million previously reported tax distribution from Invenergy. Leaf also believes that, if it prevails in the litigation, it will be entitled to interest on the judgment at the Delaware statutory rate of interest of 6%, compounded quarterly, from the date of the breach. Invenergy disputes that Leaf is entitled to the damages Leaf is seeking and believes that Leaf is entitled, at most, to nominal damages. The Court held a trial in October 2017, to determine the amount of Leaf's damages. In June 2018, the Court entered its final judgement in the trial, awarding Leaf nominal damages of \$1 as a result of Invenergy Wind LLC's ("Invenergy") breach. Also in June, Leaf filed an appeal of the judgement to the Delaware Supreme Court. Leaf continues to believe its damages should be US\$122.2 million, as stated earlier above.

In a ruling on 10 October 2016, the Court allowed Invenergy to amend its pleadings to assert a counterclaim against Leaf for allegedly causing Leaf's appraiser to provide a biased and inaccurate appraisal in the put/call process undertaken in parallel with the lawsuit. The previously mentioned trial also covered this counterclaim. The Court's final judgement ruled in Leaf's favor on this counterclaim, thereby establishing the redemption price to be paid to Leaf in connection with that put/call process at US\$50.7 million. Given that Leaf has filed an appeal of the Court's final judgement, and Invenergy has filed a counter appeal, the judgement obligates Invenergy to pay Leaf US\$36.4 million representing the portion of the US\$50.7 million redemption price that is uncontested, and to place the remainder of the redemption price along with one year's interest into an account controlled by the trial court to be distributed following, and depending on, the appeal result. Consistent with the judgement, Invenergy paid Leaf US\$36.4 million on 20 June 2018. Following receipt of this

payment from Invenery, the Leaf Board announced a 16.5-pence per share compulsory redemption of shares, which is scheduled for completion by 10 July 2018.

**Intended retail investor:** The intended retail investor in Leaf's shares is one who can bear the loss of all or a substantial portion of his investment and for whom the recommended holding period represents an appropriate investment time horizon. In addition, this investor should have theoretical knowledge of and past experience with similar investments and the financial markets and should be comfortable with an investment in the shares of a company whose return will be determined in large part by the uncertain binary outcome of a lawsuit appeal in the US that will be denominated in US dollars, and the market's expectations about this outcome.

## What are the risks and what could I get in return?



The summary risk indicator is a guide to the level of risk of this product as compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or the actual values Leaf is able to obtain for its remaining investments, and primarily the outcome of the Invenery lawsuit. We have classified this product as 6 out of 7, which is the second-highest risk class. This classification reflects both uncertainty about market prices of Leaf's shares over the recommended holding period and the uncertainty of the appeal result for the Invenery lawsuit. The following are some of the other risks materially relevant to the product (see the Admission Document and other information available on Leaf's website for additional risk information).

**Be aware of currency risk. Leaf's holdings are primarily denominated in US dollars, while its shares are currently traded on the AIM market in pounds sterling. The return on this product when expressed in pounds sterling may change depending on currency fluctuations.** The return this product will be determined mostly by the uncertain outcome of the appeal of a lawsuit judgement in the US. The risk of such an investment may be significantly higher than the one represented in the summary risk indicator, depending on changing market expectations and whether the product is held for the recommended holding period. The product does not include any protection from market or credit risk. Depending on the actual price at which the product is purchased in the market and the actual outcome of the Invenery lawsuit it is possible for the investor to lose some or all of his investment. Actual return for the product may be very different to what's shown in the table below.

Performance Scenarios		
Investment £10,000 scenario		Held for 1 year (RHP)
<b>Stress Scenario</b>	What you might get back after costs	£980
	Average return each year	-90.2%
<b>Unfavorable Scenario</b>	What you might get back after costs	£1,376
	Average return each year	-86.2%
<b>Moderate Scenario</b>	What you might get back after costs	£11,213
	Average return each year	12.1%
<b>Favourable Scenario</b>	What you might get back after costs	£32,569
	Average return each year	225.7%

This table shows the money you might get back over the recommended holding period, under different scenarios, assuming that you invested £10,000 on the date of production of this KID. The scenarios shown illustrate how the product might perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance and are not an exact indicator. What you get will vary primarily depending on the appeal result for the Invenery lawsuit, how the market performs and how long you hold the product. The stress scenario shows what you might get back in extreme market circumstances. It is possible that this product cannot be easily cashed in outside of any

compulsory repurchases by Leaf. This means it is difficult to estimate how much you would get back if you cash in before the end of the recommended holding period. You may either be unable to cash in early or you may have to pay high costs or make a large loss if you do so. The figures shown include all the estimated costs of the product itself but may not include all the costs that you pay to your advisor or distributor. The figures do not consider your personal tax situation, which may also affect how much you get back.

## What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the product itself, for the Recommended Holding Period (RHP). The figures assume you invested £10,000 on the date of production of this KID. The figures are estimates and may change in the future.

**Table 1 – Cost over time:** The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs and show you the impact that all costs will have on your investment over time.

Investment £10,000 scenario	If you cash in at the recommended holding period of 1 year
Total costs	£2,273
Impact on return (RIY) per year	22.73%

**Table 2 – Composition of costs:** The table below shows:

- The impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period
- The meaning of different cost categories

This table shows the impact on the return per year			
<b>One-off costs</b>	Entry costs	0.00%	The impact of the cost you pay when entering your investment.
	Exit costs	0.00%	The impact of the cost of exiting your investment at the end of the recommended holding period.
<b>Ongoing costs</b>	Portfolio transaction costs	7.23%	The impact of the costs of us buying and selling underlying investments for the product, including the remaining costs of the Invenergy lawsuit appeal.
	Other ongoing costs	14.16%	The impact of the costs that we take each year for managing your investments.
<b>Incidental costs</b>	Performance fees	1.34%	The impact of the performance fees. These are payments from Leaf's incentive payment plans based on cash returned to the shareholders.

## How long should I hold it, and can I take money out early?

While the product does not have a maturity date, Leaf's orderly realisation strategy means Leaf is in the process of selling all of its investments and will eventually return any proceeds from these sale transactions, less applicable costs, to the shareholders and then wind down the company. In keeping with this strategy, Leaf shares are compulsorily redeemable, meaning they can be repurchased by Leaf on a proportional basis at the sole discretion of the board of directors of Leaf, at a price based on the then-current net asset value (NAV) as determined by the Leaf Board.

## Recommended Holding Period (RHP): 1 Year

Given that the outcome of the Invenergy lawsuit appeal is the major factor that will determine the return on investment for the product, and the fact that this lawsuit is currently expected to be resolved within one year, the recommended holding period is 1 year.

## How can I complain?

Any complaints regarding the product may be lodged in one of three ways: 1) send an email to [info@leafcleanenergy.com](mailto:info@leafcleanenergy.com), 2) phone +44 (0) 20 3440 9307 and ask to speak to the administrator, or 3) write to Administrator, Leaf Clean Energy Company, C/o EPE Administration, Audrey House, 16-20 Ely Place, London EC1N 6SN.

## Other relevant information

Additional information, including Leaf's admission document, annual and interim reports, and further discussion of the Invenergy lawsuit, can be found on Leaf's website: [www.leafcleanenergy.com](http://www.leafcleanenergy.com).