Leaf Clean Energy Company

Annual Report

For the year ended 30 June 2019

Contents

Management and administration

Directors

Mark Lerdal (executive chairman)
Stephen Coe (non-executive director)
Peter O'Keefe (non-executive director)

Administrator

EPE Administration Limited
Audrey House
16-20 Ely Place
London
EC1N 6SN

Nominated Advisor, Broker

Cenkos Securities plc
6.7.8 Tokenhouse Yard
London EC2R 7AS

Auditors

KPMG
PO Box 493
Six, Cricket Square
Grand Cayman KY1-1106
Cayman Islands

Depositary, Registrar

Computershare Investor Services plc
P.O. Box 82
The Pavilions
Bridgewater Road
Bristol BS99 6ZZ

Solicitors

Gowling WLG
4 More London Riverside
London SE1 2AU

Wilson Sonsini Goodrich & Rosati
1700 K Street, NW Fifth Floor
Washington, D.C. 20006-3817
USA

Registered Office

PO Box 309
Ugland House
George Town
Grand Cayman KY1-1104
Cayman Islands

Biographies of the directors

Mark David Lerdal (executive chairman)

Mark David Lerdal was appointed as chairman of Leaf Clean Energy Company in April 2014. He was also managing director of MP2 Capital, LLC from 2009 to 2015. From September of 2011 to February of 2013, Mr. Lerdal served as president of Hydrogen Energy California, a developer of a carbon capture and sequestration facility. Prior to that time, Mr. Lerdal was a managing director at KKR Finance in its debt securities division. He has been active in the renewable energy business for 30 years as an investor, operating executive and attorney.

Stephen Charles Coe (non-executive director, chairman of audit committee)

Stephen is currently also a director and chairman of the audit committee Weiss Korean Opportunities Fund Limited and Merian Chrysalis Investment Company Limited.

He has been involved with offshore investment funds and managers since 1990 with significant exposure to property, debt, emerging markets and private equity investments.

He qualified as a Chartered Accountant with Price Waterhouse Bristol in 1990 and remained in audit practice, specialising in financial services, until 1997. From 1997 to 2003 he was a director of the Bachmann Group of fiduciary companies and Managing Director of Bachmann Fund Administration Limited, a specialist third party fund administration company. From 2003 to 2006 Stephen was a director with Investec in Guernsey and managing director of Investec Trust (Guernsey) Limited and Investec Administration Services Limited. He became self-employed in August 2006 providing services to financial services clients.

Peter O'Keefe (non-executive director)

Peter O'Keefe is a professional in the financial services industry, an advisor to both privately owned & publicly traded companies and an advisor to one of America's leading cyber-security consulting companies. He is a recognized national political operative who served as a liaison to the business community in the Clinton White House.

Peter is a director on the board of regulatory compliance services company, Regscan Inc. Previously he worked at Carret Asset Management, a privately-owned investment advisory firm, where he was a registered professional with the National Association of Securities Dealers holding both series 7 and 63 licenses. Peter serves as a member of Leaf Clean Energy Company's audit and remuneration committees.

Chairman's statement

Dear Shareholder:

As you are all aware, Leaf eventually prevailed in its litigation against Invenergy. We distributed $64.9 million in August (101 pence per share outstanding on July 29, 2019) and we distributed an additional $27.7 million (102 pence per share outstanding on October 28, 2019) in November, both times via a compulsory redemption of shares. The board of Leaf is now focused on determining the most cost-effective means to a) determine its tax liability, b) monetize the VREC investment, and c) delist and liquidate the company. We are planning to complete those actions within the first calendar quarter of 2020.

At 30 June 2019 Leaf's Net Asset Value ("NAV") was $95.7 million (30th June 2018: $19.4 million) Accordingly, at 30 June 2019 NAV per share was $1.82 per share (30 June 2018: $0.37) as calculated using number of outstanding shares. Primary drivers for the change were the $99.5 million gain on investments due to Leaf's collection of damages from Invenergy offset in part by $10.5 million in tax expense, an increase in our contingent costs provision of $4.9 million, transaction-related costs of $3.2 million, and administrative costs of $2.3 million. At 30 June 2019 assets consisted of cash balances of $106.0 million (of which $64.9 million was returned to shareholders in August 2019 and $27.7 million was returned to shareholders in November 2019) investment balances of $nil and $0.2 million of receivables.

On 6 November 2019, the Board announced to seek the agreement of shareholders to de-list the Company from AIM. The Board noted the Company's investment objective (to realise its investments and return the proceeds to Shareholders) was substantially achieved and also noted that the Company had no desire to make a relevant acquisition or acquisitions. The Board concluded that it is no longer necessary for the Shares to be admitted to trading on AIM.

Invenergy

On 2 May, 2019, the Delaware Supreme Court issued its opinion in Leaf Invenergy Company, LLC v. Invenergy Wind LLC, C.A. No. 11830, 2018 (the "Invenergy Lawsuit"), reversing the Court of Chancery's prior award of $1 in nominal damages to Leaf as a result of Invenergy Renewables LLC's (formerly known as Invenergy Wind LLC) ("Invenergy") breach of the parties' limited liability company agreement. The Supreme Court held that Leaf was entitled to damages in the full amount of its contractually defined Target Multiple and, therefore, remanded the matter back to the Court of Chancery to enter judgment consistent with its decision.

On June 14, 2019, the Chancery Court entered its final order and judgement, ordering Invenergy to pay Leaf $114.5 million, consisting of: a) the contractually defined $126.1 million Target Multiple Invenergy should have paid Leaf on 15 December 2015 to redeem Leaf's ownership interest in Invenergy, less b) the previously announced $3.9 million tax distribution Invenergy made to Leaf in January 2016, less c) the previously announced $36.4 million partial redemption payment Invenergy made to Leaf pursuant to the Chancery Court's final order of 14 June 2018, plus d) $28.8 million of statutory pre- and post-judgement interest, within 10 calendar days of the order. This amount continued to accrue statutory interest from 3 May 2019 at a rate of 8.0%, compounded quarterly until the award was paid by Invenergy on 20 June 2019.

On June 20, 2019, pursuant to the Chancery Court's final order and judgement, Leaf received a payment from Invenergy in the amount of $107.2 million, being the $114.5 million amount owed on 2 May 2019, plus $1.3 million of additional interest through 20 June 2019, less $8.6 million of mandatory tax withholding. Concurrently with the provisioning of the aforementioned payment, Invenergy notified Leaf that it planned to appeal the final order and judgement.

On July 9, 2019, Invenergy filed a notice of appeal with the Delaware Supreme Court to contest the Final Order and Judgement issued by the Chancery Court on June 14, 2019. Leaf filed a motion to expedite such appeal. In its opposition to expedite, Invenergy stated that it was appealing only the award of prejudgment interest to Leaf. The Delaware Supreme Court granted the expedited treatment and heard the appeal without oral argument on September 18, 2019. On September 19, 2019, the Delaware Supreme Court affirmed the award of pre-judgement interest.

After Invenergy stated that it was only appealing the award of pre-judgement interest, Leaf returned $64.9 million (£53.1 million) to the shareholders via a compulsory partial redemption of shares in August 2019. On October 28, 2019, Leaf announced that it would return $27.7 million (£21.5 million) which was completed in November 2019.

Investments

Vital Renewable Energy Company ("VREC")

Leaf has an investment in VREC, the owner of a sugar-cane based facility in Brazil which produces ethanol and refined sugar. Over the last twelve months, VREC underwent a substantial expansion program. Its performance has been strong. Unfortunately Leaf owns a very illiquid security in a depressed market for similar projects. Merger activity is non-existent. Leaf's interest in VREC is subject to several restrictions on transfer. Nevertheless, we continue to work with the other shareholders of VREC to seek an exit for Leaf. As per the latest development there have been no buyers for this investment therefore the board has decided to write down the investment in VREC to $ nil.

Chairman's statement (continued)

Energía Escalona ("Escalona")

Leaf has an investment in Escalona, a hydroelectric project development company based in Mexico City. Development activities are substantially complete but the market for electricity in Mexico has dramatically decreased over the past twenty-four months.

Conclusion

We appreciate the loyalty shown by our shareholders while we undertook the lengthy and contentious battle with Invenergy. I hope you agree that such loyalty was eventually rewarded. As I stated earlier in this statement, Leaf's board has turned its attention to cost cutting, completing our tax analysis and filings, monetizing VREC and shutting down in an orderly manner and therefore the financial statements have not been prepared under the assumption that Leaf will continue as a going concern. Our current plan is to complete these tasks by the end of the first calendar quarter of 2020. When those tasks are complete, the Leaf Board will determine if there is sufficient capital to make a further modest distribution.

Again, I thank you for your faith in our Board. It has been a pleasure serving you these last five years.

Mark Lerdal
Chairman

5 December 2019

Management report

Overview

During the year ended 30 June 2019, Leaf's management continued its work implementing Leaf's orderly realisation strategy (see Strategy section below). These activities consisted of working with Leaf's legal counsel in pursuing the breach of contract claim filed by Leaf against its investee (Invenergy) while also monitoring Leaf's remaining investments with a view towards future realisation events for these holdings.

Towards the end of the previous fiscal year, under the direction of the Delaware Supreme Court, the Delaware Chancery Court ("Court") ordered Invenergy to redeem Leaf's stake in Invenergy under the terms of the Material Partial Sale provision of the Operating Agreement. This order, along with the Delaware Supreme Court's decision in Leaf's appeal of the Court's $1 damages award in the Invenergy lawsuit, superseded and mooted the prior Court-ordered June 2018 redemption under the put/call provisions of the Operating Agreement. Following the October 2017 sale of Lehigh Technologies, Inc. to Michelin and the June 2019 redemption by Invenergy of Leaf's ownership stake in Invenergy under the Material Partial Sale provision of the Operating Agreement, Leaf's portfolio consists of two remaining investments: VREC and Escalona. Leaf is a minority holder in VREC and a majority holder in Escalona.

As a result of Leaf winning its appeal and pursuant to the Court's final order and judgement on remand from the Supreme Court, Leaf received a payment from Invenergy in the amount of $107.2 million, being the $114.5 million amount owed on 2 May 2019, plus $1.3 million of additional interest through 20 June 2019 (total interest of $30.0 million), less $8.6 million of mandatory tax withholding. Concurrently with the provisioning of the aforementioned payment, Invenergy notified Leaf that it planned to appeal the final order and judgement.

On July 9, 2019, Invenergy filed a notice of appeal with the Delaware Supreme Court to contest the Final Order and Judgement issued by the Chancery Court on June 14, 2019. Leaf filed a motion to expedite such appeal. In its opposition to expedite, Invenergy stated that it was appealing only the award of prejudgment interest to Leaf. The Delaware Supreme Court granted the expedited treatment and heard the appeal without oral argument on September 18, 2019. On September 19, 2019, the Delaware Supreme Court affirmed the award of pre-judgement interest.

After Invenergy stated that it was only appealing the award of pre-judgement interest, Leaf returned $64.9 million (£53.1 million) to the shareholders via a compulsory partial redemption of shares in August 2019. On October 28, 2019, Leaf announced that it would return $27.7 million (£21.5 million) which was completed in November 2019.

Strategy

Leaf's investment strategy is an orderly realisation and return of capital to the shareholders, which will occur on an asset-by-asset basis in timeframes appropriate for each asset. The Leaf Board at its discretion will balance the goal of returning capital expediently to investors with the goal of maximising the realisation value of the investments.

Leaf's remaining holdings are all in the equity of unlisted companies. Therefore, realisations of these investments require the cooperation of the investee companies and of other investors as well as Leaf. In addition, the individual circumstances and market conditions surrounding each investment must be taken into account, affecting the timescale before which a particular investment can be realised. This means that some investments may be considered appropriate for sale in the short term, while others may be held for a longer period.

Leaf will not invest in any new portfolio companies and has turned its attention to cost cutting, completing tax analysis and filings, monetizing VREC and shutting down in an orderly manner.

Financial highlights

Below is a summary of financial highlights across the Leaf portfolio during the one-year period ended 30 June 2019:

Invenergy-related highlights

Please refer to Note 22 to the consolidated financial statements for more background and information regarding the Invenergy lawsuit and put/call process.

Background from prior periods:

- On 18 July 2016 Leaf filed a motion for entry of an order and final judgment, asking the Court to order Invenergy to pay damages of $126.1 million, based on the calculation of the Target Multiple per the terms of the Operating Agreement, less the $3.9 million previously reported tax distribution from Invenergy, plus interest on the net $122.2 million in damages at the Delaware statutory rate of interest of 6%, compounded quarterly, from the date of the breach.

Management report (continued)

Financial highlights (continued)

Invenergy-related highlights (continued)

Background from prior periods (continued):

- On 12 August 2016, Invenergy filed an answering brief to Leaf's motion, disputing that Leaf is entitled to the damages Leaf is seeking and arguing that Leaf is entitled, at most, to nominal damages. Invenergy also asserted that any obligation it owes to Leaf is excused because of the put/call process described in the interim statements. On this same date, Invenergy also filed a motion to amend its original answer to the lawsuit to add five additional affirmative defences and two counterclaims.

- On 6 October 2016, the Court heard oral arguments by the parties on the Leaf and Invenergy motions.

- In two orders on 7 and 10 October 2016 which can be downloaded and viewed in their entirety at the following URL: http://www.leafcleanenergy.com/media-relations/download-centre/, the Court denied Leaf's and Invenergy's motions, apart from allowing one of Invenergy's counterclaims.

    - The Court allowed Invenergy to assert a counterclaim against Leaf alleging that Leaf acted in bad faith by causing its appraiser in the put/call to provide a biased and inaccurate appraisal.

    - The Court made additional rulings, including: 1) finding that Leaf's claims are not excused as a result of Leaf exercising the put, 2) that an exchange of mutual releases required in the put/call will not moot the lawsuit, and 3) that Leaf's right to a remedy for Invenergy's breach is not barred because Leaf did not seek injunctive relief to block the closing of the TerraForm Transaction.

- On 7 April 2017, the third appraisal in the put-call process was completed by an appraiser mutually selected by Leaf and Invenergy. This appraiser valued Leaf's 2.3% stake in Invenergy at $42.5 million.

- A trial was held by the Court on 25-27 October 2017 to determine the damages that will be awarded to Leaf due to Invenergy's breach and to rule on Invenergy's counterclaim. The Court held post-trial argument on 19 January 2018.

- On 19 April 2018, the Court issued a post-trial opinion with respect to Leaf's claims and Invenergy's counterclaim. In its opinion, the Court held that Leaf is only entitled to nominal damages of $1 as a result of Invenergy's breach of the Operating Agreement. In addition, the Court rejected Invenergy's counterclaim seeking a declaration that Leaf had breached certain provisions governing Leaf's ability to put its shares, and Invenergy's ability to call those shares, and ordered the parties to complete the put/call process in accordance with the Operating Agreement.

- On 14 June 2018, the Court entered its final order and judgment with respect to Leaf's claims and Invenergy's counterclaim, awarding Leaf nominal damages of $1 as a result of Invenergy's breach of the Operating Agreement by engaging in a defined "Material Partial Sale" without either obtaining Leaf's consent or paying Leaf a contractually defined return on its investment. The Court's final order also entered judgment in Leaf's favour on Invenergy's counterclaim seeking a declaration that Leaf had breached certain provisions governing Leaf's ability to put its shares, and Invenergy's ability to call those shares, thereby establishing the redemption price to be paid to Leaf in connection with that put/call process at $50.7 million.

  The final order and judgment contemplated that, in the event Leaf appealed the Court's award of nominal damages in its final order and judgment, Invenergy intended to cross-appeal the Court's determination with respect to its counterclaim and therefore would be obligated to pay Leaf $36.4 million, representing an amount that Invenergy does not contest is owed to Leaf, within 5 business days of Leaf's notice of appeal and that the remainder of the redemption price would be paid into an interest bearing account controlled by the Court to be distributed following, and depending on, the appeal. Leaf continues to believe, as the Court found, that Invenergy's counterclaim is without merit.

  The Court's orders of 19 April 2018 and 14 June 2018 can be downloaded and viewed in their entirety at the following URL: http://www.leafcleanenergy.com/media-relations/download-centre/.

- Also on 14 June 2018, following entry of the Court's final order and judgment, Leaf filed its notice of appeal to the Delaware Supreme Court.

- On 20 June 2018, as ordered by the Court, Invenergy redeemed all of Leaf's ownership interests in Invenergy, paying Leaf $36.4 million. Subsequently, Invenergy deposited an additional $15.3 million into the Court-controlled account.

Management report (continued)

Financial highlights (continued)

Invenergy-related highlights (continued)

Background from prior periods (continued):

- On 25 June 2018, Invenergy filed its notice of cross-appeal related to its counterclaim to the Delaware Supreme Court.

Developments during the period:

- On 13 February 2019, the Delaware Supreme Court heard oral argument in Leaf's appeal of the damages awarded to it in the Invenergy lawsuit.

- On 2 May 2019, the Delaware Supreme Court issued its opinion in Leaf's appeal, reversing the Court's prior award of $1 in nominal damages to Leaf as a result of Invenergy's breach of the parties' limited liability company agreement. The Supreme Court held that Leaf was entitled to damages in the full amount of its contractually defined Target Multiple and, therefore, remanded the matter back to the Court of Chancery to enter judgment consistent with its decision.

- On June 14, 2019, the Court entered its final order and judgement, ordering Invenergy to pay Leaf $114.5 million, consisting of: a) the contractually defined $126.1 million Target Multiple Invenergy should have paid Leaf on 15 December 2015 to redeem Leaf's ownership interest in Invenergy, less b) the previously announced $3.9 million tax distribution Invenergy made to Leaf in January 2016, less c) the previously announced $36.4 million partial redemption payment Invenergy made to Leaf pursuant to the Court's final order of 14 June 2018, plus d) $28.8 million of statutory pre- and post-judgement interest, within 10 calendar days of the order. The Court order also specified that this amount would continue to accrue statutory interest from 3 May 2019 at a rate of 8.0%, compounded quarterly until the award had been paid by Invenergy.

- On June 20, 2019, pursuant to the Court's final order and judgement, Leaf received a payment from Invenergy in the amount of $107.2 million, being the $114.5 million amount owed on 2 May 2019, plus $1.3 million of additional interest through 20 June 2019 (total interest of $30.0 million), less $8.6 million of mandatory tax withholding. Concurrently with the provisioning of the aforementioned payment, Invenergy notified Leaf that it planned to appeal the final order and judgement.

Developments after the one-year period ended 30 June 2019:

- On July 9, 2019, Invenergy filed a notice of appeal with the Supreme Court to contest the Final Order and Judgement issued by the Court on June 14, 2019.

- On July 10, 2019, in an effort to bring about what the board hoped would be a speedy resolution of what it believed to be yet another attempt by Invenergy to avoid its obligations under the limited liability agreement, Leaf filed a motion to expedite with the Supreme Court in order to accelerate the appeal proceedings. In its opposition to the motion, Invenergy clarified that it was only appealing the Chancery Court's award of prejudgment interest to Leaf.

- On July 24, 2019, the Supreme Court issued an order granting Leaf's motion to expedite the aforementioned proceedings.

- On July 25, 2019, the Supreme Court issued a notice stating the Supreme Court would consider the appeal, without oral argument, on September 18, 2019.

- On September 19, 2019, the Supreme Court issued its opinion in Invenergy's appeal, upholding the Chancery Court's award of $30 million of prejudgment interest to Leaf.

- On 6 November 2019 Leaf announced the approval by the directors to apply to the London Stock Exchange for cancellation of admission to trading of the Company's ordinary shares on AIM.

Other highlights

- On 4 July 2018, Leaf repurchased and cancelled 65,592,161 of the 118,162,853 shares that were outstanding as at 30 June 2018. The July 2018 redemption was completed on 10 July 2018, following payment to the holders of the cancelled shares. In relation to this redemption Leaf booked a liability of $25.7 million in the accounts as at 30 June 2018 and accordingly reduced share capital and premium by this same aggregate amount. Leaf also reduced the number of shares outstanding to 52,570,692 for the purposes of the 30 June 2018 financial statements for consistency, even though there were actually 118,162,853 shares outstanding as at 30 June 2018. Following the 4 July 2018 cancellation of the repurchased shares, there were 52,570,692 ordinary shares in issue.

Management report (continued)

Financial highlights (continued)

Other highlights (continued)

- On 9 August 2019, after the period end, Leaf repurchased and cancelled 34,943,699 of the 52,570,692 shares that were outstanding as at 30 June 2019. The August 2019 redemption was completed on 16 August 2019, following payment to the holders of the cancelled shares. The Leaf Board hadn't yet decided to undertake this redemption as of 30 June 2019, and therefore no liability was booked in the 30 June 2019 annual accounts with respect to this redemption and the share capital and premium were maintained at their pre-redemption aggregate amounts. Leaf also maintained the number of shares outstanding at 52,570,692 for the purposes of these 30 June 2019 financial statements. Following the 9 August 2019 cancellation of the repurchased shares, there were 17,626,993 ordinary shares in issue. On 28 October 2019 Leaf announced the return of approximately $27.7 million of cash with approximately 99.35% of Leaf's issued share capital to be redeemed and cancelled. On 12 November 2019, Leaf repurchased and cancelled 17,512,382 shares.

- Lehigh was sold to Michelin North America, Inc. ("Michelin") by way of a merger that was completed on 13 October 2017. Under the terms of the deal the Leaf is entitled to approximately $400,000 being its pro rata portion of the total proceeds. The proceeds have been placed in a two-year general indemnity escrow by Michelin to meet any liabilities that might arise pursuant to the terms of the transaction. Subsequent to the end of the period, Leaf received word that a claim had been made against the indemnity escrow and as a result, Leaf received approximately $229,000 on 22 October 2019 following the expiration of the escrow term on 13 October 2019.

Financial performance

The Leaf's total net asset value ("NAV") on 30 June 2019 was $95.7 million, $76.3 million higher than on 30 June 2018. This change resulted from the $76.3 million comprehensive gain for the period, which in turn consisted primarily of a $99.5 million gain on investments due to Leaf's collection of damages from Invenergy following the Court's final order in the Invenergy lawsuit (see above), offset in part by $10.5 million in tax expense, an increase in our contingent costs provision of $4.9 million, transaction-related costs of $3.2 million, administrative costs of $2.3 million.

In June 2019 Leaf collected $107.2 million from Invenergy, consisting of the $85.8 million remaining due from the $126.1 million Target Multiple that Invenergy should have paid Leaf to redeem Leaf's Invenergy stake on 15 December 2015 – net of the $3.9 million tax distribution received in January 2016 and the $36.4 million partial put/call payment received in June 2018 – plus $30.0 million in statutory interest awarded by the Court to compensate Leaf for the time elapsed since the date of Invenergy's breach of the Operating Agreement, less $8.6 million of mandatory tax withholding, which Invenergy paid to the US tax authorities on Leaf's behalf. Leaf believes it owes $10.5 million in taxes and therefore has recognized $10.5 million in tax expense and a $1.9 million tax liability.

The $4.9 million increase in the provision for future contingent costs resulted mainly from an increase in the provision for future payments from Leaf's incentives plans due to higher expected returns of cash to the shareholders as a result of winning the appeal of damages in the Invenergy lawsuit. The transaction-related expenses resulted primarily from $2.2 million in success fees owed to Leaf's legal counsel and financial advisors in connection with Leaf winning its appeal, and legal costs associated with prosecuting the appeal. The success fees were paid prior to the end of the period.

At the end of the period, $106.0 million of Leaf's NAV was held in cash, of which $64.9 (£53.1 million converted at the exchange rate £1:$1.223367 prevailing at the date of announcement of the redemption 29 July 2019) million was returned to shareholders in August 2019 via a compulsory partial redemption of shares approved by the board following the period end. An additional $27.7 million (£21.5 million converted at the exchange rate £1:$1.285753 prevailing at the date of announcement of the redemption 28 October 2019) was returned to shareholders in November via another compulsory partial redemption. $nil was held in investments.

NAV per share for Leaf was 182.00 cents or 143.31 pence at $1.2699 to the £1. This was an increase of 394.56 per cent for the one-year period from 30 June 2018. The increase was due to the comprehensive gain for the period (+394.56%), which was in turn primarily the result of the net gain on investments (+514.4%), partly offset by tax expense (-54.4%), contingent costs provision (-25.2%), transaction-related expenses (-16.6%), and administration expenses (-11.8%).

Portfolio update

Key updates regarding Leaf's portfolio companies during the annual report period include the following:

Invenergy Renewables LLC (Invenergy)

As mentioned above, on 20 June 2019 Invenergy, North America's largest independently owned clean power generation company, paid an additional $85.8 million to complete its redemption of Leaf's ownership interests in Invenergy in accordance with the Court's order of 14 June 2019. Due to the June 2018 Court-ordered redemption via the put/call provision of the Operating Agreement, which was superseded and mooted by the Supreme Court's 2 May 2019 decision

Management report (continued)

Portfolio update (continued)

Invenergy Renewables LLC (Invenergy) (continued)

and the Court's 14 June 2019 order, Leaf no longer held an investment in Invenergy as at 30 June 2018 or 30 June 2019. Invenergy has appealed the $30.0 million of interest awarded by the Court. The Delaware Supreme Court granted the expedited treatment and heard the appeal without oral argument on September 18, 2019. On September 19, 2019, the Delaware Supreme Court affirmed the award of pre-judgement interest. Please refer to the Invenergy Highlights above and to Note 22 to the financial statements for further details.

Vital Renewable Energy Company (VREC)

VREC, a renewable energy company focused on the development of sugar-cane-based ethanol and sugar has commenced the 2019/2020 crushing season after having completed its off-season maintenance program. VREC successfully completed its industrial expansion program that was underway during the previous crushing season and has expanded its crushing capacity by approx. 40% year over year. This expanded capacity, subject to the expansion of the agricultural program at VREC, should help facilitate additional growth in the financial performance of the business over the medium term. As per the latest development, there has been no buyers for this investment and the board therefore has decided to write down the investment in VREC to $ nil.

Energía Escalona (Escalona)

Escalona, the hydroelectric project development company based in Mexico City, has substantially completed project development activities. Given the finalization of the development of the project, Leaf, in collaboration with its partner in Mexico, are actively engaged in seeking to exit the project.

Outlook

Leaf's management and board are very gratified to see justice finally done in relation to Invenergy's December 2015 breach of the Operating Agreement, and to be able, finally, to fully realize the value of the Invenergy investment for Leaf's shareholders. The final appeal of the interest by Invenergy was ruled in Leaf's favour by the Delaware Supreme Court on September 19, 2019.

While the board and management understand Leaf's tax provision to be sensible, based on advice from its tax counsel, given the inherent uncertainties in the positions that might be taken by the US tax authorities, especially in light of current unresolved regulations in relation to the recently enacted Tax Cuts and Jobs Act, and the timing of the resolution of these uncertainties, net amounts realised may differ materially from the board's estimates as incorporated in the financial statements. The NAV includes provision of $2.49 million for expected wind down and liquidation costs as Leaf expects to complete its orderly wind down and liquidation. The timing for this is uncertain as it is largely dependent on resolving tax matters, but the board and management hope to achieve this by first half of calendar 2020.

The financial statements have been prepared under the assumption that Leaf will not continue as a going concern entity in accordance with IAS 1.25.

The realisation of Leaf's remaining assets and the wind down and liquidation of the company will likely not be completed until the first half of calendar 2020.

5 December 2019

Report of the directors

The directors hereby submit their annual report of the audited consolidated financial statements of the Leaf for the financial year ended 30 June 2019.

The Company

Leaf Clean Energy Company ("Leaf") was incorporated in the Cayman Islands on 14 May 2007. Leaf was established to invest in clean energy projects, predominantly in North America. Clean energy includes activities such as the production of alternative fuels, renewable power generation and the use of technologies to reduce the environmental impact of traditional energy. The investments of Leaf will be realised in an orderly and expedient manner, that is, with a view to achieving a balance between: (i) returning cash to shareholders at such times and from time to time and in such manner as the board may (in its absolute discretion) determine; and (ii) maximising the realisation value of Leaf's investments. In light of the realisation strategy, there will be no specific investment restrictions applicable to Leaf's portfolio going forward, except that Leaf will not make any investment in a new portfolio company.

Results and dividends

The financial performance and financial position of the Leaf for the year ended 30 June 2019 are set out in the attached consolidated financial statements. The directors did not declare a dividend during the year ended June 30, 2019 (June 30, 2019:$Nil).

Subsequent redemption

On 29 July 2019, after the end of the period, Leaf announced the approval by the directors of the return of approximately $64.9 million of cash (£53.1 million converted at the exchange rate £1:$1.223367 prevailing at the date of announcement of redemption 29 July 2019) to the shareholders via a compulsory partial redemption of shares equivalent to 101.0 pence per share outstanding at the time of the announcement (the "Redemption"). The Redemption price per share was 151.94 pence (by reference to the Leaf Bard's estimate of the NAV per share as at 31 May 2019), with approximately 66.47% of Leaf's issued share capital redeemed on 9 August 2019. The Redemption completed on 16 August 2019, after the end of the period.

On 28 October 2019 Leaf announced the approval by the directors of the return of approximately $27.7 million of cash (£21.5 million converted at the exchange rate £1:$1.285753 prevailing at the date of announcement of the redemption 28 October 2019) to the shareholders via a compulsory redemption of shares equivalent to 122 pence per share outstanding at the time of the announcement (the "Redemption"). The Redemption price per share was 122.8 pence (by reference to the Leaf Board's estimate of the NAV per share as at 30 September 2019), with approximately 99.35% of Leaf's issued share capital to be redeemed and cancelled.

Directors and directors' interests

The directors during the year were:

Mark Lerdal (executive chairman)
Stephen Coe (non-executive director)
Peter O'Keefe (non-executive director)

Details of interests

The interests of the directors in the share capital of Leaf as at 30 June 2019 are set out below:

	2019	**2018**
Name	**No. of ordinary shares**	**No. of ordinary shares**
Peter O'Keefe	20,824	46,807
Stephen Charles Coe	8,898	20,000

99.35% of the above numbers of shares owned by Messrs. Coe and O'Keefe were redeemed after the period end in the compulsory Redemption.

Notified shareholdings

As at the date of this report, the following interests in the ordinary shares of Leaf of 3.2% and over of the issued share capital had been notified to Leaf:

Report of the directors (continued)

Notified shareholdings (continued)

Name	No. of shares	% of issued share capital
INVESCO Asset Management Limited	18,998,136	36.14%
Weiss Asset Management	15,549,519	29.58%
Crystal Amber Advisers (UK) LLP	13,252,336	25.21%

99.35% of the above numbers of shares were redeemed in connection with the compulsory Redemption.

Independent auditors
Our auditors, KPMG, being eligible have expressed their willingness to continue in office.

Corporate governance
In line with the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code, the board has decided to adopt and comply with the Quoted Companies Alliance (QCA) Corporate Governance Code (the "QCA Code"). A Statement of Compliance with the QCA Corporate Governance Code outlining how Leaf complies with the QCA Code will be published on Leaf's website going forward from 28 September 2018.

Board of directors
Leaf has an experienced board which is currently comprised of three directors, Mark Lerdal is the executive chairman of the board, Stephen Coe and Peter O'Keefe are non-executive directors.

Audit committee
An audit committee has been established to operate with effect from Admission. The current audit committee is chaired by non-executive director Stephen Coe. Mr. Coe qualified as a Chartered Accountant with Price Waterhouse in 1990. Mark Lerdal, Leaf's executive chairman, and non-executive director Peter O'Keefe are the other members on this three-member committee. It meets whenever there is business to discuss and at least twice each year. The audit committee is responsible for ensuring that the financial performance of the Leaf is properly monitored, controlled and reported on. It also communicates with the auditors and reviews the auditors' reports relating to accounts and internal control systems.

Remuneration committee
Leaf has established a remuneration committee, comprising Mark Lerdal and Peter O'Keefe. The remuneration committee meets when the board considers it necessary to review the level of directors' fees.

Leaf takes all reasonable steps to ensure compliance by the directors, the directors' families and any employees with the provisions of the Market Abuse Regulations (MAR) of the European Union and the AIM Rules relating to dealings in securities of Leaf and has adopted the Model Code under the FCA's Listing Rules for this purpose.

Nomination committee
Leaf does not currently consider it necessary to establish a nomination committee.

Internal control
There are inherent limitations in any system of internal control and such a system can provide only reasonable, but not absolute, assurances against material misstatement or loss. The Leaf does not have its own internal audit function but places reliance on compliance and other control functions of its service providers. Where necessary the board obtains specialist advice from advisers.

On behalf of the board

Mark Lerdal
Chairman
5 December 2019

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the directors' report and the consolidated financial statements in accordance with applicable law and regulations. In addition, the directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards.

The consolidated financial statements are required to give a true and fair view of the state of affairs of the Leaf and the profit or loss of the Leaf for that year.

In preparing these consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Leaf will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Leaf Group's transactions and disclose with reasonable accuracy at any time its financial position. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Leaf and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on Leaf's website. Legislation governing the preparation and dissemination of consolidated financial statements may differ from one jurisdiction to another.

Independent auditors' report to the board of directors

KPMG
P.O. Box 493
SIX Cricket Square
Grand Cayman KY1-1106
Cayman Islands
Telephone +1 345 949 4800
Fax +1 345 949 7164
Internet www.kpmg.ky

Independent Auditors' Report to the Board of Directors

We have audited the accompanying consolidated financial statements of Leaf Clean Energy Company (the "Company"), which comprise the consolidated statement of financial position as of 30 June 2019, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

KPMG were previously engaged to audit the consolidated financial statements of the Company as at and for the year ended 30 June 2018. At 30 June 2018, the Company recognized a receivable balance of "Additional proceeds receivable from put/call redemption of Invenergy stake", amounting to USD 14,237,000 that was subject to a cross appeal proceedings as described in note 22 to the consolidated financial statements, the outcome of which was uncertain. Due to this uncertainty, we were not able to obtain sufficient, appropriate audit evidence about the rights to receive the receivable and the related carrying amount of this balance. As a result, we were unable to determine whether any adjustments might be necessary to the amount of Additional proceeds receivable from put/call redemption of Invenergy stake presented in the consolidated statement of financial position as of 30 June 2018 and the elements making up the consolidated statements of comprehensive income and changes in equity for the year ended 30 June 2018. Because of the significance of the matter, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated statement of financial position as of 30 June 2018 and the consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended and accordingly disclaimed an opinion in respect of those consolidated financial statements on 28 September 2018.

Independent auditors' report to the board of directors (continued)

As disclosed in Note 22, the Invenergy lawsuit was settled during the year ended 30 June 2019, and all receivables related to Invenergy have been realized as at 30 June 2019. Due to the matter described in the preceding paragraph, we were unable to determine whether any adjustments related to the recognition of additional proceeds receivable from put/call redemption of Invenergy stake of USD 14,237,000 as at 30 June 2018, might be necessary to the net gain on additional proceeds from redemption of Invenergy stake in the consolidated statement of comprehensive income for the year ended 30 June 2019.

The Company has recognized an income tax expense of USD 10,524,000 in the consolidated statement of comprehensive income and a related income tax liability of USD 1,948,000 in the consolidated statement of financial position as at 30 June 2019. We were unable to obtain sufficient appropriate audit evidence to support the portion of the 'net gain on additional proceeds from redemption of Invenergy stake' attributable to non-US sources, which is a key input into the calculation of the income tax expense and related income tax liability, accordingly we were unable to determine whether any adjustments were necessary to the income tax expense or carrying amount of the income tax liability.

As disclosed in Note 2: basis of preparation and Note 3: significant accounting policies, the consolidated financial statements have not been prepared on a going concern basis and the Company determines fair value based on net realizable value. Management estimated the net realizable value of investments at fair value through profit and loss as USD nil as at 30 June 2019 due to the fact that there are no potential buyers for these investments. We were unable to obtain sufficient appropriate audit evidence to assess the valuation of these investments, accordingly we were unable to determine whether any adjustments were necessary to the carrying amount of the investments at fair value through profit and loss.

Qualified Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Leaf Clean Energy Company as of 30 June 2019, and the results of its operations and its cash flows for the year then ended in accordance with IFRS.

Emphasis of Matter

We draw attention to Note 2.2 in the financial statements, which describes that the going concern basis of preparing the financial statements has not been used because subsequent to year end, on October 14, 2019, the Board of Directors, resolved to wind up the Company. Our opinion is not modified in respect of this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of Leaf Clean Energy Company, which comprise the consolidated statement of financial position as of 30 June 2019, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements. The 'Biographies of the directors', 'Chairman's statement', 'Management report', 'Report of the directors' and 'Statement of directors' responsibilities in respect of the annual reports and the consolidated financial statements' are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

KPMG

11 December 2019

KPMG, a Cayman Islands partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
Document classification: KPMG Confidential

Leaf Clean Energy Company

Consolidated statement of comprehensive income for the year ended 30 June 2019

	Note	**Year ended 30 June 2019 US$'000**	**Year ended 30 June 2018 US$'000**
Interest and other income		**-**	2
Net (loss) on investments at fair value through profit or loss	12.1	(2,000)	(48,711)
Net gain/(loss) on additional proceeds from redemption of Invenergy stake	22	101,523	-
Net foreign exchange gain/(loss)		292	(276)
Gross portfolio return		**99,815**	**(48,985)**
Transaction-related costs	7	(3,219)	(4,466)
Administration expenses	6	(2,282)	(1,419)
Interest on shareholders loan and amortisation of loan facility fee		-	(308)
Write off of doubtful intercompany receivable	19	(94)	(116)
Wind down/liquidation costs provision expense	23	(2,492)	-
Contingent costs provision (expense)/reversal	8	(4,872)	770
Profit/(loss) before taxation		**86,856**	**(54,524)**
Taxation	18	(10,524)	11,341
Total profit/(loss) and total comprehensive loss for the period		**76,332**	**(43,183)**
Profit/(loss) for the period attributable to equity holders		**76,332**	**(43,183)**
Basic and diluted profit/(loss) per share (cents)	10	**142.76**	**(36.55)**

The accompanying notes form an integral part of these consolidated financial statements.

Leaf Clean Energy Company

Consolidated statement of financial position as at 30 June 2019

	Note	**Year ended 30 June 2019 US$'000**	**Year ended 30 June 2018 US$'000**
Assets			
Investments at fair value through profit or loss	12.1	-	2,000
Total non-current assets		**-**	**2,000**
Trade and other receivables	14	174	106
Additional proceeds receivable from put/call redemption of Invenergy stake	22	-	14,237
Cash and cash equivalents	15	105,953	29,975
Total current assets		**106,127**	**44,318**
Total assets		**106,127**	**46,318**
Equity			
Share capital	17	18	18
Share premium	17	271,310	271,310
Retained losses		(175,650)	(251,982)
Total equity		**95,678**	**19,346**
Liabilities			
Provision for future contingent costs	8	5,752	880
Provision for wind down/liquidation costs	23	2,492	-
Tax liability		1,948	-
Trade and other payables	16	257	347
Accrual for compulsory redemption of shares		-	25,745
Total current liabilities		**10,449**	**26,972**
Total liabilities		**10,449**	**26,972**
Total equity and liabilities		**106,127**	**46,318**
Net asset value per share (cents)	5	**182.00**	**36.80**

The accompanying notes form an integral part of these consolidated financial statements.

The consolidated financial statements were approved by the board of directors on 5 December 2019 and signed on their behalf by:

Mark Lerdal
Executive Chairman

Stephen Coe
Non-executive Director

Leaf Clean Energy Company

Consolidated statement of changes in equity for the year ended 30 June 2019

	Share Capital	Share Premium	Retained Losses	Total Equity
	US$'000	**US$'000**	**US$'000**	**US$'000**
Balance at 1 July 2017	**27**	**297,046**	**(208,799)**	**88,274**
Compulsory redemption of shares	(9)	(25,736)		(25,745)
Total comprehensive loss for the year	-	-	(43,183)	(43,183)
Balance at 30 June 2018	**18**	**271,310**	**(251,982)**	**19,346**
Total comprehensive income for the year	-	-	76,332	76,332
Balance at 30 June 2019	**18**	**271,310**	**(175,650)**	**95,678**

The accompanying notes form an integral part of these consolidated financial statements.

Leaf Clean Energy Company

Consolidated statement of cash flows for the year ended 30 June 2019

	Year ended 30 June 2019 US$'000	Year ended 30 June 2018 US$'000
Cash flows from operating activities		
Proceeds from sale of investments	-	36,462
Additional proceeds from redemption of Invenergy stake	115,760	-
Tax (payments)/refund	(8,606)	2
Transaction-related costs paid	(3,536)	(6,619)
Operating expenses paid	(2,166)	(1,562)
Advances to investee companies	(21)	(10)
Interest paid on shareholders loan	-	(183)
Fees for shareholders loan	-	(125)
Net cash generated from operating activities	**101,431**	**27,965**
Cash flows from investing activities		
Net cash generated from/(used in) investing activities	-	-
Cash flows financing activities		
Proceeds from shareholders loan	-	2,000
Partial redemption of shares	(25,745)	-
Repayment of shareholders loan	-	(2,000)
Net cash generated (used in) financing activities	**(25,745)**	**-**
Net increase in cash and cash equivalents	**75,686**	**27,965**
Cash and cash equivalents at start of the year	29,975	2,286
Effect of exchange rate fluctuations on cash and cash equivalents	292	(276)
Cash and cash equivalents at end of the year	**105,953**	**29,975**

The accompanying notes form an integral part of these consolidated financial statements.

Leaf Clean Energy Company

Consolidated statement of cash flows for the year ended 30 June 2019 (continued)

Reconciliation of total gain/(loss) and total comprehensive gain/(loss) for the year to net cash generated/(used in) from operating activities	**Year ended 30 June 2019 US$'000**	**Year ended 30 June 2018 US$'000**
Total profit/(loss) and total comprehensive profit/(loss) for the year	76,332	(43,183)
Adjustments for:		
Net loss on investments at fair value through profit or loss	2,000	280
Net realised (gain)/loss on additional proceeds from redemption of Invenergy stake	(101,523)	48,431
Proceeds from sale of investments	-	36,462
Additional proceeds from redemption of Invenergy stake	115,760	-
Provision for wind down/liquidation costs	2,492	-
Taxation	1,948	-
(Decrease) in net deferred tax liability	-	(11,341)
Increase/(decrease) in provision for future contingent costs	4,872	(770)
Net foreign exchange (gain)/loss	(292)	276
Operating profit before changes in working capital	**101,589**	**30,155**
Movement in trade and other receivables	(68)	(41)
Movement in trade and other payables	(90)	(2,149)
Net cash generated from operating activities	**101,431**	**27,965**

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements for the year ended 30 June 2019

1. Leaf

Leaf Clean Energy Company (the "Company" or "Leaf") was incorporated in the Cayman Islands on 14 May 2007. Leaf was established to invest in clean energy projects, predominantly in North America. Clean energy includes activities such as the production of alternative fuels, renewable power generation and the use of technologies to reduce the environmental impact of traditional energy. The investments of Leaf will be realised in an orderly and expedient manner, that is, with a view to achieving a balance between: (i) returning cash to shareholders at such times and from time to time and in such manner as the board may (in its absolute discretion) determine; and (ii) maximising the realisation value of Leaf's investments. In light of the realisation strategy, there will be no specific investment restrictions applicable to Leaf's portfolio going forward.

The shares of Leaf were admitted to trading on the AIM market of the London Stock Exchange ("AIM") on 28 June 2007 when dealings also commenced.

During the period, Leaf's executive chairman, agents, and management team (the latter being employees of Leaf) performed all significant functions.

The consolidated financial statements as at and for the year ended 30 June 2019 are for the Leaf Group. Refer to note 20.

The consolidated financial statements of Leaf as at and for the year ended 30 June 2019 are available upon request from Leaf's registered office at PO Box 309, Ugland House, George Town, Grand Cayman KY1-1104, Cayman Islands or at www.leafcleanenergy.com.

2. Basis of preparation

2.1 Statement of compliance

Leaf and its subsidiaries' (together the "Leaf Group") consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), taking into account the fact that Leaf is not a going concern due to the fact that it expects to complete its orderly wind down strategy in less than twelve months from the end of the reporting period end date. Leaf has consistently applied the accounting policies as set out in note 3 to all periods presented with the inclusion of new standards and amendments mentioned below.

a. IFRS 9 Financial Instruments (issued on 24 July 2014)
b. Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016)
c. IFRS 15 Revenue from Contracts with Customers
d. IFRS 16 – Leases (issued on 13 January 2016)
e. Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017)

The Directors do not expect the adoption of the above standards and interpretations to have a material impact on the Group's financial statements in the period of initial application.

These consolidated financial statements were approved by the board of directors on 5 December 2019.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the investments held at fair value through profit and loss that are measured at fair value in the consolidated statement of financial position.

The financial statements are not prepared on a going concern basis (IAS 1.25), which is aligned with management's strategy of the orderly realization on an asset-by-asset basis in timeframes appropriate for each asset and the return of capital to shareholders. The financial statements are prepared to disclose overall net realizable value and accordingly the directors estimate of fair value of investments is based on expected net realizable value and all the future estimated liquidation expenses have been accrued.

2.3 Functional and presentation currency

The consolidated financial statements are presented in United States Dollars ("US$"), which is the Leaf Group's functional currency.

2. Basis of preparation (continued)

2.4 Use of estimates and judgements

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

The most significant area requiring estimation and judgement by the directors is the net realizable value of unquoted investments (see note 12), provision for contingent costs (see note 8) and provision for wind down/ liquidation costs (see note 23).

2.5 Disclosure on changes in significant accounting policies

This note explains the impact of the adoption of IFRS 9 Financial applied to the Leaf group from 1 July 2018. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments has resulted in changes in accounting policies and in accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the group's financial assets and financial liabilities as at 1 July 2018.

Financial Assets	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39 US$'000**	**New carrying amount under IFRS 9 US$'000**
Investment at fair value through profit or loss	Held for trading	Mandatorily at FVTPL	2,000	2,000
Additional proceeds receivable from put/call redemption of Invenergy stake	Loans and receivables	Amortised cost	14,237	14,237
Cash and cash equivalents	Loans and receivables	Amortised cost	29,975	29,975
Trade and other receivables	Loans and receivables	Amortised cost	106	106
			46,318	46,318

Financial Liabilities	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39 US$'000**	**New carrying amount under IFRS 9 US$'000**
Provision for future contingent costs	Amortised cost	Amortised cost	880	880
Accrual for compulsory redemption of shares	Amortised cost	Amortised cost	25,745	25,745
Trade and other payables	Amortised cost	Amortised cost	347	347
			26,972	26,972

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, with the exception of the adoption of the new standards such as IFRS 9 Financial Instruments which has had no significant impact on the measurement of assets and liabilities, and no impact on the disclosures included in the financial statements.

3.1 Financial instruments

Financial assets and financial liabilities

(i) Recognition and initial measurement

The Leaf group initially recognises financial assets and financial liabilities at FVTPL on the trade date, which is the date on which the Leaf group becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Classification of financial assets- policy applicable from 1 July 2018

On initial recognition, the Leaf group classifies financial assets as measured at amortised cost or FVTPL.

Amortised cost- a financial asset is measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets of the group are measured at fair value through profit or loss.

The group has determined that it has two business models.

- Held-to-collect business model: this includes cash and cash equivalents and trade and other receivables. These financial assets are held to collect contractual cash flow.
- Other business model: this includes investments held at fair value through profit or loss. These are written off due to the view of the directors of no net realizable value, but they were nevertheless held as investments at 30 June 2019.

Classification of financial assets- policy applicable before 1 July 2018

The Fund classified financial assets into the following categories.

Financial assets at FVTPL:

- Held for trading: Investments at fair value through profit or loss.

Financial assets at amortised cost:

- Loans and receivables: cash and cash equivalents, additional proceeds receivable from put/call redemption of Invenergy stake and trade and other receivables.

Subsequent measurement of financial assets

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income and expense and foreign exchange gains and losses, are recognised in profit or loss in ‘net income from financial instruments at FVTPL. These are written off due to the view of the directors of no net realizable value, but they were nevertheless held as investments at 30 June 2019. Leaf holds two investments in unlisted private equity, included in this category.

3. Significant accounting policies (continued)

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. Interest income is recognised in 'interest income calculated using the effective interest method', foreign exchange gains and losses are recognised in 'net foreign exchange loss' and impairment is recognised in 'impairment losses on financial instruments' in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in profit or loss.

Cash and cash equivalents and trade receivable are included in this category.

Financial liabilities- classification, subsequent measurements, and gains and losses

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at amortised cost includes provision for future contingent costs, tax liability, provision for wind down/liquidation costs and trade payable.

(iii) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the group has access at that date. As at 30 June 2019 the financial statements are not prepared on a going concern basis and accordingly the directors have estimated the fair value of investments using the net realizable value. The fair value of a liability reflects its non-performance risk.

The Leaf group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

(iv) Amortized cost measurement

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

(v) Impairment

The Leaf group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost.

The Leaf group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

Measurement of expected credit losses

12-month expected credit losses

12-month expected credit losses are calculated by multiplying the probability of a default occurring in the next 12 months with the total (lifetime) expected credit losses that would result from that default, regardless of when those losses occur. Therefore, 12-month expected credit losses represent a financial asset's lifetime expected credit losses that are expected to arise from default events that are possible within the 12 months period following origination of an asset, or from each reporting date for those assets in initial recognition stage.

3 Significant accounting policies (continued)

Lifetime expected credit losses

Lifetime expected credit losses are the present value of expected credit losses that arise if a borrower defaults on its obligation at any point throughout the term of a lender's financial asset (that is, all possible default events during the term of the financial asset are included in the analysis). Lifetime expected credit losses are calculated based on a weighted average of expected credit losses, with the weightings being based on the respective probabilities of default.

(vi) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

(viii) Specific instruments- Cash and cash equivalents

Cash and cash equivalents comprise cash held in bank that largely will be utilised to settle additional tax liability in respect of the gain on the court-ordered redemption of Leaf's stake in Invenergy, running costs through completion of the wind down and for costs relating to completing the liquidation of the Company. Once the tax situation has been resolved, the Board intends to seek Shareholder approval to the liquidation of the Company and remit any surplus funds to Shareholders.

3.2 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity.

3.3 Revenue and expense recognition

Interest income is recognised on a time-proportionate basis using the effective interest rate method.

Dividends receivable on equity and non-equity shares, which carry significant equity rights, are recognised as revenue when the shareholders' right to receive payment has been established, normally the ex-dividend date. When no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. Provision is made for any dividends not expected to be received.

Expenses are accounted for on an accrual basis and are charged to the consolidated statement of comprehensive income. This includes expenses directly related to making an investment which is held at fair value through profit or loss.

Certain future contingent costs have been accrued for as per note 8. Future estimated liquidation expenses have been accrued as per note 23.

Net loss from financial instruments at FVTPL includes all unrealised fair value changes with respect to their net realisable value. Net gain on additional proceeds from redemption of Invenergy stake includes the Leaf's collection of damages from Invenergy following the Court's final order in the Invenergy lawsuit as per note 22.

3. Significant accounting policies (continued)

3.4 Foreign currency translation

Transactions in foreign currencies are translated to the functional currency of the Leaf Group at the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate on the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the consolidated statement of comprehensive income.

Exchange differences arising on the settlement of monetary items at rates different from those at which they were translated on initial recognition during the period or in the previous financial statement are recognised in profit or loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss are recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss are recognised in profit or loss.

3.5 Dividends and redemption of shares

Dividends payable are recognised as a liability in the period in which they are declared and approved. Future dividends and redemption of shares through the liquidation of the company have not been accrued as per 30 June 2019.

3.6 Earnings per share

The Leaf Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the basic earnings attributable to ordinary shareholders of Leaf by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the basic earnings attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for any shares held by the Leaf

Group, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees

3.7 Income tax expense

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3. Significant accounting policies (continued)

3.7 Income tax expense (continued)

which the Leaf Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

United States taxation

Certain of Leaf's investments have been in the equity of US companies which are considered to be US Real Property Interests as defined by the US Foreign Investor Real Property Tax Act ("FIRPTA"). Also, certain of Leaf's investments have been in US partnership interests. Leaf is subject to US federal taxation under FIRPTA on income attributable to US Real Property Interests.

With respect to such investments, Leaf recognises a deferred tax liability equal to the applicable blended US federal and state tax rates multiplied by the difference between the carrying value of Leaf's investment for financial reporting purposes and the applicable tax base used for applicable US federal and state taxation. Leaf reviews the deferred tax liability in connection with the revaluation process and adjusts accordingly. Leaf has not recognised a deferred tax liability as at 30 June 2019.

Leaf recognises a deferred tax asset with respect to unused taxable losses, to the extent that Leaf will have sufficient future taxable income against which to offset such losses. The tax asset is equal to such unused losses multiplied by the applicable blended US federal and state tax rates. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Leaf has not recognised a deferred tax asset as at 30 June 2019.

Cayman Islands taxation

Leaf received from the Governor-in-Cabinet of the Cayman Islands, an undertaking that, for a period of 20 years from 5 June 2007 no laws of the Cayman Islands imposing any tax on profits, income, gains or appreciation shall apply to Leaf and that no such tax or any tax in the nature of estate duty or inheritance tax shall be payable on the shares, debentures or other obligations of Leaf. Under the current Cayman Islands law, no tax will be charged on profits or gains of Leaf and dividends of Leaf would be payable to Shareholders resident in or outside the Cayman Islands without deduction of tax.

3.8 Subsidiaries

Subsidiaries are investees controlled by Leaf. Leaf controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Leaf Board concluded that Leaf meets the definition of an investment entity and measures investments in its subsidiaries at fair value through profit or loss.

4. Financial risk management

The Leaf Group's investments expose it to a variety of financial risks: market risk (including market price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Market price risk

The portfolio companies in which Leaf invests operate in sectors that may be affected by the prevailing prices of electricity, oil, natural gas and other commodities. As energy and fuels derived from non-renewable sources become more expensive or scarce, renewable energy and alternative fuels become more valuable. Conversely, if non-renewable energy and fuels become more abundant or, for other reasons become less expensive, the value of renewable or alternative fuels may be negatively affected. As a result, the performance of the project companies is likely to be dependent upon prevailing prices for these commodities, which have been historically, and may continue to be, volatile and subject to wide variations for a variety of reasons beyond the control of the Leaf Group. These factors include the level of consumer product demand, weather conditions, governmental regulations in producing and consuming countries,

4. Financial risk management (continued)

Market price risk (continued)

the price and availability of alternative fuels, the supply of oil and natural gas, and overall geo-political and economic conditions. Therefore, volatility of commodity prices may adversely affect the value of the Leaf Group's investments. Leaf does not have any material direct market price risk. Leaf does not manage the market price risk of its investee companies either, relying instead on the management of each investee company to appropriately manage its own risks.

The Leaf Group's investments comprise interests in companies which are not publicly traded or freely marketable. The Leaf Group may also be restricted from selling certain securities by contract or regulatory considerations. Such investments may therefore be difficult to value or realise. Any such realisation may involve significant time and expense. The below table summarises the valuation methodologies and key assumptions in deriving the aggregate fair value of the investments as at 30 June 2019 of nil (2018 : $2 million):

Name of Investment	Valuation methodology	Significant inputs / assumptions
Vital Renewable Energy Company, LLC ("VREC")	Estimated net realizable value	Director's estimate of achievable selling price less cost of selling.
Energia Escalona s.r.l. ("Escalona")	Estimated net realizable value	Director's estimate of achievable selling price less cost of selling.

The below table summarises the valuation methodologies and key assumptions in deriving the aggregate fair value of the investments as at 30 June 2018.

Name of Investment	Valuation methodology	Significant inputs / assumptions
Vital Renewable Energy Company, LLC ("VREC")	Market multiples	Choice of comparable companies, publicly available data about operating results
Energia Escalona s.r.l. ("Escalona")	Income approach	Forecast cash flows discount rate

The valuation of investments amounts to USD nil as per June 30 2019. As the valuation amounts USD nil, there was no market price risk to the Leaf group as at 30 June 2019.

Foreign exchange risk

The Leaf Group was exposed to foreign exchange risk with regard to transactions made in Sterling and balances held in Sterling.

An analysis of net assets by currency exposure as at 30 June 2019 is as follow,

	Net Assets US$'000 30 June 2019	**Net Assets US$'000 30 June 2018**
GBP	98,082	1,287
Total	98,082	1,287

The Leaf Group's investments in VREC and Escalona are exposed to the Brazilian Real ("Reals") and the Mexican Peso ("Peso"), respectively. VREC has primary operations in Brazil with most of its costs (including debt-related costs) and revenues denominated in Reals. The Leaf Group does not currently take any measures to hedge against these exposures.

During the years ended 30 June 2019 and 30 June 2018, Leaf did not have material exposure to the Peso or the Real.

4. Financial risk management (continued)

Interest rate risk

The Leaf Group had no borrowings as at 30 June 2019 and 2018. As interest rates earned on the Leaf Group's cash balances are minimal, there was no material interest rate risk to the Leaf Group as at 30 June 2019 and 2018.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Leaf Group .

The carrying amounts of financial assets, excluding equity investments in portfolio companies, best represent the maximum credit risk exposure at the reporting date. This relates also to financial assets carried at amortised cost, as they have a short-term maturity.

At the reporting date, the Leaf Group's financial assets exposed to credit risk amounted to the following:

	Year ended 30 June 2019 US$'000	Year ended 30 June 2018 US$'000
Trade and other receivables	174	106
Additional proceeds receivable from put/call redemption of Invenergy stake	-	14,237
Cash and cash equivalents	105,953	29,975
Total	**106,127**	**44,318**

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Management does not expect any counterparty to fail to meet its obligations. Except for the $94 thousand write off of doubtful intercompany receivable shown in the financial statements (2018: $116 thousand), no impairment provisions have been made as at the year end and no debtors were past their due date.

Leaf's intermediary subsidiaries are equity investments of the Leaf Group which are not subject to credit risk, given that the purpose of these subsidiaries is to hold the Leaf Group's underlying investments in the investee companies, and all such underlying investments are in the form of equity instruments that are not subject to credit risk.

Cash balances are held with P-1* financial institutions.

**- A Moody's rating of Prime-1 (P-1) means that the issuer has a superior ability to repay short-term debt obligations.*

Liquidity risk

Liquidity risk is the risk that the Leaf Group will not be able to meet its financial obligations as they fall due. The Leaf Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses. The Leaf Group's liquidity position is monitored by Leaf's board of directors.

Residual undiscounted contractual maturities of financial liabilities:

30 June 2019	Total, all maturities US$'000	Less than 1 month US$'000	1-3 months US$'000	3 months to 1 year US$'000	1-5 years US$'000	Over 5 years US$'000	No stated maturity US$'000
Financial liabilities							
Trade and other payables	(257)	(257)	-	-	-	-	-
Total	**(257)**	**(257)**	-	-	-	-	**-**

4. Financial risk management (continued)

***Liquidity risk* (continued)**

30 June 2018	Total, all maturities US$'000	Less than 1 month US$'000	1-3 months US$'000	3 months to 1 year US$'000	1-5 years US$'000	Over 5 years US$'000	No stated maturity US$'000
Financial liabilities							
Accrual for compulsory redemption of shares	(25,745)	(25,745)	-	-	-	-	-
Trade and other payables	(347)	(347)	-	-	-	-	-
Total	**(26,092)**	**(26,092)**	-	-	-	-	-

Due to minimal amount of liability there was not material liquidity risk to the Leaf Group as at 30 June 2019.

5. Net Asset Value per Share

The net asset value (NAV) per share as at 30 June 2019 is 182.00 cents based on net assets of $95.7 million and 52,570,692 ordinary shares in issue as at that date.

6. Administration expenses

	Year ended 30 June 2019 US$'000	Year ended 30 June 2018 US$'000
Salaries and related costs	1,144	516
Directors' remuneration (note 9)	425	345
Legal and professional fees [1]	215	98
Administration fees	175	150
Other expenses	108	84
Audit fees	64	64
Directors' and officers' insurance expense	53	53
Registrar fees and costs	43	38
Rental fees	40	39
Travel and subsistence expenses	15	32
Total	**2,282**	**1,419**

[1]Administration expenses do not include transaction related legal or professional services costs, which are reported as transaction related expenses on the condensed consolidated statement of comprehensive income. See note 7.

7. Transaction-related costs

The amount disclosed for the year ended 30 June 2019 consists primarily of $2.2 million in success fees owed to Leaf's legal counsel and financial advisors in connection with Leaf winning its appeal, and other legal costs associated with the complaint filed on 21 December 2015 by Leaf against Invenergy Renewables LLC, including Leaf's appeal of the damages award and defence of Invenergy's cross-appeal prosecuting the appeal. The success fees were paid prior to the end of the period.

8. Contingent costs provision

The Leaf Board has adopted incentive compensation arrangements for Leaf and its advisors under which Company payees will receive incentive payments only when cash is returned to the shareholders and certain advisors have received incentive payments depending on additional damages awarded Leaf following the conclusion of the Invenergy lawsuit. The arrangements for Leaf payees include a sliding scale of incentives based on cash returned to the shareholders, in addition to severance payments to Leaf employees to be deducted from any future incentive payments owed to employees under these arrangements. As at 30 June 2019, the Leaf Group updated its prior estimate of these

8. Contingent costs provision (continued)

contingent costs to be $5.75 million (30 June 2018: $0.88 million), using an estimate of total cash that will be returned to the shareholders that is based on the 30 June 2019 net asset value, including net proceeds of $107.2 million received from Invenergy, less the estimated remaining cash requirements of Leaf in completing the realisation of the remaining investments. Revisions to the estimate of total cash that will be returned to shareholders and other factors result in adjustments to the provision for future incentive payments, which are recognised in profit or loss during the period of the adjustment.

9. Directors' remuneration

Details of the directors' basic annual remuneration are as follows:

	Basic annual remuneration
	US$'000
Mark Lerdal (executive chairman)	250
Stephen Coe (non-executive director)	70
Peter O'Keefe (non-executive director)	25

Directors' fees and expenses were:

30 June 2019	Directors' fees	Director's bonus	Reimbursements	Total
	US$'000		US$'000	US$'000
Mark Lerdal (Chairman)	250	58	12	320
Stephen Coe	70	16		86
Peter O'Keefe	25	6		31
Total	**345**	**80**	**12**	**437**

30 June 2018	Directors' fees	Reimbursements	Total
	US$'000	US$'000	US$'000
Mark Lerdal (Chairman)	250	22	272
Stephen Coe	70	-	70
Peter O'Keefe	25	-	25
Total	**345**	**22**	**367**

From 1 January 2019 through 30 April 2019, in order to reduce the Company's cash burn while Leaf pursued its appeal of the $1 damages award in the Invenergy lawsuit, the directors cut their fees and the salaries of the employees by 70%, on the condition that should Leaf win its appeal, each director and employee would receive the foregone fee/salary plus a deferral bonus equal to the deferred amount. The amounts under "Director's bonus" above reflect the fee-deferral bonuses received by the respective directors upon the successful conclusion of the appeal.

Each director is entitled to receive reimbursement of any expenses in relation to their appointment. Total reimbursement to the directors for the year ended 30 June 2019 amounted to $12 thousand (2018: $22 thousand) with nothing outstanding at 30 June 2019 (2018: nil).

10. Basic earnings/(loss) per share

Basic and Diluted

Basic and diluted earnings/(loss) per share is calculated by dividing the earnings/(loss) attributable to equity holders of Leaf by the weighted average number of ordinary shares in issue during the year:

	Year ended 30 June 2019	Year ended 30 June 2018
Profit/(Loss) attributable to equity holders (US$'000)	76,332	(43,183)
Weighted average number of ordinary shares in issue (thousands)	53,469	118,163
Basic and fully diluted profit/(loss) per share (cents)	**142.76**	**(36.55)**

There is no difference between the basic and diluted earnings per share for the year.

11. Classification of financial assets and liabilities

The below table sets out the classifications of the carrying amounts of the group's financial assets and financial liabilities into categories of financial instruments.

As at 30 June 2019

Financial Assets	**Note**	**Mandatorily at FVTPL**	**Financial assets at amortised cost**	**Total**
Financial assets at FVPL	12.1	-	-	-
Cash and cash equivalents	15	-	105,953	**105,953**
Trade and other receivables	14	-	174	**174**
Total		-	**106,127**	**106,127**

Financial Liabilities	**Note**	**Mandatorily at FVTPL**	**Financial liabilities at amortised cost**	**Total**
Provision for future contingent costs	8	-	5,752	**5,752**
Tax Liability		-	1,948	**1,948**
Provision for wind down/ liquidation costs	23	-	2,492	**2,492**
Trade and other payables	16	-	257	**257**
Total		-	**10,449**	**10,449**

As at 30 June 2018

Financial Assets	**Note**	**Held for trading**	**Loans and receivables**	**Total**
Investment at fair value through profit or loss	12.1	2,000	-	**2,000**
Additional proceeds receivable from put/call redemption of Invenergy stake	22	-	14,237	**14,237**
Cash and cash equivalents	15	-	29,975	**29,975**
Trade and other receivables	14	-	106	**106**
		2,000	**44,318**	**46,318**

Financial Liabilities	**Note**	**Held for trading**	**Financial liabilities at amortised cost**	**Total**
Provision for future contingent costs	8	-	880	**880**
Accrual for compulsory redemption of shares	-	-	25,745	**25,745**
Trade and other payables	16	-	347	**347**
		-	**26,972**	**26,972**

12. Critical accounting estimates and assumptions

These disclosures supplement the commentary on the use of estimates and judgments (see note 2.4).

Key sources of estimation uncertainty

Determining fair values

The determination of fair values for financial assets for which there is no observable market prices requires the use of valuation techniques as described in accounting policy 3.1 and 3.3. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. See also "Valuation of financial instruments" below.

Critical judgements in applying the Leaf Group's accounting policies

Critical judgements made in applying the Leaf Group's accounting policies include:

Valuation of financial instruments

The Leaf Group's accounting policy on fair value measurements is discussed in accounting policy 3.1. The Leaf Group measures fair value using the following hierarchy that reflects the significance of inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments quoted market prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Leaf Group determines fair values using valuation techniques.

Leaf, through its wholly-owned subsidiaries, holds full or partial ownership interests in a number of unquoted clean energy companies. These investments are classified as level 3 in the fair value hierarchy.

Investments

Investments in underlying investee companies (held through various wholly owned intermediary subsidiaries) comprise ordinary stock, and preferred stock, preferential return of capital and capped rights to share in profits. The directors, with advice from Leaf's employee management team, have reviewed the carrying value of each investment and calculated the aggregate value of the Leaf Group's portfolio. Investments are measured at the directors' estimate of fair value at the reporting date.

12.1 Investments at fair value through profit or loss

The following table shows a reconciliation of the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

12. Critical accounting estimates and assumptions (continued)

12.1 Investments at fair value through profit or loss (continued)

	Year ended 30 June 2019	Year ended 30 June 2018
Balance brought forward	2,000	101,410
Additional investments in subsidiaries	-	-
Proceeds from sale of investments	-	(36,462)
Additional proceeds receivable from sale of investments	-	(14,237)
Movement in fair value of investments	(2,000)	(48,711)
Balance carried forward	**-**	**2,000**
Total realised and unrealised (losses)/gain for the year included in profit or loss relating to investments held at the end of the reporting period.	(2,000)	-

Investments are stated at fair value through profit or loss on initial recognition. Loans are reviewed for impairment in conjunction with the related equity investment in the investee company. All investee companies are unquoted. Leaf has an established control framework with respect to the measurement of fair values. The directors, with advice from the management team, have overall responsibility for all significant fair value measurements, including Level 3 fair values. The management team regularly reviews significant unobservable inputs and valuation adjustments.

Included in “Net (loss) on investments at fair value through profit and loss” on the consolidated statement of comprehensive income is an amount received for an investment sold during the year ended 30 June 2019.

12.2 (a) Significant unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used at 30 June 2019 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Fair value at 30 June 2019 US$'000	Valuation technique	Unobservable input	Range	Sensitivity to changes in significant unobservable inputs
Unlisted private equity investments	nil	Net realizable value	Director’s estimate of achievable price	$0 to $1 million	The estimated fair value would increase (decrease) if the estimated achievable price were higher/lower.
			Director’s estimated cost of selling	$0 to $1 million	The estimated fair value would increase/ (decrease) if the estimated cost of selling were lower/higher.

Estimate of achievable sale price: Represents the Leaf Director’s estimate of the price Leaf can achieve under various scenarios, based on their collective experience, and various aspects of each investment.

Estimate of the cost of selling: Represents the Leaf Director’s estimate of the costs that would be incurred to sell the investments under various scenarios.

12. Critical accounting estimates and assumptions (continued)

12.2 (a) Significant unobservable inputs used in measuring fair value (continued)

The table below sets out information about significant unobservable inputs used at 30 June 2018 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Significant unobservable inputs are developed as follows.

Description	Fair value at 30 June 2018 US$'000	Valuation technique	Unobservable input	Range	Sensitivity to changes in significant unobservable inputs
Unlisted private equity investments	$2,000	Market multiples, income approach	Operational multiples	$54/mm tons - $57/mm tons	The estimated fair value would increase (decrease) if the operational multiples were higher/lower.
			Discount rates	7.2%	The estimated fair value would increase/(decrease) if the discount rate were lower/higher
			Forecast cash flows	n/a	n/a

Operational multiples: Represent amounts that market participants would use when pricing the investments. Operational multiples are selected from comparable public companies based on geographic location, industry, size, target markets and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its operational metric and further adjusted if appropriate for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

Discount rate: Represents the rate used to discount projected levered or unlevered forecasted cash flows and terminal value for a project or company to their present values as part of the calculation of enterprise value for the project or company, or for the expected cash flows to Leaf from a forecasted transaction.

Forecast cash flows: Cash flows are forecast by Leaf by considering possible operational scenarios and transaction terms, the amount to be paid or received under each scenario and the probability of each scenario.

12.2 (b) Effects of unobservable input on fair value measurement

Although Leaf believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on Leaf's net asset value (NAV) at 30 June 2019 ($ millions): (Favourable: nil, Unfavourable: nil).

The favourable and unfavourable effects of using reasonably possible alternative assumptions for the above unobservable inputs for the valuation of Leaf's unlisted private equity investments have been calculated by varying these inputs in the applicable valuation models based on a reasonable lower and upper range as determined by the Leaf Directors. The most significant unobservable inputs are estimates by the directors of the achievable sale price and the cost of selling. The Leaf Director's view is that all reasonable combination of assumptions for achievable sales price and cost of selling of the investments result in $nil of net value.

For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on Leaf's net asset value (NAV) at 30 June 2018 ($ millions): (Favourable: 1.0, Unfavourable: (1.0)).

12. Critical accounting estimates and assumptions (continued)

12.2 (b) Effects of unobservable input on fair value measurement (continued)

The favourable and unfavourable effects of using reasonably possible alternative assumptions for the above unobservable inputs for the valuation of Leaf's unlisted private equity investments have been calculated by varying these inputs in the applicable valuation models based on a reasonable lower and upper range as determined by Leaf Management. The most significant unobservable inputs are the discount rate, and operational multiples. The discount rate used in the models at 30 June 2018 was 7.2% (with reasonably possible alternative assumptions ranging between 6.2% and 8.2%). The operational multiples used in the model at 30 June 2018 ranged between $54/mm tons and $57/mm tons, with reasonably possible alternative assumptions of $41.5/mm tons to $72/mm tons.

13. Financial instruments not measured at fair value

The carrying value of short-term financial assets and financial liabilities (cash, debtors and creditors) approximate their fair value. The carrying value of the convertible and the new loan note instruments are also considered to approximate fair value.

14. Trade and other receivables

	Year ended 30 June 2019 US$'000	Year ended 30 June 2018 US$'000
Prepayments	97	103
Other receivables	46	3
Receivable from Invenergy	31	
Total	**174**	**106**

Amounts due from group companies are unsecured, interest free and receivable on demand.

15. Cash and cash equivalents

	Year ended 30 June 2019 US$'000	Year ended 30 June 2018 US$'000
Bank current account balances	105,953	29,975
Total	**105,953**	**29,975**

16. Trade and other payables

	Year ended 30 June 2019 US$'000	Year ended 30 June 2018 US$'000
Other creditors	193	282
Audit fees payable	64	65
Total	**257**	**347**

17. Share capital

Ordinary shares of GBP0.0001 each	Number of shares	Share capital US$'000	Share premium US$'000
At 30 June 2019	52,570,692	18	271,310
At 30 June 2018	52,570,692	18	271,310

17. Share capital (continued)

The authorised share capital of the Leaf Group is GBP 25,000 divided into 250 million ordinary Shares of GBP 0.0001 each.

Under the terms of the placement on 22 June 2007, Leaf issued 200,000,000 shares of GBP0.0001 each par value at a price of GBP1 each. The difference between the issue price and the par value was transferred to share premium account, net of share issue expenses.

Leaf repurchased 10,582,873 shares in October 2015. Share capital and premium received was translated to US dollars at the exchange rate prevailing at the date of receipt of the proceeds.

Leaf repurchased 65,592,161 shares in June 2018. Share capital and premium received was translated to US dollars at the exchange rate prevailing at the date of receipt of the proceeds.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of Leaf. All shares rank equally with regards to the Leaf Group's assets.

Capital management

At an extraordinary general meeting ("EGM") held on 1 July 2014, Leaf's shareholders voted to accept the board's proposed resolution to change the Leaf Group's investment strategy to an orderly realisation and return of capital to the shareholders, which will occur on an asset-by-asset basis in timeframes appropriate for each asset. The details of the strategy are disclosed in the EGM circular for this meeting, which can be found on Leaf's website.
The Leaf Group's capital comprises share capital, share premium and reserves and is not subject to externally imposed capital requirements.

18. Income tax

	Year ended 30 July 2019 US$'000	**Year ended 30 July 2018 US$'000**
Current tax expense		
Current year	10,524	
Deferred tax expense		
Temporary differences (gain)/loss	-	(11,341)
Tax (gain)/expense on continuing operations	**10,524**	**(11,341)**

Of the $10.52 million of current-year tax expense, $8.6 million was withheld by Invenergy from amounts it owed Leaf in the court-ordered redemption of Leaf's ownership interests in Invenergy. This $8.6 of this withheld amount was paid to the US tax authorities on Leaf's behalf and the remaining $0.31 million is owed back to Leaf by Invenergy. The remaining $1.94 million of tax expense has been recognized as a liability on Leaf's balance sheet. The final calculation of tax liability will be determined by information which needs to be provided by third parties. The Board has used historical information to make a best estimate of potential liabilities and believes it has been prudent in its estimate.

	Year ended 30 June 2019 US $'000
Taxable gain on Invenergy Investment	57,764
Taxable loss carried forward on sale of Leaf LFG/JRE	(21,401)
Taxable profit	**36,363**
Tax rate (26% * 57,763,959) - (21% * 21,400,904)	
Taxation	**10,524**
Tax paid	8,576
Tax liability	1,948
Total Tax expense	**10,524**

18. Income tax (continued)

The US tax authorities recently (May 2019) issued a proposed regulation (Proposed Regulation 1.864(c)(8)-1(b)), which, if finalized by the US tax authorities and adopted by Leaf would result in a significantly better tax result for Leaf than the estimate used for the accrual of tax liability in these financial statements. It is not possible to assess whether the proposed regulation will be implemented or within what timescale.

The Leaf Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

			Balance as at 30 June 2019		
2019 **US$'000**	**Net balance at 01 July 2018**	**Recognised in profit or loss during the period**	**Net**	**Deferred tax assets**	**Deferred tax Liabilities**
Investments held at fair value through profit and loss	-	-	-	-	-
Net tax assets (liabilities)	**-**	**-**	**-**	**-**	**-**

19. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial or operational decisions.

Leaf's directors are related parties and details of their fee arrangements are given in note 9 and their shareholdings are disclosed under report of the directors. During the period, 55.1% of the numbers of shares disclosed in the report as being owned by Messrs. Coe and O'Keefe as at 30 June 2018 were redeemed by Leaf as a result of the compulsory redemption announced in the previous accounting period on 25 June 2018.

Leaf's incentive plans disclosed in note 8 will be paid out to related parties.

During the year ended 30 June 2019, an intercompany receivable of $94 thousand was written off as nonrecoverable.

20. The subsidiaries

The following subsidiaries of the Leaf Group are held at fair value on the consolidated financial statements in accordance with IFRS 10:

	Country of incorporation	Principal activity	Effective interest held
Energía Escalona Coopertief U.A	Netherlands	Hydro Energy	87.5%
Escalona B.V	Netherlands	Hydro Energy	87.5%
Energentum Renewable Energy S.A. de C.V.	Mexico	Hydro Energy	87.5%
Energía Escalona s.r.l.	Mexico	Hydro Energy	51.2%
Leaf Invenergy Company	Cayman Islands		100%
Leaf VREC Company	Cayman Islands		100%

21. Capital commitments

As at 30 June 2019, there were no capital commitments in respect of investments.

22. Investment in Invenergy

On 21 December 2015, as previously announced, Leaf filed a lawsuit in Delaware Court of Chancery (the "Court") against Invenergy alleging, in part, that Invenergy breached the Third Amended and Restated Limited Liability Company Agreement governing the membership interests in Invenergy (the "Operating Agreement"). Leaf alleged that Invenergy was required to either obtain Leaf's prior consent to a sale of 832 megawatts of Invenergy's wind power generation facilities to TerraForm Power for approximately $2 billion (the "TerraForm Transaction"), or, absent such consent, make a payment to Leaf upon the closing date of the sale.

22. Investment in Invenergy (continued)

On 28 December 2015, Invenergy exercised its rights under the Operating Agreement to redeem the LLC membership units owned by Leaf, and Leaf exercised its right to put these units to Invenergy.

On 7 January 2016, Leaf received a $3.9 million cash distribution from Invenergy pursuant to the terms of Invenergy's Operating Agreement.

On 15 April 2016, Leaf filed a motion for partial judgment on the pleadings with respect to its claim that Invenergy breached the Operating Agreement.

On 30 June 2016, the Court granted Leaf's motion, ruling that, because Invenergy did not obtain Leaf's prior consent to the closing of the TerraForm Transaction, Invenergy breached the Operating Agreement.

On 18 July 2016, Leaf filed a motion for entry of an order and final judgment, asking the Court to order Invenergy to pay damages of $126.1 million, based on the calculation of the Target multiple per the terms of the Operating Agreement, less the $3.9 million previously reported tax distribution from Invenergy, plus interest on the net $122.2 million in damages at the Delaware statutory rate of interest of 6%, compounded quarterly, from the date of the breach.

On 12 August 2016 Invenergy filed an answering brief to Leaf's motion, disputing that Leaf is entitled to the damages Leaf is seeking and arguing that Leaf is entitled, at most, to nominal damages. Invenergy also asserted in its brief that any obligation it owes to Leaf is excused because of the put/call process described in the interim statements. On this

same date, Invenergy also filed a motion to amend its original answer to the lawsuit to add five additional affirmative defenses and two counterclaims.

On 6 October 2016, the Court heard oral arguments by the parties on the Leaf and Invenergy motions. In two orders on 7 and 10 October 2016 which can be downloaded and viewed in their entirety at the following URL: http://www.leafcleanenergy.com/media-relations/download-centre/, the Court denied Leaf's and Invenergy's motions, apart from allowing one of Invenergy's counterclaims.

- The Court allowed Invenergy to assert a counterclaim against Leaf alleging that Leaf acted in bad faith by causing its appraiser in the put/call to provide a biased and inaccurate appraisal. Leaf believes this counterclaim to be without merit.

- The Court made additional rulings, including: 1) finding that Leaf's claims are not excused as a result of Leaf exercising the put, 2) that an exchange of mutual releases required in the put/call will not moot the lawsuit, and 3) that Leaf's right to a remedy for Invenergy's breach is not barred because Leaf did not seek injunctive relief to block the closing of the TerraForm Transaction.

A trial was held by the Court on 25-27 October 2017 to determine the damages that will be awarded to Leaf due to Invenergy's breach and to rule on Invenergy's counterclaim. The Court held post-trial argument on 19 January 2018.

On 19 April 2018, the Court issued a post-trial opinion with respect to Leaf's claims and Invenergy's counterclaim. In its opinion, the Court held that Leaf is only entitled to nominal damages of $1 as a result of Invenergy's breach of the Operating Agreement. In addition, the Court rejected Invenergy's counterclaim seeking a declaration that Leaf had breached certain provisions governing Leaf's ability to put its shares, and Invenergy's ability to call those shares, and ordered the parties to complete the put/call process in accordance with the Operating Agreement. As a result of and following this ruling, Leaf wrote down its investment in Invenergy from $99.1 million to $50.7 million, the amount determined by the terms of the Operating Agreement governing the put/call process.

On 14 June 2018, the Court entered its final order and judgment in Leaf Invenergy Company, LLC v. Invenergy Wind LLC, C.A. No. 1830-VCL, awarding Leaf nominal damages of $1 as a result of Invenergy's breach of the Operating Agreement by engaging in a defined "Material Partial Sale" without either obtaining Leaf's consent or paying Leaf a contractually defined return on its investment. The trial court's final order also entered judgment in Leaf's favour on Invenergy's counterclaim seeking a declaration that Leaf had breached certain provisions governing Leaf's ability to put its shares, and Invenergy's ability to call those shares, thereby establishing the redemption price to be paid to Leaf in connection with that put/call process at $50.7 million. The final order and judgment contemplated that, in the event Leaf appealed the Court's award of nominal damages in its final order and judgment, Invenergy intended to cross-appeal the Court's determination with respect to its counterclaim and therefore would be obligated to pay Leaf $36.4 million, representing an amount that Invenergy does not contest is owed to Leaf, within 5 business days of Leaf's notice of appeal and that the remainder of the redemption price would be paid into an interest bearing account controlled by the Court to be distributed following, and depending on, the appeal.

22. Investment in Invenergy (continued)

Also on 14 June 2018, following entry of the Court's final order and judgment, Leaf filed its notice of appeal to the Delaware Supreme Court.

On 20 June 2018, as ordered by the Court, Invenergy redeemed all of Leaf's ownership interests in Invenergy, paying Leaf $36.4 million. Subsequently, Invenergy deposited an additional $15.3 million into the Court-controlled account.

On 25 June 2018, Invenergy filed its notice of cross-appeal to the Delaware Supreme Court.

The following key developments with respect to these proceedings occurred during the one-year period ended 30 June 2019:

On 13 February 2019, the Delaware Supreme Court heard oral argument in Leaf's appeal of the damages awarded to it in the Invenergy lawsuit.

On 2 May 2019, the Delaware Supreme Court issued its opinion in Leaf's appeal, reversing the Court's prior award of $1 in nominal damages to Leaf as a result of Invenergy's breach of the parties' limited liability company agreement. The Supreme Court held that Leaf was entitled to damages in the full amount of its contractually defined Target Multiple and, therefore, remanded the matter back to the Court of Chancery to enter judgment consistent with its decision.

On June 14, 2019, the Court entered its final order and judgement, ordering Invenergy to pay Leaf $114.5 million, consisting of: a) the contractually defined $126.1 million Target Multiple Invenergy should have paid Leaf on 15 December 2015 to redeem Leaf's ownership interest in Invenergy, less b) the previously announced $3.9 million tax distribution Invenergy made to Leaf in January 2016, less c) the previously announced $36.4 million partial redemption payment Invenergy made to Leaf pursuant to the Court's final order of 14 June 2018, plus d) $28.8 million of statutory pre- and post-judgement interest, within 10 calendar days of the order. The Court order also specified that this amount would continue to accrue statutory interest from 3 May 2019 at a rate of 8.0%, compounded quarterly until the award had been paid by Invenergy.

On June 20, 2019, pursuant to the Court's final order and judgement, Leaf received a payment from Invenergy in the amount of $107.2 million, being the $114.5 million amount owed on 2 May 2019, plus $1.3 million of additional interest through 20 June 2019 (total interest of $30.0 million), less $8.6 million of mandatory tax withholding. Concurrently with the provisioning of the aforementioned payment, Invenergy notified Leaf that it planned to appeal the final order and judgement.

The following key developments with respect to these proceedings occurred after the one-year period ended 30 June 2019:

On July 9, 2019, Invenergy filed a notice of appeal with the Delaware Supreme Court to contest the Final Order and Judgement issued by the Court on June 14, 2019.

On July 10, 2019, in an effort to bring about what the board hoped would be a speedy resolution of what it believed to be yet another attempt by Invenergy to avoid its obligations under the limited liability agreement, Leaf filed a motion to expedite with the Delaware Supreme Court in order to accelerate the appeal proceedings. In its opposition to the motion, Invenergy clarified that it was only appealing the Court's award of prejudgment interest to Leaf.

On July 24, 2019, the Delaware Supreme Court issued an order granting Leaf's motion to expedite the aforementioned proceedings.

On July 25, 2019, the Delaware Supreme Court issued a notice stating the court would consider the appeal, without oral argument, on September 18, 2019.

On September 19, 2019, the Supreme Court issued its opinion in Invenergy's appeal, upholding the Chancery Court's award of $30 million of prejudgment interest to Leaf. The Delaware Supreme Court granted the expedited treatment and heard the appeal without oral argument on September 18, 2019. On September 19, 2019, the Delaware Supreme Court affirmed the award of pre-judgement interest.

Put/call process summary:

Invenergy called Leaf's interest in Invenergy on 28 December 2015. On the same day, Leaf put its interest to Invenergy in order to mitigate its damages from Invenergy's breach. Each party appointed a third-party appraiser to value Leaf's stake in Invenergy. The results were $73.1 million (from the appraiser appointed by Leaf) and $36.4 million (from the appraiser appointed by Invenergy). In accordance with the Operating Agreement terms, a third appraiser was retained jointly by Leaf and Invenergy to value Leaf's interest in Invenergy and appraised the value of Leaf's stake in Invenergy to

22. Investment in Invenergy (continued)

be $42.5 million. Pursuant to the Operating Agreement, the average of the three appraisals ($50.7 million) should determine the price for Leaf's interest in Invenergy for purposes of the put/call process. As noted above, Invenergy asserted a counterclaim alleging that Leaf acted in bad faith by allegedly causing its appraiser to provide a biased and inaccurate appraisal. The Court ruled against Invenergy on its counterclaim. Invenergy filed a cross-appeal with respect to the Court's ruling on its counterclaim.

In its opinion of 2 May 2019, the Delaware Supreme Court declined to rule on Invenergy's cross-appeal, noting that the put/call process had been mooted by its decision to award Leaf the Target Multiple as damages in respect of Invenergy's breach which had preceded the triggering of the put/call process.

23. Provision for wind down/liquidation costs

Given that Leaf expects to complete its orderly wind down and liquidation prior to 30 June 2020, Leaf has recognized a provision of $2.49 million in expected wind down and liquidation costs.

24. Subsequent Events

On 29 July 2019 Leaf announced the approval by the directors of the return of approximately $64.9 million of cash (£53.1 million converted at the exchange rate £1:$1.223367 prevailing at the date of announcement of the redemption 29 July 2019) to the shareholders via a compulsory redemption of shares equivalent to 101 pence per share outstanding at the time of the announcement (the "Redemption"). The Redemption price per share was 151.94 pence (by reference to the Leaf Board's estimate of the NAV per share as at 31 May 2019), with approximately 66.47% of Leaf's issued share capital to be redeemed and cancelled. On 16 August 2019, Leaf repurchased and cancelled 34,943,699 shares. Given that the director's approval of the Redemption occurred after the end of the period, no liability was recognised on the balance sheet with respect to the redemption.

Following the 16 August 2019 cancellation of the repurchased shares, there were 17,626,993 ordinary shares in issue.

On 13 October 2019, Leaf received word that a claim had been made against indemnity escrow and as a result, Leaf received approximately $229,000 following the expiration of the escrow term.

On 28 October 2019 Leaf announced the approval by the directors of the return of approximately $27.7 million of cash (£21.5 million converted at the exchange rate £1:$1.285753 prevailing at the date of announcement of the redemption 28 October 2019) to the shareholders via a compulsory redemption of shares equivalent to 122 pence per share outstanding at the time of the announcement (the "Redemption"). The Redemption price per share was 122.8 pence (by reference to the Leaf Board's estimate of the NAV per share as at 30 September 2019), with approximately 99.35% of Leaf's issued share capital to be redeemed and cancelled. On 12 November 2019, Leaf repurchased and cancelled 17,512,382 shares. Given that the director's approval of the Redemption occurred after the end of the period, no liability was recognised on the balance sheet with respect to the redemption.

On 6 November 2019 Leaf announced the approval by the directors to apply to the London Stock Exchange for cancellation of admission to trading of the Company's ordinary shares on AIM. Following the return of $27.7 million cash to shareholders by way of compulsory redemption of shares, Leaf announced that it is in a position to commence formal wind down proceedings, with substantially all remaining assets distributed to shareholders. Whilst there remains some uncertainty regarding the quantum of the tax liability, Leaf board conluded that it was unlikely any further significant distributions will be made to shareholders by way of compulsory redemption.

Subsequent events in respect of the investment in Invenergy are disclosed in note 22.