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If you have sold or transferred all of your holding of Shares, please forward this document and the accompanying Form of Proxy or Form of Instruction to the purchaser or transferee or to the stockbroker, bank or other agent through or by whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or transferred only part of your holding of Shares, you should retain these documents and contact your stockbroker, bank or other agent through or by whom the sale or transfer was effected immediately.

LEAF CLEAN ENERGY COMPANY

(incorporated under the Companies Law of the Cayman Islands and regulated in the Cayman Islands under number 187481)

Proposals regarding a change of investment policy, amendments to the Articles and conversion of the Shares

and

Notice of Extraordinary General Meeting

The Proposals described in this document are conditional on approval from Shareholders, which is being sought at an Extraordinary General Meeting of the Company to be held at 3.00 p.m. (UK time) on 1 July 2014. The notice of Extraordinary General Meeting is set out at the end of this document.

A Form of Proxy and Form of Instruction for use at the EGM is attached at the end of this document. Whether or not Shareholders propose to attend the EGM, they should complete and return the Form of Proxy (in the case of certificated holders not holding Depositary Interests) or the Form of Instruction (in the case of uncertificated holders holding Depositary Interests in CREST).

The Form of Proxy should be completed and returned to Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS99 6ZZ so as to be received not later than 3.00 p.m. (UK time) on 29 June 2014.

Holders of Depositary Interests will be invited to attend the EGM by Computershare Company Nominees Limited in its capacity as custodian for the Depositary Interests and on behalf of the Company. Holders of Depositary Interests in CREST may transmit voting instructions by utilising the CREST voting service in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take appropriate action on their behalf.

Alternatively holders of Depositary Interests can fill in the Form of Instruction and return such Form of Instruction, signed to Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS99 6ZZ so as to be received no later than 3.00 p.m. (UK time) on 28 June 2014. The completion and return of the Form of Instruction will not preclude a Shareholder from attending the EGM and voting in person if they so wish. Should a Shareholder wish to attend the EGM and/or vote at the meeting they should contact !UKALLDITeam2@computershare.co.uk

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PART 1 – Letter from the Chairman

LEAF CLEAN ENERGY COMPANY

(incorporated under the Companies Law of the Cayman Islands and regulated in the Cayman Islands under number 187481)

Directors:

Mark Lerdal (Chairman)
Peter O'Keefe
Jim Potochny
Stephen Coe

Registered office:

PO Box 309
Ugland House
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Cayman Islands

11 June 2014

Dear Shareholders

PROPOSALS REGARDING A CHANGE OF INVESTMENT POLICY, AMENDMENTS TO THE ARTICLES AND CONVERSION OF THE SHARES

1 Introduction and background to the Proposals

Following the announcement made by the Company on 23 May 2014 that the Board intends to propose the adoption of a realisation strategy, the Board is now writing to you to outline details of its proposals to:

- adopt a new investment policy such that the Company will become a realisation vehicle and thereby seek to realise its investments in an orderly fashion; and
- to convert the Shares into redeemable shares and amend its Articles to incorporate provisions specifying the manner in which the Shares can be redeemed by the Company so as to facilitate the return of capital to Shareholders.

Leaf was incorporated in the Cayman Islands in May 2007 for the purpose of acquiring interests in, owning, operating and managing clean energy companies and projects predominantly in North America. Leaf was admitted to trading on AIM in June 2007.

Leaf seeks to achieve long term capital appreciation primarily through making privately negotiated acquisitions of interests (principally equity but also equity related and subordinated or mezzanine debt securities) in both projects and companies which own assets or which participate in the clean energy sector and through generation and commercialisation of carbon credits derived from these projects. At Admission, the Company set a 20 per cent. overall pre-tax internal rate of return on each project investment.

As mentioned in the interim report of the Company for the half year ended 31 December 2013, the Board is committed to closely monitoring the strategic performance of its portfolio and is actively pursuing realisations for several of its investments. Following on from such process and after discussions with major Shareholders and as announced on 23 May 2014 the Board determined that it would be in the best interests of Shareholders for the Company to formally adopt a strategy of orderly realisation and return of capital to Shareholders.

The Proposals will involve, *inter alia*:

- adoption of a new investment policy being the orderly realisation of the Company's investments and the return of capital to investors; and
- converting the Shares into redeemable shares and amending the Articles to provide for the manner in which Shares can be redeemed so as to facilitate the return of surplus capital to Shareholders.

In the event that Shareholders approve the Proposals then, as investments are realised, the Board will seek to return cash expediently and efficiently to Shareholders over time, subject to applicable Cayman Island law.

As the Proposals involve a change to the investment policy of the Company the AIM Rules require that this is approved by way of an ordinary resolution. As the Proposals also involve amendments to the Articles, so as to allow the Shares to be converted into redeemable shares and to provide for the circumstances in which they can be redeemed, Cayman Island law provides that these must be approved by Shareholders by way of a special resolution. The Resolutions will be proposed at the EGM to be held at 3.00 p.m. (UK time) on 1 July 2014, notice of which is set out at the end of this document.

This document sets out details of the Proposals and the considerations that Shareholders should take into account in determining how to vote on the Resolutions at the EGM.

2 Board Changes and Portfolio Review

On 26 March 2014 the Board of the Company changed with Mark Lerdal and Stephen Coe appointed as Directors. Since that date Peter Tom, Bran Keogh and J Curtis Moffatt have resigned and Jim Potochny has been appointed. Peter O'Keefe remains a Director. Details of the three new Directors are set out below:

Mark Lerdal is executive chairman of the Company. He is a partner in MP2 Capital LLC, a company organized to develop, finance, own and operate photovoltaic projects throughout North America. He has been involved in energy development and finance for over 25 years. Mark is also a director of BluLeaf Ventures LLC, Onsite Energy Corporation and Trading Emissions plc.

Stephen Coe is a non-executive Director of the Company. He qualified as a Chartered Accountant with PriceWaterhouseCoopers in 1990. From 1997 to 2006 he was a director of the Bachmann Trust Company Limited and managing director of Bachmann Fund Administration Limited. Between 2003 and 2006, Stephen was managing director of Investec Administration Services Limited and of Investec Trust (Guernsey) Limited prior to becoming self-employed in 2006, providing director services to financial services clients. Currently, Stephen sits on the board of a number of companies listed on AIM and on the Main Market of the London Stock Exchange.

Jim Potochny is the chief financial officer ("**CFO**") of the Company and also serves as CFO and chief compliance officer of Leaf's wholly-owned, SEC-regulated US investment advisory subsidiary. Over his 25 year career, he has been chief financial officer at several US based venture-backed private companies, including MicroEdge, Arkivio, CDS and Axicon Technologies. Earlier in his career, Jim held positions in corporate development, finance and accounting at Hewlett-Packard, and worked as an engineer at Intel Corporation. Jim holds an MBA from Stanford University and a BS in Electrical Engineering from Yale University.

As stated at paragraph 1 above, the new Board has recently met or spoken with major Shareholders representing approximately 86 per cent. of the Company's issued share capital, to discuss the strategic direction of the Company. Those Shareholders gave a clear message that they wanted capital to be returned to them in an orderly fashion and accordingly the Company is now seeking authority to put in place the changes required to the Company's investment objective and the Articles in order to meet Shareholders' wishes.

The Company is currently reviewing the portfolio to determine realisation plans for each investment. As part of the Company's 30 June year-end process the value of investments will be assessed. Except where commercial considerations would be disadvantaged, the Board will provide detail regarding the valuation of investments and realisation strategy. This information will be included in the year-end financial statements which are expected to be released by the end of September 2014. In the meantime the Board will not make new investments and will only make further investments in existing investments to preserve, enhance or make ready for sale those investments.

3 The Proposals

3.1 Amendment to the investment policy of the Company

The Company's existing investment policy is set out in paragraph 1 above.

The Board is proposing that the investment policy be restated as follows:

The investments of the Company 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 the Company's investments.

In light of the realisation strategy, there will be no specific investment restrictions applicable to the Company's portfolio going forward.

This policy will involve a continuing evaluation of the Company's portfolio in order to assess the most appropriate realisation strategy to be pursued in relation to each investment. Whilst some investments may be considered appropriate for sale in the shorter term, other investments may be held for a longer period with a view to enabling their inherent value to be realised successfully.

The strategy for realising individual investments will be flexible and may need to be altered to reflect changes in the circumstances of a particular investment or in the prevailing market conditions.

The Company may not make new acquisitions of investments except that the Company may make further investments where required to preserve and/or enhance the disposal value of its existing investments.

The net cash proceeds from disposals of investments will be applied at such times and from time to time and in such manner as the Board may (in its absolute discretion) determine in order to make cash distributions to Shareholders. The Board will also take into consideration the Company's working capital requirements and the requirements of Cayman Island law.

Any cash received by the Company as part of the realisation process but prior to its use in supporting existing investments, if necessary, or distributions to Shareholders will be held by the Company as cash on deposit and/or as cash equivalents.

Thus, it should be stressed that the new investment policy will not oblige the Company to realise its investments within any particular time horizon but rather over such period of time as the Board determines would be in the best interests of Shareholders.

If Resolution 1 to be proposed at the Extraordinary General Meeting is passed, the Company's existing investment policy will be replaced and the Company will adopt and adhere to the new investment policy stated above.

3.2 Return of capital

Timing

Conditional upon approval by Shareholders of the new investment policy, the Board is committed to realising its investments as soon as reasonably practicable, albeit with an emphasis on maximising the value returned to Shareholders and within no specified timeline.

The Board will regularly review progress in implementing the Company's new investment policy and the then current position of unrealised investments.

However, in challenging market conditions, the Company may have difficulty in disposing of investments. In addition, as is the case with all private equity investments, all of the Company's investments are illiquid. The Board believes that these investments will require detailed strategic planning in order to obtain optimal value for Shareholders on disposal and this may take considerable time to achieve. As already mentioned there will be no set period for the realisation of the Company's investments.

The Board is committed to distributing as much of the available cash as quickly as reasonably practicable having regard to cost efficiency, requirements under Cayman Island law, the AIM Rules and retaining sufficient cash for the purposes of funding ongoing administrative expenses incurred by the Company.

In determining the timing of any return of capital to Shareholders, the Directors will take into account the amount of cash available and the costs associated with such return of capital.

Method of distribution

Compulsory redemption mechanism

The Board has been in discussions with its advisers to determine appropriate mechanisms for returning surplus cash equitably to Shareholders. The Board is proposing to convert the existing issued Shares into shares which can be redeemed at the option of the Company.

Shares will be redeemed from all Shareholders pro rata to their existing holdings of Shares and at such times as the Directors resolve, in their absolute discretion, to return realised cash to Shareholders (so far as it is practicable to do so depending on the size of holdings). It is intended that all Shareholders will be treated equally under any compulsory redemptions.

Depending on the rate and amount of disposals the Board may consider proposing that the Company enter into voluntary liquidation and/or be delisted.

Shareholders should note that the compulsory redemption of Shares is one mechanism whereby capital can be returned to Shareholders. The Board will, at the relevant time and, if considered appropriate, after consultation with Shareholders, utilise other methods to include dividends, other capital distributions and/or tender offers.

Amendment to Articles and conversion of Shares

It is proposed that the existing Articles be amended to include, *inter alia*, provisions to allow the Directors to compulsorily redeem the Shares on an ongoing basis in their absolute discretion in order to return cash to Shareholders.

The proposed amended Articles will describe, *inter alia*, the mechanism for how the compulsory redemptions will be effected by the Directors. The full wording of the amendments is set out in Part 3 of this document. Resolution 2 to be proposed at the Extraordinary General Meeting, approving the amendments to the current Articles, is conditional on the passing of Resolution 1 to be proposed at the Extraordinary General Meeting.

In order for the Board to effect compulsory redemptions of Shares, Shareholders will also need to approve Resolution 3 to be proposed at the Extraordinary General Meeting to sanction the conversion of the Shares into redeemable shares on the terms of the amended Articles. If either Resolution 2 or Resolution 3 is not passed at the Extraordinary General Meeting, the Company will be unable to effect compulsory redemptions of Shares in order to return realised cash to Shareholders. In such circumstances, the Board will consider alternative methods to return capital to Shareholders which may not be as cost effective or tax efficient as compulsory redemptions of Shares.

Procedure

Assuming the proposed amended Articles are adopted and the Shares are converted into redeemable shares, and if the Directors exercise their discretion to compulsorily redeem any given percentage of Shares on a relevant occasion, the Company will make an announcement in advance of the proposed date of redemption. Such announcement will include the following details:

- the percentage of Shares to be redeemed by the Company on the Redemption Date (the “**Relevant Percentage**”);
- a timetable for the redemption of the Relevant Percentage and distribution of redemption proceeds, including the Redemption Date;
- the Redemption Price per Share (see below);
- the aggregate amount to be distributed to Shareholders;
- the new ISIN in respect of the Shares which will continue to be quoted after the relevant Redemption Date;
- settlement arrangements; and
- any additional information that the Board considers necessary to advise Shareholders of in connection with the redemption.

Redemptions of Shares will become effective on each Redemption Date, being a date chosen at the Directors’ absolute discretion, as determined by the Directors to be in the best interests of Shareholders as a whole. In determining the timing of any Redemption Date, the Directors will take into account the amount of cash available for payment of redemption proceeds and the costs associated with such redemption.

Shareholders will receive the proceeds of redemption within 14 Business Days of the relevant Redemption Date, or as soon as practicable thereafter, at the Redemption Price, which will be based on the Directors’ unaudited estimate of the Net Asset Value, taking into account the costs associated with the redemption. The costs incurred in relation to redemption may include disposal-related costs in respect of the Company’s investments and registrar’s and advisers’ fees in connection with the redemption. The actual percentage of the Net Asset Value per Share attributable to costs will depend, *inter alia*, on the proportion of the Shares remaining in issue.

4 Additional considerations

The Board believes that the Proposals would offer the following benefits to Shareholders:

- commencing a managed realisation of investments, rather than placing the Company in liquidation immediately or seeking an immediate sale of its investments;
- may enable the Company to increase the value realised on the sale of such investments;
- is less likely to prejudice the Company’s negotiation position by enabling it to negotiate realisations over time; and
- certain investments may be matched with best buyers in an expedient manner whilst other investments may be positioned for a sale over time.

A managed and orderly realisation policy will permit the Shares to continue to be traded on AIM. The Board believes that maintaining the Company’s quotation on AIM and the ability of Shareholders to trade in the Shares is in the best interests of Shareholders as it will allow for the continuation of a daily market price to be quoted for the Shares and maintain the option for Shareholders to exit their investment through the market from time to time. However, depending on the rate and amount of disposals, the Board may consider proposing that the Company be delisted to reduce costs pending the Company’s voluntary liquidation.

As a result of the Proposals, Shareholders should be aware of the following risk factors:

- There is no guarantee that the change to the Company's investment objective and policy will provide the returns or realise the capital sought by Shareholders.
- All of the Company's investments are illiquid. Accordingly, there may not be immediately identifiable buyers for investments and it could take considerable time for the Company to dispose of its investments or they may be disposed of at a discount to their current valuations. It is possible that the Company may not be able to realise some investments at any value.
- The maintenance of the Company as an ongoing quoted vehicle will entail administrative and legal costs, which will decrease the amount ultimately distributed to Shareholders.
- As a result of the orderly realisation of the Company's investments, the number of investments held by the Company will reduce over time and, as a consequence, the aggregate return on the remaining investments will become increasingly exposed to the performance, favourable or unfavourable, of the remaining individual investments.
- Redemptions of Shares will be made at the Directors' sole discretion, as and when they deem that the Company has sufficient assets available to make redemptions and subject to applicable Cayman Island law. Shareholders will therefore have little certainty as to when their Shares will be redeemed.
- The Company has invested in US dollars and the companies in which it has invested conduct their operations in US dollars and/or other currencies. Changes in currency exchange rates may negatively affect the monetary value of such investments. Converting the investment proceeds may also incur costs for the Company. The Company has not entered into any hedging transactions in order to reduce these currency risks.
- Movements in the foreign exchange rate between pounds sterling (the currency which will be used to pay Shareholders in connection with the redemption of any Shares or any other distributions), US dollar (the reporting currency of the Company) and any other currency in which the Company invests and the currency applicable to a particular Shareholder may have an impact upon the Shareholder's returns.
- As the Company enters into an orderly realisation programme, the discount to Net Asset Value per Share at which the Shares are traded may increase, as the market price for the Shares is determined by many external factors, including the supply and demand in the market place. In addition, upon adoption of the Proposals, the Board does not intend to manage the discount to Net Asset Value per Share at which the Shares may trade or to utilise the Company's ability to make market purchases of its Shares.
- The Company's total expense ratio will increase as its investments are realised.
- Distributions pursuant to the orderly realisation programme will be subject, amongst other things, to the Company being able to pay its debts as they fall due in the ordinary course of business.
- As detailed in Part 2 (taxation) of this document, there is uncertainty as to whether a redemption of Shares by the Company is characterised as a distribution or as a disposal of Shares for UK tax purposes. To the extent that there is a distribution, it is likely that the distribution to a UK corporation taxpayer will be treated as income. Whilst it is possible that an exemption to income may apply to certain UK corporates, it is highly unlikely that a "small company" will be able to rely on any exemption to income. (A "small company" is a company which employs fewer than 50 people and which has an annual turnover of €10 million or less and/or an annual balance sheet of €10 million or less.) Shareholders are strongly recommended to consult their own professional advisers regarding their taxation position.
- In the event that the Resolutions relating to the Proposals are not passed, the Company will continue to operate under its current investment policy.

5 Extraordinary General Meeting

The Proposals are subject to Shareholder approval. A notice convening the Extraordinary General Meeting of the Company, which is to be held at 3.00 p.m. (UK time) on 1 July 2014, is set out at the end of this document. At the Extraordinary General Meeting, Resolution 1 will be proposed to sanction the change in investment policy, Resolution 2 will be proposed to sanction the amendments to the Articles (as explained in Part 3 of this document) and Resolution 3 will be proposed to sanction the conversion of the Shares into redeemable shares on the terms of the amended Articles.

Resolution 1 (to adopt the new investment policy) requires a majority of at least 50 per cent. of those Shareholders voting, in person or by proxy, to vote in favour in order to be passed.

Resolutions 2 and 3 require a majority of at least 75 per cent. of those Shareholders voting, in person or by proxy, to vote in favour in order to be passed.

The passing of Resolution 2 will be conditional upon the passing of Resolution 1 and the passing of Resolution 3 will be conditional upon the passing of Resolution 2.

Action to be taken

Whether or not you intend to be present at the Extraordinary General Meeting, Shareholders are requested to complete and return the Form of Proxy or Form of Instruction (as appropriate) in accordance with the instructions below.

Shares held in certificated form (i.e. Shares NOT held in uncertificated Depository Interests in CREST)

Shareholders holding Shares in certificated form should complete and return the Form of Proxy and return it to **Computershare Investor Services PLC at The Pavilions, Bridgewater Road, Bristol BS99 6ZZ** so as to be received not later than 3.00 p.m. (UK time) on 29 June 2014.

The completion and return of a Form of Proxy will not preclude a Shareholder from attending the EGM and voting in person if they subsequently wish to do so.

Shares held in uncertificated form (i.e. Shares held in uncertificated Depository Interests in CREST)

Holders of Depository Interests will be invited to attend the EGM by Computershare Company Nominees Limited in its capacity as custodian for the Depository Interests and on behalf of the Company. If you wish to attend, please contact !UKALLDITeam2@computershare.co.uk

Holders of Depository Interests in CREST may transmit voting instructions by utilising the CREST voting service in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor and voting service provider, who will be able to take appropriate action on their behalf.

In order for instructions made using the CREST voting service to be valid, the appropriate CREST message (a “**CREST Voting Instruction**”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual (available at www.euroclear.com/CREST).

To be effective, the CREST Voting Instruction must be transmitted so as to be received by the Company’s agent (3RA50) not later than 3.00 p.m. (UK time) on 28 June 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the Company’s agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST. Holders of Depository Interests in CREST and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the holder of Depository Interests concerned to take (or, if the holder of Depository Interests is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST voting service by any particular time. In this connection, holders of the Depository Interests and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Depository Interest holders can alternatively vote using the Form of Instruction and return such Form of Instruction to **Computershare Investor Services PLC at The Pavilions, Bridgewater Road, Bristol BS99 6ZZ** so as to be received not later than 3.00 p.m. (UK time) on 28 June 2014.

The completion and return of a Form of Instruction will not preclude a Shareholder from attending the EGM and voting in person if they subsequently wish to do so. Should a Shareholder wish to attend the EGM and/or vote at the EGM they should ensure the relevant box is completed on the Form of Instruction.

6 Directors' recommendation

The Board and its advisers have consulted with Shareholders owning circa 86 per cent. of the Shares in relation to the Proposals. Taking into account representations made to the Board, the Board has concluded that Shareholders should be given the opportunity to consider whether an orderly realisation of the Company's investments and the subsequent return of capital to Shareholders is the most appropriate investment policy for the Company to pursue going forward. The Board considers that the Proposals and the Resolutions to be proposed at the Extraordinary General Meeting are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends Shareholders vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting.

Yours faithfully

Mark Lerdal

Chairman

For and on behalf of

Leaf Clean Energy Company

PART 2 – Taxation

The following information is intended as a general guide only and is based on current legislation and practice regarding UK and Cayman Islands taxation and may be subject to change. This information does not constitute legal or tax advice and applies only to Shareholders who are resident or ordinarily resident in the UK or the Cayman Islands and hold Shares beneficially as an investment. It does not address the position of certain classes of Shareholders, such as dealers in securities. Any Shareholder who is in any doubt as to their tax position, or who is subject to tax in a jurisdiction other than the UK or the Cayman Islands, is strongly recommended to consult his professional adviser.

Cayman Island taxation

Under existing Cayman Island laws:

Payments of dividends and capital in respect of the Shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of the Shares, nor will gains derived from the disposal of the Shares be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the Shares or on an instrument of transfer in respect of a Share.

The Company has received an undertaking from the Governor-in-Cabinet of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, for a period of 20 years from the date of the undertaking (being 11 June 2007) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on the shares, debentures or other obligations of the Company or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the Company to its Shareholders or a payment of principal or interest or other sums due under a debenture or other obligation of the Company.

United Kingdom taxation

The following information relates only to United Kingdom taxation, and is applicable, as indicated, to the Company and to persons who are resident in the United Kingdom and who beneficially own Shares as investments and not as securities to be realised in the course of a trade.

It is based on the law and practice currently in force in the United Kingdom. Investors should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change.

The information is not exhaustive and potential investors:

- who are entitled to (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent. of the Shares;
- who have acquired, or undertaken any other transactions in relation to, Shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position,

should consult their professional advisers without delay.

The Company

It is the intention of the Directors to continue to conduct the affairs of the Company so it remains not resident in the United Kingdom and does not carry on any trade (whether or not through a permanent establishment situated there) in the United Kingdom for taxation purposes. The Company is not intending to invest in any United Kingdom real property. On this basis, the Company should not be liable for United Kingdom taxation on its income or gains, except on certain types of income deriving from a United Kingdom source.

The Directors have been advised that the affairs of the Company can be conducted in a manner that will mean that it is not an Offshore Fund for UK tax purposes (see below). It is the intention of the Directors to conduct the affairs of the Company accordingly.

United Kingdom Investors

Adoption of the compulsory redemption mechanism

The adoption of the compulsory redemption mechanism is not a disposal for the purposes of UK taxation of capital gains or a distribution for the purposes of UK taxation of income.

Redemption of Shares before appointment of a liquidator

Income taxpayers

Unless the Company must be treated as an Offshore Fund (see below), a redemption of Shares by the Company should be treated as a disposal of Shares by the Shareholder for the purposes of capital gains tax. A Shareholder's liability to tax on such a disposal (or their crystallisation of a capital loss) will depend on their personal circumstances, including the availability of any base cost attributable to those Shares and of other exemptions and reliefs.

Corporation taxpayers

Unless the Company must be treated as an Offshore Fund, a redemption of Shares by the Company is characterised (i) as a distribution to the extent that it exceeds a repayment of capital on the Shares and (ii) also as a disposal of the Shares.

Subject to the following, a repayment of share capital for these purposes would be expected to include the repayment of the nominal capital and the repayment of any share premium. HMRC guidance states, on the other hand, that they would normally expect to treat as a distribution (i) any amount that is distributable in accordance with Cayman Island law and is not made on winding-up or as part of a procedure under Cayman Island law for reducing share capital and (ii) any amount distributed out of a reserve arising from a reduction of share capital pursuant to Cayman Island law corresponding to Chapter 10 of Part 7 of the Companies Act 2006. HMRC guidance further states that they will normally not treat a payment out of a share premium account as a repayment of share capital in circumstances where, under Cayman Island law, share premium is fully distributable and is not treated as forming part of the share capital.

To the extent that there is a distribution on the Shares, it is likely that a corporation taxpayer which is not a small company will be able to treat that distribution as exempt income. However, such Shareholders are strongly recommended to confirm with their professional advisors that they will be eligible for exemption. Such Shareholders would also need to account for tax on the basis of a capital disposal. Their liability to tax on that disposal (or their crystallisation of a capital loss) will depend on their particular circumstances including the availability of any base cost attributable to those Shares and of other exemptions and reliefs.

To the extent that there is a distribution on the Shares, a corporation taxpayer which is a small company would also treat that distribution as income but would be unlikely to be able to treat it as exempt income. Such Shareholders would also need to account for tax on the basis of a capital disposal but could exclude from the amount brought into account as consideration for the disposal any amount which had been subject to tax as income. Their liability to tax on a capital disposal basis (or their crystallisation of a capital loss) will also depend on their particular circumstances, including the availability of any base cost attributable to those Shares and of other exemptions and reliefs. This is a very complex area and Shareholders who are small companies are recommended to seek professional advice.

If the Company is an Offshore Fund

The Directors have been advised, based upon HMRC guidance, that the implementation of the Proposals will not make the Company an Offshore Fund.

However, if the Company were to become an Offshore Fund, any gains on disposals of Shares realised by Shareholders who acquired their Shares on or after 1 December 2009 would be taxed as income and not as capital gains (whether as a new holding or as an increase in an existing shareholding). Shareholders who acquired their Shares before 1 December 2009 should benefit from grandfathering rules.

Dividends paid before the Company enters winding-up

Any dividends paid by the Company before it enters winding-up will be treated as income for UK tax purposes and subject to taxation (or exemption from tax) in the usual manner.

Distributions after the Company has entered winding-up

Unless the Company must be treated as an Offshore Fund, any dividends and other distributions in the liquidation of the Company will be treated as capital disposals for the purposes of UK taxation. Shareholders liability to tax (or crystallisation of a capital loss) on a capital disposal basis will also depend on their particular circumstances, including the availability of any base cost attributable to those Shares and of other exemptions and reliefs.

Shareholders who are subject to tax in a jurisdiction other than the UK or who are in any doubt as to the potential tax consequences of the Proposals for their Shares are strongly recommended to consult their own professional advisers without delay.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No United Kingdom stamp duty or SDRT will be payable on the redemption of the Shares.

PART 3 – Amendments to the Articles

The proposed amendments to the Articles are as follows:

(a) Insert the following new definitions in Article 1:

“Business Day”	means a day on which the London Stock Exchange plc and banks in England and Wales are normally open for business;
“Net Asset Value”	means the amount determined by the Directors as being the value of the assets of the Company less its liabilities (determined in accordance with such policies and procedures as may be adopted by the Directors from time to time) including, without limitation, any realisation costs in respect of the Company’s investments and any registrar’s and advisers’ fees incurred in connection with the redemption of any Shares;
“Net Asset Value Date”	means the date and time by reference to which a valuation is carried out for the purpose of determining the Net Asset Value and the Redemption Price at which shares may be redeemed;
“Redemption Date”	means such Business Day as the Directors may determine as being a day on which the Company shall compulsorily redeem some or all of its issued Shares;
“Redemption Price”	means the price at which a Share shall be redeemed on any Redemption Date calculated in accordance with and subject to these Articles.

(b) Amend Article 38 by replacing it with the following new Article 38:

“Subject to the provisions of the Statute, Shares may be issued which are to be redeemed or are liable to be redeemed at the option of the Company and the Company may convert all or any class of its Shares into Shares that may be so redeemed, in each case on such terms and in such manner as may be provided by these Articles.”

(c) Insert a new Article 40A immediately after the existing Article 40:

COMPULSORY REDEMPTION

- 40A.1 Subject to the provisions of the Statutes and these Articles, the Directors may, in their absolute discretion and from time to time, compulsorily redeem all or part of the issued share capital of the Company at the Redemption Price prevailing on the relevant Redemption Date.
- 40A.2 The Redemption Price for each share to be redeemed on a Redemption Date shall be calculated by:
- 40A.2.1 determining the Net Asset Value at the relevant Net Asset Value Date;
 - 40A.2.2 dividing the resulting amount by the number of Shares then in issue and deemed to be in issue at the relevant Net Asset Value Date; and
 - 2A.2.3 adjusting the resulting total to such number of decimal places as the Directors may determine.
- 40A.3 Compulsory redemption under the provisions of this Article shall be applied across all Members on a pro rata basis. In the case of redemption of some but not all of the issued share capital of the Company, the Directors may, in their absolute discretion, determine a minimum cash amount below which a distribution should not be made to a Member and any such undistributed cash amount shall be dealt with at the Directors’ discretion.
- 40A.4 Any amount payable to a Member in connection with the redemption of any Shares shall be paid to that Member generally no later than 14 Business Days after the relevant Redemption Date in pounds sterling. Any such amount may at the option of the Directors and at the request of the Member but at his risk and cost (and subject to satisfaction of applicable laws and regulations) be remitted to a bank account notified by the Member. The Company shall not be liable for any loss or damage suffered by the Member or any other person by reason of late settlement, howsoever such loss or damage may arise.
- 40A.5 The compulsory redemption of any Shares under the provisions of this Article shall be deemed to be effective from the close of business on the relevant Redemption Date at which time any Shares which are so redeemed shall forthwith be cancelled.

- 40A.6 Upon the redemption of a Share being effected pursuant to these Articles, other than payment of the Redemption Price, the Member shall cease to be entitled to any rights in respect thereof and accordingly his name shall be removed from the Register of Members with respect thereto.
- 40A.7 Payment of the Redemption Price shall be subject to any consents required by applicable laws first having been obtained and where such consents are outstanding the amount due to each person will be deposited by the Company in a bank for payment to such person upon such consents being obtained. Upon deposit of such Redemption Price as aforesaid such person shall have no further interest in such Shares or any of them or any claim against the Company in respect thereof except the right to receive the Redemption Price so deposited (without interest) upon such consents as aforesaid being obtained.
- 40A.8 If any Shares are redeemed compulsorily pursuant to this Article, without provision by the Member of appropriate payment instructions or prior to the receipt of any necessary official consents or other requisite information or documentation, the Directors may deposit in a separate bank account the aggregate Redemption Price of all Shares held by the Member which are so redeemed or purchased. Upon such deposit the person whose Shares have been so redeemed or purchased shall have no interest in or claim against the Company or its assets except the right to receive the moneys deposited (without interest) upon receipt of the requisite consents, information or documentation.

PART4 – Definitions

The following definitions apply throughout this document unless the context otherwise requires:

“Admission”	admission of the Shares to trading on AIM in June 2007
“AIM”	the AIM market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies
“Articles”	the articles of incorporation of the Company, as adopted by the Company on 12 December 2011
“Board” or “Directors”	the directors of the Company
“Business Day”	any day other than a Saturday, Sunday or public holiday in England
“Company”	Leaf Clean Energy Company
“CREST”	the Computershare settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, CREST Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary and Terms promulgated by Euroclear and as amended from time to time)
“Depository Interests”	de-materialised depository interests representing Shares issued by the depository, Computershare Investor Services plc and settled in CREST
“Euroclear”	Euroclear UK & Ireland Limited, being the operator of CREST
“Extraordinary General Meeting” or “EGM”	the Extraordinary General meeting of the Company to be held on 1 July 2014 at 3.00 p.m. (UK time) (or any adjournment thereof), notice of which is set out at the end of this document
“Form of Instruction”	the form of instruction for use by Shareholders in connection with the Extraordinary General Meeting
“Form of Proxy”	the form of proxy for use by Shareholders in connection with the Extraordinary General Meeting
“Group”	the Company and its subsidiaries
“HMRC”	HM Revenue and Customs
“London Stock Exchange”	London Stock Exchange plc
“Net Asset Value” or “NAV”	the value of the assets of the Company less its liabilities determined in accordance with such policies and procedures as may be adopted by the Board from time to time
“Proposals”	the proposals to (i) adopt a new investment policy to enable the Board to effect an orderly realisation programme; and (ii) to amend its Articles to incorporate provisions specifying the manner in which the Shares can be redeemed by the Company so as to facilitate the return of surplus capital to Shareholders and to convert the Shares into redeemable shares
“Redemption Date”	such Business Day as the Directors may determine as being a day on which the Company shall compulsorily redeem some or all of its issued Shares
“Redemption Price”	the price per Share at which Shares will be redeemed on the Redemption Date as determined by the Directors by reference to the Net Asset Value per Share and adjusted as the Directors consider appropriate

“Regulatory Information Service”	a service approved by the London Stock Exchange for the distribution to the public of AIM announcements and included within the list maintained on the London Stock Exchange’s website
“Relevant Percentage”	the percentage as defined in paragraph 3.2 of Part 1 of this document
“Resolutions”	the resolutions to be proposed at the Extraordinary General Meeting
“Shareholders”	the holders of Shares or, where the context so requires, Depositary Interests
“Shares”	ordinary shares of £0.0001 each in the capital of the Company or Depositary Interests representing such Shares

LEAF CLEAN ENERGY COMPANY

(incorporated under the Companies Law of the Cayman Islands and regulated in the Cayman Islands
under number 187481)

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at the offices of Maple and Calder, Uglan House, George Town, Grand Cayman, KY1-1104 Cayman Islands at 9.00 a.m. (Cayman Island time) (3.00 p.m. UK time) on 1 July 2014 to consider and, if thought fit, pass the following Resolutions which will be proposed as an ordinary resolution in the case of Resolution 1 and special resolutions in the case of resolutions 2 and 3.

Ordinary Resolution

1. **THAT** the investment policy of the Company as described in Part 1 of the circular to Shareholders dated 11 June 2014, of which this notice forms part, (the "**Circular**") be adopted as the investment policy of the Company in substitution for the existing investment policy, with immediate effect.

Special Resolutions

2. **THAT** conditional on the passing of Resolution 1, the Articles be and are amended with immediate effect as described in Part 3 of the Circular.
3. **THAT** conditional on the passing of Resolution 2, the ordinary shares of £0.0001 each in the capital of the Company (the "**Shares**") be and are converted into redeemable shares subject to and in accordance with the Company's amended articles of incorporation, with effect immediately on Resolution 2 becoming effective, and any variation of rights of the Shares occurring as a result of such conversion of the Shares be and is approved.

Words and expressions defined in the Circular shall, save where the context otherwise requires, have the same meanings in these Resolutions.

By Order of the Board

Mark Lerdal
Chairman

Dated: 11 June 2014

Registered office:
PO Box 309
Uglan House
George Town
Grand Cayman
KY1-1104
Cayman Islands

NOTES:

1. The Company specifies that only those holders of Shares registered in the register of members of the Company or Depositary Interests registered in the register of the Depositary Interest holders as at 3.00 p.m. on 29 June 2014 (or, if the EGM is adjourned, Shareholders entered on the Company's register of members or Depositary Interest holders registered in the register of Depositary Interest holders not later than 48 hours before the time fixed for the adjourned meeting) shall be entitled to attend and vote at the EGM in respect of the number of Shares or Depositary Interests (as appropriate) registered in their name at that time. Changes to entries on the registers after 3.00 p.m. UK time on 29 June 2014 shall be disregarded in determining the right of any person to attend or vote at the EGM.
2. To be valid, the Form of Proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power must reach Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS99 6ZZ by no later than 3.00 p.m. UK time on 29 June 2014.
3. To be valid, the Form of Instruction and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power must reach Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS99 6ZZ by no later than 3.00 p.m. UK time on 28 June 2014.
4. The completion of the Form of Proxy will not preclude a Shareholder from attending the EGM and voting in person. If you have appointed a proxy and attend the EGM in person, your proxy appointment will be automatically terminated.
5. The completion of the Form of Instruction will not preclude a Shareholder from attending the EGM and voting in person. If you wish to attend the EGM and/or vote at the EGM you should contact [!UKALLDITeam2@computershare.co.uk](mailto:UKALLDITeam2@computershare.co.uk)

Investor Services

Computershare Investor Services PLC
The Pavilions
Bridgewater Road
Bristol BS99 6ZZ
Telephone 0870 702 0003
Facsimile 0870 703 6142
E-mail info@computershare.co.uk
www.computershare.com

United Kingdom

Australia
Canada
Channel Islands
Germany
Hong Kong
Ireland
New Zealand
Russia
South Africa
USA

Form of Proxy – Extraordinary General Meeting to be held on 1 July 2014

**To be effective, all votes must be lodged at Computershare Investor Services PLC,
The Pavilions, Bridgewater Road, Bristol, BS99 6ZZ by 29 June 2014 at 3.00 p.m. (UK Time)**

Explanatory Notes:

1. Every holder has the right to appoint some other person of their choice, who need not be a Shareholder, to attend and act on their behalf at the meeting. If you wish to appoint a person other than the chairman of the meeting, please insert the name of your chosen proxy holder in the space provided (see reverse).
 2. The 'Vote Withheld' option overleaf is provided to enable you to abstain on the Resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' the Resolution.
 3. You must complete your name and address as well as signature in the boxes provided.
 4. Any alterations made to this form should be initialled.
 5. The completion and return of this form will not preclude a member from attending the meeting and voting in person.
-

Form of Proxy

Please use a black pen. Mark with an X inside the box as shown in this example.

I/We hereby instruct the chairman of the meeting to vote on my/our behalf at the Extraordinary General Meeting of the Company to be held at **the offices of Maple and Calder, Uglund House, George Town, Grand Cayman, KY1-1104, Cayman Islands** on 1 July 2014 at 9.00 a.m. (Cayman Island time) (3.00 p.m. UK time) and at any adjournment thereof.

Please leave this box blank if you have selected the chairman of the meeting. Do not insert your own name(s).

Ordinary Resolution	Vote		
	For	Against	Withheld
1. THAT the investment policy of the Company as described in Part 1 of the circular to shareholders dated 11 June 2014 (the "Circular") be adopted as the investment policy of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution			
2. THAT the Articles be amended as described in Part 3 of the Circular.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. THAT the shares of the Company be converted into redeemable shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FOLD HERE

FOLD HERE

Signature

Date

DD / MM / YY

Print Name

Name of the Corporation if applicable

Address

In the case of joint holders, only one holder need sign. In the case of a corporation, the Form of Proxy should be signed by a duly authorised official whose capacity should be stated, or by an attorney.



Business Reply Plus Licence Number
RRLJ-ZLHJ-BESC



Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Computershare Investor Services PLC
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Telephone 0870 702 0003
Facsimile 0870 703 6142
E-mail info@computershare.co.uk
www.computershare.com

United Kingdom

Australia
Canada
Channel Islands
Germany
Hong Kong
Ireland
New Zealand
Russia
South Africa
USA

Form of Instruction – Extraordinary General Meeting to be held on 1 July 2014

**To be effective, all Forms of Instruction must be lodged at the office of the Depository at:
Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol, BS99 6ZZ by
28 June 2014 at 3.00 p.m. (UK Time)**

Explanatory Notes:

1. Please indicate, by placing "X" in the appropriate space overleaf, how you wish your votes to be cast in respect of the Resolution. If this form is duly signed and returned, but without specific direction as to how you wish your vote to be cast, the form will be rejected.
2. The 'Vote Withheld' option overleaf is provided to enable you to abstain on the Resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' the Resolution.
3. To give an instruction via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 3.00 p.m. (UK time) on 28 June 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid an appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
4. Any alterations made in this form should be initialled.
5. The completion and return of this form will not preclude a holder from attending the meeting and voting in person. Should the holder, or a representative of that holder wish to attend the meeting and/or vote at the meeting, they must notify the Depository in writing or email [!UKALLDITeam2@computershare.co.uk](mailto:UKALLDITeam2@computershare.co.uk)

Form of Instruction

Please use a black pen. Mark with an X inside the box as shown in this example.

I/We hereby instruct the Custodian "Computershare Company Nominees Limited" to vote on my/our behalf at the Extraordinary General Meeting of the Company to be held at **the offices of Maple and Calder, Uglan House, George Town, Grand Cayman, KY1-1104, Cayman Islands** on 1 July 2014 at 9.00 a.m. (Cayman Island time) (3.00 p.m. UK time) and at any adjournment thereof.

Ordinary Resolution	For	Against	Vote Withheld
1. THAT the investment policy of the Company as described in Part 1 of the circular to shareholders dated 11 June 2014 (the "Circular") be adopted as the investment policy of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution			
2. THAT the Articles be amended as described in Part 3 of the Circular.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. THAT the shares of the Company be converted into redeemable shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FOLD HERE

FOLD HERE

Signature

Date

DD / MM / YY

Print Name

Name of the Corporation if applicable

Address

In the case of joint holders, only one holder need sign. In the case of a corporation, the Form of Instruction should be signed by a duly authorised official whose capacity should be stated, or by an attorney.

Business Reply Plus Licence Number
RRLJ-ZLHJ-BESC



Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZY