2024

OFFERING STATEMENT



Dated: April 1, 2024 | **Receipted:** September 11, 2024

There's power in our community.

ced co-op™
community energy development co-operative

FSRA
Financial Services Regulatory Authority of Ontario

Ontario

ARSF
Autorité ontarienne de réglementation des services financiers

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Ontario Corporation number: 1851884

Co-operative Corporations Act, R.S.O. 1990, c. C.35

RECEIPT FOR AN OFFERING STATEMENT

COMMUNITY ENERGY DEVELOPMENT CO-OPERATIVE LTD.

Community Energy Development Co-operative Ltd. (the "Co-operative"), filed an Offering Statement dated April 1, 2024.

As a condition of the Chief Executive Officer issuing a Receipt under subsection 36(1) of the *Co-operative Corporations Act,* the Co-operative has undertaken in accordance with Section 17 of the Offering Statement that:

a) the Offering Statement will expire on March 31, 2025 and after that date no further securities will be issued unless a new Offering Statement has been filed and receipted;

b) a copy of the Offering Statement will be given to each prospective investor before payment for securities is accepted by the Co-operative; and

c) none of the securities issued by the Co-operative pursuant to this Offering Statement will be in bearer form.

A Receipt for the Offering Statement relating to securities to be issued by the Co-operative is hereby issued under subsection 36(1) of the *Co-operative Corporations Act*.

Dated at Toronto, this 11th day of September 2024.

Huston Loke
Executive Vice President
Market Conduct Division
By Delegated Authority from the
Chief Executive Officer

OFFERING STATEMENT OF THE
COMMUNITY ENERGY DEVELOPMENT CO-OPERATIVE LTD.
("CED Co-op" or "the Co-operative")

Dated: April 1, 2024

Ontario Corporation No. 1851884

This document contains important information about the securities offered for sale by CED Co-op. You should read the entire Offering Statement before deciding whether to buy these securities. All prospective purchasers of these securities must receive this Offering Statement before completing their purchase.

CED Co-op is offering to sell MEMBERSHIP SHARES and CLASS C PREFERENCE SHARES:

Summary:

	Membership Shares	Class C Preference Shares	Totals
Minimum Offering	**None**	**None**	**None**
Maximum Offering	**$5,000**	**$5,000,000**	**$5,005,000**
Minimum Individual New Investor Purchase	**$10**	**$5,000**	
Minimum Individual Existing Investor Purchase	**$10**	**None**	
Maximum Individual Purchase	**$10**	**None**	

Description:

Membership Shares:	**Total Minimum Offering:**	**None**
	Total Maximum Offering:	**$5,000**
	Share Price:	**$10**
	Minimum Individual Purchase:	**1 @ $10 ($10)**
	Maximum Individual Purchase:	**1 @ $10 ($10)**
Class C Preference Shares:	**Total Minimum Offering:**	**None**
	Total Maximum Offering:	**$5,000,000**
	Share Price:	**$5**
	Minimum Individual Purchase	
	For New Investor*:	**1,000 @ $5 ($5,000)**
	For Existing Investor:	**None**
	Maximum Individual Purchase:	**None**
Amount to be Raised by this Offering Not to Exceed:		**$5,005,000**

Membership Shares and Class C Preference Shares are being offered (the "Offering"). This Offering is not subject to a Minimum aggregate investment threshold. As such, the Co-operative will transact the purchase and sale of securities directly with Investors and shall not involve any escrow arrangement.

No official of the Government of the Province of Ontario has considered the merits of the matters addressed in this Offering Statement. Neither the Ministry of Finance, the Financial Services Regulatory Authority of Ontario, nor any other ministry or agency of the Government of Ontario assumes any liability or obligation to anyone who purchases the securities offered under this Offering Statement.

This is deemed a high-risk offering by the Financial Services Regulatory Authority of Ontario due to certain elements of the Offering. There is no guarantee that there will be a return on your investment or that you will receive your initial investment returned to you.

Investors should not rely on any information other than what is contained in this Offering Statement. An investment in the Securities of the Co-operative involves certain risks. Potential buyers should pay careful attention to all of the Risk Factors noted in the Offering Statement. See **Section 5: RISK FACTORS** for descriptions of these risks.

The information contained in any financial or operating projections or *pro forma* statements contained in this Offering Statement may vary materially from actual results.

There is no established public market through which these Securities may be sold. Due to the characteristics of the securities offered by this Offering Statement, restrictions on their transfer, and the fact that significant resale restrictions may apply, no such market is likely to develop. The Directors of the Co-operative have determined the price of these Shares. **Membership Shares, Preference Shares, and Bonds may only be redeemed on demand with the consent of the Board of Directors of the Co-operative in accordance with the subscription agreements.**

This Offering Statement expires on March 31, 2025. No further Securities may be issued after this date unless a new Offering Statement is filed and receipted.

*New Investors to CED Co-op will need to invest a minimum of $5,000 in any particular Security, other than a Membership Share. Once this threshold has been met, there is no minimum investment for subsequent investments. For Existing Investors that hold Securities which have been purchased under previous offerings, other than Membership Shares, there is no minimum investment.

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GLOSSARY OF TERMS

The following terms and phrases used in this Offering Statement have the meanings set out below:

"AC" means alternating current electricity;

"AGM" means annual general meeting of members;

"Applicant" means a Person that has submitted an Application to the FIT Program

"Application" means an application submitted by CED Co-op, a Joint Venture or Limited Partnership under the FIT Program and **"Applications"** means more than one of them**;**

"Articles" means collectively CED Co-op's Articles of Incorporation, as amended by any Articles of Amendment or other constating documents;

"Blakes" means Blake Cassels & Graydon LLP;

"Board" or "Board of Directors" means the Board of Directors of CED Co-op;

"Bondholder" means a Member or Non-Member who holds one or more Bonds of the Co-operative, and **"Bondholders"** shall mean more than one of them;

"Bonds" means the Co-operative's series L1-4, M1-5, N1-5, O1, O2, P1, P2, Q1 and R1;

"By-Laws" means the by-laws of CED Co-op in force from time to time;

"Carbon Offset" means any form of renewable energy certificate, credit, reduction right, offset, allocated pollution right, emission reduction allowance or other proprietary or contractual right, whether or not tradable, resulting from the actual or assumed displacement of emissions by the production of electricity from a Facility;

"CCA" means Capital Cost Allowance;

"CCPC" means Canadian Controlled Private Corporation;

"CCSA" means Contract Capacity Set Aside;

"CEC" means a Clean Energy Credit, also referred to as a REC – Renewable Energy Credit, the equivalent of 1,000 kWh's (1 MWh) of clean energy produced and registered with a certifying registry such as the MRETS registry;

"Class A Preference Shares" means the Class A Preference Shares of CED Co-op, and **"Class A Preference Share"** shall mean any one of them;

"Class B Preference Shares" means the Class B Preference Shares of CED Co-op, and **"Class B Preference Share"** shall mean any one of them;

"Class C Preference Shares" means the Class C Preference Shares of CED Co-op, and **"Class C Preference Share"** shall mean any one of them;

"Commercial Operation" means the date on which a Project is recognized by the IESO to be complete and connected to the Grid, the point after which electricity produced by the Facility is sold under the FIT Contract;

"Community CCSA" means the CCSA portion of the FIT Allocation that has been set aside for Community Investment Members;

"Community Investment Member" has the meaning ascribed thereto in the FIT Standard Definitions which, in the case of a Community Participation CCSA Project, generally a co-operative with at least Fifty (50) members that are Property Owners within the municipality in which the Project is to be developed, and have continuously been property owners in the municipality for the previous 2 years, and in the case of a Community Participation Project, generally a co-operative with at least Thirty-Five (35) members that are Property Owners within the municipality in which the project is to be developed, and have continuously been property owners in the municipality for the previous 2 years;

"Community Participation Level" has the meaning ascribed thereto in the FIT Standard Definitions, generally the Economic Interest held by a Community Investment Member;

"Community Participation Project" means a Project that has a Community Investment Member with at least a 15% Economic Interest in the Project;

"Community Participation CCSA Project" means a Project that has a Community Investment Member with greater than a 50% Economic Interest in the Project;

"Connection Impact Assessment" or "CIA" means an assessment conducted by a LDC to determine the impact on the distribution system of connecting the Project or Facility to its distribution systems;

"Contract Capacity" means the rated capacity (generally viewed to be the AC rating) in kW of a Solar PV Facility as indicated on the FIT Contract for that Facility;

"Co-operative", "the Co-operative", "CED Co-op" means the Community Energy Development Co-operative Ltd.;

"Co-op Act" means the *Co-operative Corporations Act (Ontario) R.S.O. 1990, c.C..35* as amended and successor legislation thereto;

"Co-op Regulations" means the *Co-operative Corporations Act (Ontario) R.R.O. 1990, REGULATION 178* as amended and successor regulations thereto;

"COVID" means the Coronavirus disease (COVID-19), an infectious disease caused by the SARS-CoV-2 virus and its variants;

"Credit Agreement" means the credit agreements, security documents and related loan documents executed by the borrowers, SunShare1 LP, SunShare2 LP and 2117921 Alberta Ltd., in respect to loans provided by CWB;

"CRS" means Crescent Ridge Services;

"CWCF" means the Canadian Worker Co-op Federation;

"CWB" means CWB Maxium Financial Inc., a subsidiary of Canadian Western Bank;

"DC" means direct current electricity;

"Debt Obligation" means a bond, debenture, note or other similar obligation of the Co-operative, whether secured or unsecured;

"Director" means a member of the Board of Directors of CED Co-op and **"Directors"** shall mean more than one of them;

"Economic Interest" means the proportion of a Project for which the Co-operative is responsible in terms of costs and liabilities, and the portion of revenues to which it is entitled**;**

"Existing Investor" means a Person who holds Securities of the Co-operative, other than a Membership Share**;**

"EV" means electric vehicle, including plug-in hybrid or full battery electric types of vehicles**;**

"**Facility**" means a Solar PV or other Renewable Energy Project owned in whole or in part by the Co-operative and installed on a leased building or land, or on land owned by the Co-operative, and "**Facilities**" means more than one of them;

"FCPC" means Federation of Community Power Co-operatives;

"FIT" means Feed-In Tariff, which is the name of the IESO's program for the purchase of power and connectivity to the Grid for Renewable Energy generators

"FIT Allocation" means the amount, in MW of contracts to be issued for applications submitted in a specific FIT Application Window

"FIT Application Window" means a specific period during which the IESO accepts Applications;

"FIT Contract" means a FIT or microFIT contract executed with the IESO/OPA under the FIT Program, and **"FIT Contracts"** means more than one of them;

"FIT Program" means the Renewable Energy FIT Program established by the IESO pursuant to the FIT Rules and any prior or subsequent version of the FIT Rules;

"FIT Rules" means the FIT or microFIT rules and regulations published by the IESO which govern the process that must be followed to apply for and receive a FIT Contract, and **"FIT Rules and Regulations"** shall have the same meaning;

"FIT Standard Definitions" means the definitions used to apply and interpret the FIT Rules and the FIT Contracts;

"FSCO" means the Financial Services Commission of Ontario;

"FSRAO" means the Financial Services Regulatory Authority of Ontario;

"GA" means Global Adjustment, the component of electricity costs that covers the cost of building new electricity infrastructure in the province, maintaining existing resources, as well as providing conservation and demand management programs;

"General Partner" or "GP" means the Person that controls and operates the Limited Partnership;

"GHG" means Green House Gasses, which are gasses that accumulate in the atmosphere and trap heat within, generally including carbon dioxide, methane and nitrous oxides;

"Gowlings" means Gowling WLG (Canada) LLP law firm;

"Grid" means the electricity transmission or distribution networks' power lines, controlled by Hydro One or another LDC;

"GSM" means Guelph Solar Mechanical Inc.;

"HOEP" means Hourly Ontario Energy Price, the average of the twelve market clearing prices for electricity set in each hour ;

"Hydro One" means Hydro One Networks Inc.;

"HST" means harmonized sales tax pursuant to the *Excise Tax Act* (Canada) RSC, 1985, c.E-15, as amended and successor legislation thereto;

"IESO" means Independent Electricity System Operator;

"IFRS" means International Financial Reporting Standards and the application of those standards as determined by the International Accounting Standards Board;

"Iler Campbell" means Iler Campbell LLC law firm;

"Investor" means a Member or Non-Member who holds one more Securities of the Co-operative, and **"Investors"** shall mean more than one of them;

"Installed Capacity" means the rated output (generally viewed to be the DC rating) in kW of the Solar Panels installed in a Solar PV Facility;

"Joint Venture" or "JV" means a joint venture formed by contract in which the Co-operative holds an Interest of between Fifteen percent (15%) and Fifty-One percent (51%), and which is formed by agreement between the Co-operative and one or more Joint Venture Partners and **"Joint Ventures"** shall mean more than one of them**;**

"Joint Venture Partner" means a party to a Joint Venture agreement to which the Co-operative is also a party, and "**Joint Venture Partners**" means more than one of them;

"KPMG" means KPMG LLP;

"kW" means instantaneous power measured in kilowatts (thousands of watts);

"kWh" means kilowatt hours, the unit of electrical power measured over time, i.e. electrical energy 1,000 watts of power sustained for 1 hour;

"LCOE" means levelized cost of energy. This is the overall cost of energy per kWh over a set period, calculated by taking all system costs (construction, operations and financing) and dividing by the number of kWh produced.

"LDC" means the Local Distribution Company, which, depending on the Project, will be Enova Power Corp, Grandbridge Energy, Hydro One Networks, Alectra Systems, or a similar entity that owns and operates its own electrical distribution network, or an independent utility that owns and operates its own electrical distribution network;

"Limited Partnerships" or "LPs" means the limited partnerships in which the Co-operative is a partner, including SunShare1 LP, SunShare2 LP, SunShare3 LP and SunShare4 LP;

"Member" means a natural person who holds an issued and outstanding Membership Share of the Co-operative and "**Members**" shall mean more than one Member;

"Membership Shares" means the Membership Shares of the Co-operative;

"microFIT" means the portion of the FIT Program for projects with a generating capacity of 10kW or less;

"MW" means instantaneous power measured in megawatts (millions of watts);

"MRETS" means the Midwest Renewable Energy Tracking System, the registry organization that tracks renewable energy generation and assists in verifying compliance with mandatory or voluntary State/Provincial Renewable Portfolio Standards (RPS) and objectives;

"MWh" means megawatt hours, the unit of electrical power measured over time, i.e. electrical energy of 1,000,000 watts of power sustained for 1 hour;

"Net-Meter" means an installation configuration where the solar generating facility is installed behind a bi-directional meter, spinning the meter backward when producing more electricity than is being consumed, and spinning forward when consuming more electricity than is being produced. Typically, surpluses in a month can be carried forward as credits for a period of time to be applied against future consumption;

"New Investor" means a Person who, prior to investing under this Offering, holds no Securities of the Co-operative other than a Membership Share;

"Non-Member" means a Person who holds Securities of the Co-operative other than a Membership Share;

"Notice to Proceed", "NTP" means a Notice to Proceed received from the IESO, upon execution and delivery of which a FIT Contract can no longer be terminated by the IESO for convenience;

"Offering" means the Membership Shares and Class C Preference Shares being offered pursuant to this Offering Statement;

"Offering Statement" means this Offering Statement;

"Olympia Trust" means Olympia Trust Company, a wholly owned subsidiary of Olympia Financial Group Inc.

"Ontario Domestic Content" means the proportion of the Solar PV and ancillary equipment that is manufactured in Ontario or Ontario labour that is used, as defined in the IESO's FIT Rules and Regulations;

"OPA" means the "Ontario Power Authority", merged with the IESO on January 1, 2015;

"Operating Company" or "OpCo" means a subsidiary wholly owned by the Co-operative, including 2117921 Alberta Inc.;

"OSEA" means the Ontario Sustainable Energy Association;

"Participant" means a Person holding an Economic Interest in a Project and who has been identified as such in an Application to the FIT Program;

"Person" is to be broadly interpreted and includes, without limitation, an individual, a couple, a partnership, a trust, a corporation, an unincorporated organization, a Government of a country or political subdivision thereof, or any agency or department of any such Government and the legal personal representative or representatives of an individual;

"Portfolio" means all of the Co-operative's Renewable Energy Facilities;

"PPA" means power purchase agreement;

"Preference Shares" means the Co-operative's Class A Preference Shares, Class B Preference Shares or Class C Preference Shares;

"Priority Points" mean points under the priority points system, as described in the FIT Rules and Regulations;

"Project" means the activities and tasks comprising the development and/or installation of a Facility at a particular location, and **"Projects"** means more than one of them;

"Project Portfolio" means all of the Co-operative's or Joint Venture's Projects;

"Public Corporation" has the meaning ascribed to that term in the *Tax Act*;

"PV" means photovoltaic, the photovoltaic effect is a process by which sunlight is converted into electricity;

"**QSBC**" means Qualified Small Business Corporation;

"**Qualifying Co-operative**" means a Co-operative that qualifies for an Application to receive Priority Points, or to be eligible to apply for the Community CCSA, under the FIT Program, pursuant to the FIT Rules, and is also known as a "**Community Investment Member**", and **"Qualifying Cooperatives"** means more than one of them;

"Registered Plan" means a RESP, RRSP, RRIF or TFSA;

"RESP" means registered education savings plan;

"Renewable Energy Co-operative" means a renewable energy co-operative as described in Section 3.2 hereof**;**

"Risk Factor" means one of the circumstances or events identified as a risk factor in Section 5 hereof and **"Risk Factors"** shall mean more than one of them;

"RRIF" means registered retirement income fund;

"RRSP" means registered retirement savings plan;

"Security" means a Share or Debt Obligation of the Co-operative, and **"Securities"** shall mean more than one of them;

"Security Holder" means a Member or Non-Member who holds one or more Securities of the Co-operative, and **"Security Holders"** shall mean more than one of them;

"Shares" means the Co-operative's Membership Shares and/or Preference Shares, and **"Share"** shall mean one of them;

"Shareholder" means a Member or Non-Member who holds one or more Shares of the Co-operative, and **"Shareholders"** shall mean more than one of them;

"Solar PV" means solar photovoltaic – see "PV";

"Solar PV Facility" means all of the components and equipment needed to produce electricity from Solar PV installed on an individual property covered under a Lease Agreement, and "**Solar PV Facilities**" shall mean more than one of them;

"Supplier" means the Person identified as the Supplier on the FIT Contract;

"Sub-Entities" means the Limited Partnerships, Joint Ventures and Operating Companies in which the Co-operative holds ownership;

"Sustainable" and "Sustainability" means the projects, processes and developments that seek to provide human needs while reducing or eliminating environmental impacts in order to achieve long-term biosphere and human civilization coexistence;

"Tax Act" means the *Canada Income Tax Act (R.S.C., 1985, c. 1 (5th Supp.))* as amended and successor legislation thereto;

"Tax Regulations" means the *Canada Income Tax Regulations (C.R.C., c. 945)* as amended and successor regulations thereto;

"TFSA" means tax free savings account;

"VCT" means Vigor Clean Tech Inc. and VCT Group Inc.;

1. CORPORATE INFORMATION

Name of Co-operative: Community Energy Development Co-operative Ltd.

Date of Incorporation: October 31, 2012

Ontario Corporation #: 1851884

Head Office Address: 5 Forwell Rd – Unit #3.
Kitchener, ON N2B 1W3

Contact Particulars:
Toll Free: 855-274-6890
Fax: 519-279-4631
Website: www.cedco-op.com
Email: info@cedco-op.com

Banking: Kindred Credit Union, Canadian Western Bank

Auditors: KPMG LLP
120 Victoria Street South, Suite 600
Kitchener, ON N2G 0E1
Phone: 519-747-8800

Fiscal Year End: December 31

Registrar/Transfer Agent: CED Co-op will act as its own registrar and transfer agent in respect of the Securities offered for sale.

2. DIRECTORS AND OFFICERS

The Articles provide that CED Co-op may have a Board of Directors consisting of a minimum of three (3) Directors, and a maximum of eleven (11) Directors. There are presently eleven (11) Directors. The present Directors and officers of CED Co-op are as follows:

Name	Title	Residence Address	Occupation
Alvin Doerksen	Board Chair, Director	166 Stonehaven Drive Waterloo, ON N2L 6C5	Retired / Executive
Blair Groff	Secretary, Director	645 Waterbury Lane Waterloo, ON N2V 2C4	Lawyer
Brian Unrau	President, Director	3442 Huron Rd New Hamburg, ON N3A 3C4	Accountant / Executive
Christine Weber	Director	91 Silver Aspen Cres Kitchener, ON N2N 1H5	Retired / CRA Auditor
Christoper Derksen Hiebert	Director	2932 Lobsinger Line Heidelberg, ON N0B 2M1	Public Policy / Executive
Dale Brubacher-Cressman	Director	58 Shephard Pl New Hamburg, ON N3A 2E4	Engineer / Executive
John Brubacher	Director	2175 Andrew St Shakespeare, ON N0B 2P0	Retired / Real Estate
Martin Sellar Voll	Director	284 Glenridge Pl Waterloo, ON N2J 3Y2	Operations / Executive
Paul Hildebrand	Director	28 Peter St St. Clements, ON N0B 2M0	Retired / Teacher
Ryan Parton	Director	91 Hillsborough Cres Kitchener, ON N2E 1J5	Technologist/Executive
Steven Chomyc	Treasurer, Director	182 Arkell Rd Guelph, ON N1L 1E6	Engineer / Executive

3. DESCRIPTION OF THE BUSINESS OF CED CO-OP

3.1 OVERVIEW AND HISTORY

CED Co-op was incorporated in the Province of Ontario under the Co-op Act on October 31, 2012. CED Co-op was incorporated as a for-profit co-operative with share capital.

CED Co-op was formed in response to several market factors:

The Ontario FIT Program

The IESO developed the FIT Program for the Province of Ontario to encourage and promote greater use of Renewable Energy in Ontario. The fundamental objective of the FIT Program, in conjunction with the Green Energy and Green Economy Act and Ontario's Long-Term Energy Plan, was to facilitate the increased development of renewable energy generating facilities of varying sizes, technologies and configurations via a standardized, open, and fair process.

FIT Program Focus on Community Ownership

Through the various versions of the FIT Program, there were several successive sets of rule changes, rate changes, and changes in the mechanisms and processes for the award of contracts. Many of the changes in the rules and the contract process increased the likelihood of receiving contracts for community projects structured through co-operatives.

Challenging Economics for Small Projects

With changing program rates and the associated project economics, allowances for unexpected installation or operating costs were largely eliminated in order to maintain positive returns, providing economic advantages to larger projects that achieved economies of scale. In addition to increasing economic challenges for smaller installations, residential Renewable Energy systems still represent an ongoing challenge in completing the sale of a home while recouping the significant investment in the Solar PV system.

Interest in Investment in Clean Energy

There remains growing interest in supporting clean energy and investing specifically in Renewable Energy and Sustainability projects. This is evidenced by the fossil fuel divestment movement which calls upon individuals and institutions to withdraw investments in companies that are involved in the extraction of fossil fuels. Since its founding in 2011, the movement has grown to include more than 1,600 institutional investors with over $40 trillion ($USD) in assets. For those that have already invested in a Renewable Energy system on their property, the Co-operative is able to provide further investment opportunities. For those that have not yet invested, the Co-operative offers partnership opportunities in the development of projects.

Economic Development Model

With changing rates and rule sets, evolving technologies, and increased pressure on Project economics, it was, and remains, difficult for an individual Project owner to fully inform themselves of the electricity markets, the permitting and rules, the code and compliance requirements, and the technology in order to design and construct an optimized, contracted, Renewable Energy Facility. Taking a portfolio approach to project development allowed access to higher levels of development expertise and reduced risk.

It was out of the combination of these factors and in response to the market forces outlined above that CED Co-op was formed.

3.2 BUSINESS OF THE CO-OPERATIVE

CED Co-op was initially incorporated as a "Renewable Energy Co-operative" under the Co-op Act. The main distinctions of a Renewable Energy Co-operative are based on the following:

- A 'regular' co-operative in Ontario, prior to December 10, 2019, was required to conduct a minimum of 50% of its business with its own members.
- In the FIT/microFIT business model, there is no opportunity to do business with members on either the supply side or the sales side.
- Renewable Energy Co-operatives were created as a specific type of co-operative in 2009 with the introduction of the legislation related to the FIT Program and the Green Energy and Green Economy Act.
- Renewable Energy Co-operatives are named in the Co-op Act and Co-op Regulations as exempt from the 'Member Business Rule' so that they may participate in FIT/microFIT projects.
- The distributions of Renewable Energy Co-operatives, according to the Co-op Act and Regulations, are not considered 'Patronage'. Rather, Renewable Energy Co-operatives distribute surplus in accordance with their By-Laws and Articles.
- Renewable Energy Co-operatives are required to restrict their business within their articles of incorporation to the generation and sale of electricity from renewable sources.

In compliance with the Co-op Act, the following was previously stated in the Articles of the Co-operative at the time of incorporation:

> ***"SECTION 7. Restrictions, if any, on the business the Co-operative may carry on or on powers the co-operative may exercise:***
>
> *The Co-Operative is a renewable energy co-operative under the Co-Operative Corporations Act and, as such, the business of the Co-Operative is restricted to:*
>
> *i) Generating, within the meaning of the Electricity Act, 1998, electricity produced from one or more sources that are renewable energy sources for the purposes of that Act; and*
> *ii) Selling, as a generator within the meaning of that Act, electricity it produces from one or more renewable energy sources.*
>
> *Notwithstanding the above restrictions, as part of its business of generating and selling electricity produced from one or more renewable energy sources, the Co-operative;*
>
> *a) may establish or develop one or more generation facilities, within the meaning of the Electricity Act, 1998, to generate electricity produced from one or more renewable energy sources; and*
> b) *may promote the purchase by electricity users of electricity produced from renewable energy sources."*

On December 10, 2019, Bill 138, the Plan to Build Ontario Together Act, 2019, received royal assent. As noted in the Bill, among other changes, co-operatives in Ontario are now no longer required to conduct a minimum of 50% of their business with their own members, but rather an amount that each Co-operative may define for itself, which can be zero.

Notwithstanding the ability for a Co-operative to set its minimum member business amount to zero, further legislative changes and clarifications issued by the Ontario Energy Board and the Government of Ontario around net-metering, third party ownership as well as community net-metering have created the opportunity to do business with members and measure patronage within CED Co-op's intended business models, removing the remaining obstacles in removing the restrictions of a Renewable Energy Co-operative.

On December 1, 2020, the Co-operative held a duly called Meeting of Members at which time a Special Resolution was passed by the Members of the Co-operative to revise the Articles by deleting all text in Section 7, thereby removing all restrictions on the business of CED Co-op.

At this same meeting, the Members also passed a resolution placing the following restrictions on the business of the Co-operative in the By-Laws, rather than the Articles:

"2.6 RESTRICTIONS ON THE BUSINESS OF THE CO-OPERATIVE

The Co-operative is engaged in generating energy from solar and other renewable resources; in supporting improvements in energy conservation and efficiency; and enabling the transition from greenhouse gas and pollution emitting energy sources as part of sustainable development. As such, the business of the Co-operative is restricted to:

a) Generating, transmitting and/or distributing electricity produced from one or more sources that are renewable resources;

b) Generating and transferring thermal energy for heating and/or cooling from one or more sources that are renewable resources such as solar, air-exchange, geo-exchange and geothermal systems;

c) Production and distribution of fuels, such as bio-fuels or hydrogen, created from one or more sources that are renewable resources;

d) Storage and re-transmission of thermal or electrical energy using batteries or other energy storage systems and mechanisms;

e) Energy efficiency projects or facilities that substantially reduce energy consumption;

f) Fuel switching projects that substantially convert energy consumption from non-renewable to renewable sources;

g) Electrical vehicle charging systems and hydrogen-based vehicle refilling stations;

h) Electric vehicles or hydrogen-based vehicles for commercial fleet, transportation or delivery uses;

i) Research, experimentation and development of clean technologies or development of systems and practices that support or improve clean technologies; and

j) Engaging in advocacy, marketing, construction, ownership, operation, sales and financing activities that directly support and enable projects in the areas outlined above.

2.7 BUSINESS WITH MEMBERS

The Co-operative will seek to transact business directly with Members, however, the Co-operative sets no minimum percentage threshold for an amount of business required to be conducted with members. For clarity, the amount of business conducted with Non-Members may be up to 100%."

By including the language above in the By-Laws, requiring no specific minimum amount of business to be conducted with Members, this has enabled CED Co-op to remain compliant with the Co-op Act and Co-op Regulations while removing all restrictions on business from the articles. The removal of these restrictions means that CED Co-op is no longer classified as a Renewable Energy Co-operative, now simply a 'regular' co-operative. Further to compliance with the Co-op Act and Co-op Regulations, these changes do not contravene any of the rules or requirements of the FIT Program and are compliant with all of the FIT Contracts held by CED Co-op.

Without the implementation of these changes, it was uncertain as to whether there were any immediate business opportunities or business models within which CED Co-op could engage. These changes add certainty to the types of projects and business models that are allowable for CED Co-op. Among these expanded opportunities is the ability to develop business models that give rise to being able to conduct business directly with members.

While there was no requirement for CED Co-op to follow up the removal of restrictions in the Articles with the placement of restrictions in the By-Laws, CED Co-op chose to do so to help define the mission of the Co-operative and provide guidance to the decision makers regarding the goals of CED Co-op.

With these changes in legislation, and the changes in the Articles and By-Laws of CED Co-op, it is anticipated that the Co-operative can and will be able to exist in perpetuity, no longer limited to only participating in, or operating under, any specific governmental programs.

3.3 VISION, MISSION AND VALUES

With the expansion of the business lines and business models now available to CED Co-op, minor revisions have been made to the Vision and Mission of the organization, now reading as follows:

Vision
To provide superior returns on investments in renewable energy and sustainable development projects through effective partnerships between community and industry.

Mission
To make a positive impact on the energy industry and sustainable technologies in Ontario and beyond, providing stakeholder education, clean energy, and community participation.

Values
As a co-operative, CED Co-op is guided by the 7 Co-operative Principles.

- Voluntary and Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy and Independence
- Education, Training, Information
- Co-operation Among Co-operatives
- Concern for Community

As a developer of clean energy and sustainable projects, CED Co-op is guided by the principles of socially responsible investment.

- Community Investment
- Environmental Stewardship
- Social Justice
- Transparency in Corporate Governance
- Sustainable Business Planning

3.4 MEMBERSHIP REQUIREMENTS AND SURPLUS

CED Co-op continues to qualify, notwithstanding the change to no longer be classified as a Renewable Energy Co-operative, as a Community Investment Member under the rules of the FIT Program. Though the Co-op Act does allow individuals, corporations, co-operatives, and other entities to become members in a co-operative, the FIT Rules require that Community Investment Member co-operatives only allow members who are natural persons who ordinarily reside in Ontario.

As of December 31, 2023, CED Co-op has 827 Members, all of whom meet these criteria.

3.4.1. Membership Requirements

In compliance with the FIT Rules and the Co-op Act, Membership Shares of CED Co-op can only be purchased by natural persons who are at a minimum age of 16 years old. Any individuals who meet the criteria outlined above and who also support the values of CED Co-op are eligible to apply for membership and purchase a single Membership Share at a par value of $10. A member may purchase a maximum of one Membership Share. Because this represents a purchase of a Security, CED Co-op will need to maintain information about Members for tax and reporting purposes, including, but not limited to, Social Insurance Numbers.

To sustain qualification as a Community Investment Member, CED Co-op needs to maintain a minimum of 50 Members of the Co-operative who are landowners in each region in which the Co-operative has Community Participation Projects. These landowners must have continuously owned property for a period of two years prior to the Application date or other qualifying date. An individual who does not own property, or has not owned property for two years, can still become a Member of the Co-operative, but would not immediately count towards maintaining Community Investment Member status.

For the purposes of maintaining 50 landowner Members within a region, the FIT Rules allow for the area to be defined as the upper tier municipality, if there are two tiers, or the municipality itself if it is a single tier. The following are the regions in which CED Co-op currently qualifies as a Community Investment Member and currently intends to continue to qualify:

Upper or Single Tier	Lower Tiers, if applicable	Qualifying Landowner Members of CED Co-op as at Dec. 31, 2023
City of Guelph	n/a	**75**
Greater Sudbury Area	n/a	**72**
Regional Municipality of Waterloo	City of Cambridge, City of Kitchener, City of Waterloo, Township of North Dumfries, Township of Wellesley, Township of Wilmot, Township of Woolwich	**312**
Wellington County	Township of Centre Wellington, Town of Erin, Township of Guelph/Eramosa, Township of Mapleton, Town of Minto, Township of Puslinch, Township of Wellington North	**63**

If CED Co-op loses its status as a Community Investment Member due to the number of qualifying Members dropping below 50 for a region, in accordance with the FIT Rules, the Co-operative is given a 6-month cure period to bring qualifying membership levels back above 50 for the region or to sell the Co-operative's interest in the Projects in that region to another qualifying Community Investment Member. If the Co-operative is not able to do so, then FIT Contracts which rely on Community Investment Member status are at risk of cancellation. This is a Risk Factor identified in Section 5: Risk Factors – Community Investment Members Status.

3.4.2. Acceptance

All memberships must be approved by the Board of CED Co-op. If the membership application is not approved by the Board, any payment received with the application will be returned or refunded, without interest, to the applicant.

3.4.3. Rights of Membership

All Members are entitled to participate in guiding the operations of CED Co-op through attending and voting at meetings of Members. Each Member shall be entitled to one vote, regardless of the quantity or amount of any other Securities of CED Co-op held by the Member.

A Member in good standing is also eligible to stand for any elected office in CED Co-op. To remain in good standing, a Member must abide by the By-Laws of CED Co-op and any other policies CED Co-op may establish from time to time pursuant to the By-Laws.

3.4.4. Obligations of Membership

A Member is not required to attend meetings, vote, or make any further purchase from or investments in CED Co-op. The Co-operative will need to maintain property ownership records for Members as it relates to maintaining Community Investment Member status. CED Co-op will be encouraging Members to promptly supply changes of address and changes in property ownership status.

3.4.5. Rights of Non-Members

Because of the restriction the FIT Rules place on membership, CED Co-op will allow Non-Members to purchase Securities other than Membership Shares. Non-Members must first receive approval from the Board before purchasing any Securities. Non-Members are not eligible to vote on matters of CED Co-op at meetings of Members, unless there are decisions being made that affect a Class of Shares or Bonds Series that are held by the Non-Member.

3.4.6. Transfer of Membership

Membership in CED Co-op shall not be transferable unless authorized by the Board. This restriction on the liquidity of Membership Shares is identified as a Risk Factor in Section 5: Risk Factors – Financial - Market for Securities.

3.4.7. Termination of Membership

Membership in CED Co-op shall terminate upon the withdrawal of the Member from the Co-operative, on the expulsion of the Member from the Co-operative, on the death of the Member, or by a resolution passed by the Board pursuant to the procedures outlined in the Co-op Act. However, the Co-op Act prohibits the redemption of the Shares of the Co-operative if CED Co-op is or would be, as a result of such redemption, insolvent or if such repurchase would, in the opinion of the Board, be detrimental to the financial stability of CED Co-op. If the withdrawal of a Membership puts at risk the qualification of CED Co-op as a Community Investment Member, the Board may choose to not redeem Membership Shares in certain circumstances of Membership withdrawal. This restriction on the liquidity of Membership Shares is identified as a Risk Factor in Section 5: Risk Factors – Financial - No Sinking Fund or Reserve. Should the Board approve the termination of a Membership, this is subject to a $10 administration fee.

3.5 SURPLUS AND DISTRIBUTION

3.5.1. Distribution and Patronage

In removing the restrictions of being a Renewable Energy Co-operative, CED Co-op is able to begin conducting business with members, as outlined in Section 3.6.5. In conducting and measuring the amount of business conducted with individual members, CED Co-op is able to begin distributing according to patronage. The distribution of Surplus by the Co-operative is outlined in greater detail in Section 3.5.2 below.

3.5.2. Surplus and Distributions

The ability of CED Co-op to make distributions is dependent upon the surplus earned from operations after paying expenses including, but not limited to, insurance, maintenance, lease payments, administration, and debt financing. For clarity, any interest or principal payments due to Bondholders in order to redeem the Bonds of CED Co-op would be paid ahead of the calculation of any Surplus.

The Board, after paying expenses and making proper allowance for depreciation, shall apportion the Surplus arising from the yearly business of the Co-operative in any or all of the following ways:

(a) by setting aside reserves in such amounts as the Board deems advisable for such purpose or purposes that are deemed to be conducive to the interests of the Co-operative or its Members, which sum may be invested, dealt with and disposed of for the benefit of the Co-operative as the Board determines from time to time;
(b) before any distribution of the Surplus remaining after allocation to the reserve fund outlined in paragraph (a) above, for the payment of dividends on the Shares of the Co-operative; and
(c) subject to the Co-op Act and paragraphs (a) and (b) above, by paying in cash to Members the balance of the Surplus or such portion thereof as may be determined by the Board from time to time, in proportion to the patronage of each member.

3.6 INDUSTRY, OPERATIONS AND BUSINESS MODELS

While CED Co-op has expanded its allowable business lines, the Co-operative remains focused on renewable energy, energy efficiency and the industries and business models that support and enable projects in these areas.

3.6.1. Industry - Renewable Energy and Sustainable Development

Renewable Energy is generally defined as energy that comes from resources which are naturally replenished on a human timescale such as sunlight, wind, rain, tides, waves, biomass, biogas, and geothermal heat.

Renewable Energy replaces conventional fuels in three main areas: electricity generation, heat generation or air/geo-exchange (thermal heating and cooling) and combustible fuels.

Sustainable development is well defined by the 17 development goals in the 2030 Agenda for Sustainable Development as put forward by the United Nations. This agenda is a plan of action for people, planet, and prosperity. The specific goals towards which CED Co-op seeks to make an impact are as follows:

Primary Objective:

Goal 7 – Ensure access to affordable, reliable, sustainable, and modern energy for all – CED Co-op intends to contribute to cost effective and reliable renewable energy generation.

Secondary Objectives:

Goal 9 – Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation – CED Co-op intends to contribute to resiliency through distributed energy generation, and distributed energy resources.

Goal 11 - Make cities and human settlements inclusive, safe, resilient, and sustainable – CED Co-op intends to contribute to reductions in air pollution through clean energy generation, energy conservation projects, development of energy efficient facilities, and enabling electrification of transportation.

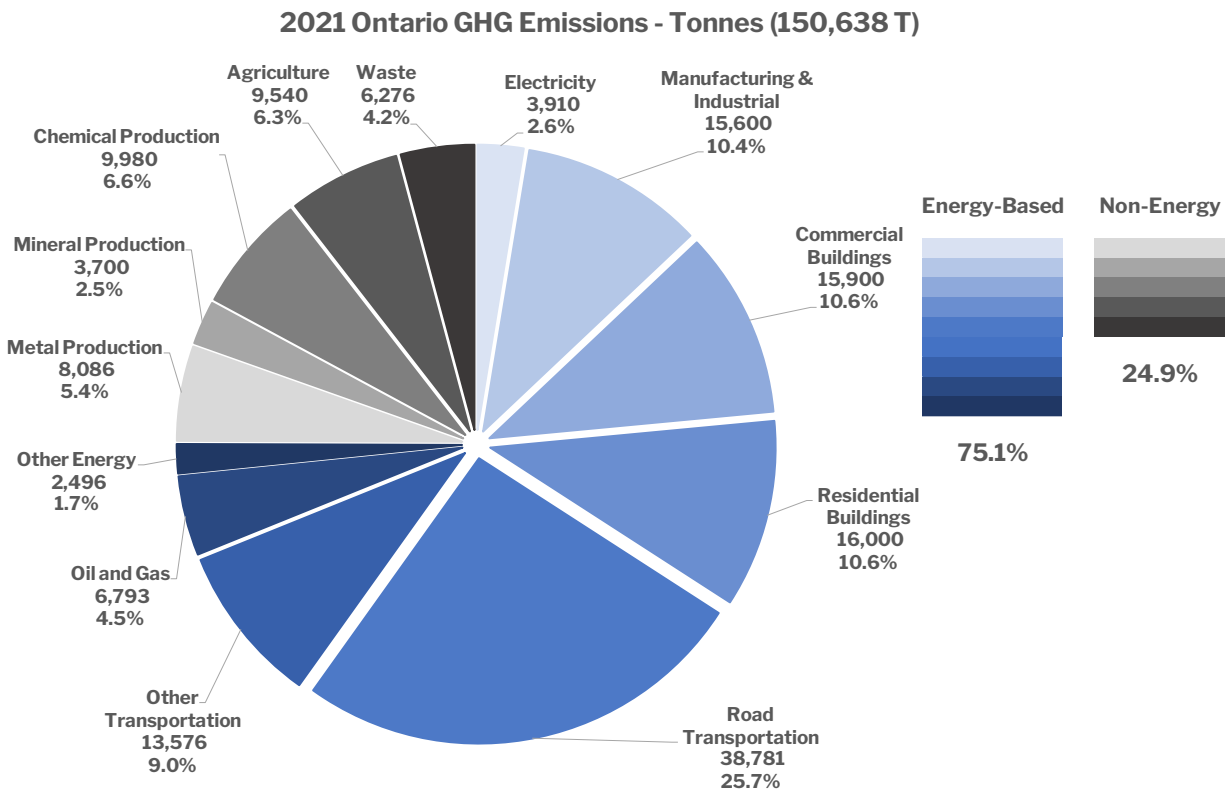
Goal 12 - Ensure sustainable consumption and production patterns – CED Co-op intends to contribute to energy efficiency, reductions in energy consumption, and reducing waste in the development of projects.

In 2005, the Ontario Medical Association estimated the cost of pollution to the Ontario economy at $16 billion annually. Prior to shutting down coal fired electricity generation in Ontario, in 2003 the province recorded 53 smog days. Through the efforts and accomplishments of the Green Energy and Green Economy Act and the results of the FIT Program, the last coal fired electricity generating plant in Ontario was shut down in 2014. From 2015 onward, there have been only 4 days with smog and air health advisories in total, the last of which occurred in 2019, with none in the past 4 years ended 2023. This shows that electricity production in Ontario has been largely transitioned to non-emitting sources.

However, in the annual planning outlook and pathways to decarbonization documents, released by the IESO in December 2022, it was noted that the demand for electricity in Ontario is forecast to rise at rates much higher than previously forecast, and even faster than it forecast the prior year. From the peak of energy usage in Ontario in 2005 (157 TWh), overall electricity usage in 2023 (138 TWh) was 13% lower while the population has increased 25%. It should be noted that embedded generation, largely from solar projects, is not included in the overall energy demand numbers, which would make a more comparable number approximately 145 TWh. Adding in energy exports, transmission connected generation was 149 TWh.

Reversing this trend, electricity usage is forecast to increase by 42% over the next 10 years to 196 TWh in 2033. This is an increase from the prior year's forecast where the IESO was calling for 170 TWh in 2033. The electrification trend is gaining momentum. With this, the IESO identifies that significant energy demand will be emerging in the middle and latter part of this decade that cannot be satisfied with existing resources alone. The IESO forecasts that, within the next few years, natural gas generating stations will dramatically increase their running time. Whereas in 2017, fossil fuel sources made up only 4.2% of Ontario's energy generation, in 2023, fossil fuel based generation made up 13.3% of generation, more than 3x. Further, in 2017, the fossil gas based generating plants were generating 60.3% of the time, while in 2023, they were generating 89.9% of the time. The current plan for Ontario calls for emissions from energy generation to increase to levels 6 times that of 2017. CED Co-op will continue to work towards ensuring that as much of the needed generating capacity as possible comes from renewable sources rather than increasing use of natural gas.

Expanding beyond electricity generation, CED Co-op is now exploring other means of reducing carbon and GHG emissions. The following shows the breakdown of sources of emissions in Ontario:



As noted above, the electricity sector in Ontario only represented 2.6% of emissions in 2021, with the biggest areas of potential impact being in transportation, manufacturing & industry, and buildings. In addition to renewable energy generation projects, CED Co-op will also be seeking out projects that reduce energy consumption and reduce carbon and GHG emissions in the transportation sector, in industry operations and in the operations of buildings.

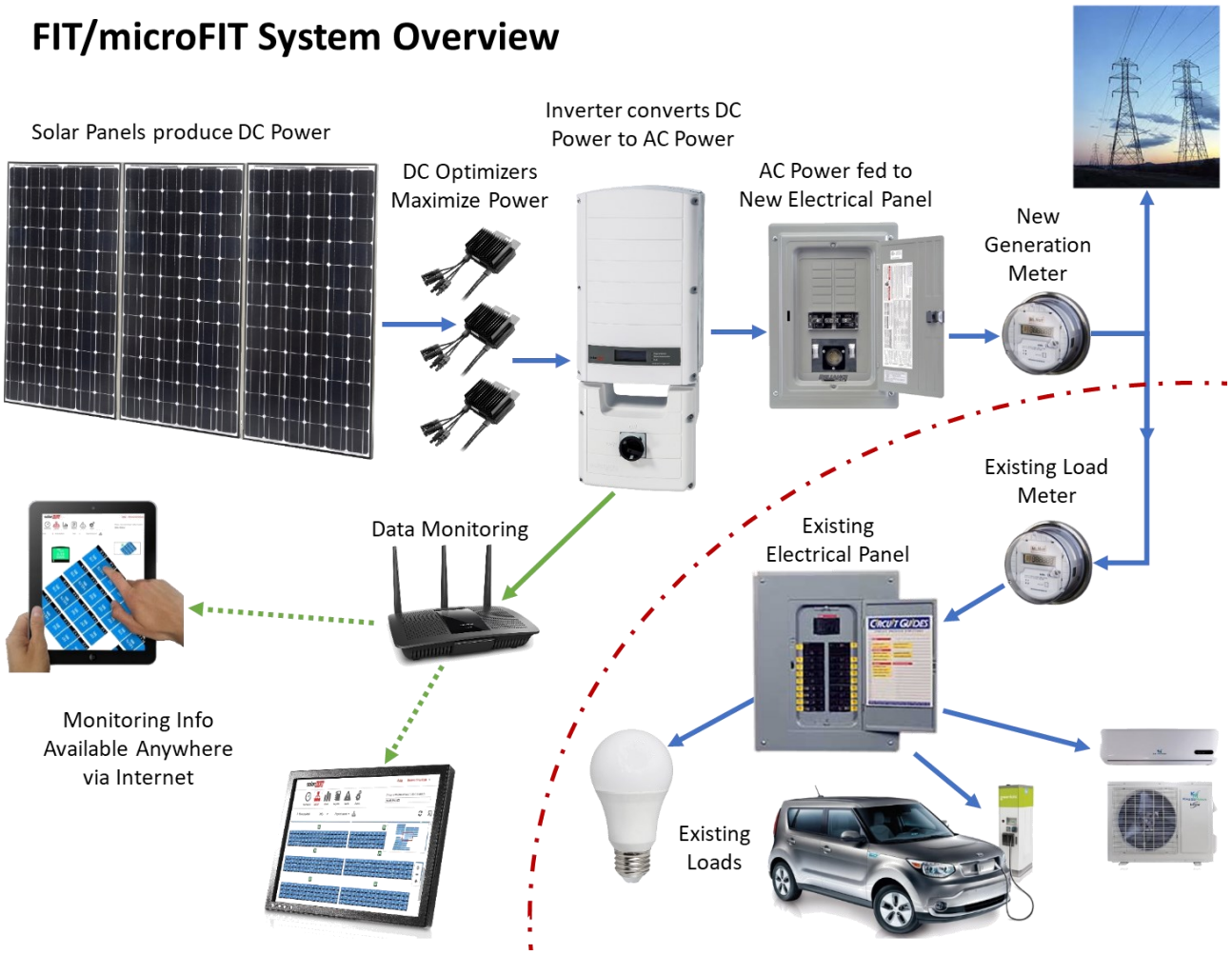
3.6.2. Co-operative Operations

CED Co-op operates on "co-operative basis" by:

a) providing each Member with only one vote
b) not allowing voting by proxy;
c) operating the enterprise as nearly as possible to cost after providing for reasonable reserves;
d) selling Securities to Members (and upon receipt of the Offering Statement, to Non-Members also);
e) investing the proceeds in direct ownership and operation of a portfolio of renewable energy generating Projects, energy efficiency Projects, and other sustainable development initiatives;
f) retaining only Members as Directors of the Co-operative;
g) via the Board, engaging Members in the operations of the organization as well as the technical operations of the projects;
h) maintaining continuous and direct reporting to all members regarding performance of all projects via the website of CED Co-op as well as annual reports; and
i) distributing the Surplus arising from the business of CED Co-op as detailed in Section 3.5.2, including the potential for patronage distributions.

3.6.3. Business Models – FIT and microFIT Contracts

A general schematic of how a FIT or microFIT project is constructed and operates is as follows:



- A FIT/microFIT solar installation is constructed and connected to a new electrical panel, behind a new electrical (generation) meter from the grid standpoint.
- The solar installation produces power, and all of the power is sent out through the new generation meter at which point it hits the grid.
- The FIT/microFIT contract holder gets paid for all the energy produced by the system.
- Like water in a pipe, a lot of the green electricity from the FIT/microFIT system will flow into the existing building through the existing load meter and used onsite.
- The bill for the usage onsite remains unchanged, paying for the power that is consumed onsite.
- If there is not enough load behind the existing load meter to use all of the energy generated by the solar installation, it is instead sent up the street to be used by the neighbours.

From the point of incorporation through to the end of 2018, CED Co-op was focused on developing or acquiring Renewable Energy Projects under the FIT Program. CED Co-op continues to operate these projects, selling electricity to the Grid under FIT Contracts. As of December 31, 2023, CED Co-op is an owner or a partner in 29 operational FIT Projects, as well as the sole owner of a portfolio of 86 microFIT projects.

Risks

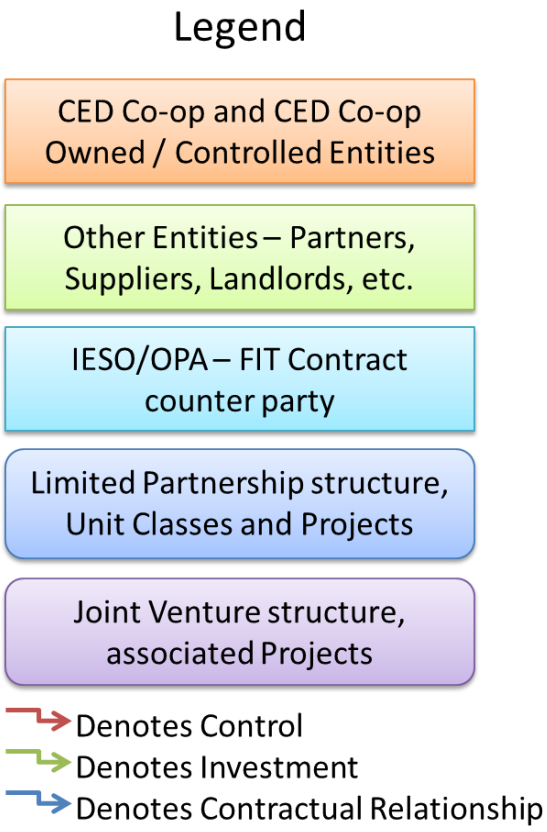
Though no more projects of this type are anticipated to be developed going forward, there remain a number of risks associated with this general operating structure, including, but not limited to the following. Each of these is described in detail in Section 5: Risk Factors.

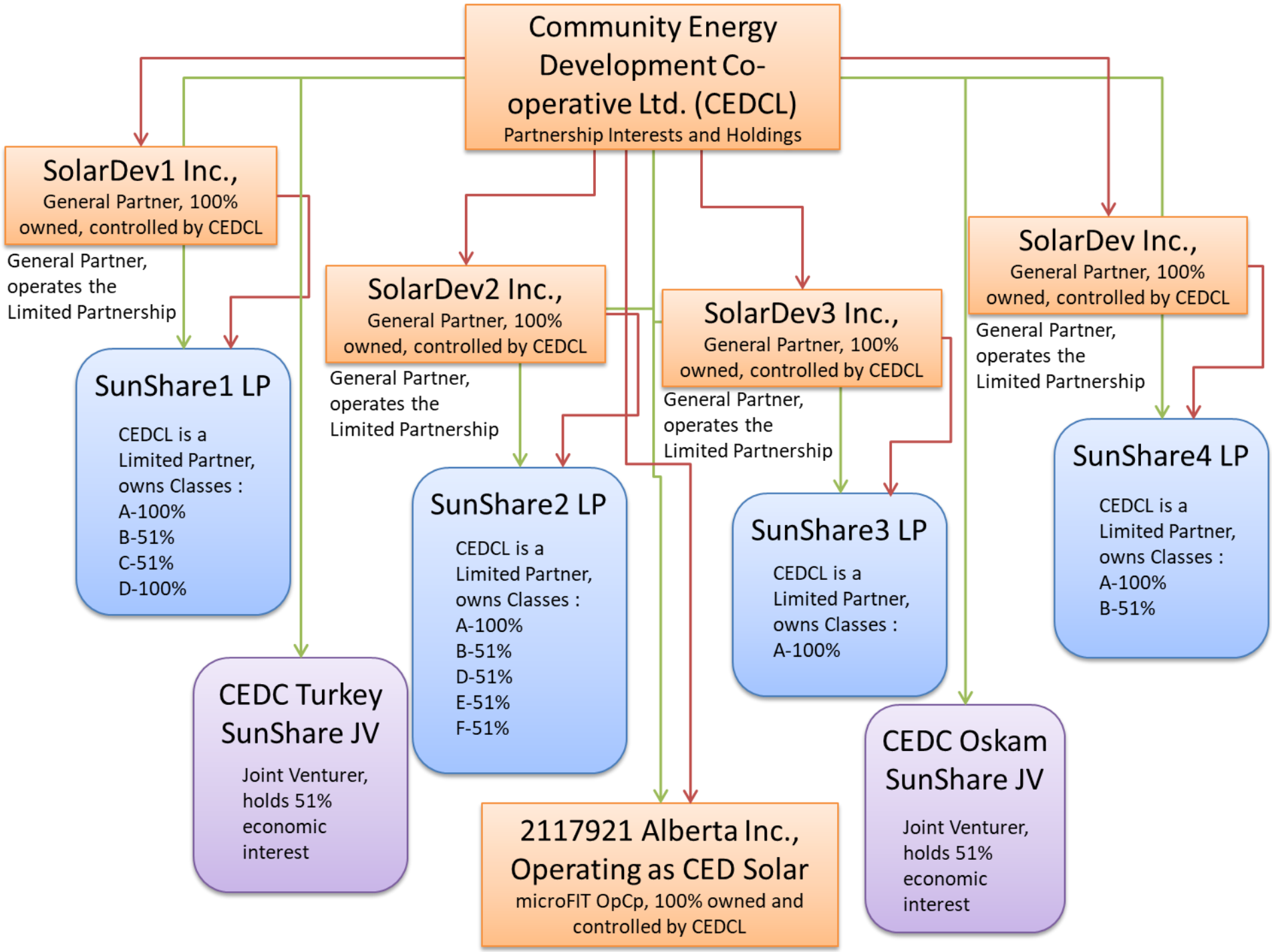
- Business Prospects – No Guarantee of Projects
- Business Prospects – Performance of Third Parties

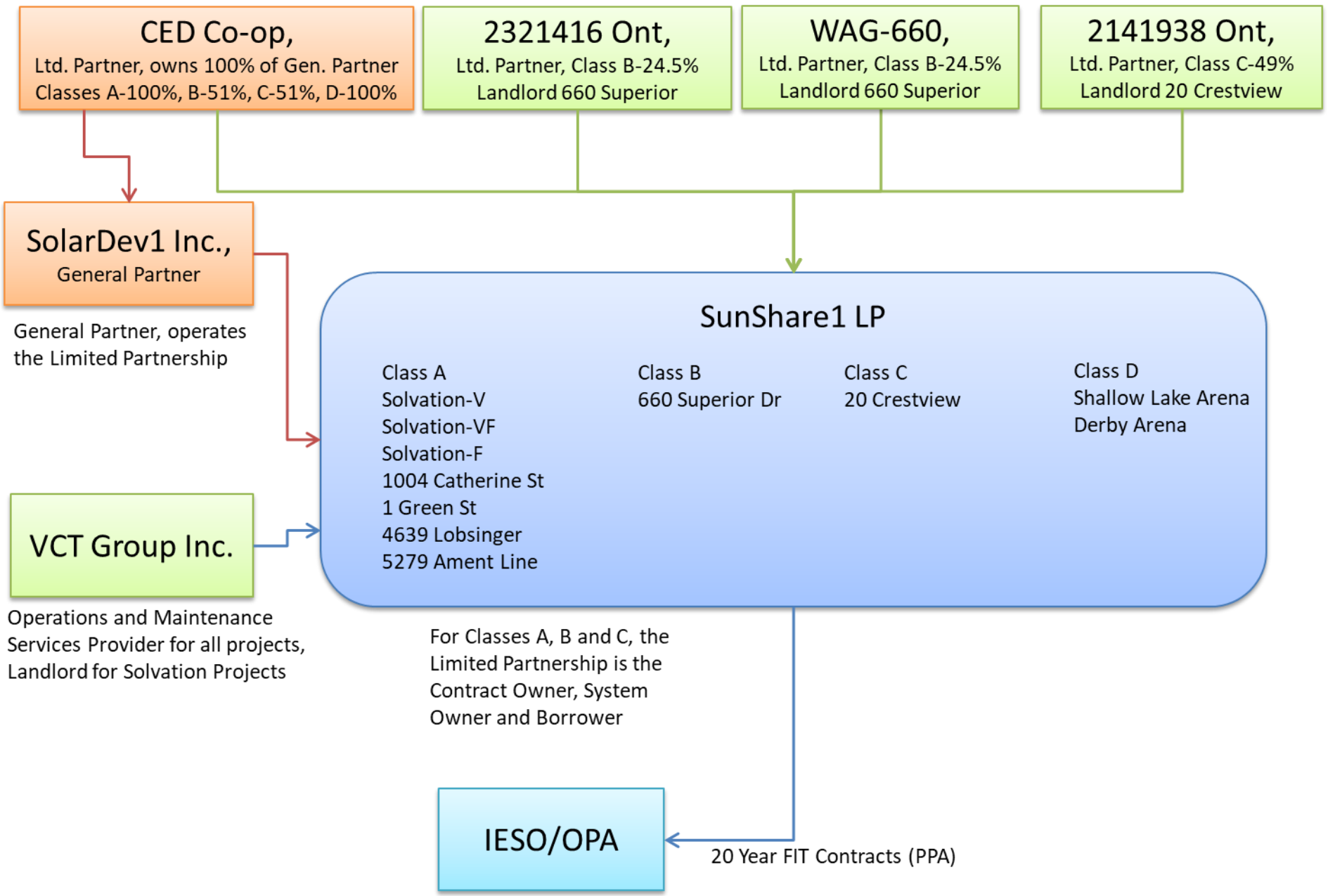
- FIT Contracts – Community Investment Member Status
- FIT Contracts – Contract Risk
- FIT Contracts – Domestic Content
- FIT Contracts – Government and Regulatory
- System/ Facility – Equipment Failures
- System/ Facility – Lease Agreements
- System/ Facility – Roof, Project Area, or Parking Lot Issues
- System/ Facility – Structural Damage Upon Installation
- System/ Facility – Weather Variations and Snow Cover

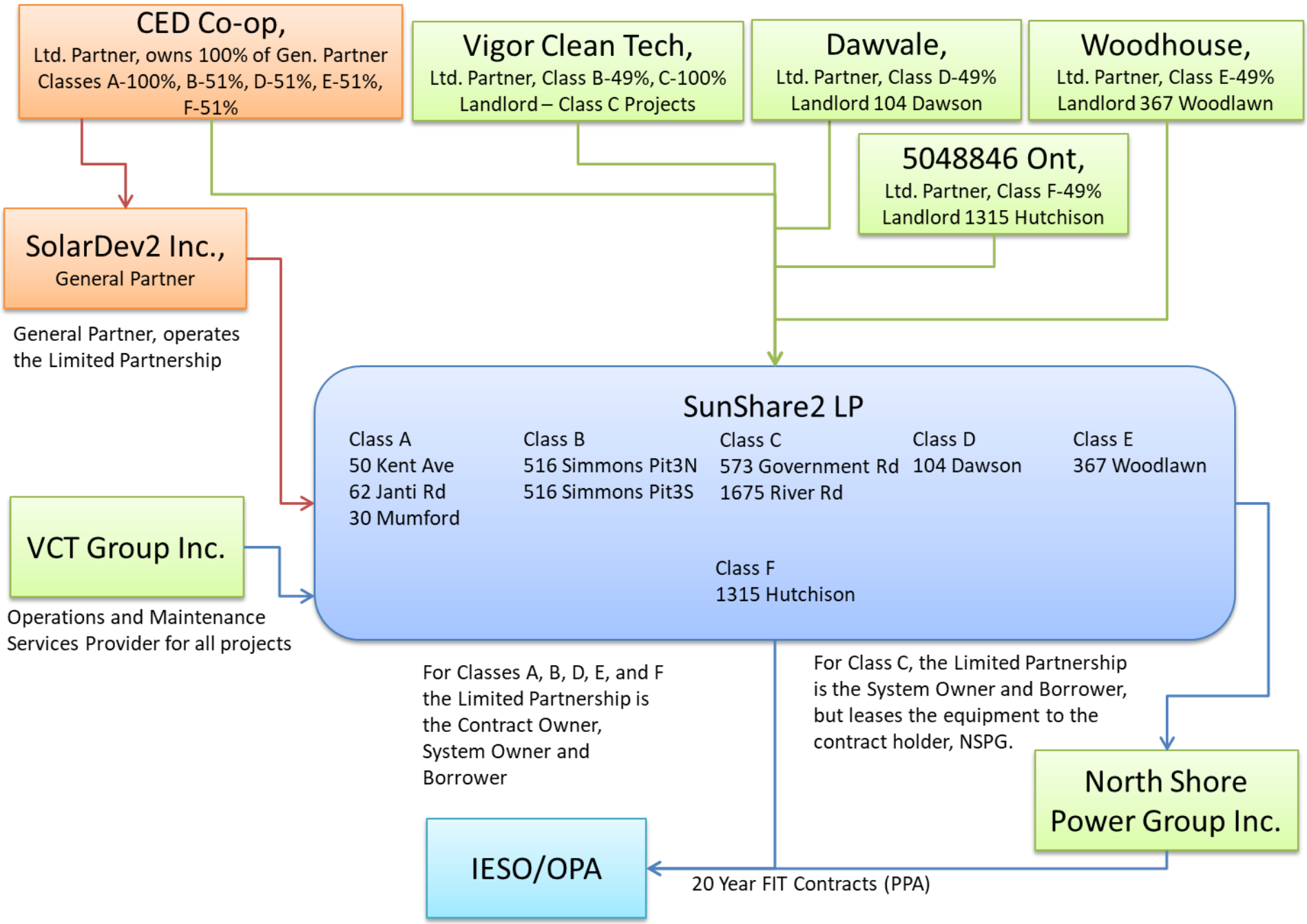
See Section 4.3: FIT Program for further details of the FIT Program, cancellation of contracts and the repeal of the Green Energy and Green Economy Act.

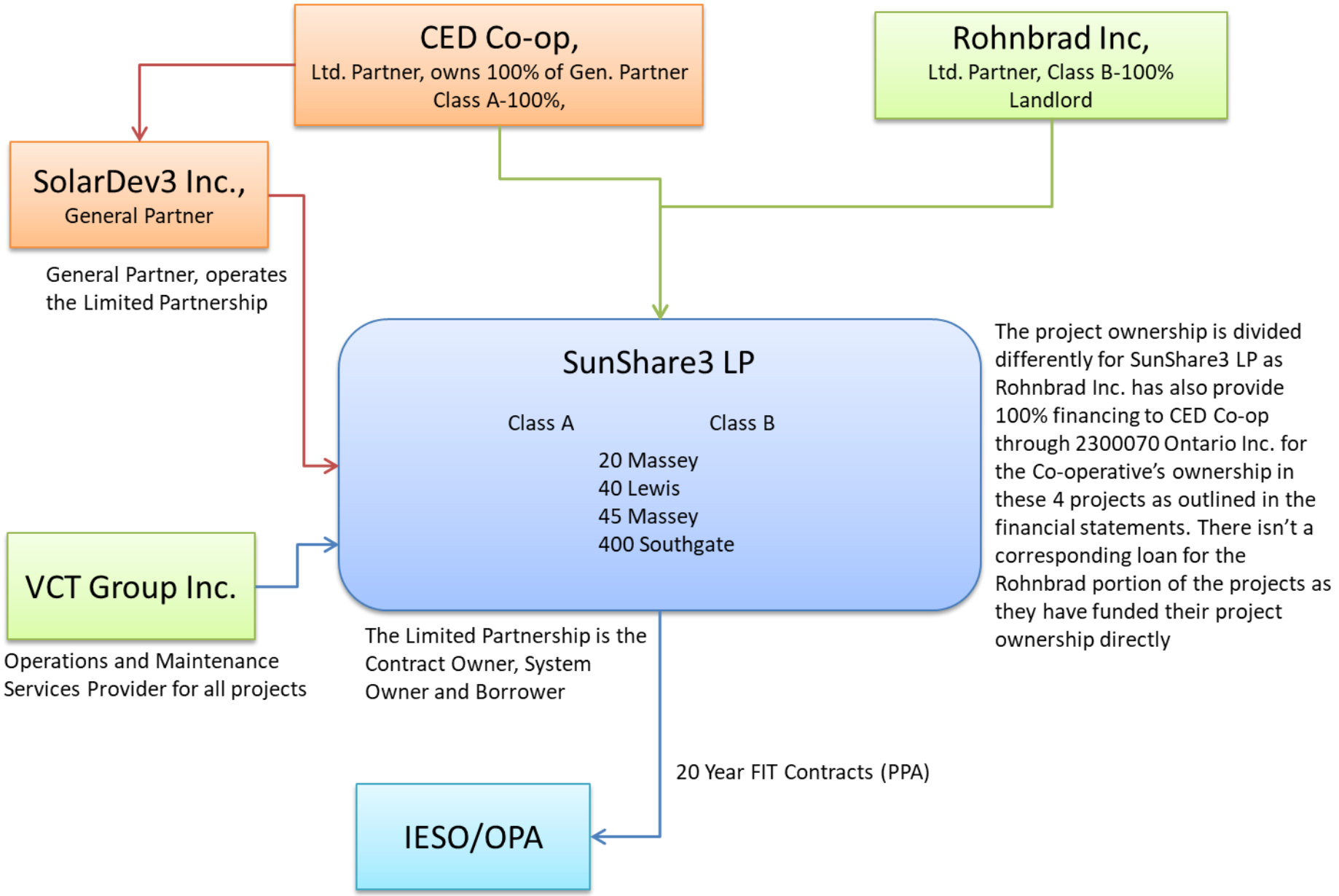
The development of the portfolio of projects has resulted in a number of legal and ownership structures including JVs, LPs, and OpCos. The organization and ownership structure for the projects that have been developed or acquired and operate in the FIT/microFIT business model is shown in the following diagrams:



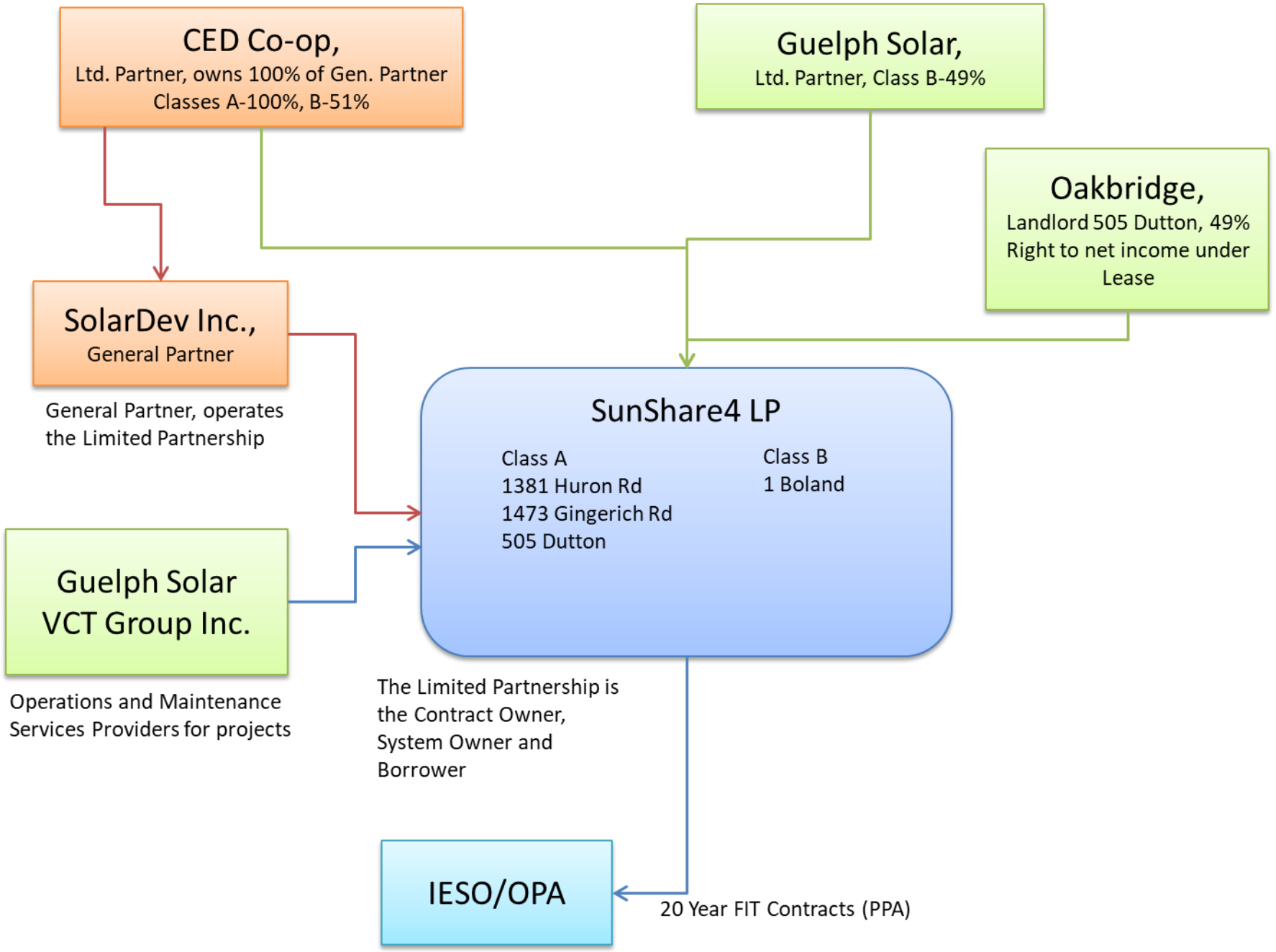

Community Energy Development Co-operative Ltd. (CEDCL)
Partnership Interests and Holdings
SolarDev1 Inc.,
General Partner, 100% owned, controlled by CEDCL
General Partner, operates the Limited Partnership
SunShare1 LP
CEDCL is a Limited Partner, owns Classes :
A-100%
B-51%
C-51%
D-100%
SolarDev2 Inc.,
General Partner, 100% owned, controlled by CEDCL
General Partner, operates the Limited Partnership
SunShare2 LP
CEDCL is a Limited Partner, owns Classes :
A-100%
B-51%
D-51%
E-51%
F-51%
SolarDev3 Inc.,
General Partner, 100% owned, controlled by CEDCL
General Partner, operates the Limited Partnership
SunShare3 LP
CEDCL is a Limited Partner, owns Classes :
A-100%
SolarDev Inc.,
General Partner, 100% owned, controlled by CEDCL
General Partner, operates the Limited Partnership
SunShare4 LP
CEDCL is a Limited Partner, owns Classes :
A-100%
B-51%
CEDC Turkey SunShare JV
Joint Venturer, holds 51% economic interest
2117921 Alberta Inc., Operating as CED Solar
microFIT OpCp, 100% owned and controlled by CEDCL
CEDC Oskam SunShare JV
Joint Venturer, holds 51% economic interest

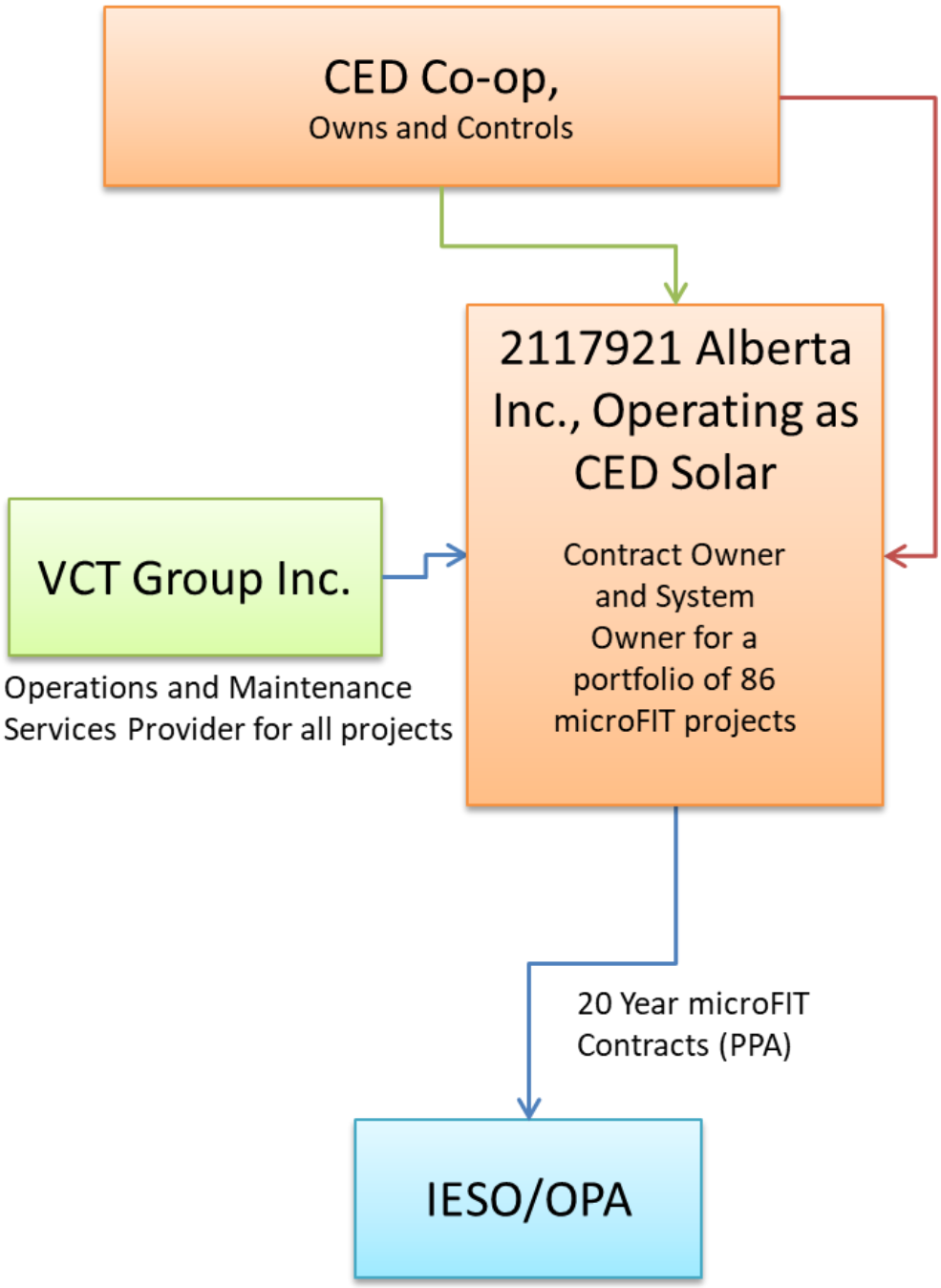

CED Co-op,
Ltd. Partner, owns 100% of Gen. Partner
Classes A-100%, B-51%, C-51%, D-100%
2321416 Ont,
Ltd. Partner, Class B-24.5%
Landlord 660 Superior
WAG-660,
Ltd. Partner, Class B-24.5%
Landlord 660 Superior
2141938 Ont,
Ltd. Partner, Class C-49%
Landlord 20 Crestview
SolarDev1 Inc.,
General Partner
General Partner, operates the Limited Partnership
SunShare1 LP
Class A
Solvation-V
Solvation-VF
Solvation-F
1004 Catherine St
1 Green St
4639 Lobsinger
5279 Ament Line
Class B
660 Superior Dr
Class C
20 Crestview
Class D
Shallow Lake Arena
Derby Arena
VCT Group Inc.
Operations and Maintenance Services Provider for all projects, Landlord for Solvation Projects
For Classes A, B and C, the Limited Partnership is the Contract Owner, System Owner and Borrower
IESO/OPA
20 Year FIT Contracts (PPA)

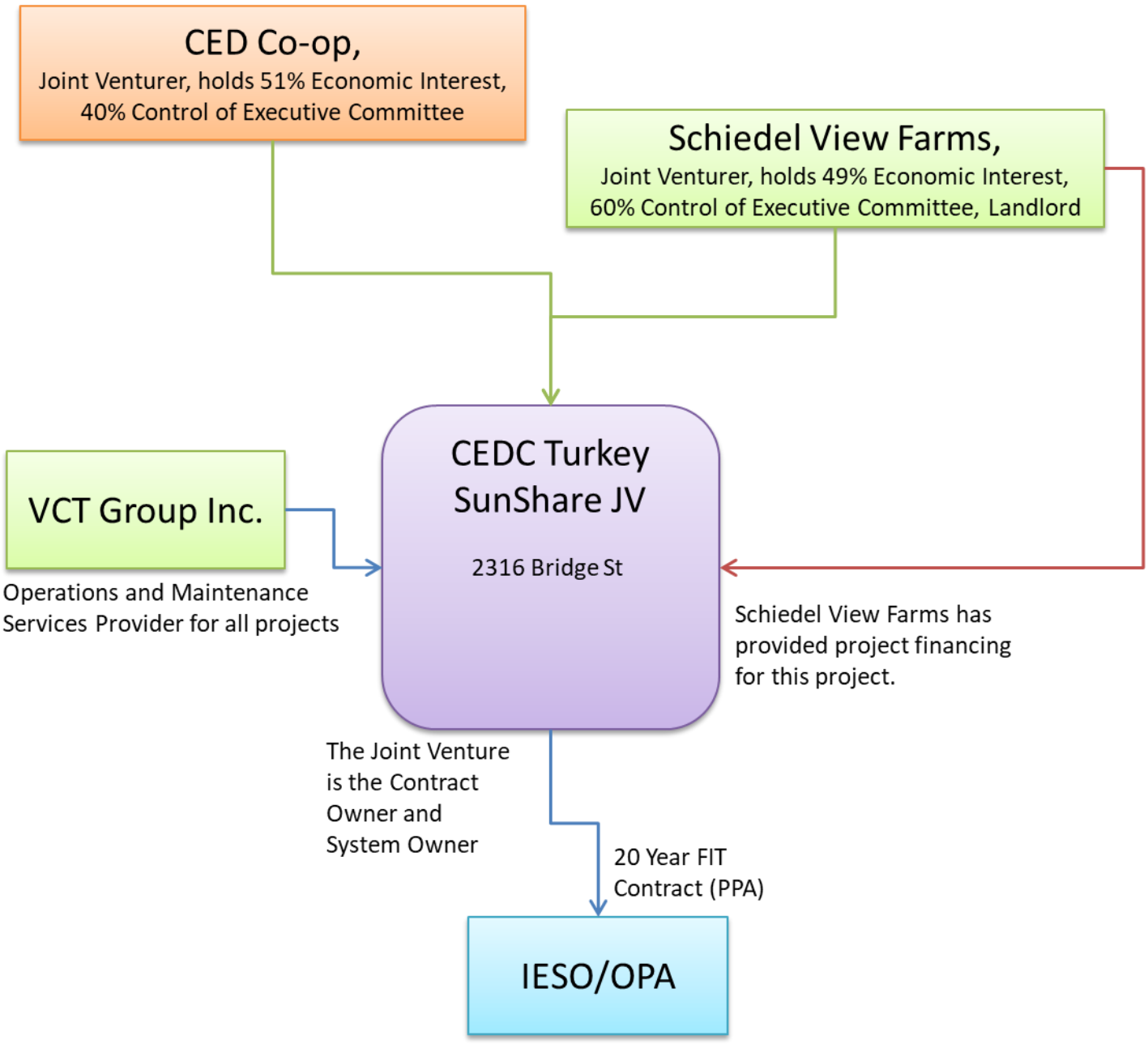

CED Co-op,
Ltd. Partner, owns 100% of Gen. Partner
Classes A-100%, B-51%, D-51%, E-51%, F-51%
Vigor Clean Tech,
Ltd. Partner, Class B-49%, C-100%
Landlord – Class C Projects
Dawvale,
Ltd. Partner, Class D-49%
Landlord 104 Dawson
Woodhouse,
Ltd. Partner, Class E-49%
Landlord 367 Woodlawn
5048846 Ont,
Ltd. Partner, Class F-49%
Landlord 1315 Hutchison
SolarDev2 Inc.,
General Partner
General Partner, operates the Limited Partnership
SunShare2 LP
Class A
50 Kent Ave
62 Janti Rd
30 Mumford
Class B
516 Simmons Pit3N
516 Simmons Pit3S
Class C
573 Government Rd
1675 River Rd
Class D
104 Dawson
Class E
367 Woodlawn
Class F
1315 Hutchison
VCT Group Inc.
Operations and Maintenance Services Provider for all projects
For Classes A, B, D, E, and F the Limited Partnership is the Contract Owner, System Owner and Borrower
For Class C, the Limited Partnership is the System Owner and Borrower, but leases the equipment to the contract holder, NSPG.
North Shore Power Group Inc.
IESO/OPA
20 Year FIT Contracts (PPA)

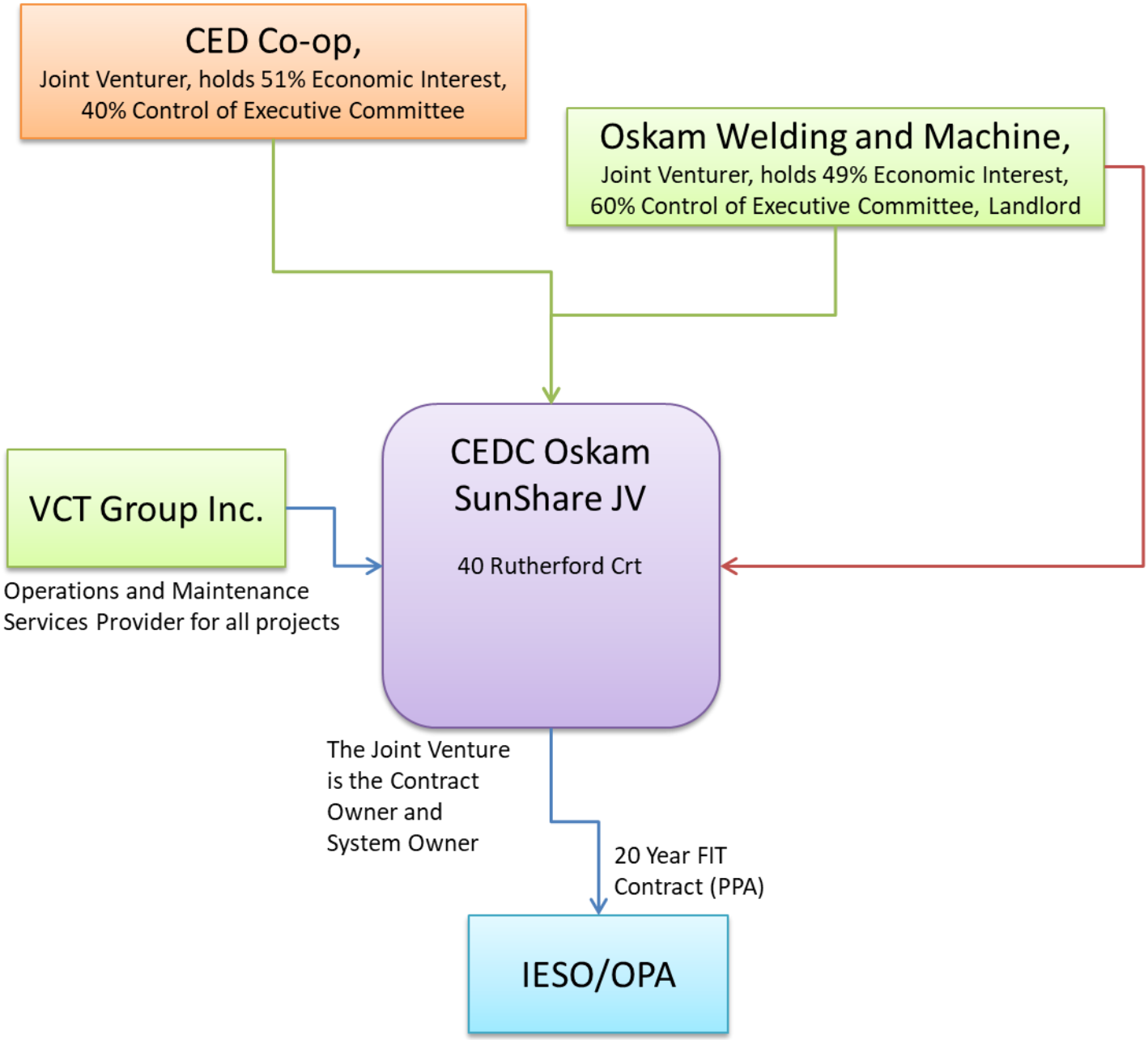


The project ownership is divided differently for SunShare3 LP as Rohnbrad Inc. has also provide 100% financing to CED Co-op through 2300070 Ontario Inc. for the Co-operative's ownership in these 4 projects as outlined in the financial statements. There isn't a corresponding loan for the Rohnbrad portion of the projects as they have funded their project ownership directly


CED Co-op,
Ltd. Partner, owns 100% of Gen. Partner
Classes A-100%, B-51%
Guelph Solar,
Ltd. Partner, Class B-49%
Oakbridge,
Landlord 505 Dutton, 49%
Right to net income under Lease
SolarDev Inc.,
General Partner
General Partner, operates the Limited Partnership
SunShare4 LP
Class A
1381 Huron Rd
1473 Gingerich Rd
505 Dutton
Class B
1 Boland
Guelph Solar VCT Group Inc.
Operations and Maintenance Services Providers for projects
The Limited Partnership is the Contract Owner, System Owner and Borrower
IESO/OPA
20 Year FIT Contracts (PPA)


CED Co-op,
Owns and Controls
2117921 Alberta Inc., Operating as CED Solar
Contract Owner and System Owner for a portfolio of 86 microFIT projects
VCT Group Inc.
Operations and Maintenance Services Provider for all projects
20 Year microFIT Contracts (PPA)
IESO/OPA

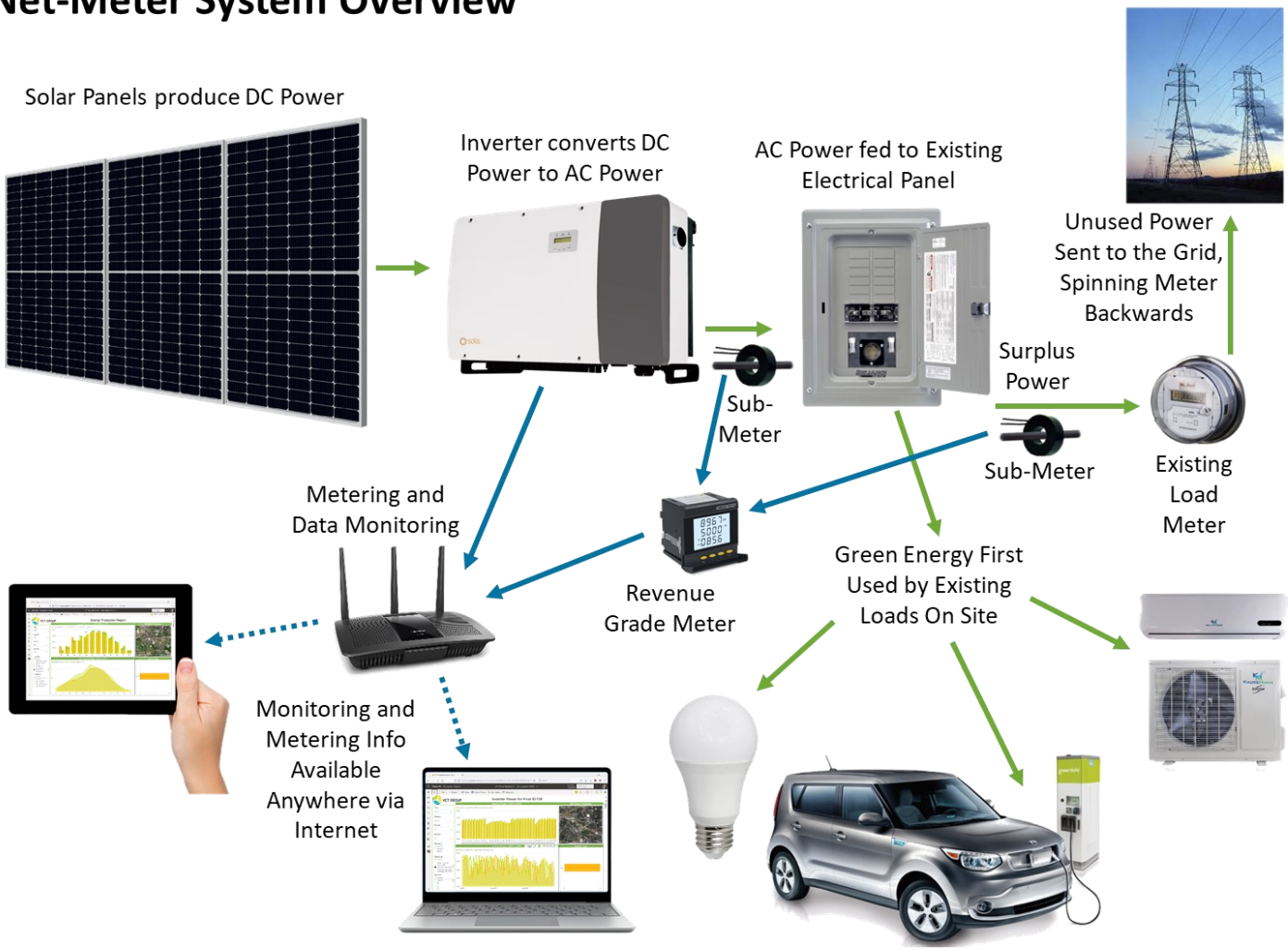

CED Co-op,
Joint Venturer, holds 51% Economic Interest, 40% Control of Executive Committee
Schiedel View Farms,
Joint Venturer, holds 49% Economic Interest, 60% Control of Executive Committee, Landlord
CEDC Turkey SunShare JV
2316 Bridge St
VCT Group Inc.
Operations and Maintenance Services Provider for all projects
Schiedel View Farms has provided project financing for this project.
The Joint Venture is the Contract Owner and System Owner
20 Year FIT Contract (PPA)
IESO/OPA


CED Co-op,
Joint Venturer, holds 51% Economic Interest, 40% Control of Executive Committee
Oskam Welding and Machine,
Joint Venturer, holds 49% Economic Interest, 60% Control of Executive Committee, Landlord
CEDC Oskam SunShare JV
40 Rutherford Crt
VCT Group Inc.
Operations and Maintenance Services Provider for all projects
The Joint Venture is the Contract Owner and System Owner
20 Year FIT Contract (PPA)
IESO/OPA

3.6.4. Business Models – Net-Metering under PPAs

The base model for ongoing solar project development in Ontario is called Net-Metering. As regulations evolve, various business structures and models based on this underlying structure are continuing to evolve.

Net-Meter System Overview



- A Net-Metering solar installation is constructed and connected to an existing electrical panel on the site, 'behind' the existing electrical meter from the grid standpoint.
- Part of this process ensures that the meter on site is a bi-directional meter.
- The solar installation produces power, and this power is first used on site by the loads within the building or on the site.
- If there is surplus energy, this electricity is exported to the grid, and the bi-directional meter spins backwards, building up credits.
- When the building is using more power than the solar installation is producing, the building brings in power from the grid, spinning the meter forward, using up credits (if they exist).
- If, at the end of the month, there has been more overall energy exported rather than imported, the result is a credit for the month on your bill. This credit is first used towards the transmission, distribution and delivery portions of the bill. If surplus credits remain, they can be carried forward and used in a subsequent month.
- Within each 12-month period, if the credits are not used up, they are zeroed out for no dollar value. For this reason, it is important to size a system in line with the amount of energy the building uses over the course of the year.
- In this structure, the Co-op would generate energy on site and sell the power to the building owner or tenant within the building under a PPA, using revenue grade sub-metering systems to measure and bill for the energy produced on site.

The rules, guidelines and procedures for these transactions with the LDC are outlined in a Net-Meter contract that is signed with the LDC. Through the recently expanded business scope of CED Co-op, various structures are enabled to support Net-Meter solar installations.

As outlined in Section 6 - Portfolio, as of March 31, 2024, CED Co-op is in the process of constructing its first net-metering project under a PPA with Rockway Mennonite Collegiate. CED Co-op will fund and own the solar installation on the roof of the school, and sell the power to the school under a PPA. Beyond this project, CED Co-op is in discussions with several other building owners regarding the potential for CED Co-op to develop a solar installation on the property and provide clean energy to those building owners and tenants.

In order to achieve or exceed targeted returns, the Co-operative will need to continue to successfully negotiate agreements with facility occupants under a PPA which binds the facility occupant to buying all of the energy that is produced by the net-meter system. As outlined in Section 4.11, the federal Clean Technology Investment Tax Credit provides a refundable tax credit of up to 30% for solar projects, which is an important contributor to achieving thresholds for return on investment. The broad aspects of a power purchase agreement contract for negotiation are outlined below, however, they may vary materially from the details presented here:

Common Details

- CED Co-op to fund [all, or a portion of, depending on site economics] project costs, including Connection Cost Agreement with LDC,
- CED Co-op to fund all maintenance, repairs and monitoring of the solar installation,
- CED Co-op bears the risk and operations of production of the solar PV system (if the system doesn't produce energy as expected, the facility occupant simply buys more from the grid and CED Co-op earns less revenue),
- CED Co-op to maintain insurance – Property and Liability
- CED Co-op to lease project areas of property for nominal "consideration" (e.g. $2) throughout the term
- Notice of lease to be registered on title
- System ownership transfers to building owner at end of terms for nominal "consideration" (e.g. $2)
- CED Co-op to retain ownership and title to all system equipment until end of terms or buyout
- Buyout option on the anniversary date of commercial operation each year after 5 full years of operation have been completed
- Buyout schedule calculated at an NPV rate of forecast savings equating to a similar starting value as purchase price
- Term of [TBD, pending project economics] Years, typically 25 for rooftop, 40 for carport
- Cost of removals and replacements to facilitate roof, building or site repairs, if needed, to be funded on one occasion by CED Co-op
- Power Purchase Agreement for electricity priced at a prescribed rate throughout the term, with escalation factors through the term specified at the time of the signing of the agreement

Other typical terms

- Facility occupant retains LDC account/metering and pays directly
- Facility occupant to realize demand savings
- Facility occupant to bear any costs of "stand-by charges"
- CED to retain value of Carbon Offset Credits (if any)
- CED to retain value of any tax credits or financial incentives
- Facility occupant to realize snow-clearing savings (for solar canopies and carports)
- Facility occupant to realize benefits of parking revenues
- Facility occupant to realize savings of installation of EV Charging systems
- Facility occupant to realize revenues from EV Charging systems

Security and Financial Evaluation

- CED Co-op may seek, where feasible, to have a mortgage registration on property to the value of the system – CED Co-op cannot guarantee that it will be able to register a mortgage on the title of the property, and if it is able to, this registration may not be in priority to any or all other registrations;

- CED Co-op may seek, where feasible, to sign and register a general security agreement or lien on the facility occupant – CED Co-op cannot guarantee that it will be able to sign and register a general security agreement, and if it is able to, this registration may not be in priority to any or all other registrations;
- CED Co-op anticipates that it will seek to review, prior to entering into a contract, and periodically thereafter:
    - Title Search on the property
    - Credit bureau report on the facility occupant / counter party
    - PPSA lien registration search on facility occupant / counter party
    - Annual financial statements of the facility occupant / counter party

Risks

There are a number of risks associated with this general operating structure, including, but not limited to the following. Each of these is described in detail in Section 5: Risk Factors.

- Business Prospects – No Guarantee of Projects
- Net-Meter – Electricity Market Pricing
- Net-Meter – Use of electricity produced on site
- Net-Meter – Market Structure Changes / Other Regulatory
- System/ Facility – Equipment Failures
- System/ Facility – Roof, Project Area, or Parking Lot Issues
- System/ Facility – Weather Variations and Snow Cover

3.6.5. Business Models – Virtual Net-Metering and Community Net-Metering under PPAs

As Net-Metering is being expanded in the Ontario market, there are a number of regulatory changes that have been implemented and more that are in the discussion stages for future implementation. In the coming years, regulations are expected to continue to develop to fully and broadly enable a concept called 'Virtual Net-Metering' which would enable surplus credits to be traded and transferred to other meters and locations which will alleviate this sizing constraint. The creation of this market for trading electricity credits could further give individual electricity consumers much more power and choice in virtually sourcing their energy through purchasing generation credits from companies and technologies that they like and trust. This could further give rise to price competition, both amongst individuals and organizations that generate surplus energy credits for sale as well as competition with the current grid suppliers.

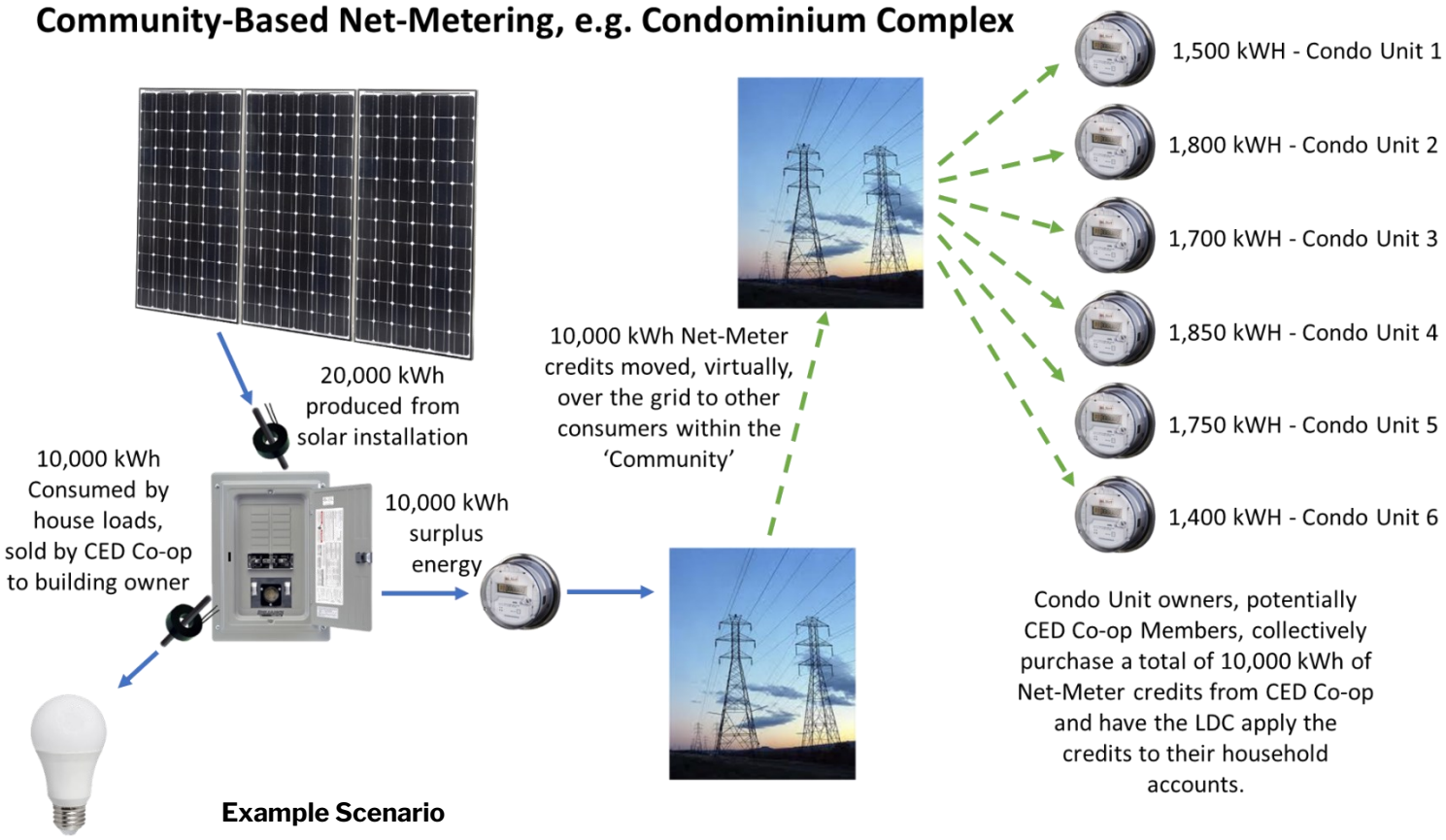
Virtual Net-Metering

New regulations have been announced that are already moving in this direction. The Ontario government initiated a consultation on November 2, 2023, concerning potential changes to the regulations around global adjustment charges, which governs the fees for large commercial electricity consumers in the province. These fees currently constitute a significant portion of electricity costs in Ontario. The proposed amendments aim to allow participants in the IESO's industrial conservation initiative to reduce their global adjustment charges by engaging in virtual PPAs with renewable generation facilities. Eligible technologies for such PPAs include wind, solar, small hydroelectric, biofuels, and battery storage, allowing the energy assets to be connected to the grid anywhere in Ontario, with the generation being credited, virtually, to a meter located elsewhere in the Province. If adopted, these amendments are scheduled to take effect on May 1, 2024, aligning with the start of a base period, with class A customers able to reduce their global adjustment charges starting from July 1, 2025.

Community Net-Metering

Regulations continue to improve for a structure called community-based net-metering. As a result of public consultations in which VCT engaged in providing input, Ontario filed regulatory amendments implementing improvements, effective January 1, 2024. Changes to O. Reg. 679/21 enable credit sharing in community net metering, supporting existing and new projects in advancing net-zero goals. Amendments to O. Reg. 389/10 exempt third-party generators, such as CED Co-op from contract cancellation provisions, reducing financial risk and aligning policy. Clarifying requirements for third party owned net metering (through structures such as PPAs) enhances customer access by providing additional funding and ownership structures for renewable energy installations.

Under this model, the Co-operative could develop a solar installation, with surplus energy credits able to be transferred to other meters or account holders within a 'community'. A potential structure for this is outlined as per below. It is through this business model, and other business models similar to this that are anticipated to develop, that CED Co-op is able to begin to conduct business with Members.



Example Scenario

- CED Co-op would develop and fund a large solar PV installation on a rooftop or series of rooftops such as that of an industrial complex, commercial complex or condominium complex where the electricity consumed behind any given meter is much less than the amount of energy that can be generated from the rooftop.
- The Facility would generate significant surplus net-meter credits at the existing meter on the site.
- As a multi-tenant area, the electricity would largely be used by neighbouring units, rarely needing any significant transmission out of the complex area.
- Through partnership with the LDC, the surplus credits could be divided and distributed to be applied virtually to the meters/ accounts of as many as are needed – participating community consumers.
- These participating community consumers, who may be eligible to become Members of CED co-op, would realize reductions in their bills as these credits are applied to their accounts, and at the same time, make payments to CED Co-op in proportion to the net-meter credits received. In this process CED Co-op could be transacting business with Members.
- Because there are significant economies of scale realized at larger solar installations, the power produced through the large-scale solar PV installation is able to be produced at or below the grid rate without the requirement of any grants or government funding.
- This provides the following benefits:
    - Underutilized rooftop space is used to generate clean energy. The shading of the rooftop provides reductions in air conditioning loads during the summer, providing a small additional benefit.
    - Energy is produced very near to where it is consumed with similar generation/demand profiles, providing all of the benefits of distributed energy resources.
    - The Investor-Members of the Co-operative are able to fund an efficient solar PV project and potentially realize a competitive return on investment.
    - The consumer-Members of the Co-operative are able to purchase clean energy from their own Co-operative for the same price as from the grid, or possibly below the price from the grid.

CED is working on developing project opportunities to take advantage of this new structure. In order for a project such as this to proceed, an application and approval process is required in order to be approved as a community net-meter project.

Risks

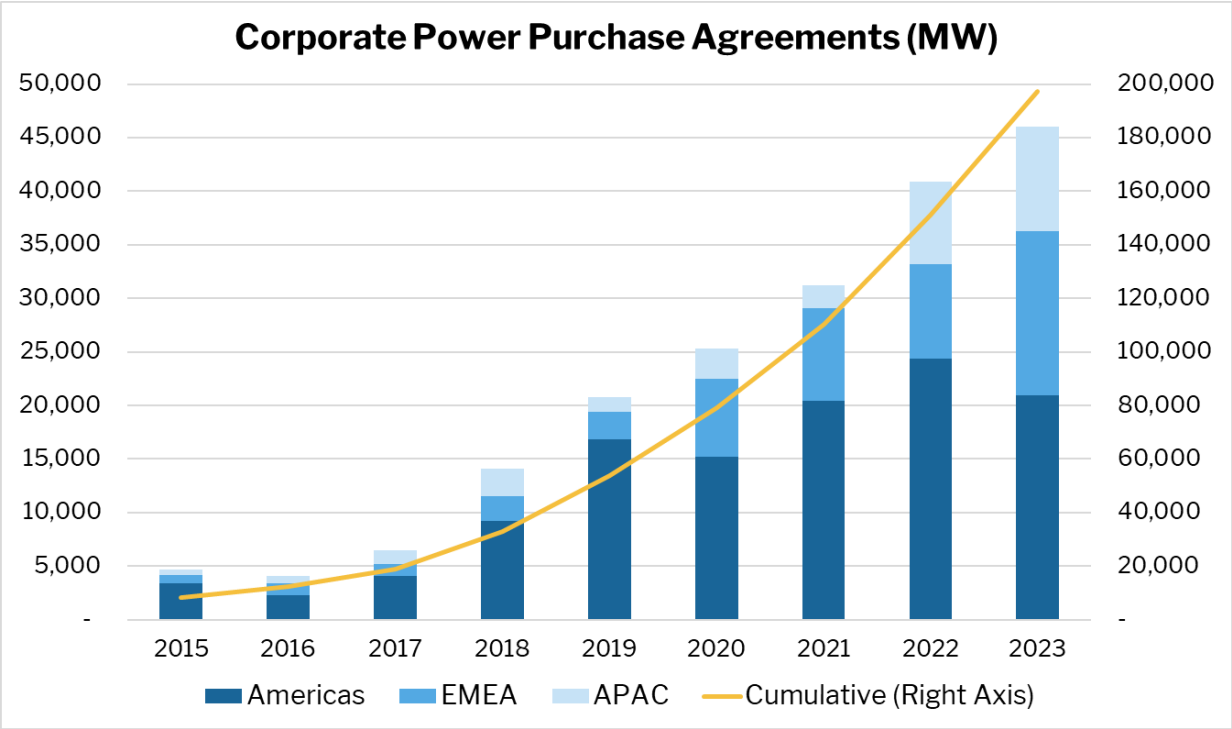
There are a number of risks associated with this general operating structure, including, but not limited to the following. Each of these is described in detail in Section 5: Risk Factors.

- Business Prospects – No Guarantee of Projects
- Net-Meter - Electricity Market Pricing
- Net-Meter - Market Structure Changes / Other Regulatory
- System/ Facility – Equipment Failures
- System/ Facility – Roof, Project Area, or Parking Lot Issues
- System/ Facility – Weather Variations and Snow Cover

Power Purchase Agreements

PPAs are pivotal in enabling large companies to transition to renewable energy sources, providing a pathway towards sustainability while managing costs. These agreements allow corporations to procure renewable energy directly from producers, typically through long-term contracts, ensuring a stable and often lower-priced energy supply compared to traditional sources. In Canada, particularly in Alberta, PPAs have gained significant traction as the province moves towards a cleaner energy future. Alberta's deregulated electricity market has facilitated a surge in renewable energy projects, leading to a growing number of PPAs. Alberta saw a substantial increase in renewable energy investment, with over 4,000 megawatts of renewable energy capacity procured through PPAs between 2016 and 2019, and in 2022, of all the renewables development in Canada, 75% occurred in Alberta.

Corporate PPAs are continuing to increase in volume around the world. The largest buyers of PPAs in 2023 were Amazon, Meta, LyondellBasell and Google, who collectively engaged in 14,200 MW of new agreements. These are the mechanisms through which many companies are reaching their goals of being 100% renewably powered (see https://www.TheRE100.org/). Total corporate PPA volume for 2023 was 46,000 MW, bringing the total to nearly 200,000 MW, enough to power Ontario 1.5 times over.

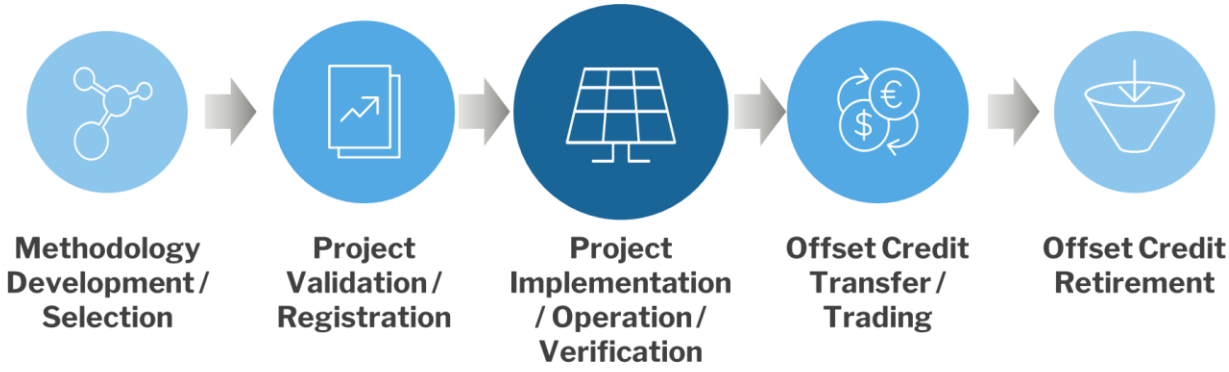


3.6.6. Business Models – Carbon Pricing and Carbon Offset Credits

In accordance with agreements made at United Nations climate conferences, countries around the world are implementing carbon pricing. Canada has mandated carbon pricing in line with international recommendations, with the price per tonne of carbon emissions being set at $80 for 2024 and climbing at $15/tonne per year until it reaches $170/tonne in 2030. The current implementation of the mandated carbon pricing in the Province leaves little room for engagement for individuals and small or medium sized business. A company needs to emit 50,000 tonnes of carbon annually before it must participate in the Provincial program, though can optionally participate at 10,000 tonnes. This provides most households and businesses little opportunity to monetize the carbon reduction benefits of their actions in the provincial carbon pricing program or carbon offset credit markets.

The terms carbon offset and carbon offset credit are used interchangeably, though they can mean slightly different things. A carbon offset broadly refers to a reduction in GHG emissions – or an increase in carbon storage (e.g., through land restoration or the planting of trees) – that is used to compensate for emissions that occur elsewhere. A carbon offset credit is a transferable instrument certified by governments or independent certification bodies to represent an emission reduction of one metric tonne of carbon dioxide, or an equivalent amount of other GHGs. The purchaser of an offset credit can "retire" it to claim the underlying reduction towards their own GHG reduction goals.

The carbon offset credit lifecycle is as follows:



1. **Methodology Development**
   Before any GHG reductions can be certified for use as carbon offsets, they must be shown to meet carbon offset quality criteria. This process requires a methodology or protocol that is specific to the type of offset project generating the reductions.

2. **Project Development, Validation, and Registration**
   An offset project is designed by project developers, financed by investors or project owners such as CED Co-op, validated by an independent verifier, and registered with a carbon offset program. Official "registration" indicates that the project has been approved by the program and is eligible to start generating carbon offset credits after it begins operation.

3. **Project Implementation, Verification, and Offset Credit Issuance**
   An offset project is implemented, then monitored and periodically verified to determine the quantity of emission reductions it has generated. The length of time between verifications can vary, though it is typically one year. A carbon offset program approves verification reports, and then issues a number of carbon offset credits equal to the quantity of verified CO2-equivalent GHG reductions.

4. **Offset Credit Transfer and Trading**
   After they are issued, carbon offset credits can be transferred into different accounts in an offset program's registry. Transfers are usually undertaken as a result of a purchase or trade. Offset credit buyers may then use the offset credits by retiring them or transferring them to other accounts. Offset credits may change hands multiple times before they are ultimately retired and used.

5. Offset Credit Retirement

Offset credit holders must "retire" carbon offset credits in order to use them and claim their associated GHG reductions towards a GHG reduction goal. Retirement occurs according to a process specified by each carbon offset program's registry. Once an offset credit is retired, it cannot be transferred or used, meaning it is effectively taken out of circulation.

In principle, carbon offset credits offer a convenient and cost-effective way to reduce GHG emissions. Often, this means offset credits are used to compensate for (or "offset") an organization's GHG emissions, in lieu of reducing those emissions directly. For example, since most organizations find it impractical to completely eliminate their carbon footprint using only internal measures, carbon offsets offer the only practical way to claim "carbon neutrality."

CED Co-op is currently exploring processes and methodologies to aggregate, register and validate solar net-metering projects, and potentially other projects, for the purposes of generating carbon offset credits for sale into the markets.

For Ontario, our methodology is briefly as follows:

1. Gather electricity generation data on an hourly interval basis, outlined by fuel type, as published by the Ontario grid operator,
2. Analyze the energy generation data to determine the hours in which fossil fuel generation is occurring, and could be reduced,
3. Calculate the marginal emissions factors for carbon emitting generators,
4. Gather energy production data from solar installations on an hourly interval basis,
5. Compare kWh energy production from solar PV systems to calculate the marginal emissions reductions for corresponding hours,
6. Verify this data with third party evaluators, for registration in a carbon market registry.

There are two distinct markets that exist for carbon offset credits, those being "Compliance" carbon offset programs and "Voluntary" carbon offset programs. Historically, governmental bodies certified offset credits for regulatory purposes under compliance programs while non-governmental organizations primarily served voluntary programs. More recently, both governmental and non-governmental organizations have begun to serve both types of carbon offset programs. Each carbon offset program issues its own labelled "brand" of credit.

A couple of examples of compliance and voluntary programs are as follows:

The California Compliance Offset Program operates under the California Cap-and-Trade program but covers much of the United States. Ontario, at one point, was partnered into this Cap-and-Trade program, along with Quebec, which further broadened its reach into parts of Canada. Ontario was withdrawn from this Cap-and-Trade program in 2018 with the change in governments.

The Alberta Emission Offset Program (compliance) was started more than 20 years ago. It is restricted in operations and projects to Alberta. The registry of offsets for this program is operated by the CSA Group.

The CSA Group also operates a voluntary registry called the GHG CleanProjects Registry. This is a registry that is available for projects that meet the ISO 14064 series of standards. Projects from around the world are eligible to be registered on this registry.

In follow up to commitments made to battery manufacturers who are developing manufacturing in Ontario, the province launched a voluntary market on March 29, 2023, related to the generation of renewable energy. The clean energy credit (CEC) program, initiated by the IESO, aims to assist Ontario businesses in achieving environmental and sustainability objectives. CECs are digital certificates that verify the acquisition of clean energy from Ontario-based generators to fulfill voluntary targets. Each credit represents 1 MWh of clean energy and is intended for exclusive purchase by load customers within Ontario. Eligible generators include biofuel, biogas, biomass, hydro, nuclear, solar, and wind sources.

Participants in the Ontario CEC program, both generators and consumers, must register with the Midwest Renewable Energy Tracking System (M-RETS) to manage the creation, transfer, and retirement of CECs.

Organizations can utilize brokers or independently trade CECs with these transactions registered through the M-RETS registry. At this point in time, no published data exists to validate or forecast the value of credits that may trade through this registry.

As CED Co-op develops projects, it is possible that the Co-operative may seek to register projects and offsets with both voluntary and compliance-based registries such as those outlined above. Typically, the value or price of a carbon offset credit is defined and therefore higher and more stable in compliance-based programs. The value or price of carbon offset credits in the voluntary market is more volatile, and subject to market forces. Should CED Co-op engage in the development of carbon offset credits, it will seek to engage with compliance-based registries where possible, though will more likely need to participate in the voluntary markets for most projects and carbon offset credits.

In establishing the value or price of carbon offsets in voluntary markets, the pricing generally follows the perceived quality of the offset. The central idea behind a carbon offset is that it can substitute for GHG emission reductions that an organization would have made on its own. For this to be true, the world must be at least as well off when a carbon offset credit is used and retired by an entity as it would have been if the entity had reduced its own carbon footprint. The "quality" of a carbon offset credit therefore reflects the level of confidence one can have that the use of the credit will fulfil this basic principle.

A variety of terms are frequently used to define quality criteria for carbon offsets, including that associated GHG reductions must be evaluated against certain criteria as follows:

1. **Additionality**
   GHG reductions are additional if they would not have occurred in the absence of a market for offset credits. If the reductions would have happened anyway – i.e., without any prospect for project owners to sell carbon offset credits – then they are not additional.

2. **Quantifiability and Verifiability**
   If the quantity of emissions reduced or carbon sequestered can't be measured with some degree of reliability and accuracy, there is no way to award offset credits. Further, if the same credit can be issued multiple times or sold to multiple entities, it is not a 'quality' offset.

3. **Permanence**
   Sequestration or reduction projects need to ensure that emissions are kept out of the atmosphere for a reasonable and meaningful length of time. For example, carbon is drawn into and locked within a tree only as long as the tree is green and growing. Once it starts to decay, its carbon goes back into the atmosphere.

4. **Leakage**
   Leakage occurs when emissions are not truly reduced. The emissions can't just be moved somewhere else. For example, it's possible for companies to reduce their own emissions by outsourcing high-emission production to another country or region, but this does not reduce on a net basis.

5. **Social and Environmental Harms**
   For a project to produce high quality offset credits, it should not significantly contribute to social and environmental harms. For example, a project should demonstrate that it complies with all legal requirements in the jurisdiction where it is located.

Risks

There are a number of risks associated with the development and sale of carbon offset credits, including, but not limited to the following. Each of these is described in detail in Section 5: Risk Factors.

- Business Prospects – No Guarantee of Projects
- Carbon Offsets – Carbon Market Pricing
- Carbon Offsets – Market Structure Changes / Other Regulatory
- Carbon Offsets – Validation and Verification of Credits
- System/ Facility – Equipment Failures
- System/ Facility – Market Risks
- System/ Facility – Roof, Project Area, or Parking Lot Issues
- System/ Facility – Weather Variations and Snow Cover

3.6.7. Business Models – Energy Efficient Fleets, Buildings and Building Systems

As indicated by the figure in Section 3.6.1, road transportation contributes 26% and buildings contribute 21% of Ontario's GHG emissions. CED Co-op is actively considering investments that would reduce GHG emissions in buildings and transportation systems. Such investments may include ownership of specific equipment, building efficiency or energy sub-systems, or an equity position in assets or properties with buildings or equipment that meet certain energy efficiency targets.

Efficiency projects may include:

- High efficiency ground-source geothermal (geo-exchange) heating and cooling systems
- Air-source heat pump based heating and cooling systems
- Smart energy, LED lighting and building management systems
- Level 2 or Level 3 EV charging stations or systems
- Ownership or operations of zero emissions vehicles and equipment

Business or operating models may include:

- Financing arrangements with fixed or variable terms and interest rates
- Compensation based on energy reductions at either fixed or variable rates
- Sale of power or energy at either fixed or variable rates
- Sale of services based on the duration or time period in which they are used

Risks

The operation or financing of these projects or systems may include elements of Section 3.6.4 and Section 3.6.5. There are a number of risks associated with this general operating structure, including, but not limited to the following. Each of these is described in detail in Section 5: Risk Factors.

- Business Prospects – No Guarantee of Projects
- System/ Facility – Equipment Failures
- System/ Facility – Market Risks

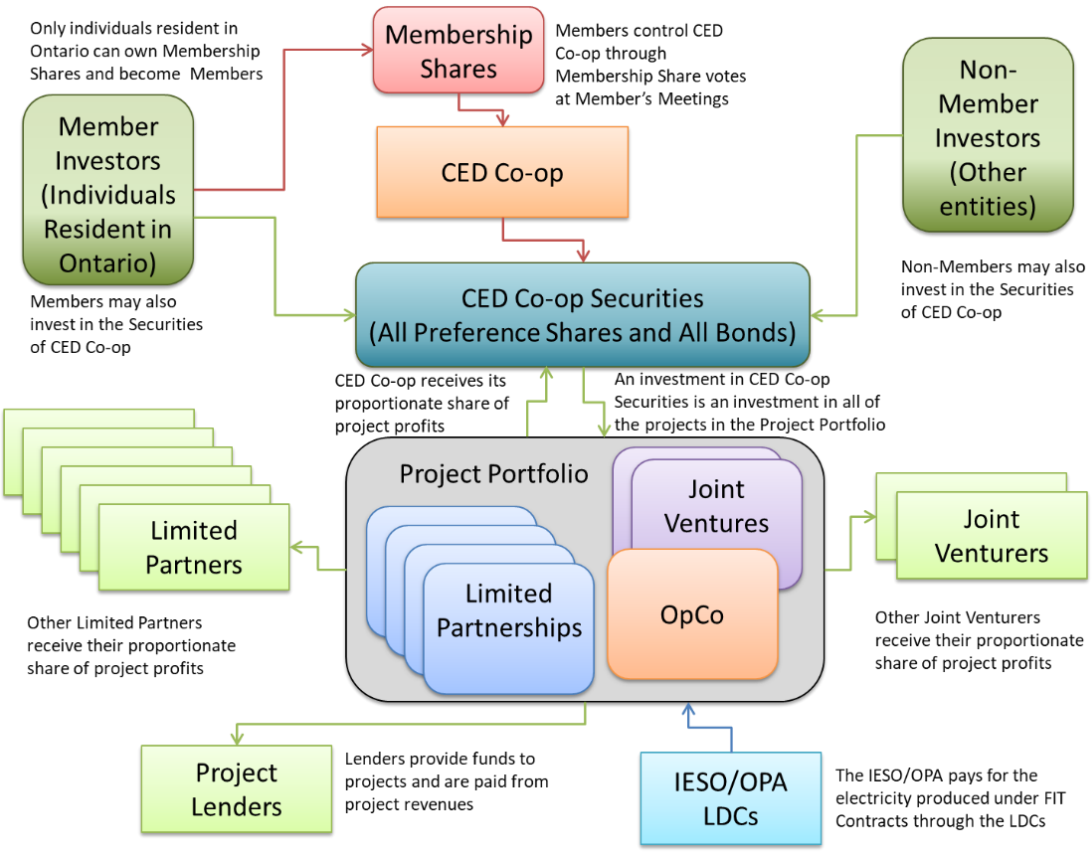
3.6.8. Business Models – Other Project Types and Technologies

CED Co-op has been focused on developing Solar PV projects, however, CED Co-op will review other opportunities and technologies to continue to grow the project portfolio and create new investment opportunities for members under the expanded scope of project options. As other technologies and opportunities are evaluated, the Board will continue to ensure that investment objectives are maintained, and that the appropriate expertise is obtained for the evaluation.

3.6.9. Operating Models – Member Investments

CED Co-op has taken a portfolio approach to matching investments with projects. As such, an investment in any security of CED Co-op is backed by all of CED Co-op's ownership in the entire portfolio of Projects. The Securities available through this Offering will receive this same benefit, as outlined in the graphic below.

While all currently operating projects and all currently contemplated new projects are intended to provide the returns for the Securities available through this Offering, CED Co-op reserves the right to make a different offering at some point in the future where the securities available under the subsequent offering may have specific returns tied to specific future projects and the returns from those future projects may not be made available for the Securities that are offered through this Offering.



3.7 INDUSTRY MEMBERSHIPS

CED Co-op benefits from being an active member in the Ontario Co-operatives Association (ON Co-op), and the Canadian Worker Co-op Federation (CWCF). These industry groups work together to help grow the profile of Co-operatives in Ontario and Canada.

3.8 INSURANCE

CED Co-op maintains Commercial General Liability insurance for its property and project operations through BFL Canada insurance brokers with the policies issued by Intact Insurance (formerly RSA Group). This policy includes provisions for mechanical breakdown of the systems as well as revenue losses. CED Co-op also holds Directors & Officers insurance through Victor Canada, with an extension policy through Markel. It is expected that the constructors of the Projects will maintain insurance for the Projects and properties during the construction stage prior to reaching Commercial Operation.

3.9 REAL ESTATE

CED Co-op does not currently own any real estate, either directly or through any of its JVs or LPs. CED Co-op has entered into Lease Agreements for the purpose of developing FIT Projects. The operations of CED Co-op are currently managed through the offices of VCT, and CED Co-op does not hold a separate lease for office space at this time.

Leases for FIT Project Development

The following is a summary of the leases with the owners of the properties where FIT or microFIT Projects are being operated to which CED Co-op or its Sub-Entities are a party. The purpose of each Lease Agreement is to permit CED Co-op or its Sub-Entities to install and operate Solar PV Systems on the Property Owners' land or buildings. A separate Lease Agreement has been entered in to by CED Co-op or its Sub-Entities with the Property Owner for each Project or property.

CED Co-op and its Sub-Entities have, at this time, entered into or acquired the rights under 117 Leases with Property Owners. In a number of cases, the property owner is also a JV or LP partner.

The following is a summary of the material terms and conditions of the Lease Agreements:

(a) The legal description of the property
(b) The term of the Lease Agreement. The Lease Agreement is for twenty years for Solar PV energy Projects to coincide with the duration of the term of the FIT Contract, plus an estimate of the time taken to apply for the FIT Contract and bring the Project to Commercial Operation. This additional time could be up to 4 years.
(c) Access to the Property for the purposes of installation, maintenance, repair and decommissioning of the Project.
(d) Confirmation of tenant's (CED Co-op or JV's) ability to use the property for the purpose of PV installations.
(e) Renewal options for extending the lease beyond 20 years – many of the leases provide for the ownership of the assets to be handed over to the landowner at the end of 20 years.
(f) The base rent to be paid over the term and ancillary charges payable.
(g) Covenants of the tenant to install and operate the system in a prudent manner.
(h) Covenants of the Property Owner including provisions that the Property Owner will not do any act or thing that will result in any shading or obstruction of the sun, thereby impairing the Renewable Energy equipment's ability to generate electricity.
(i) A covenant that the Property Owner will obtain a non-disturbance agreement from any holder of a mortgage on the Property being leased.
(j) The Property Owner has the ability to terminate the Lease Agreement if the tenant has defaulted in its obligations to the Property Owner in the Lease Agreement.
(k) The insurance the parties are required to obtain for the Renewable Energy equipment and the property on which the renewable power equipment is situated.
(l) Terms and provisions regarding the transfer by a party of their interest in the Lease Agreement.
(m) It is intended that the parties would initially proceed to non-binding mediation followed by binding arbitration in the event the non-binding mediation did not result in a resolution of the issue.
(n) For building rooftop leases, terms under which a system, once installed, may be temporarily moved or relocated in order to facilitate any roof repairs required for the building.
(o) General indemnification provisions between tenant and Property Owner whereby one party agrees to indemnify the other for damages suffered by the other party as a result of the conduct of the one party.
(p) The location of the Renewable Energy equipment and ancillary equipment on the Property Owner's property.
(q) Options upon completion of lease term regarding removal of equipment or transfer of ownership.

Given site variations and the fact that Lease Agreements must be negotiated separately with each and every Property Owner, some variations exist within the current leases that have been executed and it is envisioned that not all future Lease Agreements will be uniform. This variation of leases is identified as a Risk Factor in Section 5: Risk Factors – System/Facility - Lease Agreement Risk.

3.10 MARKETING

CED Co-op has a marketing strategy to attract Members and investment from both Members and Non-Members. More information on this plan is provided in Section 4 ("Business Plan") of this Offering Statement.

3.11 CO-OPERATIVE MANAGEMENT

CED Co-op is currently managed by its Board of Directors and does not have any employees. The Directors are elected for a three-year term, with the renewal of terms staggered so that not all directors' positions are vacated in a given year. If the Director is being elected to replace a Director who, for whatever reason, has failed to serve their entire term, the term of such replacement Director shall be for the balance of such Director's term. As outlined in the Co-op Act, there is no limit on the number of terms a Director may serve. The election of Directors occurs by vote of the Members at the annual general meetings of CED Co-op.

The current members of the Board have a broad range of business experience in start-ups, financial co-operatives, high-tech companies, construction, legal, finance, operations, and managing businesses as well as a proven track record of energy project development:

Alvin Doerksen, MBA, B.ED, B.SC – Board Chair and Director

Al is a retired senior executive with broad-based experience in business, international development, and education. He has spent over 6 years as a consultant to, and later CEO, at International Development Enterprises (Denver) and 7 years at Palliser Furniture (Winnipeg), including time in the role of Senior VP Operations. Al has also held leadership positions with Canadian Foodgrains Bank, Trojan Technologies (London/Europe), and MCC. His board experience includes serving on the Board of Ridge Townhomes, Concord College, and IDE Canada, and two terms on the CED Co-operative board including 3 years as Board Chair.

Blair Groff, BA, LLB – Secretary and Director

Blair is a practicing lawyer who also holds an economics degree and has worked in the financial services industry for 28 years. Currently, he is the Vice President, General Counsel (Business Solutions) at The Co-operators, one of the largest co-operatives in Canada, with a focus on mergers, acquisitions, and regulatory matters. With experience in strategic direction, consensus building, and understanding regulatory requirements, Blair has learned to think outside the box to reach business objectives. Additional Board experience includes serving as Corporate Secretary to the Board of Manulife Canada Limited.

Brian Unrau, BED, MBA, FCUIC, CPA, CMA – President and Director

In addition to serving as President of CED Co-op, Brian is also the President of VCT. Brian studied energy efficient and environmental technologies in the Faculty of Architecture at the University of Manitoba, receiving his Bachelor of Environmental Design (BED). Following this he pursued further studies in computer science and began working for Convergys/AT&T. Brian then became a partner in a computer consulting firm, starting up a computer sales company alongside the consulting business, as well as teaching high school computer science courses. Brian left those endeavours to join the financial co-operative, Kindred Credit Union (formerly Mennonite Savings and Credit Union), in 2002 where he subsequently held several technical, lending, and management roles and earned the designation of Fellow of the Credit Union Institute of Canada (FCUIC). During this time Brian also obtained is Master of Business Administration (MBA) from Wilfrid Laurier University. Following this he pursued further studies in accounting, completing the Certified Management Accountant (CMA) program in 2011, and has subsequently received the designation of Chartered Professional Accountant (CPA). Brian is one of the founding members of CED Co-op and has served as the President of the organization since its incorporation in 2012. He is currently serving on the board of Enova Energy Corporation and on the building committee and the board of directors of Beyond Housing, a charity engaged in providing affordable housing.

Christine Weber, B.A. – Director

Christine retired from CRA at the end of 2017. She spent 30 years working predominantly in Audit, specializing in Income Tax. She audited many business operations both small and large, analyzing financial data and business patterns. She was also a CRA Regional Trainer, teaching tax law and auditing skills in Southern Ontario for many years. She says, “Analytical thinking is one of my strongest attributes. I also developed the ability to question and to challenge interpretations, suppositions, etc. but always by being respectful. Asking probing questions is what an auditor does.” She adds that she values her position as a board member with CED Co-op because she believes in what this business investment opportunity represents, i.e. by putting Renewable Energy to work. She notes that they have solar panels on their roof, an electric car, as well as a PHEV and are working on an Electric Heat Pump installed instead of a Gas Furnace.

Christopher Derksen Hiebert, MA – Director

Chris brings over twenty-five years of advocacy experience and leadership, with a focus both in Canada and globally. Holding an MA in Political Science from Carleton University, he spent a decade at Mennonite Central Committee, including four years directing the Ottawa government relations office. At World Vision Canada since 2001, he initially served as a Policy Advisor on Peacebuilding and Conflict, transitioning to Director of Advocacy and Education in 2007. He currently serves as Senior Director of Public Policy for World Vision International, providing strategic guidance on issues like child rights and climate security, representing the organization at major forums like the G7, G20, COP27, and the UN.

Chris is a dedicated educator, having taught undergraduate advocacy courses at Conrad Grebel University College. He has served on multiple Boards of Directors, including Project Ploughshares and Geneva-based Child Rights Connect. Passionate about climate justice, Chris actively integrates his beliefs into both his personal and professional life. He and his wife have embraced sustainable practices, such as participating in the Ontario Micro-fit program and implementing solar panels on their home.

Dale Brubacher-Cressman, BASC, P.Eng – Director

In addition to serving as a Director of CED Co-op, Dale is one of the owners of VCT, and served as its President until May of 2016. Dale previously spent 17 years at BlackBerry (formerly Research In Motion) helping build the company from start-up to a globally recognized corporation. His responsibilities there included Program Manager for the BlackBerry 8700. As Program Manager and reporting directly to the Chief Operating Officer, Dale oversaw all aspects of product development including product and market definition, hardware and software development, quality assurance, new product introduction and manufacturing. Dale also led the development and commercialization of the DigiSync Film Barcode reader which received technical awards from both the Academy of Television Arts and Sciences ("Emmy Awards") and the Academy of Motion Picture Arts and Sciences ("Academy Awards"). In addition to his work in the solar industry, Dale has served on the board of directors of a number of organizations, including Kindred Credit Union, Aeryon Labs (acquired by FLIR), Sustainable Waterloo Region and Lucid Energy Technologies. He is an active angel investor with a focus on sustainable technologies.

John Brubacher, B.Sc. – Director

John has been involved in business operations through work with Martin Mills Inc. and the pet food divisions of HJ Heinz and Del Monte. His responsibilities included purchasing, operations, logistics, sales, and budgeting. John holds a BSc and has attended Risk Reduction Management programs from the Chicago Board of Trade (now CME). John is taking a slower pace in business as a real estate agent, committing more of his time and expertise to Boards, including CED Co-op. John is an active investor in a number of solar, wind and other renewable energy companies.

Martin Sellar Voll, B.A., MES – Director

Martin is in the midst of transitioning to the role of Director of Human Resources and IT with Centurion Canada Rentals and Services, part of the Centurion Group which is a global leader in the supply of critical services to the energy and resource industries. Since joining the company in 2007, Martin has worked in various capacities of operations management. He has held senior roles throughout the company's nine business acquisitions since 2017, including three in 2023. He continues as the chair of the company's global water group. Martin also has previous work experience with on and off-grid PV systems up the 10kW, real estate development, property management, and community economic development. He has previous board experience. Martin holds a Bachelor's degree in International Development with minors in Business and Economics, and he also holds a Master's Degree in Applied Environmental Studies from the University of Waterloo.

Paul Hildebrand, B.Math, B.Ed. – Director

Paul is a recent retiree of the Waterloo Region District School Board where he taught Mathematics, Computer Science, and Business Studies, at the secondary level, for 28 years. Prior to that, he worked for 7 years in the Information Technology sector with the Prudential Assurance Company. He holds two degrees; the first, a Bachelor 's Degree in Mathematics majoring in Accounting and Computer Science, from the University of Waterloo, and the second, a Bachelor of Education degree from the University of Western Ontario. Blending the technical and the interpersonal has been the cornerstone of Paul's career. Whether it be leading teams of programmers in software project development, or inspiring students in a classroom setting, he is at home working both individually or in a group setting and is an experienced public speaker.

Ryan Parton, C.E.T. – Director

Ryan is a co-owner of Crescent Ridge Services and sits on its board. Ryan has organizational development experience, having grown sales from average of $1M to $1.5M to $4M-6M per year in past 3 years. A significant amount of his management teamwork consists of providing ideas; reviewing and collaborating to come to the best solution/idea for the business and their customers. On the financial side Ryan takes care of all financial aspects; budgeting for capital expenditures, managing operational expenses and optimizing wherever

possible as well as dealing with HST and Payroll remittances to CRA. From his previous roles at BlackBerry, Ryan has a wealth of knowledge on reverse logistics/RMA, manufacturing, product, and hardware engineering, regulatory and compliance and certification, Lean/Six Sigma/Kaizen and electrical testing. During his time at VCT Group he grew from having little knowledge on how solar panels and associated power electronics worked, to managing over 8MW of PV projects and becoming a technical leader on the topic. His every day goal was and still is to ensure that his projects were working and performing for his customers. He took the trust that CED put in VCT Group to build the projects very seriously and always did his best to put the projects first. Ryan is pragmatic and considers himself a common-sense person when it comes to issues of finance and investment details.

Steven Chomyc, P. Eng, MBA – Treasurer and Director

Steve has an extensive solar PV background in both technical and project development. He has built and designed his own installation from scratch and was also responsible for EPC execution of the FRV/SunEdison Apex Solar development in North Las Vegas, NV. Steve has also held several general management positions, both with ABB and with Plexal Group in Perth, Australia. At Plexal Group, Steve reported to the board of directors and interacted extensively with them including navigating the business through the Global Financial Crisis and managing cash reserves very tightly. Typically, Steve is part of the front-end development of opportunities. He brings strong risk management/mitigation skills and to ensure that, once secured, the opportunity can be delivered with predictable and desired outcomes. Steve has been a licensed Professional Engineer (PEO) since 1988 and completed his MBA in 2012, while working full-time. He likes the challenge of a difficult problem and brings his diverse background and collaborative nature to his assignments.

3.12 ON DISSOLUTION OF THE CO-OPERATIVE

Upon dissolution and after the payment of all debts and liabilities, including any dividends declared and not paid, and the purchase for cancellation or redemption of all outstanding Shares, CED Co-op's remaining property shall be distributed equally among its Members irrespective of the number of Shares or amount of Bonds or loans, if any, held or made by a Member.

4. BUSINESS PLAN

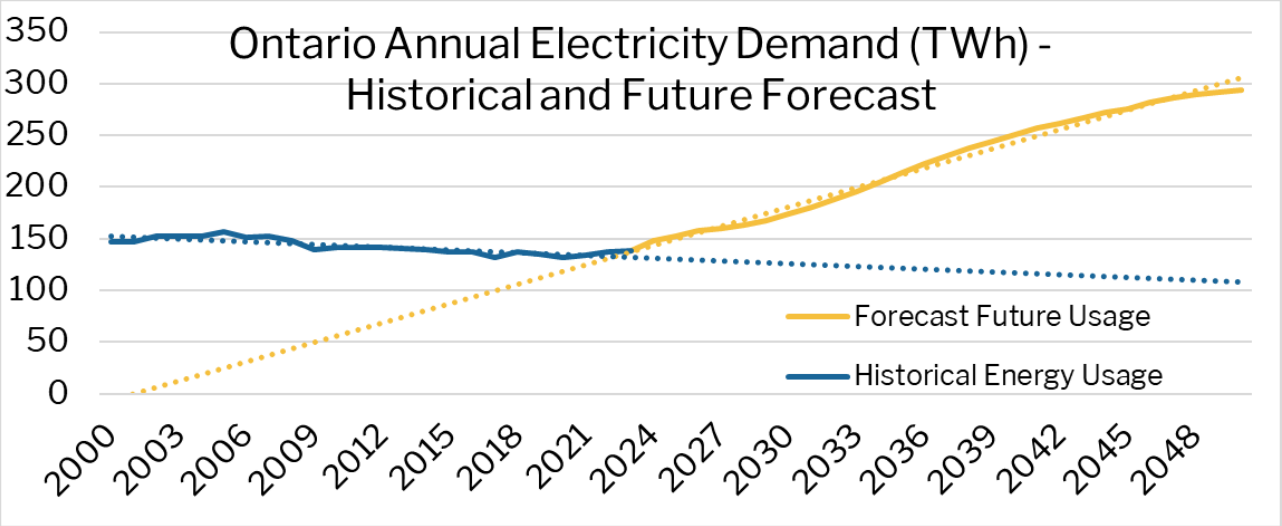
In the artificial market of the FIT and microFIT program, project opportunities relied on the grid operator's forecast needs for power generation capacity and structured procurements for energy supply from various generating types. Further, within these procurements, the FIT Program required unparalleled dedication to timeliness and accuracy, with some procurements seeing the capacity taken up with applications submitted within the first day of application window opening, and applications being rejected for issues as small as single typographic errors.

Under the broader scope of business opportunities now available to CED Co-op, the Co-operative is operating in more natural market structures, working directly with consumers of energy rather than those that procure energy on behalf of the Province.

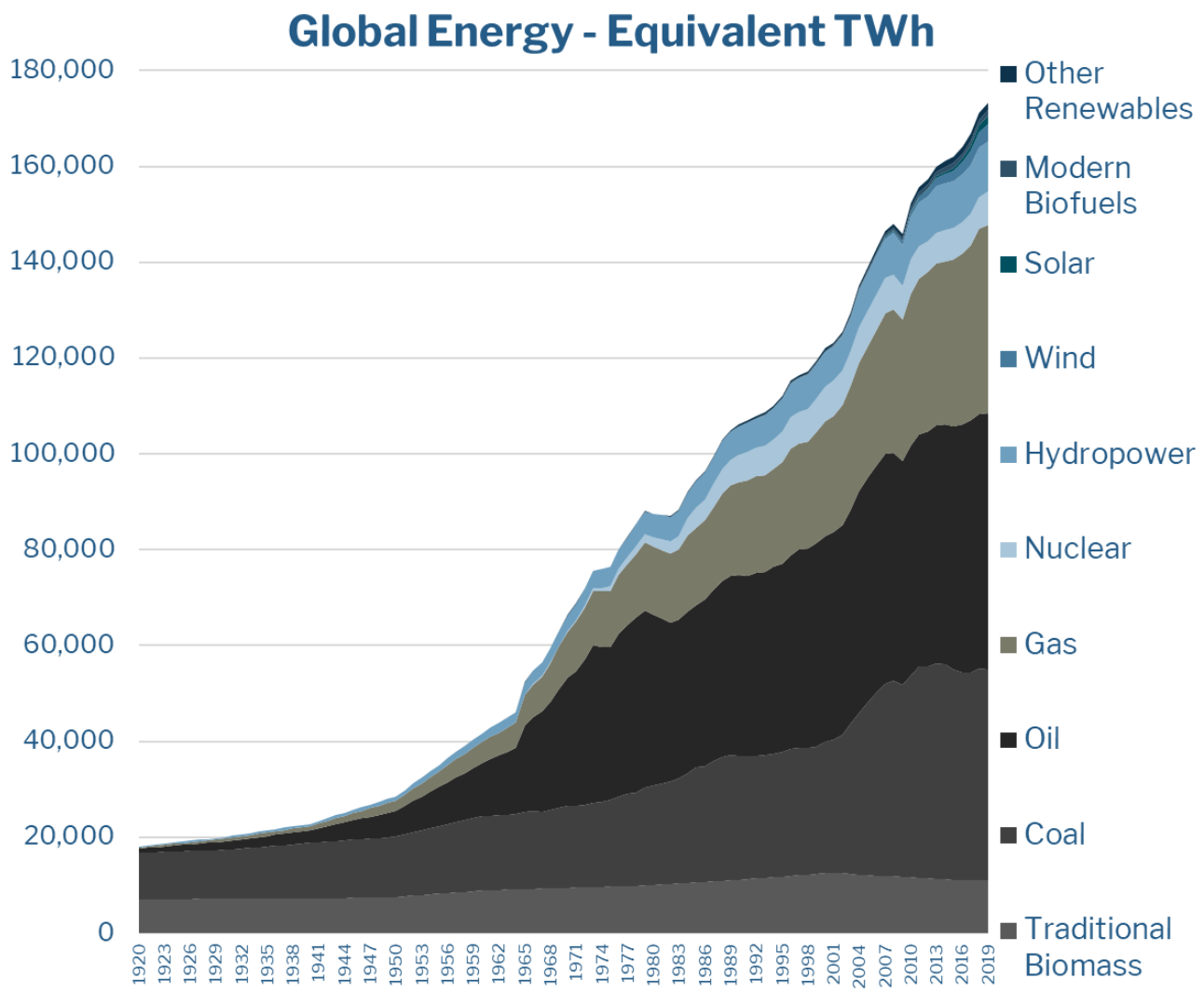
Notwithstanding this change in target market structures, CED Co-op will still need to rely on a favourable regulatory environment that continues to introduce legislation and regulation that favours the addition of distributed energy generation, energy resiliency, clean energy, and cost-effective energy generation.

4.1 ONTARIO ELECTRICITY MARKET AND BEYOND

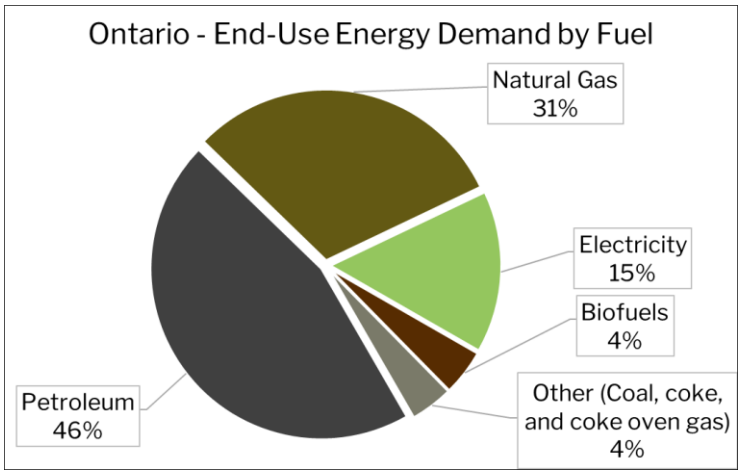
As outlined in Section 3.6.1, the IESO has released forecasts for energy demand in Ontario. The province is at an inflection point in its electricity markets. Economic growth coming out of the pandemic, along with electrification in many sectors, is driving energy use up across the province, and these forecasts are higher than what has been shared in previous planning documents. While the time from 2000 to 2023 has shown a downward trend in electricity demand, the forecast through to 2050 shows that electricity consumption is anticipated to increase by 114%, a compound annual growth rate of 2.85%.



While this is somewhat in alignment with actions needed to reduce emissions, it still falls short of what will be required to achieve our climate goals. Over the past century, on a global scale, energy consumption has been consistently increasing at a compound annual growth rate of 2.3% while the population has been growing at a compound annual growth rate of about 1.4%. Our energy usage both in absolute values and on a per capita basis is increasing significantly. This increase in energy usage is shown in the graph below, which outlines 100 years of increasing energy consumption, from 1920 to 2020, along with the sources of energy.

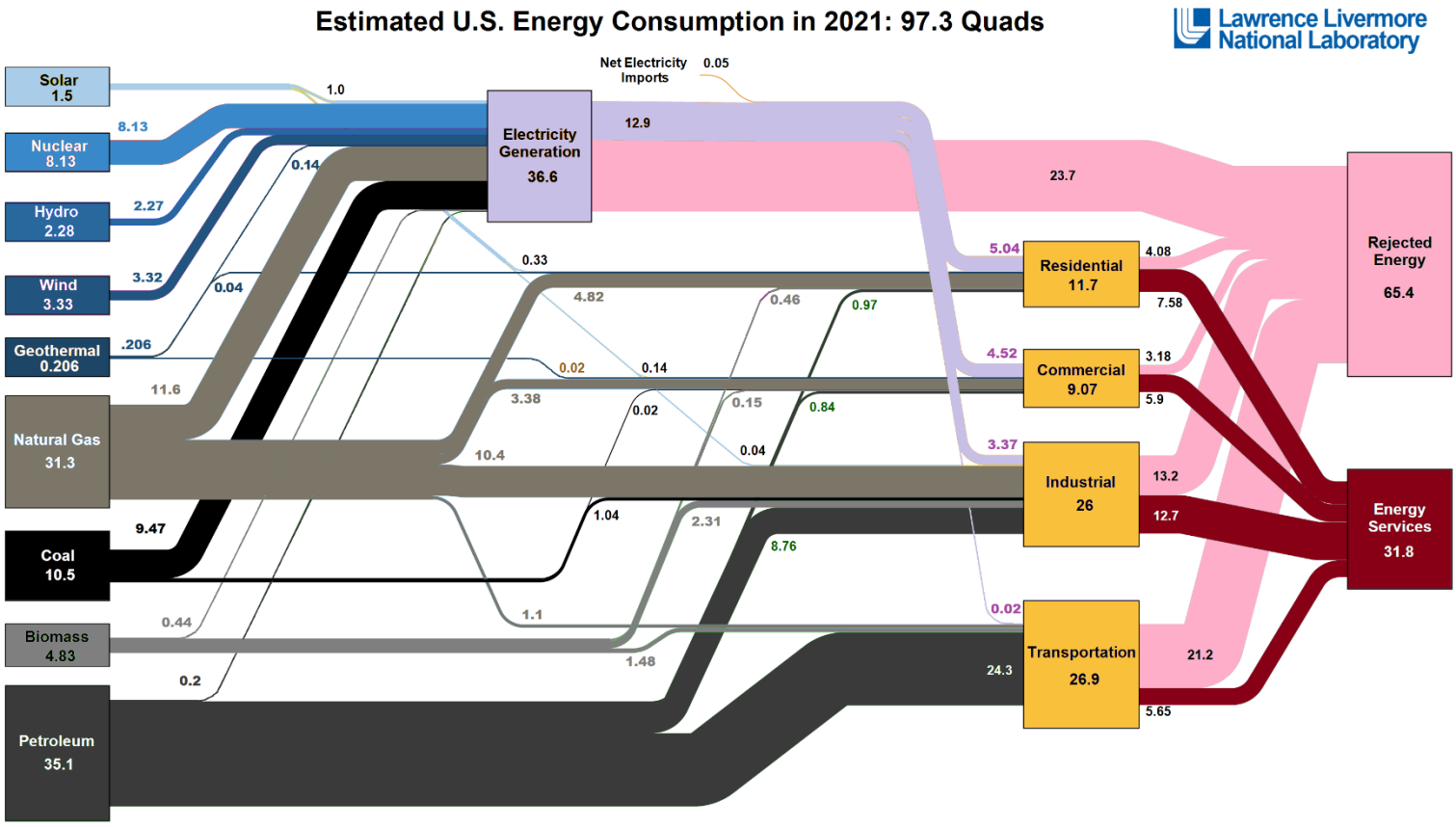


The lower 4 areas, including biomass, coal, oil and gas are all combustion based, making up more than 85% of energy consumption. While this outlines energy sources at the global level, the Ontario situation is similar. Only 15% of energy consumed in Ontario is through clean, electrified sources, while 85% continues to be supplied from combustion.



This outlines the immense task ahead. With 75% of emissions coming from energy consumption, and 85% of energy coming from emitting sources, an entire rebuild of the global energy systems is needed.

The good news, if it can be called such, is that more than 67% of the energy used is wasted due to inefficiency and heat escape, known as rejected energy.

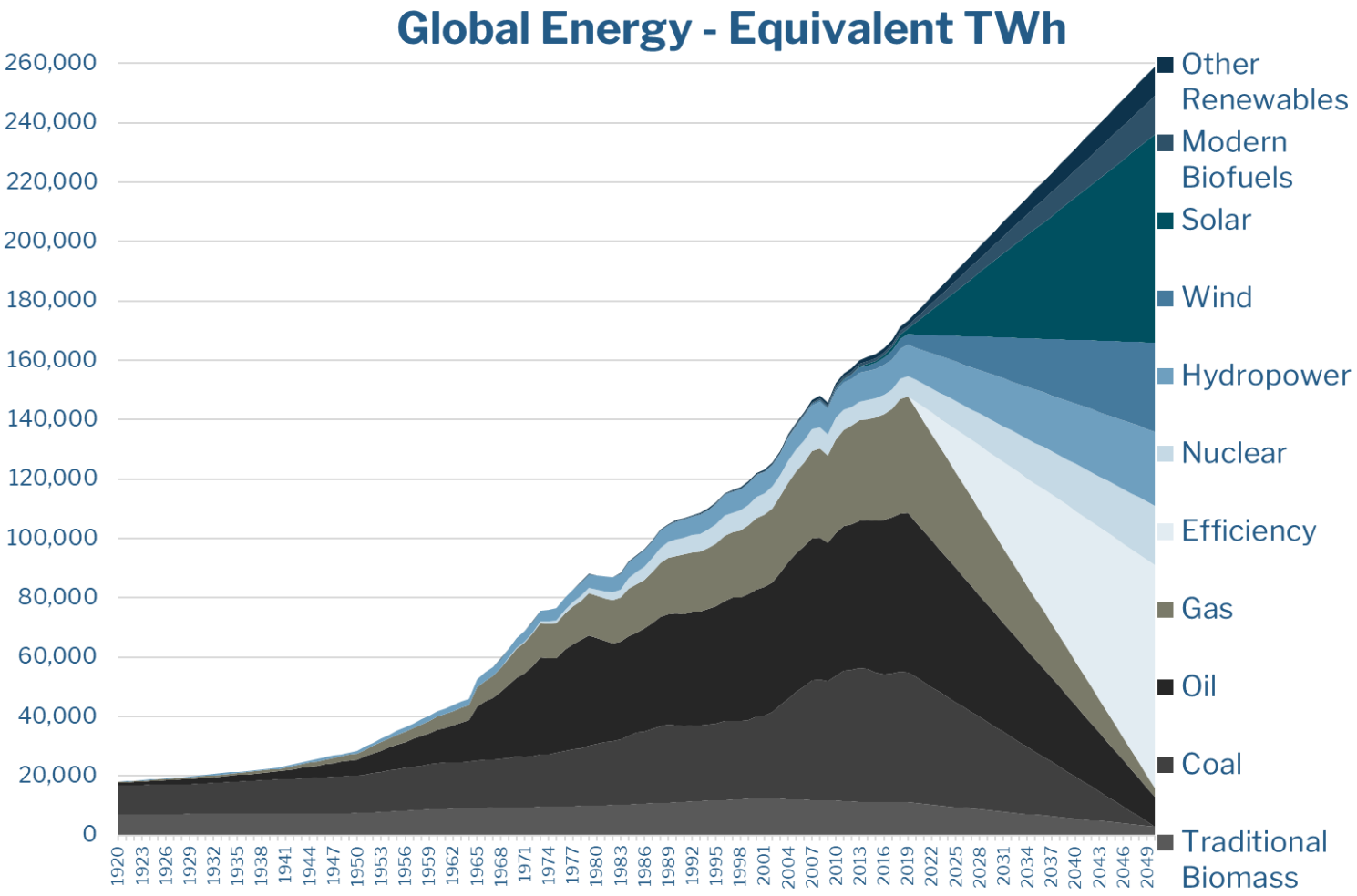


This diagram is for the US, but Canada is similar. Inefficiency, waste energy and heat escape are included in "rejected energy", represented by the large pink box on the upper right. The real work energy, what is truly needed and used, is the lower, darker red box. Of the current energy consumption, from all sources, and through all uses, twice as much energy is lost to "rejected energy" than what actually gets used productively.

For example, in transportation, the bottom orange box, in examining the efficiency of an internal combustion engine-based vehicle, 80% of the energy is lost to inefficiency, compared to a battery-based electric vehicle that loses only 11% to inefficiency. If all road vehicles were electrified as battery-electric vehicles at this same efficiency, to deliver the same productive energy of 5.65 Quads (quadrillion BTUs equivalent energy) for transportation, the orange box would shrink from 26.9 to 6.35, and the large pink pipe would shrink from 21.2, down to about 0.7.

Another example, in home heating, whereas the top furnaces have efficiencies in the high 90 percents, still less than 1:1, a heat pump is actually a multiplier of energy. Through most of its operating range, one unit of energy going into a heat pump creates 3 units of heat energy out – 1:3, or more. Even at its worst is still better on a percentage basis, and most importantly, involves no combustion. Heat pumps, as energy multipliers, almost entirely eliminate rejected energy.

If we apply the technology of electric vehicles, heat pumps and other market tested technologies, we can take the challenge of electrifying global energy needs down by more than half. If these energy efficient technologies are implemented (grey area in the graph below), and the current growth rates of solar, wind, other renewable energy sources and energy storage technologies continue, the transition away from fossil fuel based energy can largely be completed by 2050 while meeting the growing energy demand.



Natural Gas / Methane

Below ground methane has benefitted tremendously from fortunate branding that occurred more than a century ago, in it becoming known as 'natural gas', but it should be recognized it for what it is. Methane is approximately 80 times more potent as a heat-trapping greenhouse gas than carbon dioxide. Further, methane emissions in Canada have been known to be understated for many years, with emissions likely exceeding what is being reported by a significant multiple. This would indicate that the reported methane emissions, currently recorded as 13% of Canada's total greenhouse gas emissions, are likely several times this amount. Natural gas (methane) is not something that should be treated as a transition fuel.

Studies completed by Stanford University in 2022, which used airborne sensors to monitor thousands of gas wells in the Permian Basin located in New Mexico and Texas, concluded that more than 9% of all methane produced in the region is being leaked into the skies. This is more than 6 times the current estimates from the Environmental Protection Agency of 1.4%. Further, it is more than 3x the level at which coal-based power plants have a lower emissions profile than natural gas (methane) power plants.

A single methane leak from extraction occurring in 2022 near Lloydminster, on the border between Alberta and Saskatchewan, saw gas escaping into the atmosphere at a rate similar to the emissions from 1.75 million passenger vehicles.

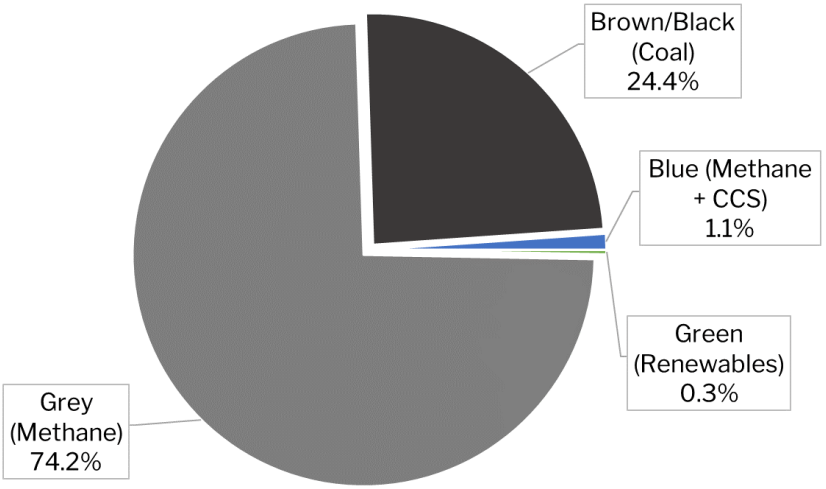
Hydrogen Alternative – Black, Grey, Blue, Green…

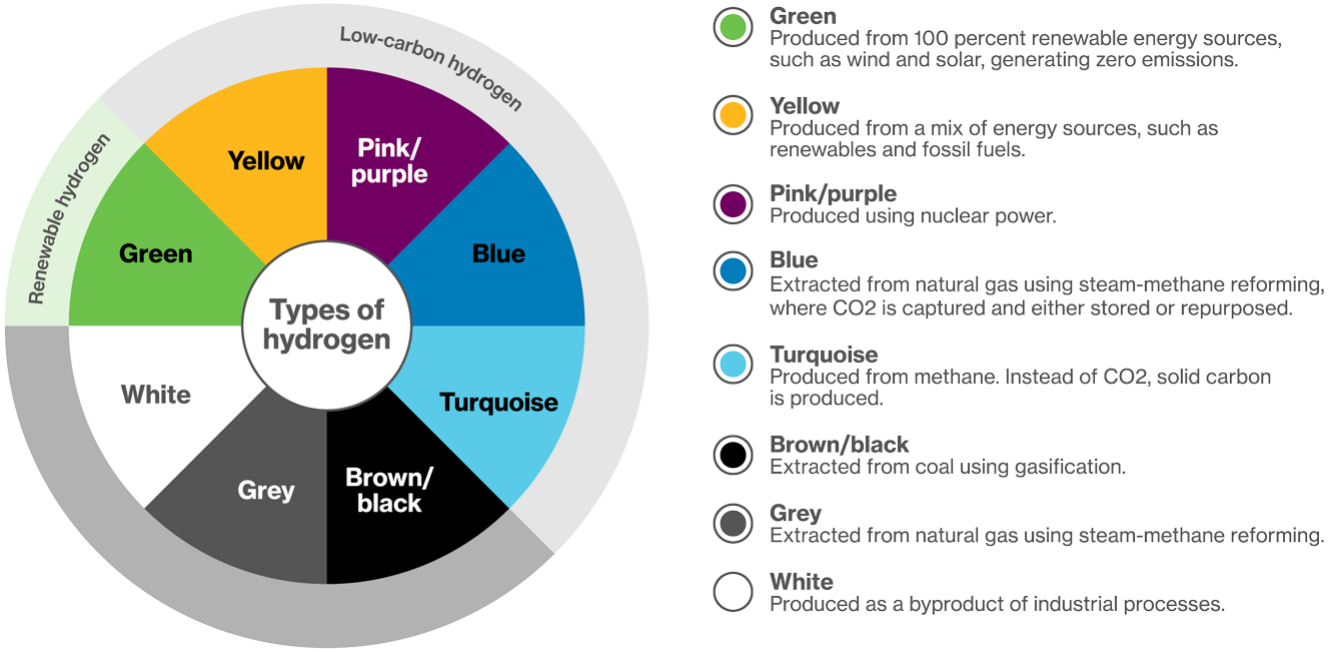
Based on currently commercialized technologies and processes, hydrogen is not a suitable alternative. Production of hydrogen largely comes from steam reformation of methane, and further the heat to supply the steam comes from the combustion of methane. This is known as 'grey hydrogen'. Studies confirm that hydrogen produced from methane not only has a larger carbon footprint than simply continuing to use methane, but also is double the cost.

Adding in carbon capture and storage processes to the creation of hydrogen from methane is known as 'blue hydrogen'. While carbon dioxide emissions can be lower for blue hydrogen, fugitive methane emissions for blue hydrogen are higher than for grey hydrogen because of an increased use of natural gas to power the carbon capture. In aggregate, the greenhouse gas footprint of blue hydrogen is more than 20% greater than burning methane or coal for heat and 60% greater than burning diesel oil for heat.

While hydrogen can be produced from renewable powered electrolysis, known as 'green hydrogen', it is currently 10 times the price of methane, and on a system price/efficiency basis simply cannot compete with the cost of electricity/electrification, especially with solar bringing the costs of new electricity generation lower and lower. While improvements are being made in green hydrogen, so too are improvements made in solar, wind and battery technologies, which further challenge the likelihood of large-scale green hydrogen. Green hydrogen currently makes up only 0.3% of all hydrogen being produced.

Sources of Hydrogen Production





Other challenges for hydrogen exist in the overall delivery infrastructure. The methane pipeline infrastructure that exists across Ontario and Canada, which brings methane to most homes, is not able to manage a full conversion to hydrogen. The delivery pipes, along with the household appliances they feed (water heaters, furnaces, fireplaces, stoves, clothes dryers), can generally support no more than 20% hydrogen content, meaning 80% will still have to be methane in order to be able to keep the current infrastructure of pipelines

and appliances. Further, the density of energy in Hydrogen is much lower than current fuels, an entire transport trailer is needed to transport the annual energy needs of 1 FCEV vs a regular transport trailer, hauling enough gasoline for 25 gas vehicles.

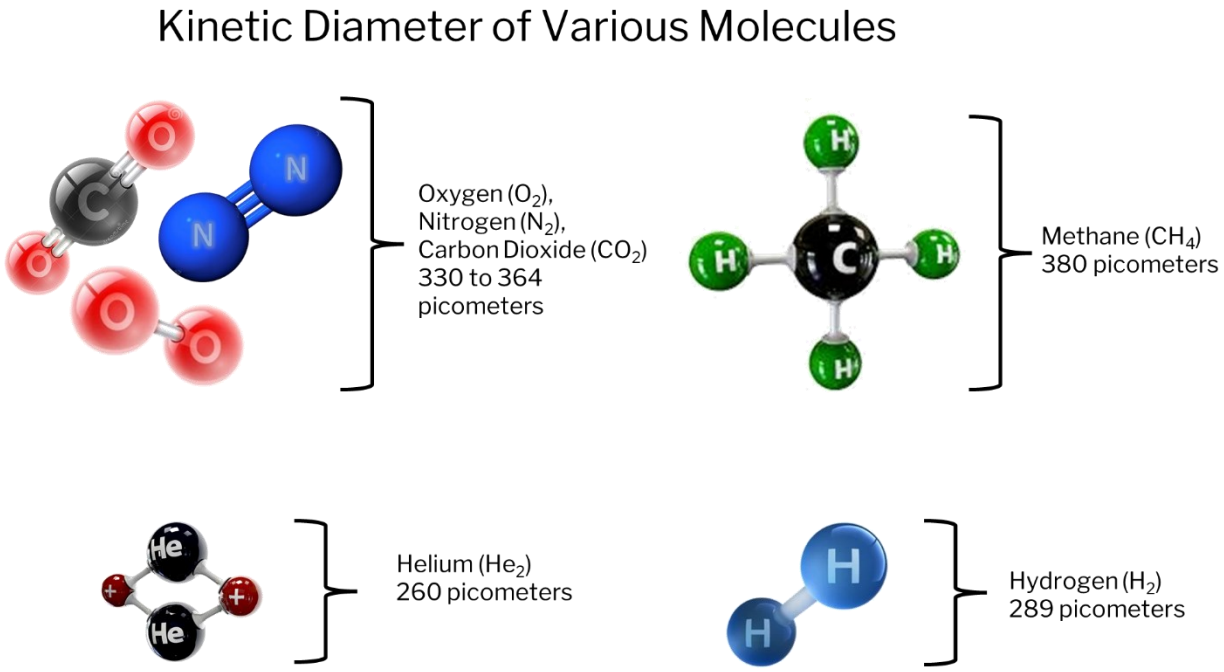




Transport Trailer - Hydrogen
- Hauling 300kg of Compressed Hydrogen
- Enough hydrogen to power **1** average hydrogen FCEV vehicle for 25,000 kms

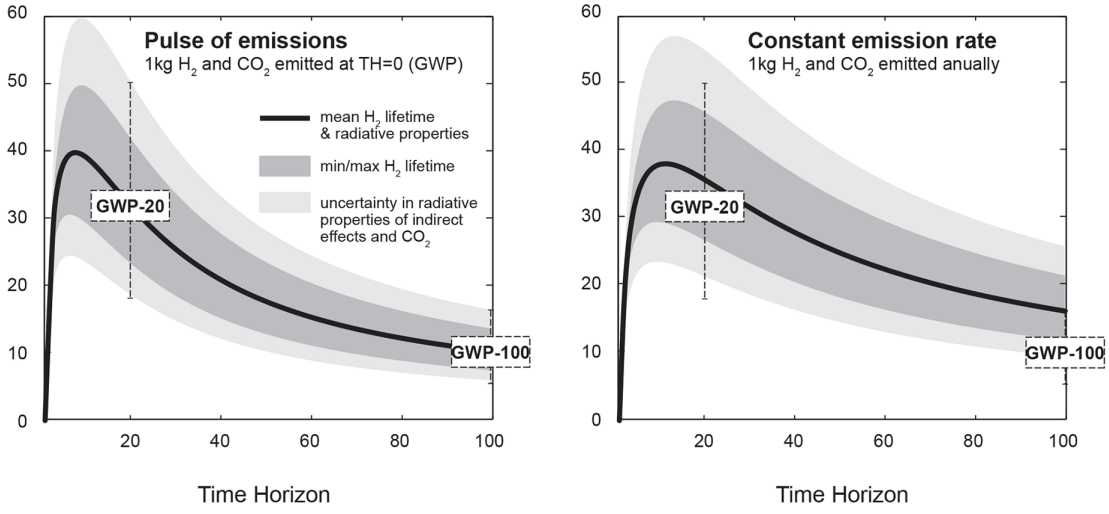
Transport Trailer - Gasoline
- Hauling 44,000 litres of gasoline
- Enough gasoline to power **25** average gas vehicles for 25,000 kms

Even if the hydrogen industry overcomes the many challenges of cost, efficiency, and basic laws of thermodynamics, it is questionable as to whether hydrogen provides any environmental advantage. As noted above, it is already a challenge keeping methane molecules securely in pipelines and transportation infrastructure, with much of it leaking into the atmosphere. Hydrogen represents an even bigger challenge with it being so much smaller a molecule. The size of a hydrogen molecule is similar in relation to methane as the size of a helium molecule is to the air we breath. When balloons are filled with helium, it typically only takes a day or two for most of the helium to leak out versus those that are filled with breath. It is likely that pipelines and transportation infrastructure for hydrogen will face similar challenges.



While the combustion of hydrogen (H2) generally results in the creation of water (H2O) as the byproduct, it isn't the burning of hydrogen that is problematic. Once again, it is the fugitive emissions. Hydrogen too is a fairly powerful greenhouse gas. While it is less potent than methane, which has a global warming potential over a 20-year period (GWP-20) that is 80 times carbon dioxide, the GWP-20 of hydrogen averages 32 times that of carbon dioxide.

Global Warming Potential of Hydrogen – Pulse vs Constant Emissions



Renewable Natural Gas Alternative

Renewable natural gas (methane from landfills and bio-waste), while not being extracted from below ground, is not a significantly better alternative. Studies produced by the methane industry recognize that there simply isn't enough of it to fill the other 80% (after maximizing hydrogen to 20%) in pipelines. Estimates put total renewable methane resources as potentially meeting at a maximum of 10% of our methane consumption, though identify that only 3% to 5% of what we use now could be feasibly accessed and supplied "renewably". Further, the pipeline and transport systems would remain unchanged, leading to continued leaks and fugitive methane emissions. Methane is methane, whether from bio-waste or from below ground, and fugitive emissions of renewable methane are just as harmful.

These "solutions" of hydrogen and renewable methane, at least within current technological processes and capabilities, are misdirects and distractions. They are further deepening and extending overall societal reliance on methane and fossil fuel extraction, just as ethanol and biofuels misled people in the 90's to believe that the process to clean up gasoline was able to happen without having to change habits. This has resulted in increasing overall reliance on oil and gas.

Nuclear Alternative

Despite the debates about capital costs, safety, terrorism, nuclear arms proliferation, insurance and others, historical experience and track records indicate that it is largely too late for nuclear power to have a meaningful impact on climate change. The Ontario experience of the construction of nuclear plants is not great. Timelines were 50% longer than planned at 15 years, and costs were 4x the budget. This 15 years also doesn't include the design, planning and permitting time, which adds several more years.

Darlington is beginning site preparation work for a 300 MW Small Modular Reactor, or SMR, with the ambitious goal of having Canada's first commercial, grid-scale SMR operating as soon as 2028. Despite skepticism on achieving this timeline, it would still be a demonstration project, followed by studies for commercialization and streamlining for future larger scale deployments. The International Panel on Climate Change guidance indicates that global emissions need to be reduced by nearly 50% by 2030 in order for warming to be kept to 1.5°C, and net zero by 2050. Reasonable estimates for the planning, financing and construction of any significant volume of new nuclear power plants would put operations beginning in 2040 or later, a point at which a 60% to 70% reduction in ghg emissions must already be realized.

Efficiency of Electricity

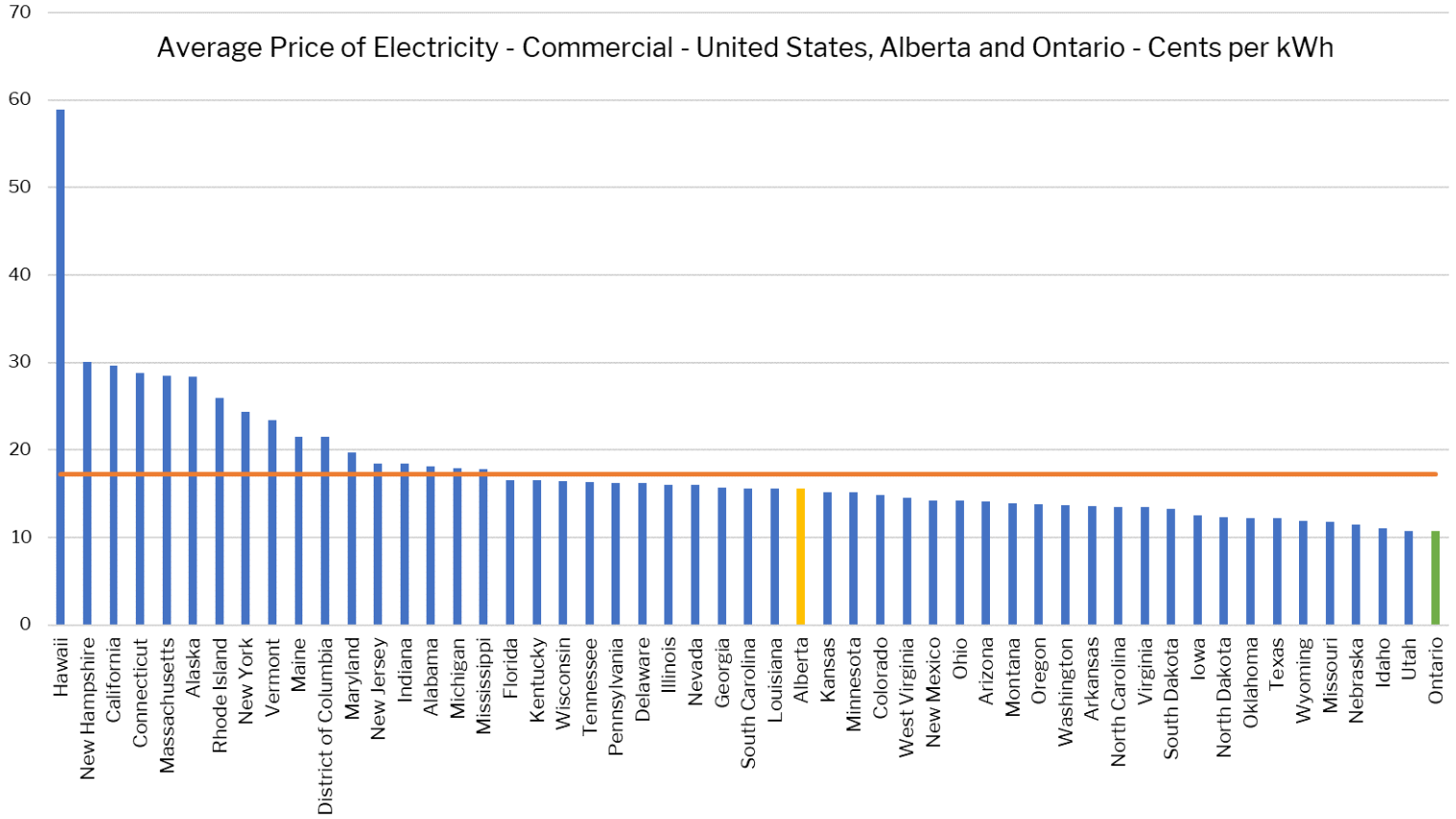
Electricity travels through wires at approximately 270,000 km/s, traversing the country in the literal blink of an eye, and a single high voltage transmission line can carry enough electricity to provide up to 10% of Ontario's peak electricity consumption (20% of night-time consumption). Instead of building pipelines, it appears to be much more forward thinking to be building transmission lines and energy storage.

It is clear that the projects CED Co-op intends to undertake align with the goals of the grid operator. Specifically, it is expected that regulations introduced over the coming years will favour increases in generation capacity, distributed energy generation, renewable energy generation, flexible forms of energy generation, energy storage and consumer choice.

4.1.1. Cost Effective Electricity – Solar Net-Meter Generation

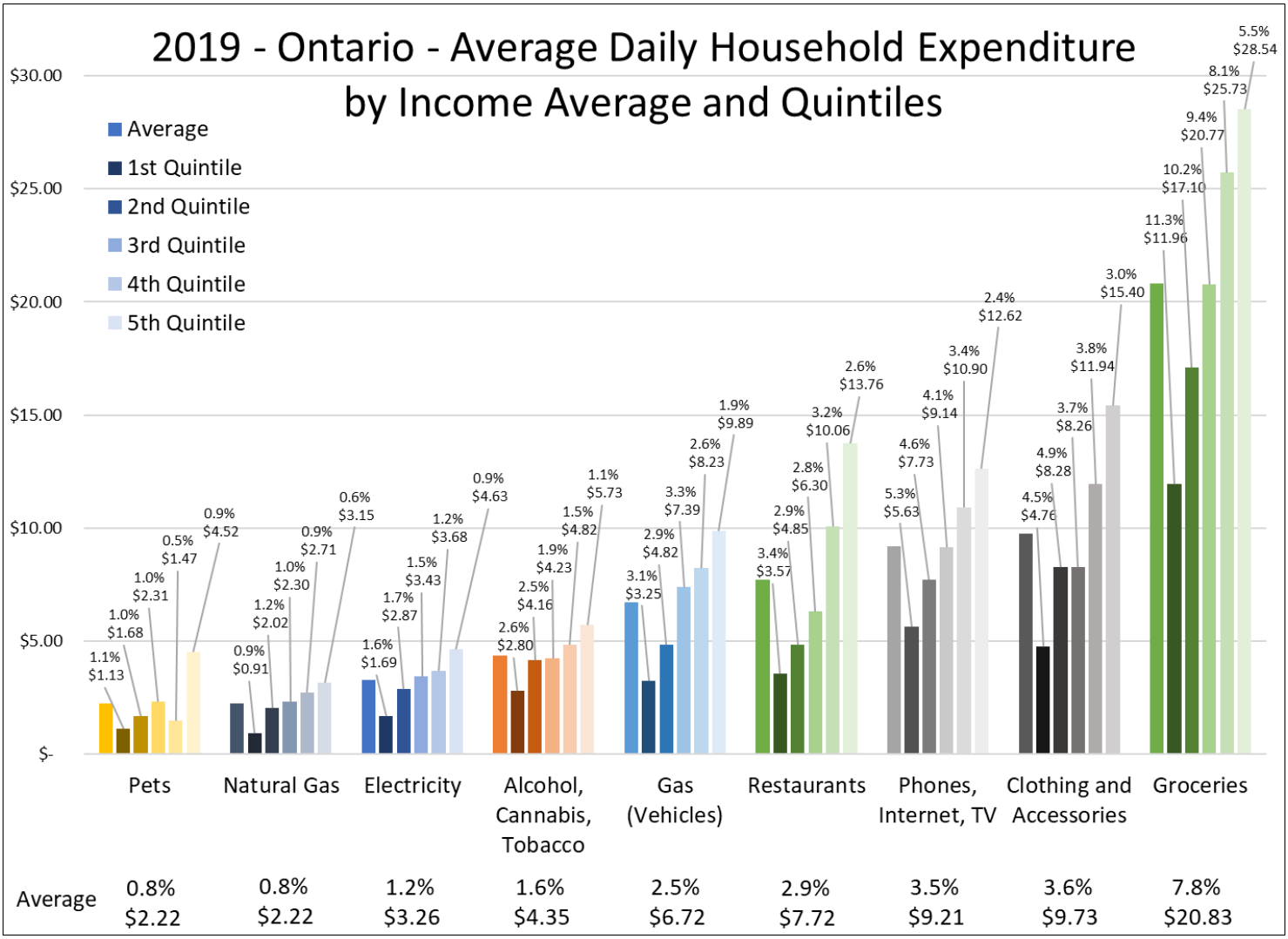
The core target market for project development is known as a Class B electricity consumer. This is a cohort that generally has peak monthly demands for electricity between 50 kW and 1,000 kW of power and uses anywhere from 250,000 kWh to 5,000,000 kWh of energy on an annual basis. This consumer pays electricity commodity rates as a combination of the Hourly Ontario Energy Price (HOEP) and Global Adjustment (GA). The average pre-pandemic combined price of energy was $0.143 /kWh, though in 2021, the Ontario government once again put an electricity subsidization program in place that brought the average combined price down to $0.117 /kWh. In examining the average rates during solar production hours, we see the value of solar-based electricity in 2023 slightly higher, at $0.122 /kWh, and increasing from there.

In the years from 2010 through to 2020, the combined cost of HOEP & GA increased at an average of 6.9% per year. The subsidization implemented in 2021 has made it difficult to identify the current trend. The most recent Annual Planning Outlook forecast that HOEP is expected to increase at an annual compound rate of 5.5% over the next 20 years, more than doubling by 2034, and tripling by 2043.



Notwithstanding the expected increases in electricity costs in Ontario, contrary to popular sentiment, Ontario has among the lowest electricity costs in North America. Data above is shown in $CAD for electricity prices in the United States (blue), the Province of Alberta (yellow) and Ontario (green). The average cost across the states is shown by the orange line.

Further to the above, for residential customers, again contrary to popular sentiment of electricity costs putting people in poverty, household spending data does not support the idea that electricity is expensive. Shown below, we see average daily household expenditures for a variety of items. There are 6 columns for each category of spending, with the first column showing the average across all income levels, with the following 5 columns dividing households by income quintiles – lowest income quintile through to highest quintile.

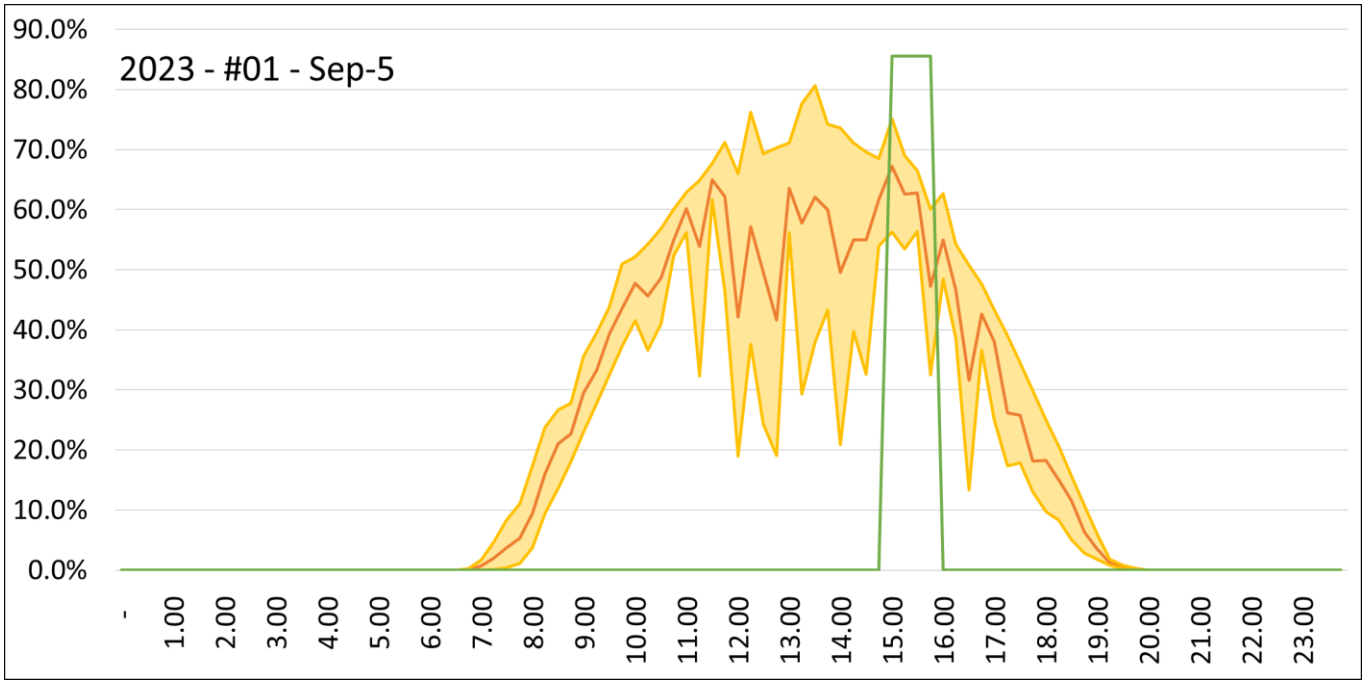


In the above, we see average household spending on electricity averages 1.2%, with electricity still representing only 1.6% of spending amongst the lowest income earners. On average, spending on gasoline is more than double, and spending on phones, internet and TV (which don't work without electricity) is nearly triple that of electricity.

Class A Electricity Consumers

In addition to Class B customers, Class A customers are turning their attention to solar more and more. Class A customers generally have peak monthly demands greater than 1,000 kW of power and are considered the heavy users of energy. Class A customers pay for most of their electricity costs based on their electricity usage concurrent with the 5 peak hours of consumption experienced by the Ontario grid as a whole, throughout the entire year. The economics of this market structure are such that reducing energy consumption during any one of these 5 peak hours by 1 kWh results in savings of $77/kWh. This marginal cost of $77/kWh is effectively 636 times the regular price per kWh that a class B customer pays, $0.121/kWh in 2023, as outlined above.

One of the core drivers of grid peaks in the province is hot sunny days, generally also good days for solar energy. In analysis of historical solar project production, it is found that systems have consistently generated between 45% and 55% of their rated capacity during these peak hours. The graph below shows the average (dark orange line) and the range (shaded area) of solar project production across 5 different solar installations on the highest peak day of energy use in Ontario in 2023, September 5th. The green line shows the peak hour for that day, from 3:00pm to 4:00pm eastern daylight time.



On this particular day, the solar installations averaged output of 60% of their rated capacity. This means that a 100kW system would have been producing and average of 60kW during this peak hour. Based on historical performance, the economics of solar installations are more favourable than battery-based systems in reducing coincidental peaks. This is opening up new opportunities to target Class A customers for CED Co-op, as outlined in section 3.6.5, through electricity generated off-site and sold to Class A customers through PPAs under virtual net-metering structures.

Solar Installation Pricing

After a couple of years of solar panel price increases, especially during the pandemic due to a combination of shipping costs and a 4x increase in the price of polysilicon, global prices of solar panels have decreased, with panel prices being almost 50% lower going into 2024 compared to 2022. Efficiency of equipment (more watts in the same area) is continuing to increase, which helps further improve project economics.

Panel sizes are increasing to lower the part count and labour for installations. Panels are also now more readily available as bi-facial panels, meaning that the panel is prepared in such a way that ambient light and the light that is reflected to hit the back of a panel is also able to contribute to power production. The effectiveness of this varies greatly from site to site, depending on the Albedo factor of the surfaces around the panel as well as the distance or height between those surfaces and the panel. The Albedo factor is the proportion of the incident light or radiation that is reflected by a surface.

These efficiency gains have generally contributed to lower and lower costs for electricity generated from solar power, despite some recent increases. Many of the project development costs are more fixed in nature, including structural and electrical engineering, building permits, connection impact assessments, and mobilization expenses. This results in significant cost benefits as projects scale larger in size.

In comparing the relative costs of electricity produced from various sources, it is helpful to use the levelized cost of energy (LCOE). The LCOE is derived as the sum of all of the capital costs to develop the projects as well as all of the operating costs for the system, and then dividing that number by the kWh produced by the system over a comparable time frame. Typically, the time frame is the estimated lifespan of the system.

Canada – New Investment Tax Credit

In August of 2022, the landmark Inflation Reduction Act (IRA) was passed into law in the US. This is offering Investment Tax Credits (ITCs) refunding 30% of the development and construction costs for renewable energy projects. With certain siting, project partnerships and “Made in USA” content, this is stackable up to a

60% credit (final details of this program, domestic content and project attributes are still being developed and evaluated). This can still be further layered over top of state and local programs. Beyond this, project developers/owners are able to retain environmental attributes of projects for further monetization of carbon offsets.

This has created global pressure for similar support for renewable energy. In November of 2022, the federal government of Canada announced that it too would develop an ITC program, which was launched on March 28, 2023 with the release of the federal budget. While the legislation to implement this tax credit is still working its way through the legislature, this program promises up to 30% refundable tax credits to tax paying organizations who invest in renewable energy projects including solar, wind and battery storage, among others and satisfy the required eligibility conditions. This 30% ITC has been factored into the financial scenarios outlined below.

Summary Scenarios – Solar PV Rooftop Installations

Forecast budgetary project development costs are shown below for various sizes of solar rooftop installation and solar carport installations. The LCOE for each system has been calculated for each project size and type. It has been calculated both on an unleveraged basis – paying for all costs up-front, as well as on a leveraged basis – adding time value of money calculations to reflect carrying costs for the system.

	LARGE HOUSE 800 SQFT OF ROOF	SMALL OFFICE 10,000 SQFT	MEDIUM SHOP 22,000 SQFT	LARGER FACILITY 35,000 SQFT	STORE/WAREHOUSE 50,000 SQFT
					
SYSTEM SIZE	12kW (21 panels)	100kW (175 panels)	200kW (350 panels)	400kW (700 panels)	600kW (1040 panels)
INSTALLED $/W	$2.50/Watt	$2.25/Watt	$1.90/Watt	$1.80/Watt	$1.75/Watt
SYSTEM COST	$30,000 (+HST)	$225,000	$380,000	$725,000	$1,050,000
SYSTEM COST – NET OF ITC	$30,000 (+HST)	$160,000	$265,000	$508,000	$735,000
ELECTRICITY	$0.13/kWh	$0.13/kWh	$0.13/kWh	$0.13/kWh	$0.13/kWh
ANNUAL PRODUCTION	13,000 kWh	105,000 kWh	215,000 kWh	425,000 kWh	630,000 kWh
INVESTMENT HORIZON	25 years	25 years	25 years	25 years	25 years
CARBON REDUCTIONS	200 Tonnes	1,540 Tonnes	3,100 Tonnes	6,180 Tonnes	9,300 Tonnes
LCOE - UNLEVERAGED	$0.201/kWh	$0.092/kWh	$0.076/kWh	$0.070/kWh	$0.067/kWh
PAYBACK (EXCL. OFFSETS)	18.7 years	10.4 years	8.8 years	8.3 years	8.0 years
UNLEVERAGED IRR	3.00%	9.60%	11.90%	12.80%	13.20%
LCOE - LEVERAGED	$0.284/kWh	$0.143/kWh	$0.115/kWh	$0.110/kWh	$0.107/kWh
LEVERAGED IRR AFTER TAX	n/a	30.20%	40.10%	43.50%	45.20%

For rooftop solar installations, 25 years is the investment horizon or project lifespan utilized, due to the estimated lifespan of roofing materials rather than the lifespan of the solar equipment. The majority of solar panel manufacturers are increasing their energy production warranties to 30 years, and a solar panel can last much longer than that. Maxeon, a company that has been manufacturing solar panels since 1985, has recently increased their production warranties for panels to 40 years. This supports the modelling that, for the solar carports, an investment horizon of 40 years is selected, with the all-aluminum structure and solar panels likely to have a service life even beyond this time period.

The LCOE calculated on an unleveraged basis reflects the effective cost of generation by the Co-operative as CED Co-op will be fully funding the projects from member investments at inception rather than leveraging the projects. The LCOE on an unleveraged basis for the projects above ranges from $0.189/kWh on the high end for residential projects, down to $0.067/kWh for larger commercial rooftop projects. This is well below the anticipated 2025 grid price of $0.13/kWh and represents more and more savings as grid prices continue to rise. This gives the opportunity for CED Co-op to generate power below the cost of power from the grid, selling it to building owners/operators at or below the market rate, making a profit to be returned to Investors.

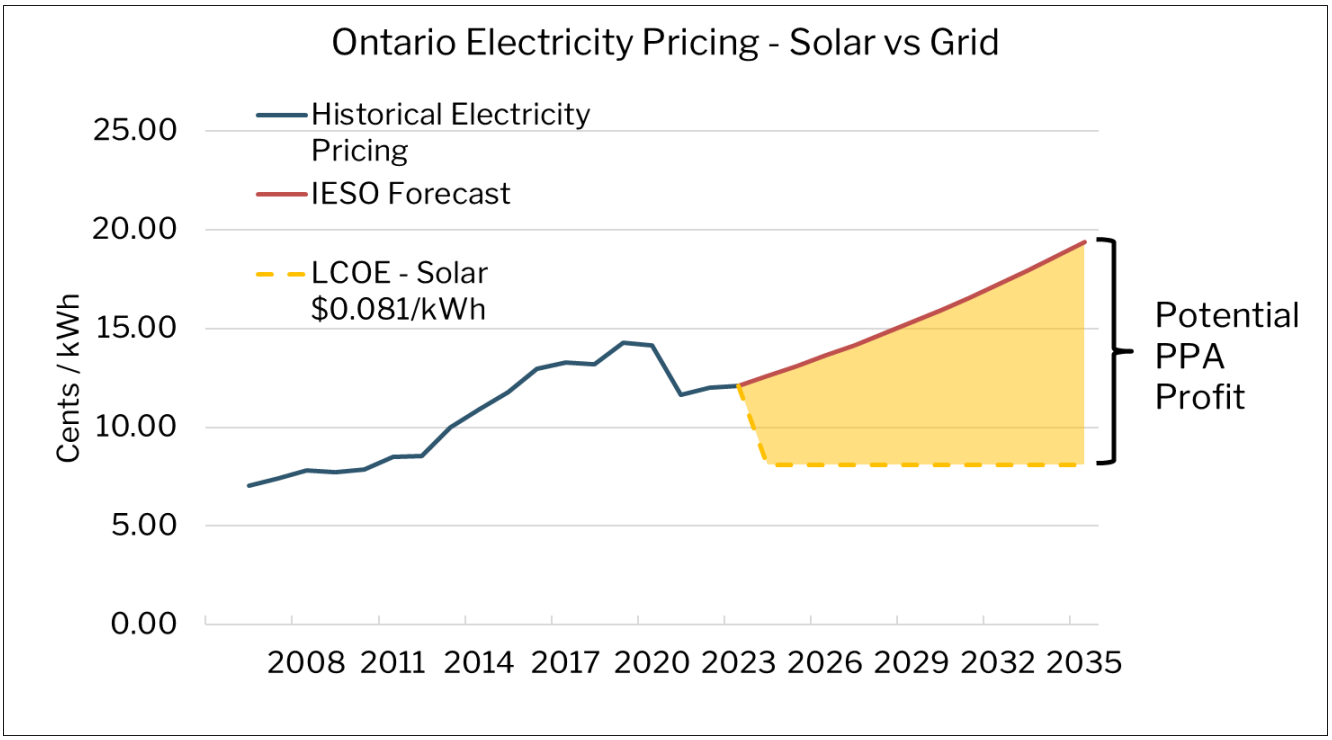
Summary Scenarios – Solar PV Carport Installations



PARKING LOT SPACES (VEHICLES)	8 PARKING SPACES	20 PARKING SPACES	60 PARKING SPACES	100 PARKING SPACES	200 PARKING SPACES	400 PARKING SPACES
SYSTEM SIZE	40kW	100kW	300kW	500kW	1,000kW	2,000kW
INSTALLED $/W	$4.25	$3.60	$3.25	$3.15	$3.00	$2.90
SYSTEM COST	$170,000	$360,000	$975,000	$1,575,000	$3,000,000	$5,800,000
SYSTEM COST – NET OF ITC	$119,000	$269,500	$682,000	$1,100,000	$2,100,000	$4,060,000
ELECTRICITY	$0.13/kWh	$0.13/kWh	$0.13/kWh	$0.13/kWh	$0.13/kWh	$0.13/kWh
ANNUAL PRODUCTION	48,000 kWh	120,000 kWh	360,000 kWh	600,000 kWh	1,200,000 kWh	2,400,000 kWh
INVESTMENT HORIZON	40 years	40 years	40 years	40 years	40 years	40 years
CARBON REDUCTIONS	700 Tonnes	1,770 Tonnes	5,300 Tonnes	8,850 Tonnes	17,700 Tonnes	35,400 Tonnes
LCOE - UNLEVERAGED	$0.133/kWh	$0.100/kWh	$0.090/kWh	$0.081/kWh	$0.076/kWh	$0.073/kWh
PAYBACK	17.1 years	14.0 years	12.5 years	12.1 years	11.6 years	11.2 years
UNLEVERAGED IRR	6.40%	8.10%	9.10%	9.40%	9.90%	10.20%
LCOE - LEVERAGED	$0.187/kWh	$0.147/kWh	$0.126/kWh	$0.121/kWh	$0.115/kWh	$0.110/kWh
LEVERAGED IRR AFTER TAX	8.90%	15.10%	20.00%	21.60%	24.00%	25.70%

Recent commodity price increases for aluminum have pushed up the development costs for solar carports and canopies. For these solar carport projects, the LCOE calculated on an unleveraged basis is approximately $0.081/kWh for mid-sized projects based only on the value of the electricity for a Class B customer. The returns for these types of projects are multi-faceted, and can be derived from a combination of Class A demand savings, snow-clearing savings, reduced installation costs of EV charging systems, enhanced parking revenues, carbon offset credits, and more. With these other factors of snow clearing savings, parking revenues and additional savings considered, it may be possible for the Co-operative to achieve higher project returns, but it is not guaranteed.

CED Co-op will seek to develop projects among the larger scales to achieve better economies and lower LCOE costs in order to enable higher profit margins in selling the power produced. This will need to be balanced with the availability of capital from member investments. This is shown in the graph below as the area between the dotted yellow line, representing the leveraged LCOE for larger scale solar development and the red line, the forecast electricity price for the coming years.



The business model for developing these types of projects is outlined in Section 3.6.4 Business Models – Net Metering. Continuing with solar installations builds on much of the knowledge that has been gained by CED Co-op. It utilizes similar systems, similar equipment, similar operations, though with slightly different metering connections, and a different customer for the energy. With more than 6 years of ownership of similar systems, CED Co-op understands the economics of these types of projects.

The ideal property or building as well as ideal customer would have the following characteristics:

- Useable roof area of 35,000 square feet or larger for solar rooftops, or
- Parking lot with 200+ spaces in double rows (nose to nose, or nose to nose over median) for solar carports
- Rooftop or parking lot is in good condition – new or recently refurbished
- Facility occupied by a Class B electricity customer with relatively high electricity consumption (>500,000 kWh/year), or a Class A electricity customer (>1,000 kW of average monthly demand)
- Facility occupant is environmentally conscious and forward thinking – wants to be renewably powered and show their values through their building, integrating solar with their communications and outreach
- Facility occupant is a long-term successful enterprise in a stable industry, or an organization that is enduring in nature such as condominium corporations or municipal and publicly funded entities including municipalities, universities, schools, hospitals and other similar facility operators.
- Facility occupant employees are environmentally aware, interested in becoming part owners of the solar facility on site through investment in CED Co-op

The target for CED Co-op is to develop 3 to 4 large scale projects per year with investments ranging in size from $600,000 to $5,000,000, as capital permits. Targeted returns to the Co-operative will be a minimum of 8% on an IRR calculation, ideally higher. Historically, while the Co-operative was active in growing the Portfolio, CED Co-op developed/acquired projects at a rate of approximately 8 Projects per year, with an average increase in Portfolio value of approximately $10 million per year.

Value Proposition

For the facility occupant, the benefits are as follows:

- No capital investment

- Operational savings
- Achieving particular goals of using renewable energy in their operations
- Reducing carbon footprint, potentially utilizing carbon offsets
- Employee and customer engagement
- Facility improvement

CED Co-op is in the process of negotiating terms with a number of different property/building owners. At this time, CED Co-op has not entered into any binding agreements, but anticipates that there will be project commitments gained to meet the financial forecasts for 2024 and beyond.

4.1.2. Carbon Offset Credit Markets

In 2021, the voluntary carbon market grew at a record pace, reaching $2 billion—four times its value in 2020—and the pace of purchases was still accelerating through 2022. By 2030, the market is expected to reach between $10 billion and $40 billion. More and more global corporations, countries, regions and cities are committing to be 100% renewably powered or net-zero, as demonstrated in the following registries, many of whom are using carbon offset credits and renewable energy credits to achieve these goals.

The RE 100 - https://www.there100.org/ - more than 380 companies committed
Net Zero Tracker - https://zerotracker.net/ - more than 2,000 companies and governments committed
Science Based Targets - https://sciencebasedtargets.org/ - more than 4,600 companies committed

In surveys of the Members, it was found that a significant number are already purchasing carbon offsets to reduce individual carbon footprints. One investor in particular sized their investment based on the estimated carbon impact of the Portfolio currently held by CED. The market for selling carbon offsets in the voluntary market could include current Members as well as other individuals and entities. The potential channel for selling carbon offsets would be through the CED website.

For an individual project, the return on efforts to certify a solar net-metering project would be marginal, however in the spirit of additionality, it is enough of a return that would allow a project to go ahead that might not otherwise have strong enough economics. The example outlined below calculates the potential value to a solar net-meter project operated by CED Co-op if the carbon credits are sold at a 60% discount to the federally mandated carbon price to start, with 25% of proceeds being paid to the processor for transaction costs. With the growing attention to decarbonization and recognition of the need for a price on carbon, it is anticipated that the discount to the federally mandated price per tonne will reduce over time. As evidence of this, the markets for carbon offsets under the European market for cap and trade have seen the price per tonne exceed $150 in 2023.

Ontario Based Project – Carbon Offset Credits – Voluntary Market Potential Value

	Year	Price ($/tonne)	Reductions g CO2e /kWh	Generation (kWh)	Carbon Reduction (Tonnes)	CO2 Offset Value	Effective Offset Price $/kWh	CO2 Offset Selling Price $/tonne	Discounted Rate Value	Market Offset Price $/kWh	Process Fee Margins	CED Co-op Project Portion	Cumulative CED Co-op Revenues	Cumulative CED Co-op Offset ROI
1	2024	$ 80	708	630,000	445.9	$ 35,672	$ 0.057	$ 32.00	$ 14,269	$ 0.023	$ 3,567	$ 10,702	$ 10,702	1.5 %
2	2025	$ 95	719	625,590	449.8	$ 42,731	$ 0.068	$ 41.56	$ 18,695	$ 0.030	$ 4,674	$ 14,021	$ 24,723	3.4 %
3	2026	$ 110	730	621,211	453.7	$ 49,907	$ 0.080	$ 52.25	$ 23,706	$ 0.038	$ 5,926	$ 17,779	$ 42,502	5.8 %
4	2027	$ 125	742	616,863	457.6	$ 57,200	$ 0.093	$ 64.06	$ 29,315	$ 0.048	$ 7,329	$ 21,986	$ 64,488	8.8 %
5	2028	$ 140	753	612,545	461.3	$ 64,582	$ 0.105	$ 77.00	$ 35,520	$ 0.058	$ 8,880	$ 26,640	$ 91,128	12.4 %
6	2029	$ 155	764	608,257	465.0	$ 72,075	$ 0.118	$ 91.06	$ 42,344	$ 0.070	$ 10,586	$ 31,758	$ 122,886	16.7 %
7	2030	$ 170	776	603,999	468.6	$ 79,662	$ 0.132	$ 106.25	$ 49,789	$ 0.082	$ 12,447	$ 37,342	$ 160,228	21.8 %
8	2031	$ 170	787	599,771	472.1	$ 80,257	$ 0.134	$ 112.63	$ 53,170	$ 0.089	$ 13,293	$ 39,878	$ 200,106	27.2 %
9	2032	$ 170	799	595,573	475.6	$ 80,852	$ 0.136	$ 119.00	$ 56,596	$ 0.095	$ 14,149	$ 42,447	$ 242,553	33.0 %
10	2033	$ 170	810	591,404	479.0	$ 81,430	$ 0.138	$ 125.38	$ 60,055	$ 0.102	$ 15,014	$ 45,041	$ 287,594	39.1 %
11	2034	$ 170	821	587,264	482.3	$ 81,991	$ 0.140	$ 131.75	$ 63,543	$ 0.108	$ 15,886	$ 47,657	$ 335,251	45.6 %
12	2035	$ 170	833	583,153	485.5	$ 82,535	$ 0.142	$ 138.13	$ 67,060	$ 0.115	$ 16,765	$ 50,295	$ 385,546	52.5 %
13	2036	$ 170	777	579,071	450.0	$ 76,500	$ 0.132	$ 144.50	$ 65,025	$ 0.112	$ 16,256	$ 48,769	$ 434,315	59.1 %
14	2037	$ 170	722	575,018	414.9	$ 70,533	$ 0.123	$ 150.88	$ 62,598	$ 0.109	$ 15,650	$ 46,949	$ 481,263	65.5 %
15	2038	$ 170	666	570,993	380.3	$ 64,651	$ 0.113	$ 157.25	$ 59,802	$ 0.105	$ 14,951	$ 44,852	$ 526,115	71.6 %
16	2039	$ 170	611	566,996	346.2	$ 58,854	$ 0.104	$ 163.63	$ 56,647	$ 0.100	$ 14,162	$ 42,485	$ 568,600	77.4 %
17	2040	$ 170	555	563,027	312.5	$ 53,125	$ 0.094	$ 170.00	$ 53,125	$ 0.094	$ 13,281	$ 39,844	$ 608,444	82.8 %
18	2041	$ 170	500	559,086	279.3	$ 47,481	$ 0.085	$ 170.00	$ 47,481	$ 0.085	$ 11,870	$ 35,611	$ 644,055	87.6 %
19	2042	$ 170	444	555,172	246.5	$ 41,905	$ 0.075	$ 170.00	$ 41,905	$ 0.075	$ 10,476	$ 31,429	$ 675,483	91.9 %
20	2043	$ 170	389	551,286	214.2	$ 36,414	$ 0.066	$ 170.00	$ 36,414	$ 0.066	$ 9,104	$ 27,311	$ 702,794	95.6 %
21	2044	$ 170	333	547,427	182.3	$ 30,991	$ 0.057	$ 170.00	$ 30,991	$ 0.057	$ 7,748	$ 23,243	$ 726,037	98.8 %
22	2045	$ 170	278	543,595	150.9	$ 25,653	$ 0.047	$ 170.00	$ 25,653	$ 0.047	$ 6,413	$ 19,240	$ 745,277	101.4 %
23	2046	$ 170	222	539,790	119.8	$ 20,366	$ 0.038	$ 170.00	$ 20,366	$ 0.038	$ 5,092	$ 15,275	$ 760,551	103.5 %
24	2047	$ 170	167	536,011	89.3	$ 15,181	$ 0.028	$ 170.00	$ 15,181	$ 0.028	$ 3,795	$ 11,386	$ 771,937	105.0 %
25	2048	$ 170	111	532,259	59.1	$ 10,047	$ 0.019	$ 170.00	$ 10,047	$ 0.019	$ 2,512	$ 7,535	$ 779,472	106.1 %
					8,841.7	**$1,360,595**			**$1,039,297**		**$ 259,824**	**$ 779,472**		

In order to work with the valuations outlined in the table above, the Co-operative would need to register the carbon offsets on a registry such as that operated by the CSA group. Further, protocols for verifications and validations of the energy generation and carbon reductions would have to be developed, with 3rd party evaluators of this information on an annual basis.

Alternatively, utilizing the Ontario CEC registry, the Co-operative would be able to market the carbon offsets through a more simple process, simply registering projects and then uploading generation data. Through MRETS, the CEC is registered and available to be traded to market buyers. In other jurisdictions where similar markets have been created, the price of CEC's range from $4 to $440, the equivalent of $0.04/kWh to $0.44/kWh in values.

Market	Bid	$/kWh
Maryland SRECs	$59	$0.059
Massachusetts SREC-II	$245	$0.245
New Jersey SRECs	$200	$0.200
Ohio SRECs	$4	$0.004
Pennsylvania SRECs	$35	$0.035
Washington, DC SRECs	$440	$0.440

As these markets evolve, CED Co-op will be analyzing the available registries to see where the best value may be obtained for either the carbon offsets or the clean energy certificates.

In summing the cumulative opportunity across the anticipated and potential portfolio of net-meter solar installations for CED over a number of years, this could represent a meaningful increase in the amount of funds CED could channel into further Project development. For the purposes of the financial forecast, included as Appendix A, it has been assumed that projects would be registered on Ontario's CEC registry through MRETS, and the CEC's would be traded at a net value of $10 after expenses.

4.1.3. Community Net-Metering

As outlined in Section 3.6.5, a new structure is being introduced through legislation called Community Based Net-Metering. This will expand the types of facilities that become good project development opportunities for CED Co-op by reducing the risks related to the facility occupant's electricity consumption, occupancy and financial viability. It is anticipated that, underlying the Community Based Net-Metering project, will be a regular Net-Metering project structure as outlined in Section 3.6.4, and it is only surplus energy generated from one meter on a site that will be available for Community Based Net-Metering . For the best economic opportunities, CED Co-op is pursuing large scale developments. Project examples include large commercial complexes, industrial complexes and condominium-style complexes.

Value Proposition

For the facility occupant, the benefits are as outlined above. For the other participants in the Community Net-Metering, the benefits are as follows:

- Community members are able to take advantage of lower cost solar generation through larger project development
- Community members are able to potentially buy electricity at a lower rate
- Community members may achieve particular goals by virtually using renewable energy
- Community members can reduce carbon footprints, potentially utilizing carbon offsets
- Community members can support renewable energy and help better utilize larger facilities

CED Co-op has held preliminary discussions with a number of different property/building owners but has not signed any agreements under this specific community net-metering arrangement at this time.

4.2 GHG AND CARBON EMISSIONS – OTHER PROJECTS AND INDUSTRIES

The Co-operative is currently evaluating the setting of GHG and carbon reduction targets and anticipates setting goals for carbon reduction and other measures of sustainability for the Project investments over the coming years.

In addition to measures of sustainability, as CED Co-op develops new Project opportunities, it is the goal of the Co-operative to achieve diversification in the following areas:

Diversification of Customers

At this time, the only "customer" of CED Co-op is the IESO, and by extension, the Province of Ontario, through the FIT Contracts that are currently held. This single customer represents a number of benefits, but also some specific risks, as outlined in Section 5: Risk Factors. Diversification of customers will reduce the impact and power that any one customer has over the profitability and success of CED Co-op.

Diversification of Technology / Revenues

Throughout the operating portfolio of the Co-operative, the main technology in use, and hence the source of revenues, is producing electricity from solar equipment. While CED Co-op has developed good knowledge and understanding in this technology and plans to continue to develop more projects using this technology, revenues are entirely dependent on sun hours, snow fall (or lack thereof) and ongoing maintenance of these systems. Broadening the sources of revenues for the Co-operative will help reduce systemic risk related to the use of a singular technology.

Diversification of Cash Flow Structures

Solar projects are known to have a degradation rate in their performance meaning that systems, outside of variations in climate conditions, will produce slightly less energy year after year. CED Co-op has historically modelled this degradation rate at 0.4% per year which approximates current power performance warranties from solar panel manufacturers. With fixed rate FIT Contracts, project revenues are expected to follow this downward trend, leading to a higher rate of decline in project values over time. As CED Co-op develops new project opportunities, the Co-operative will seek projects with increasing, rather than decreasing cash flows. This is the case with solar net-metering. Project revenues are expected to increase over time as electricity market inflation rates are expected to outpace degradation.

Within annual cash flows, solar projects are very seasonal, with project revenues in July often being five or more times what they are in December. As CED Co-op contemplates new investments, diversifying cash flows to be less seasonal will be part of the consideration of new project investments.

Diversification of Asset Values

As noted above, solar projects have declining energy output over time, which translates into declining project values. As CED Co-op evaluates new project opportunities beyond solar net-metering, the Co-operative intends to seek out project opportunities that either hold their value, or potentially appreciate over time. This will help ensure long term value relating to the par value preference shares of CED Co-op is maintained.

Diversification of Ownership

Contributing to the declining asset values of the Projects within the current portfolio is the expiry of leases, with the Project assets, and any remaining value thereof, transferring to the landowner at the conclusion of the lease. During the terms of these Projects, CED records significant non-cash expenses of depreciation. As CED Co-op explores new project development and investment opportunities, CED will explore revenue streams that either allow for long-term ownership rather than lease arrangements, which may include the acquisition of properties to ensure the ability to retain long-term value, or revenue opportunities that do not require the acquisition of assets, such as the opportunity to market carbon offset credits.

Diversification of Geography

At this time, all of the operations of CED Co-op remain in Ontario, and are subject to the weather patterns thereof. As CED evaluates new project and investment opportunities, it would be beneficial to expand the geographic basis for operations. As noted in the pricing of carbon offset credits, the Alberta-based program potentially offers superior value for carbon offset credits, due to the higher annual sun hours in the province, the higher emissions offset for a more carbon intensive grid, as well as the prescribed value for the credits traded within the program. In addition to other opportunities within Canada, significant growth of opportunities for renewable energy development are expected to happen in the United States in the coming years. CED Co-op is currently researching various electricity and energy markets across Canada and various parts of the United States, and may contemplate investment in other geographic regions in the future.

4.2.1. Evaluation of Project Investment Opportunities

As new project investment opportunities arise, all projects must yet be evaluated and approved prior to proceeding. As CED Co-op continues to develop new project opportunities, it is anticipated that the Board will review the merits of each individual Project using the following criteria:

Return on investment – the Board will prepare, or cause to be prepared, Financial Projections in respect of any potential Project and will assess the projected returns and cash flow dynamics of any potential Project to ensure that the returns to security holders are maintained at satisfactory rates. As noted above, the Board is seeking to diversify project opportunities, seeking long-term project values along with the required returns on investments.

Engineering – if a Project has already been constructed, the Board will assess, or cause to be assessed, the technical expertise exhibited in the design and construction of the system to ensure consistent quality standards. For new Project opportunities, the Board will engage the appropriate technical experts to evaluate and advise on the design and construction of Projects and to ensure that relevant operations and maintenance experience is either available within the Co-operative or available to the Co-operative.

Component Quality – as it is anticipated that CED Co-op will be owning and operating projects for significant portions, if not all of the economic life of assets, the Board will assess, or cause to be assessed, the quality of components used in the Facility. This may include, but not be limited to, whether a Project is designed or constructed using products from reputable manufacturers that have a track record of reliable products, a financially stable operating history and have been reviewed by independent engineering groups and/or reputable industry publications.

Risk – the Board will evaluate the risk profile of any future potential Project and compare that to the risk profile of the Projects within the current Portfolio as well as those set out or described in this Offering Statement. Both technical and financial risk will be investigated. It is anticipated, but cannot be guaranteed, that this will include, the financial position and reliability of customers, available security, potential regulatory changes, potential market changes, and many of the other risk factors that have been identified throughout this Offering Statement.

Bankability and Salability – the Board will consider whether financing or divestment opportunities may be available, and the terms upon which a sale opportunity or financing may be available. The purposes for which this evaluation will be undertaken is to potentially fund a portion of the Project in order to help lever the returns available from the Project, or to provide alternatives to member investments for Project financing, or possibly financial returns to members, should an attractive market develop for Projects.

Suitability – the Board will determine and ensure that any Project is consistent with the mandate, objectives and reputation of CED Co-op, and will not approve any Project that the Board determines, in its discretion, is not acceptable to the Board. It is anticipated, but cannot be guaranteed, that this will include measures of sustainability including the reduction of GHG emissions.

The Board shall report to the Members from time to time, by newsletter, and at Members' meetings, on its Project development work and decisions.

4.3 FIT PROGRAM

From time to time, CED Co-op is made aware of existing, operating, projects that are made available for sale under various circumstances. The Co-operative is currently evaluating the purchase of a few existing FIT project acquisition opportunities, and has made offers to purchase projects and/or portfolios. This could lead

to the acquisition of additional operating FIT projects. The Co-operative remains open to acquiring more projects of this type and will continue to seek further acquisition opportunities.

4.3.1. Background and History of the FIT Program

The Government of Ontario passed the Green Energy and Green Economy Act into law on May 14, 2009. As noted by the Green Energy Act Alliance, the vision of the act was to make Ontario a global leader in the development of Renewable Energy technologies, clean distributed energy and conservation, creating jobs and providing economic prosperity, energy security, and climate protection. According to the Green Energy Act Alliance, the purpose of the act was to facilitate the development of a sustainable energy economy that protects the environment while streamlining the approvals process, mitigating climate change, engaging communities and building a world-class green industrial sector.

The Green Energy and Green Economy Act was comprehensive as it amended more than 15 existing statutes and laid the foundation for specific programs that were implemented by regulations and directives issued by the Minister of Energy. Specifically, it called for the implementation of a FIT Program, the creation of Renewable Energy Co-operatives as a type of co-operative, streamlined approvals, the creation of a Renewable Energy facilitation office, mandatory connection to the Grid by local distribution companies, conservation programs, the implementation of a smart electrical Grid, Building Code amendments and energy efficiency requirements.

On October 1, 2009, in partnership with IESO, the provincial government launched the FIT Program for projects that have a peak generating capacity over 10kW, and the microFIT Program for projects that have a peak generating capacity of 10kW or less. They are called feed-in-tariff programs because a premium tariff is paid for feeding Renewable Energy to the Grid. These programs replaced the previous Renewable Energy Standard Offer Program, providing higher payment rates for clean electricity, streamlined processes for approvals and connections, and Ontario manufacturing content requirements. Through the FIT Program, power purchase contracts are offered that allow the Supplier to sell every kWh of Renewable Energy produced at a set payment rate that is outlined in the FIT Contract. Once a solar FIT Contract is initiated, this rate is fixed for the entire 20 years of the contract.

4.3.2. Cancellation of the FIT Program

On July 12, 2018, Ontario's newly elected Progressive Conservative government announced the cancellation of 758 renewable energy contracts which were yet to be constructed. The government further tabled Bill 34, the Green Energy Repeal Act, on September 20, 2018. This bill received royal assent and went into effect on December 6, 2018. The repeal of the Green Energy Act as it relates to the FIT Program is largely symbolic as the final round of the FIT program closed to Applications on November 25, 2016 and no new contract application opportunities had been anticipated since that time.

The contracts of CED Co-op were not affected in any way by the cancellation of the 758 contracts nor by the repeal of the Green Energy Act. All of the FIT and microFIT Projects owned by CED Co-op have their Contracts, rules, terms and conditions remaining in effect, as anticipated.

There have been further announcements by the Government of legal reviews of the FIT contracts and possibly legislating against the FIT contracts to further cancel obligations. This is named as a Risk Factor in Section 5: Risk Factors - FIT Contracts – Government and Regulatory. The Government of Ontario obtained a legal review of the FIT contracts with regards to termination rights. While the conclusion reached in the legal review is that "None of the Reviewed Contracts provide the IESO with the right to terminate the contract for convenience once the facility has achieved commercial operation.", the Co-operative is not aware of whether this has been tested in a court. This legal review is included as Appendix N: Legal Review of FIT Contract Termination Rights.

While the reviewed legal paths do not indicate opportunities to terminate contracts, cancelation outside of these paths remains a possibility. CED Co-op believes that any legislated or alternative actions along these lines is unlikely to be successful. There are more than 30,000 active microFIT contracts, and more than 3,200 active FIT contracts. Though some of these contracts are held by foreign entities and financial firms, many of these contracts are held by the people and institutions of Ontario, including homeowners, farmers, schools, hospitals and municipal organizations. The political backlash would not be contained to a single sector and would directly hurt the provincial government's economics in other ways given the ownership of systems by publicly owned and funded institutions. Further, many of the larger projects have been financed by some of

the largest financial institutions operating in Canada, whose legal resources would equal those of the Government. As demonstrated in the few contract cancellations that have occurred, should further cancellations occur, it is unlikely that it could happen without significant compensation to contract holders.

4.3.3. Major Features of the FIT Program

As CED Co-op continues to operate its current FIT and microFIT Contracts, and evaluates further opportunities to acquire more FIT Contracts, the following provisions remain relevant.

Rules Versions

The FIT Program began with Version 1.0 of the rules and contracts being released on September 24, 2009. This became known as FIT 1. Due to the overwhelming response to the program, while many contracts were issued under FIT 1, the majority of the applications for FIT Contracts were never processed, and a second version of the FIT Program was launched in order to help manage the volume of applications as well as make a number of other modifications to the program. CED Co-op does not have any FIT 1 projects at this time, however all of the microFIT contracts owned by CED Co-op are form version 1 of the FIT Program.

Version 2 of the rules and contracts under the FIT Program were amended through several feedback processes with the final documents being made available as version 2.1 on December 14, 2012. Known as FIT 2 (or FIT 2.1), this version introduced set periods in which applications could be submitted, known as Application Windows, it introduced procurement targets to cap the size of the program and also made a shift towards broader community ownership through capacity set-asides and incentives for broader participation. The Application Window for FIT 2 began on December 14, 2012 and applications were received for a period of 35 days until January 18, 2013. FIT 2 Contracts were awarded in July of 2013. CED Co-op holds ownership in four operating FIT 2 Contracts as outlined in Section 6: Portfolio.

FIT 3 began with the rules being released on October 9, 2013 and applications were received from November 4, 2013 through to December 13, 2013. Contracts were awarded to FIT 3 applications on July 30, 2014 with contract version 3.0.1. Because of delays in the program, the FIT 3 round of the program was extended on August 29, 2014 with an additional 100MW of contracts being granted to FIT 3 applications through a resubmission process with a version 3.1 contract and a slight decrease in contract rates. These contracts were awarded on December 19, 2014. This second round was referred to as extended FIT 3 or FIT 3.1. CED Co-op has 12 operating FIT 3 projects and 10 operating FIT 3.1 Projects.

FIT 4 was launched with rules and contract version 4.0.1 on September 17, 2015 with an Application Window from October 5, 2015 through to October 23, 2015. Contracts were awarded on June 29, 2016 with version 4.0.2 of the FIT Contract. CED Co-op has 4 operating FIT 4 Projects.

FIT 5 was launched with rules and contract 5.0.1 on September 21, 2016. Applications were received from November 7, 2016 through to November 25, 2016. CED Co-op did not submit any applications for FIT 5.

Pricing

The contract rates represent a premium over the wholesale electricity price. From the launch of the program through to the wind-up with FIT 5, the rates have seen substantial decreases for Solar projects as follows, on average being reduced by an average of approximately 67% to 1/3rd of the starting prices.

Technology	Size	FIT 1	FIT 2	FIT 3a	FIT 3b	FIT 4	FIT 5	Total Change
Solar (PV) (Rooftop)	<=10kW	80.2	54.9	39.6	38.4	29.4	28.8	-64.1%
Solar (PV) (Rooftop)	>10kW to <=100kW	71.3	54.8	34.5	34.3	24.2	22.3	-68.7%
Solar (PV) (Rooftop)	>100kW to <=500kW	63.5	53.9	32.9	31.6	22.5	20.7	-67.4%
Solar (PV) (Non-Rooftop)	<=10kW	80.2	44.5	29.1	28.9	21.4	21.0	-73.8%
Solar (PV) (Non-Rooftop)	>10kW to <=500kW	44.3	38.8	28.8	27.5	20.9	19.2	-56.7%

There is the ability to receive a further bonus on some of the rates outlined above through the various Contract Capacity Set-Aside or CCSAs. Specifically, for the Community based CCSA where >50% Economic Interest is held by a Co-operative, ground mounted solar projects would receive an additional $0.01/kWh. This adder is not available to rooftop solar Projects.

FIT Price Adders	Community Participation Level	
Participation Level (Equity)	>50%	>=15%<=50%
Price Adder (¢per kWh)	1.00	0.50

Priority Points and Contract Capacity Set Aside

Starting with FIT 2, Priority Points were introduced in order to give an advantage to applications that included broader ownership by community (represented by co-operatives), aboriginal or municipal groups. In addition to broader ownership, projects that had the support of municipal councils, support of aboriginal groups, or were situated on properties owned by municipal or public-sector entities received Priority Points. Later rounds of the FIT program reduced some of these opportunities to gain Priority Points but introduced a bid-down mechanism where Priority Points could be gained by taking a 4%, 8% or 12% reduction in the Contract price. In awarding contracts, applications with more Priority Points were evaluated ahead of projects with fewer Priority Points, and only within applications that had the same number of Priority Points was the order of submission taken into consideration.

Further to the Priority Points structure, there was an ability to achieve an elevated priority through the CCSA stream of the FIT Program which specifically mandates a community, municipal or aboriginal participation level of greater than 50% of the Economic Interest in the Project. In order to count as a Community Participation CCSA Project, the Community Economic Interest of greater than 50% must be held by a co-operative incorporated in Ontario, and the members of the co-operative must include a minimum of 50 members who are landowners (continuously for a period of two years or longer) within the municipality in which the project is to be developed. This means that CED Co-op will need to maintain 50 or more Members who are qualifying landowners in each municipality in which a Project is to be developed at the time the Application is submitted and for the duration of the FIT Contract. This need to maintain membership levels is identified as a Risk Factor in Section 5: Risk Factors – FIT Contract - Community Investment Member Status. For clarity, CED Co-op can develop or own Projects within multiple municipalities, a new co-operative is not needed for each municipality, and when Investors put their money into CED Co-op, they are investing in the Project Portfolio which can include Projects from many municipalities.

The Community Participation for the FIT Contracts held by CED Co-op is outlined for each FIT Contract in Section 6: Portfolio.

Domestic Content

Part of the FIT 1 and FIT 2 Program rules was the requirement for specific levels of Ontario Manufacturing Content to be used in the construction of FIT Projects. Ontario was not successful in defending the domestic content rules to the World Trade Organization challenge that was launched in 2011, and the final ruling came out in mid-2013 forcing the domestic content requirements to be eliminated. Those Projects that CED Co-op is building under FIT 2 contracts contain domestic content provisions, and this is noted as a Risk Factor in Section 5: Risk Factors – FIT Contracts - Ontario Domestic Content Requirements. Notwithstanding the provisions outlined in the FIT 2 contracts, the IESO has communicated its position regarding domestic content requirements to FIT Contract holders as of June 25th, 2015, and this letter is included as Appendix M: IESO Position Clarification Regarding Domestic Content.

As per the IESO announcement of August 14th, 2014, there are no domestic content requirements for the FIT 3 or later contracts held by CED Co-op.

4.4 KEY RELATIONSHIPS

CED Co-op presently has relationships with the following:

Legal

CED Co-op has its primary legal relationship with Gowling WLG. Gowling WLG is an international law firm with over 700 lawyers and 7 offices in Canada.

Matters relating to Co-operatives and the Co-op Act and Co-op Regulations are reviewed in consultation with Iler Campbell.

Further legal consultation regarding securities and the Tax Act has been conducted through Blakes. Blakes was founded in 1856 and operates through 5 Canadian offices and 7 international offices.

Accounting

In 2021, CED Co-op conducted a procurement process for the audit work of CED Co-op beginning with the 2021 Fiscal Year End. Grant Thornton, the external auditors of CED Co-op up to and including 2020, were invited to submit a proposal, and they did actively participate in the evaluation process. In the conclusion of the evaluation, CED Co-op elected to switch audit firms to KPMG for the 2021 fiscal year. The Co-operative has maintained this work with KPMG since that time. The Co-operative also uses KPMG for certain tax and advisory services including income tax, HST and other matters.

Engineering and Design

CED Co-op utilizes the services of a number of engineering offices for various aspects of the design and construction of the Projects. These include McNeil Engineering and Construction Inc. for structural engineering analysis of roof systems, Tatham Engineering Ltd. for foundation designs and structural designs, Burnside Engineering for structural analysis of tracker bases, Tatham Engineering Limited for high voltage electrical engineering as well as Fortech Engineering Ltd. for additional electrical engineering.

Insurance

CED Co-op maintains Commercial General Liability insurance for its property and project operations through BFL Canada, with the policies issued by RSA Insurance Group. In addition to being owned and managed by its own employees, BFL Canada is one of the largest risk management, insurance brokerage and benefits consulting firms in Canada. CED Co-op also holds Directors & Officers insurance through BFL Canada with the insurance provided by Victor Canada.

FIT Contract Compliance, Project Management, Operations and Maintenance

CED Co-op is presently working primarily with VCT for FIT Contract compliance and Project management. VCT is a privately held renewable energy developer based in Kitchener, Ontario. Incorporated in 2008, VCT's primary experience is in solar photovoltaic energy generation. Their team has installed microFIT and FIT projects for individuals, businesses, and charities. Their projects include over 400 ground mounted trackers, as well as rooftop solar on buildings of all shapes and sizes, having constructed and managed more than 20 MW of installations.

In addition to being developers, VCT also owns several solar installations and is a project ownership partner in several of the projects in the CED Co-op portfolio. VCT continues to design every installation to very high specifications, ensuring they are built with the mindset of long-term ownership.

Having started in the solar industry by building smaller systems and since then having grown into managing, designing and constructing larger systems, VCT is an ideal development partner for CED Co-op in developing profitable solar projects. The personnel of VCT have gained expertise through installing, operating and monitoring systems based on micro-inverters, string inverters, optimizing technologies and central inverters. This has given VCT substantial insight into designing systems with high performance and high reliability. It is because of the experience gained in developing small projects that VCT is able to reduce costs by managing many of the finer details of engineering, procurement and construction processes in-house rather than subcontracting portions of the project development process to other firms. Together with its customers, VCT has generated well over 150 million kilowatt hours of clean, green energy.

4.5 MANAGEMENT AND ADMINISTRATION

CED Co-op does not have any employees at this time. Management of the Co-operative has been performed by VCT and the Board of Directors of the Co-operative.

CED Co-op and VCT have entered into an agreement wherein VCT provides management services to CED Co-op. The form of this agreement is attached as Appendix L.

4.6 FORECAST PROJECT PORTFOLIO REVENUES

Projected Financial Statements have been prepared for the lifespan of the FIT Contracts as well as the revenues and expenses related to anticipated projects through this same time period, as well as periodic points in time following the end of the FIT Contracts. These are included as Appendix A.

As outlined in Section 3.2: Business of the Co-operative, it is anticipated, that CED Co-op can and will be able to exist in perpetuity, no longer limited to only participating in, or operating under, any specific governmental programs. To help illustrate this, the forecast includes a series of new projects to be developed under natural market mechanisms through the 10-year time period from 2024 through 2033, each with a 25-year operating lifespan. These projects are forecast to be solar net-metering projects, but the Co-operative is able to develop other types of projects using other renewable and sustainable technologies. Beginning in 2034, it is forecast that the cash flows of the projects are used to repurchase the Class C Preference shares outstanding. The Co-operative may well be able to develop new projects and continue to grow the portfolio in 2034 and beyond, it is not guaranteed that the repurchase of Class C Preference shares will follow this financial forecast.

As outlined in Section 6.1.3: Financial Statements and Reporting to Members, it is anticipated that new projects brought into the portfolio of the Co-operative will put negative pressure on net income as reported in the financial statements of the CED Co-op for the first several years of operations, though it is expected that these projects will continue to produce positive cash flows from operations throughout their operating lifetime.

These projections are a forecast and cannot be guaranteed. This is a Risk Factor that is identified in Section 5: Risk Factors – Projections and Forward-Looking Information.

The projections have been prepared assuming that all of the project revenues and expenses have been consolidated into a single set of financial statements showing both CED Co-op's and the various partner's total revenues, expenses, assets and liabilities.

The following assumptions are used in the financial modelling:

Financial

- Debt payment reserves and maintenance reserves will earn interest at 2.5% (the approximate current rate being paid on these deposits)
- Free cash on hand earning 0% (no) interest
- Income Tax rate of 26.5%
- Long term debt renewal rate of 6.9% (the estimated renewal rate based on current bond rates)
- Cash Dividends on Class A Preference Shares of 9.0% per annum, with shares being repurchased over a 20-year time frame from original investment
- Cash Dividends on Class B Preference Shares of 7.0% per annum, with shares being repurchased over a 15-year time frame from original investment
- Stock Dividends on Class C Preference Shares of 6.0% per annum, with shares being repurchased beginning in 2034 as the market for projects is too difficult to predict beyond the anticipated Investment Tax Credit program, anticipated to end in 2034
- Projected Class C Preference Share investments as outlined in the table below – net of redemptions (i.e., for $4 million of shares to be issued net of redemptions, if $1 million of shares is redeemed in a period, $5 million must be issued to result in a net of $4 million of investments)
- Amortization is done on a straight line basis over the life of the asset, the Co-op will no longer revalue its assets on an annual basis.

Solar FIT, microFIT and/or Net-Meter Project Operations

- Solar Portfolio Performance Degradation at 0.5% per year
    - Current production warranties from panel manufacturers warrant 0.4% per year
- Utility and Internet expenses will increase at an inflationary rate of 2.0%
- Operations and Maintenance expenses will start at $850 per year per inverter and increase at an average rate of 1.5% to account for increases in labour costs, but decreases in materials costs
    - This is in line with current maintenance costs experienced by CED Co-op.

Net-Meter Power Purchase Agreement – Based Projects

- Annual development of projects split at 2/3rd solar rooftop and 1/3rd solar carport on a kW project size basis.
- Revenues for new Projects begin in the year following investment/construction.
- Power Purchase Agreements for electricity start at $0.125/kWh for 2025 and increase annually at a rate of 3% throughout the contract. Power Purchase Agreements begun in 2026 and later start at a rate 3% per year higher than $0.125/kWh
- Power Purchase Agreements based on a 25-year term
- Energy generation forecast to be 1,075 kWh/kW in year 1
    - The existing CED Co-op portfolio of fixed (rooftop) systems performed at 1,072 kWh/kW in the 12 months ended March 31, 2023, though the average age of these systems is 6 years old, and these do not utilize bi-facial solar panels.
- Solar PV rooftop projects developed at an all-in cost of $1.75/W (excluding ITC refundable credits)
- Solar PV carport projects developed at an all-in cost of $3.15/W (excluding ITC refundable credits)
- Projects are eligible for a 30% Investment Tax Credit, with the refundable tax credit to be received in the year following project development
- CECs start at a net value of $10/MWh, increasing over 5 years to $20/MWh and remaining at that value

Anticipated solar project development and corresponding share offerings

	Project Investments	Share Investments (Repurchases)
2024	$ 2,000,000	$ 3,000,000
2025	$ 3,500,000	$ 3,500,000
2026	$ 5,000,000	$ 4,000,000
2027	$ 6,000,000	$ 4,500,000
2028	$ 6,500,000	$ 4,500,000
2029	$ 7,500,000	$ 3,500,000
2030	$ 8,000,000	$ 3,000,000
2031	$ 8,000,000	$ 3,500,000
2032	$ 8,000,000	$ 3,000,000
2033	$ 8,000,000	$ 1,000,000
2034	$ -	$ (8,500,000)
2035	$ -	$ (5,500,000)
2036	$ -	$ (3,500,000)
2037	$ -	$ (5,000,000)
2038	$ -	$ (5,000,000)

The amount shown as invested in projects is the total value invested in a year. As long as the average all-in costs as outlined above are maintained, this could be accomplished through the development of any number of projects adding up to the total value. As outlined in Section 4.1.1, CED Co-op is targeting the development of 3 to 4 large scale projects per year with investments ranging in size from $600,000 to $5,000,000.

Though only Solar Net-Meter projects and carbon offset credits are shown in the forecasts, CED Co-op believes that there may be more and different types of projects that are developed and brought into the Portfolio.

Though no net new subscriptions for Class C Preference Shares are forecast beyond 2032 and repurchases are shown, and with this, no additional net-meter projects are forecast to be developed beyond 2032, the Co-operative believes that there are likely further Project and investment opportunities that will exist at that time.

It is the belief of the Board that the Project Portfolio of the Co-operative will be able to support the annual operations of CED Co-op and the targeted returns are expected to be able to be maintained from the cash flows these Projects.

4.7 PORTFOLIO INVESTMENT AND FINANCE

The loan to project value ratio in providing the necessary capital for the acquisition of the Projects has historically averaged approximately 70% funded from more traditional lending sources and structures, and 30% funded from the Bonds and Shares of CED Co-op. For the purposes of these ratio calculations, the project value used is the cost of acquisition of the Projects. For the FIT 4 projects, the funding of construction came entirely from Investors, and moving forward for future projects the Co-op may vary the level of project finance employed in the development or acquisition of projects.

The full loan amount for the SunShare1 LP, SunShare2 LP and 2117921 – CED Solar tranches of projects within the portfolio has been advanced. The lender for these tranches is CWB, and further details on loan balances and upcoming payments are provided in Section 7: Securities and Other Debt Obligation of CED Co-op. The terms of this financing are outlined below.

CWB has registered security on the contracts and assets of SunShare1 LP, SunShare2 LP and 2117921 – CED Solar, respectively as security for the financing outlined above. Further description of the Credit Agreements for these respective loans is included in Section 7.1 – Credit Agreements – CWB.

Long Term Financing Terms – SunShare1 LP	
Total Original Loan Amount	$14,593,941 ($14,315,034 CED Co-op portion)
Amortization of the Loan	17 years
Original Term of the Loan	10 years
Interest Rate	5.39%
Loan to Project Value Ratio at Advance	68% Loan vs Project Value
Minimum Debt Service Coverage Ratio	1.25 (EBITDA / Annual loan payment)

As of December 31, 2023, the loans outstanding to SunShare1 LP totaled $10,005,476. The book value of the Projects, which is the acquisition cost of the projects less the accumulated amortization, held in SunShare1 LP on December 31, 2023, is $13,750,437. The ratio of the outstanding loan balance to the book value of the related assets on December 31, 2023 was 73%.

CED Co-op believes, but cannot guarantee, that the market value of the projects is substantially higher than the book value of the Projects. The last time a market valuation of the Projects held in SunShare1 LP was completed was as of December 31, 2022, when the value was assessed to be $17,428,630.

Long Term Financing Terms – SunShare2 LP	
Total Original Loan Amount	$6,850,414 ($3,872,835 CED Co-op portion)
Amortization of the Loan	17 years
Term of the Loan	10 years
Interest Rate	5.73%
Loan to Project Value Ratio at Advance	76% Loan vs Project Value
Minimum Debt Service Coverage Ratio	1.25 (EBITDA / Annual loan payment)

As of December 31, 2023, the loans outstanding to SunShare2 LP totaled $5,110,649. The book value of the Projects, which is the acquisition cost of the projects less the accumulated amortization, held in SunShare2 LP on December 31, 2023, is $6,102,322. The ratio of the outstanding loan balance to the book value of the related assets on December 31, 2023 was 84%.

CED Co-op believes, but cannot guarantee, that the market value of the projects is substantially higher than the book value of the Projects. The last time a market valuation of the Projects held in SunShare2 LP was completed was as of December 31, 2022, when the value was assessed to be $7,424,237.

Long Term Financing Terms – 2117921 – CED Solar	
Total Original Loan Amount	$4,050,000 ($4,050,000 CED Co-op portion)
Amortization of the Loan	10 years
Term of the Loan	10 years
Interest Rate	6.21%
Loan to Project Value Ratio at Advance	63% Loan vs Project Value
Minimum Debt Service Coverage Ratio	1.25 (EBITDA / Annual loan payment)

As of December 31, 2023, the loans outstanding to 2117921 Alberta Inc. totaled $2,216,409. The book value of the Projects, which is the acquisition cost of the projects less the accumulated amortization, held in 2117921 Alberta Inc. on December 31, 2023, is $4,146,646. The ratio of the outstanding loan balance to the book value of the related assets on December 31, 2023 was 53%.

CED Co-op believes, but cannot guarantee, that the market value of the projects is substantially higher than the book value of the Projects. The last time a market valuation of the Projects held in 2117921 Alberta Inc. was completed was as of December 31, 2022, when the value was assessed to be $4,982,172.

Rohnbrad Inc. has supplied project financing for the projects in SunShare3 LP to which they are a Partner. This financing is provided through one of their related companies 2300070 Ontario Inc:

Long Term Financing Terms – SunShare3 LP	
Total Original Loan Amount	$1,484,120 ($1,484,120 CED Co-op portion)
Amortization of the Loan	15 years
Term of the Loan	15 years
Interest Rate	5.00%
Loan to Project Value Ratio at Advance	100% Loan vs Project Value

As of December 31, 2023, the loans outstanding to CED Co-op for the ownership held of the SunShare3 LP Projects totaled $927,420. The book value of the Projects, which is the acquisition cost of the projects less the accumulated amortization, held in 2117921 Alberta Inc. on December 31, 2023, is $1,294,306. The ratio of the outstanding loan balance to the book value of the related assets on December 31, 2023 was 72%.

CED Co-op believes, but cannot guarantee, that the market value of the projects is substantially higher than the book value of the Projects. The last time a market valuation of the Projects held in SunShare3 LP was completed was as of December 31, 2022, when the value was assessed to be $1,525,763.

CED Co-op did not pursue financing from lenders for the Projects that are held in SunShare4 LP. The book value of the Projects, which is the acquisition cost of the projects less the accumulated amortization, held in SunShare4 LP on December 31, 2023, is $1,467,142.

CED Co-op believes, but cannot guarantee, that the market value of the projects is substantially higher than the book value of the Projects. The last time a market valuation of the Projects held in SunShare4 LP was completed was as of December 31, 2022, when the value was assessed to be $1,698,107.

Schiedel View Farms Inc. has provided project financing for the project in which they are a JV Partner as follows:

Long Term Financing Terms – CEDC Turkey SunShare JV	
Total Original Loan Amount	$525,000 ($294,000 CED Co-op portion)
Amortization of the Loan	15 years
Term of the Loan	15 years
Interest Rate	5.50%
Loan to Project Value Ratio at Advance	71% Loan vs Project Value

As of December 31, 2023, the loan outstanding to CED Co-op for the ownership held of the CEDC Turkey SunShare JV Project totaled $161,825. The book value of the Project, which is the acquisition cost of the projects less the accumulated amortization, held in the CEDC Turkey SunShare JV on December 31, 2023, is $255,000. The ratio of the outstanding loan balance to the book value of the related assets on December 31, 2023 was 63%.

CED Co-op believes, but cannot guarantee, that the market value of the projects is substantially higher than the book value of the Projects. The last time a market valuation of the Projects held in the CEDC Turkey SunShare JV was completed was as of December 31, 2022, when the value was assessed to be $354,522.

4.8 RESP, RRSP, RRIF AND TFSA ELIGBILITY

The Co-operative believes that all of the Securities of CED Co-op are eligible to be held in RESP, RRSP, RRIF and TFSA accounts. This is based on the Co-operative's ongoing status as a Public Corporation and certain provisions under Tax Regulations as follows which define some types of qualified investments:

- *4900. (1) (b) a share of the capital stock of a public corporation other than a mortgage investment corporation;*

- *4900. (1) (c.1) a bond, debenture, note or similar obligation of a public corporation other than a mortgage investment corporation;*

Qualification of Securities

CED Co-op has made an election to become a Public Corporation. An important note of distinction, CED Co-op is not listed, nor is it seeking to be listed, on any public exchanges for the trading of securities. This is an election to be considered a Public Corporation for Tax Act purposes. The legal opinion regarding the election to become a Public Corporation for Tax Act purposes is included as Appendix E: Legal Opinion on Election to Become a Public Corporation. Also included is the acknowledgement from CRA approving this election in Appendix F: CRA Approval of Public Corporation Status.

CED Co-op has received an updated legal opinion following the transition of the Co-operative from a Renewable Energy Co-operative to a 'regular' co-operative, confirming the ongoing eligibility of the Securities of CED Co-op to be held in Registered Plans, included as Appendix G. While CED Co-op believes that its Securities will continue to be eligible to be held in Registered Plans, this is a Risk Factor identified in Section 5: Risk Factors – Financial - Registered Account Eligibility Risk.

In order to ensure CED Co-op's status as a Public Corporation is maintained, it will be important for CED Co-op to manage Shareholdings of its various classes of Preference Shares to ensure that insiders, including directors and officers of CED Co-op, do not hold more than 90% of the Class A Preference Shares outstanding. CED Co-op confirms that, as of the date of the Offering, insiders do not hold more than 90% of any class of the Shares of CED Co-op. With this CED Co-op does not satisfy the requirements in order to become a non-public corporation and does not intend to become a non-public corporation.

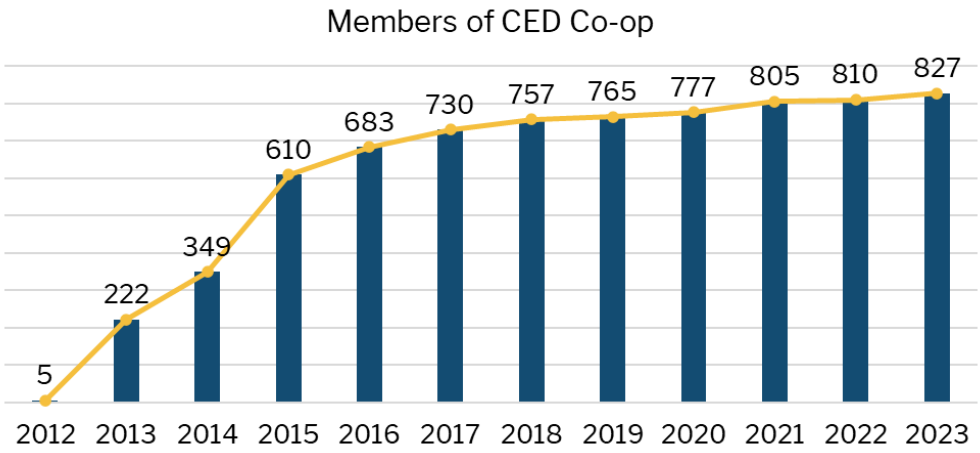
4.9 MARKETING PLAN

There are two prongs to the marketing plan for CED Co-op. The first is in the area of Project development, and the second is continuing to bring in investments to enable funding of further Projects. For Project development, CED Co-op is actively looking for projects in Ontario and is also beginning preliminary investigation for the potential to develop projects outside of the Province. For Investment growth, CED Co-op is only marketing to residents of Ontario, though with the global reach of websites, from time to time, investment interest comes from outside of Ontario, and CED Co-op will allow non-residents of Ontario to make investments in the Class C Preference Shares and hold securities other than Membership Shares. This is a risk factor identified in Section 5: Risk Factors - Financial – Eligibility to Hold Securities as a Non-Resident of Ontario.

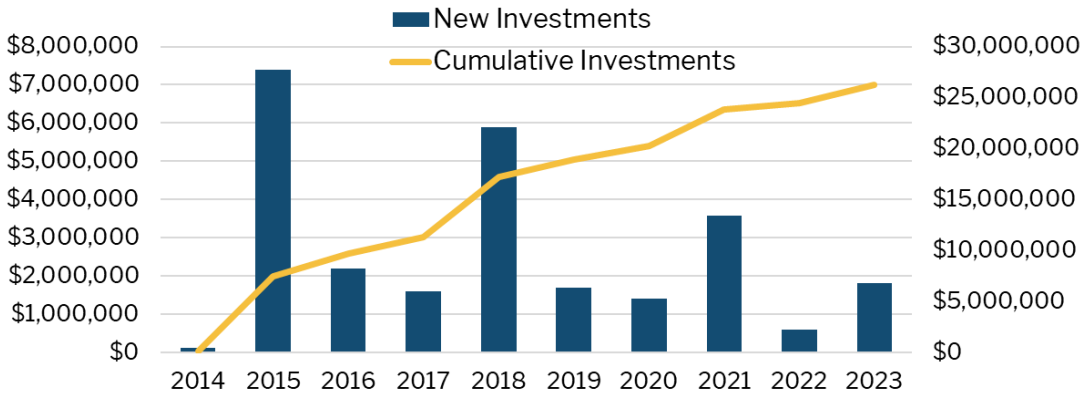
For Project Development, CED Co-op will be continuing to work with VCT to create Net-Meter project participation opportunities and other related technologies. This is not exclusive to VCT, and projects brought

to CED Co-op from other reputable companies in the industry, such as Crescent Ridge Services, Arcadian Projects and Guelph Solar would be welcome. At this time, CED Co-op is largely relying on the marketing and business development efforts of VCT to develop a pipeline of projects. There continues to be strong interest in solar projects from landowners and building owners at this time.

In pursuing investment growth, CED Co-op has expanded its member base to over 800 Investors through 11 years of operations, as outlined in the following chart. With few project opportunities available to CED Co-op following the conclusion of the FIT Program application rounds, CED Co-op has not needed to put significant efforts into growing the membership base or the Investor base. With new project opportunities now being available, the co-operative anticipates that additional efforts to raise capital, akin to the efforts expended in the first two offerings, will be needed again for this Offering.



To the end of 2023, CED Co-op has raised more than $26 million in investments.



Under CED Co-op's 2021 offering, approximately 54% of Investments, on a dollar basis, were made as non-registered investments, with 46% of investments being made through either a TFSA, RRIF, RRSP or Spousal RRSP. Under the 2022 offering, approximately 80% of investments have occurred through Registered Plans, and this further increased to 84% for the 2023 Offering. This is a much higher percentage of investments being made through registered plans compared to early offerings, underscoring the importance of offering Securities that are eligible to be held in Registered Plans. Once again, many Investors made multiple investments in the Class C Preference shares, holding some in non-registered as well as Registered Plans including TFSA and RRSP/RRIF accounts.

Many who are receiving investment returns from previous offerings are looking for opportunities for reinvestment. During 2024, CED Co-op is expecting to make payments of approximately $2.02 million to current Members and Investors, it is anticipated that a significant portion of this will be reinvested in the purchase of new Securities through this Offering.

CED Co-op has begun more formal marketing efforts to increase awareness of the organization. The channels that were used in 2021 and onward included billboards, direct mailings, hand delivered proposals and targeted social media campaigns.

As part of the securities management platform that is currently under development with the proceeds from the previous offerings, CED Co-op is revamping its website to provide a more organized and cohesive structure, as well as update language and visuals that were developed through the 2021 marketing campaigns, shown below. This revamped securities management platform will also provide enhanced reporting and transaction services for members. Improving the digital experience and streamlining the processes for investment is anticipated to reduce the administrative burden and attract a wider demographic of members and investors. With a reduction in administration, CED Co-op may be able to reduce the minimum investment amount for future offerings.



For this Offering, CED Co-op intends to utilize many of the advertising and marketing channels that were utilized in previous years. In-person activities have begun occurring with more frequency as COVID concerns are waning. CED Co-op looks forward to holding a series of events with sustainability groups, potential investors and potential project partners.

It is believed that the maximum limit of funds could be raised through these channels, though as outlined in Section 6.2: Use of Proceeds of the Offering, CED Co-op does not require achieving this maximum in order to move ahead with project acquisitions or developments. In the previous offerings of the Co-operative to date, the investments subscriptions totaled approximately $9.7 million (2015), $7.5 million (2017), $3.0 million (2019), $3.5 million (2021) and most recently, $1.6 million (2022-2023), $1.22 million (2023-2024).

4.10 TAXATION

As previously outlined, CED Co-op is a Public Corporation for Tax Act purposes. As a result, the dividends paid by CED Co-op to its Shareholders on CED Co-op's Class A Preference Shares, Class B Preference Shares and Class C Preference shares are considered "eligible dividends" and qualify for a lower income tax rate than "non-eligible dividends".

As a Public Corporation, CED Co-op is not able to claim the small business deduction that can be claimed by Canadian Controlled Private Corporations (CCPC) which reduces the tax rate on the first $500,000 of active business income to a rate which is currently 12.2% (combined federal and Ontario rate). In addition, in becoming a Public Corporation, CED Co-op and its shareholders are not able to take advantage of other benefits available only to private corporations, including, but not limited to, the following:

Subject to certain restrictions, individuals in Canada are eligible to claim a limited exemption on capital gains realized on the disposition of shares of Qualified Small Business Corporations (QSBC). One of the conditions that a corporation must meet in order to be a QSBC is that it must be a CCPC. As a result, shareholders in the CED Co-op will not be entitled to claim an exemption from taxation on capital gains realized on the sale of

shares of the CED Co-op. This is likely not to affect the Investors of CED Co-op since the Shares of CED Co-op are par value shares, and no change in value of the Shares is anticipated.

CCPC's may generally return paid up capital to their shareholders free of personal income tax; return of paid-up capital by a Public Corporation will generally be a dividend.

However, as a Public Corporation, CED Co-op will not be subject to the additional tax on certain forms of investment income to which CCPC's are subject.

The income tax rate currently in effect that would be applicable to the income of CED Co-op is 26.5% (combined federal and Ontario rate). It is uncertain if corporate income tax rates will fluctuate over the time frames that are forecast in the Projected Financial Statements included in Appendix A.

In order to maximize tax efficiency, historically, CED Co-op has offered both bonds and shares as general investment types. The Co-operative anticipates that it will continue to offer various securities and may vary the structure and types of future securities offered for investment by investors.

The Bonds will be earning interest-based returns for Investors, and the interest expense paid by the Co-operative qualifies as a pre-tax expense, which reduces the Co-operative's amount of taxable income while providing returns. The interest portion of the return to Bondholders is expected to be taxable income to the Bondholder. The return of principal to Bondholders is not considered to be taxable income to the Bondholder.

The Shares will earn dividend income which comes from the after-tax revenues for the Co-operative. The dividends paid to Shareholders are expected to be taxable income to the Shareholder. The Preference Shares will also be repurchased over the course of the FIT Contracts. The return of capital in the form of Share repurchases is not considered to be taxable income to the Shareholder.

THE INFORMATION CONTAINED HEREIN DOES NOT CONSTITUTE LEGAL OR TAX ADVICE. ALL POTENTIAL SECURITY HOLDERS OF THE CO-OPERATIVE SHOULD CONSULT WITH THEIR LEGAL AND TAX ADVISORS TO CONFIRM THE TAXATION IMPLICATIONS OF THE INVESTMENT AND RETURNS FROM THESE SECURITIES PRIOR TO MAKING AN INVESTMENT.

The Co-operative and its various operating entities are HST registrants, and as such will be collecting HST on the electricity that is sold to the LDCs as well as the various other taxable supplies that are made under new business models. As an HST registrant, the HST that is paid on eligible expenses will be claimed as an input tax credit and netted against the amount of HST that is remitted to CRA. At the time of the acquisition of a Project, the ability to claim the HST paid on the purchase of the Project will result in a significant credit for the Co-operative that is refundable. The values that have been used for Financial Projections show Project costs net of the expected return of HST. This is a cash flow issue that the Co-operative will have to manage. A staggered acquisition or development of projects will help to mitigate the effects of this cash flow issue.

The acquisition or development of Projects creates an asset for the Co-operative that is held in various classes as described in the Tax Act. The Solar PV Project assets are held in Class 43.1 and 43.2 of the Tax Regulations for the purposes of Capital Cost Allowance depreciation for income tax purposes under the tax act. Class 43.1 and 43.2 assets are typically allowed to be depreciated at a rate of 30% and 50%, respectively, per year on a declining balance with only half of the deduction allowed in the year of acquisition, though for projects that become available for use in 2024 or 2025, there is an accelerated rate of Capital Cost Allowance that may be claimed of 75% of the full project cost. In addition to the rules for Class 43.1 and 43.2, the Projects may be subject to specified energy property rules. The specified energy property rules require that each Project be maintained in a separate asset class within the 43.1 or 43.2 Class and generally limit the amount of CCA deduction that can be claimed in a tax year to the amount that would reduce taxable income from that Project to $0. Since the principal business of CED Co-op is the sale of electricity, the Co-operative will be allowed to take the full deduction to create a loss for tax purposes or to use the CCA from one Project to shield the income from other revenue realized by the Co-operative from other Projects or other sources. Should a loss for tax purposes be created, this loss is not eligible to be flowed through to any of the Security Holders of the Co-operative.

New Project types and Asset types will fall under various other classes for the purpose of CCA under the Tax Act and Tax Regulations. In general, it is anticipated that the CCA deductions, combined with the other allowable expenses (including interest on Bonds), are expected to eliminate the payment of income tax for the first 15 years of operations of the Co-operative.

5. RISK FACTORS

The Co-operative and its Investors will be subject to a number of risks common to business ventures in general and will also be subject to risks involved in the development and operation of Renewable Energy Projects under the FIT Program and the operations of other types of projects in various other business models. The failure to prevent or mitigate any of the following circumstances could jeopardize Investors' investments in the Co-operative and could have a negative impact on the Co-operative's financial returns and solvency.

Before investing, prospective purchasers should carefully consider, in light of their own financial circumstances, the Risk Factors set forth below as well as the other information contained in this Offering Statement. Some of the Risk Factors have been grouped into themes by heading. This is for organization and readability and is not meant to imply that these risks cannot, or do not, relate to other operations and business areas of the Co-operative.

Projections and Forward-Looking Information: This Offering Statement and the Business Plan contain forward-looking statements and projections, including the Financial Projections attached as Appendix A, which involve numerous assumptions, hypotheses, risks and uncertainties including, among others, those set out herein as Risk Factors. These Risk Factors impact future events including future operating results, prospects and future financial performance and condition, results of operations, business strategy and financial needs. These statements can be identified by terminology such as "may," "will," "expect," "anticipate," "future," "intend," "plan," "believe," "estimate," "is/are likely to" or similar expressions. Actual results of operations will vary, perhaps materially and adversely, from the projections contained in this Offering Statement. No representations or warranties are given that these projections will actually be achieved. The assumptions and hypotheses upon which these projections are based may change on account of circumstances beyond the control of the Co-operative. The projections made should be viewed as estimates only.

Business Prospects – No Guarantee of Projects: The Co-operative is raising funds for future projects on a speculative basis. No formal agreements for future projects have been signed at this time. The Co-operative cannot guarantee that the projects currently being contemplated will be developed, or that alternative or additional project opportunities will materialize.

Business Prospects – Performance of Third Parties: The Co-operative's financial performance is, to some degree, dependent upon the performance of its JV and LP Partners. It is possible that the unprofitability and/or insolvency of JV or LP Partners could negatively impact upon the Co-operative and its financial results. It is also possible that JV Partners may be unable to meet their financial obligations toward the Projects, which could put the Projects at risk.

Business Prospects - Political Risk: The viability of the Co-operative's current or future plans, to generate or sell Renewable Energy, develop energy efficiency projects, or develop carbon reduction projects, depends, in large measure, upon the existing energy market structures. Energy markets are highly regulated and are subject to the changes in legislation and regulation that may be enacted from time to time, at potentially federal, provincial, or even municipal levels. This may result in changes, whether owing to a change in the persons or parties in positions of leadership or otherwise, that could have a negative impact on the Co-operative's operations.

Business Prospects - Regulatory Approval and Permits: The Co-operative has outlined its expectations based on the existing rules and regulatory requirements of the existing FIT Program, net-meter regulations, electrical codes, building codes, and other regulatory requirements. If any of these requirements change, this may impose additional costs to the Co-operative not contemplated in the Co-operative's current Business Plan. The Co-operative is also required to be compliant with various rules and requirements held by the various LDCs. These rules and requirements may change which could require modifications to operating FIT Projects or other projects that impair the economics of the Co-operative.

Carbon Offsets – Carbon Market Pricing: In alignment with the prescribed rates for carbon emissions from the Government of Canada, the Co-operative anticipates that the market price for carbon offset credits will continue to increase over time. As with many aspects of the forecasts of the Co-operative, CED Co-op cannot guarantee that prices will continue to increase at any particular rate, increase at all, or that prices will not decrease. This could have a negative effect on the profitability of carbon offset credits or other projects that rely on the market price of carbon offsets.

Carbon Offsets – Market Structure Changes / Other Regulatory: The Co-operative may enter into compliance-based or voluntary-based carbon offset sales structures with various customers and partners that are dependent upon certain carbon offset market characteristics or pricing structures. These market characteristics and pricing structures may change over time, including through legislation or other industry and market effects. The Co-operative cannot guarantee that changes to market characteristics and pricing structures will not have adverse effects on the revenues or profitability of the Co-operative.

Carbon Offsets – Validation and Verification of Credits: The sale of carbon offsets relies on validation of projects and verification of greenhouse gas reductions in compliance with various standards and processes. The evaluation and confirmation of these is performed by third parties, outside of the control of the Co-operative. CED Co-op can not guarantee that evaluation criteria will remain unchanged, or that, in the opinion of a validator, the operations and projects have or will produce the anticipated outcomes required for the validation and verification of Projects and carbon offsets.

Financial - Ability to Pay Dividends and Surplus: There can be no assurances the Co-operative will be able to pay dividends or distributions of Surplus according to the Business Plan and as set forth in this Offering Statement. The payment of dividends and distributions of Surplus will be in the discretion of the Board, who will assess the Co-operative's ability to pay and the Co-operative's financial position and needs at such time.

Financial – Acceleration or Non-Renewal: In the circumstance that an event of default occurs, as described in Section 7.1 Credit Agreements - CWB, and the lender elects to accelerate any or all obligations owed by a borrowing entity (SunShare1 LP, SunShare2 LP and 2117921 Alberta Ltd.), or, if a lender elects to not renew any loan amount at the expiry of the term, the Co-operative, via the respective borrowing entity, would endeavour to pay out the balances owing by drawing from the related payment reserves, maintenance reserves and other cash balances on hand. Further, the Co-operative would look for alternative financiers if the funds were not already raised by investors and available to pay loan balances remaining. Should balances remain following repayment from available resources, it is likely that one or more projects would need to be sold. Under an event of default, the lender may or may not allow the borrowing entity or the Co-operative to conduct the sale, the lender could take possession of the associated project assets, and attempt to liquidate (sell) the projects in an effort to pay off loan balances. These loans are considered to be non-recourse financing and the security of the respective loan is limited to the solar projects existing within the borrowing entity (SunShare1 LP, SunShare2 LP and 2117921 Alberta Ltd.) at the time of the default. The specific Projects that are held within each respective entity are outlined in Section 3.6.3. Business Models – FIT and microFIT Contracts. Should balances be left owing to the lender after the liquidation of all Projects and assets held by the respective borrowing entity, there would be no further recourse to CED Co-op. If any proceeds remain from the sale of assets after paying off all amounts owing to the Lender, these funds would be made available to CED Co-op and any other project partners. If there are limited, or no, proceeds available to CED Co-op, it is possible that CED Co-op may not be able to maintain payments on Bonds, payments of Dividends, or have sufficient capital to repurchase the Preference Shares outstanding, and Investors may receive reduced returns, or may not receive their invested funds returned to them.

Financial - Availability of Debt Financing: No assurances can be given that any of the loan facilities that require renewal will be renewed by the current lender or alternate financing will be obtained or, if capable of being obtained, will be obtained on acceptable terms. If the loans are obtained but are subject to higher interest rates than those projected in Section 4: Business Plan and in Appendix A, then the revenues flowing to the Co-operative from the Projects will be reduced and the Co-operative's financial projections will not be accurate.

Financial - Change in Dividend Policy: The Board is responsible to manage the business and affairs of the Co-operative. As described in Section 3: Description of the Business of CED Co-op, the Board may at some future date elect to alter the Co-operative's dividend policy, which could result in a smaller proportion of the profits of the Co-operative being received by Shareholders.

Financial – Debt Load: The Co-operative has incurred a significant debt load. Total debt, including all loan and bond obligations, as of December 31, 2023 amounted to approximately $23.2 Million, a reduction of approximately $3.0 million from $26.2 million at December 31, 2022. 2023 interest charges on bank debt amounted to $1,025,502, interest charges on bank debt is expected to be $949,496 in 2024. The reduction of the Co-operative's total debt and debt servicing charges is very important to the long-term financial stability of the Co-operative. The breakdown of the $23.2 million of debt remaining includes $1.7 million of current liabilities and $21.5 million of long-term debt. A full breakdown of the loans and bonds is provided in Section 7

– Securities and Other Debt Obligations of CED Co-op with further details and descriptions provided in Note 8 of the 2023 Consolidated Financial Statements, included as Appendix B.

As noted in Section 7, in 2022, Per the terms of the lending agreement, the conditions required for equity distribution were not met during that year, indicating a breach of these conditions. Upon becoming aware of the situation, the Co-operative obtained a waiver from the lender CWB. Per the lending agreement, since this waiver was issued within the cure period, this did not result in an event of default for Sunshare2 LP or the Co-operative. However, in accordance with International Accounting Standards (IAS) 1, the Co-operative was required to report the entire balance of the loan as a current liability for the 2022 year end, since it does not have the unconditional right to defer its settlement of the loan for at least twelve months. The total amount of debt classified as current within the 2023 financial statements, showing the 2022 comparative year, included as Appendix B, that would have otherwise been classified as long term, was $4,977,711. However, as a result of obtaining the waiver within the cure period, the potential acceleration of repayments of the loan was automatically annulled and the loan was reclassified to long term on March 17, 2023. The Co-operative was not required to make changes to the lending agreement in exchange for the waiver, and no further implications resulted from this situation.

Financial – Eligibility to Hold Securities as a Non-Resident of Ontario: The Co-operative has not registered itself nor this Offering document with any regulators outside of the Province of Ontario. CED Co-op does not guarantee the eligibility of investors to hold the Securities of the Co-operative by non-residents of Ontario. It is the responsibility of the prospective purchaser or holder of Securities to apprise themselves of the risks and requirements of investing in the Co-operative, or holding the securities of the Co-operative, while not resident in Ontario.

Financial - Long Term Investment: There is no market into which these securities may be sold. Purchasers of the Securities offered herein should be aware of the durations of the terms of the Securities. The terms of many of the Securities may not be suitable for Investors who may need to sell their Securities quickly in order to raise money. Members are not entitled to demand the redemption of these Securities as explained in "Material Attributes of Authorized Capital" at the end of Section 8: Capital Structure. Any redemption of these Securities will occur at the sole discretion of the Board.

Financial - Market for Securities: There is presently no market for the Securities being offered nor is a market expected to develop. This is an illiquid security. It is unsuitable for any purchaser who may wish to sell the security. Purchasers may not be able to resell Securities purchased pursuant to this Offering Statement, if they need to, regardless of the need, or if they want to. Transfers of all Securities requires Board approval. Management will use its best efforts to match buyers and sellers, but no guarantee is offered that holders of the Securities will be able to sell them.

Financial - No Sinking Fund or Reserve: No sinking fund or reserve has been established to redeem the Securities of the Co-operative. It is the present intention of the Co-operative to redeem the Preference Shares and Bonds on a respective schedule outlined in Section 9: Description of Securities of the applicable Offering. However, there can be no guarantee this will be possible for the Co-operative, whether under the Co-op Act or otherwise. Members are not entitled to demand the redemption of the Securities of the Co-operative. Any redemption of these Securities will occur at the sole discretion of the Board of the Co-operative.

Financial - Priority of Lenders: The net proceeds from the Securities offered herein will be utilized to capitalize the Co-operative, which will in turn use this capital for the development of Renewable Energy Facilities, energy efficiency projects and for other purposes described herein. These proceeds will be subordinate to any funds received from secured term and/or working capital lenders and all other secured creditors of the Co-operative, who will rank in priority to all Bondholders who will in turn rank in priority to all Shareholders. Any such secured lenders and creditors will have priority with respect to the payment of interest and principal and secured lenders and creditors will hold a secured position over all of the assets of the Co-operative in priority to its Bondholders and Shareholders. It is anticipated these secured lenders will place certain conditions and restrictions upon the Co-operative's ability to make distributions to, or redeem the Securities of, its Bondholders and Shareholders. These conditions could require the Co-operative to allocate all or part of any excess cash flow generated by the Co-operative's operations to the pre-payment of its indebtedness, thereby eliminating or reducing the amount of cash that could otherwise be available for payment to Bondholders or distribution to Shareholders. The ability of the Co-operative to pay interest on or

redeem Bonds, or pay dividends on or redeem Shares, will depend both on the success of the Co-operative and its Projects and on the terms and conditions imposed by the Co-operative's lenders.

Financial - Profitability and Solvency: There is no certainty the Co-operative will be profitable and able to pay interest on or redeem Bonds, pay dividends on or redeem or repurchase Shares of the Co-operative, nor is there any certainty the Co-operative will be viable and solvent. In addition, there can be no guarantee the Co-operative will be able to meet the solvency test mandated by the Co-op Act when a request is made by a Shareholder to redeem their Shares or when Membership ceases.

Financial - Registered Account Eligibility Risk: While CED Co-op believes, as a Public Corporation, that the Securities offered by the Co-operative, including Class C Preference Shares, are eligible to be held in Registered Plans, and has received a legal opinion confirming this included as Appendix G, the Co-operative can not guarantee this. The risks of this include the Canada Revenue Agency denying the eligibility of an investment in the Securities offered in this Offering, financial institutions not accepting these securities to be held in registered accounts, or other risks.

Financial – Security: As outlined in Section 9.3 Ranking of Investments, and further described in the Rank paragraph of Section 9.2 Class C Preference Shares, security for the Class C preference Shares and Membership shares ranks behind principal and interest on all secured loans, principal and interest on all unsecured loans, principal and interest on all Bonds, dividends that have been declared but unpaid on all classes of Preference Shares, Class A Preference Shares and Class B Preference Shares. In the event of a default (which could be the result of a payment default or a covenant breach), prior ranking creditors would be able to exercise their rights under the applicable lending agreements in full satisfaction of obligations due to such creditors. Under such a scenario, holders of the Class C Preference Shares and Membership shares will not receive any payments or interest unless all prior ranking obligations are paid in full.

Financial -Taxation: Financial Projections assume that Renewable Energy generation assets owned by the Co-operative are eligible for accelerated capital cost allowance under Class 43.2 of the Tax Regulations. Together with other deductible expenses, it is anticipated these provisions would limit the tax paid by the Co-operative while these expenses are deducted from revenues. The Co-operative's Financial Projections are also based on the current tax rate in effect for the income of a Public Corporation of 26.5% which is the tax rate has been used in Financial Projections. Corporate tax rates have changed significantly over time, and it is expected this tax rate will change in the future. It is also possible other tax provisions may be changed in the future and could result in higher taxation for the Co-operative, thereby affecting the profitability of the Co-operative.

FIT Contracts – Community Investment Member Status: Some of the Projects that the Co-operative intends to develop require Community Investment Member status (as outlined in the Glossary of Terms and Section 3.4.1 Membership Requirements) as it relates to a particular Project. If the Co-operative loses its status as a Community Investment Member, through reductions in qualifying Memberships, or through other events, as it relates to a specific Project, and the Co-operative cannot either sell the Project to a qualifying Community Investment Member or regain Community Investment Member status within a 6-month time period, the FIT Contract for that particular Project will be considered in default and the FIT Contract will be at risk of termination.

FIT Contracts – Contract Risk: The Co-operative has endeavoured to comply with the FIT Rules and the FIT Contracts and continues to do so. Where CED Co-op finds the FIT Rules and FIT Contracts appear to be unclear, the Co-operative has sought interpretation advice from the IESO as well as legal advice to confirm interpretations of the FIT Rules and FIT Contracts. The IESO is the primary authority on the interpretation and application of the FIT Rules and deemed compliance with the FIT Contract, and it is possible that the IESO may interpret and apply rules and contract clauses differently than the FIT Rules and FIT Contracts were understood and executed upon by the Co-operative. Further, the FIT Contract contains a number of clauses which generally favour the IESO over the Supplier. This includes the ability for the IESO to terminate a FIT Contract for convenience prior to the FIT Contract being granted the Notice to Proceed. The FIT Contract also specifies a large number of factors (in the FIT Contract the "events of default") that may be outside of the Co-operative's control such as a reduction in the number of Members as it relates to Community Investment Members status. This may result in unexpected periods of lost revenue while achieving compliance or unexpected legal expenses in asserting the Co-operative's interpretation of the FIT Rules and FIT Contracts. Any event of default that could not be remedied according to the terms of the FIT Contract could result in the early termination of the FIT Contract at the option of the IESO, which would have a detrimental impact on the

Co-operative's financial position. The Co-operative is aware of the grounds for termination in the FIT Contract and intends to carefully monitor its Membership numbers, FIT Contract operation processes and other factors to ensure ongoing compliance with the FIT Contract, but cannot guarantee Membership numbers or FIT Project compliance.

FIT Contracts – Government and Regulatory: In addition to cancelling some FIT Contracts that were in development stages, the Government of Ontario has, at various times, mentioned the prospects of further legal reviews of FIT Contracts, renegotiation of FIT Contracts, and further cancellations. Any renegotiations or cancellations of the FIT Contracts could have a serious negative effect on the financial prospects of the Co-operative. The Government of Ontario obtained a legal review of the FIT contracts with regards to termination rights (included as Appendix N). While the conclusion reached in the legal review is that "None of the Reviewed Contracts provide the IESO with the right to terminate the contract for convenience once the facility has achieved commercial operation.", the Co-operative is not aware of whether this has been tested in a court.

FIT Contracts – Ontario Domestic Content Requirements: There are some requirements in a few of the FIT Contracts to maintain "Domestic Content" both for initial construction as well as for ongoing warranty and replacement parts. While the IESO has issued a clarification position regarding the interpretation of Domestic Content as it pertains to FIT Contracts, this is not binding on the IESO, and is open to some level of interpretation regarding Bona Fide reasons for replacing equipment. Because of the limited number of manufacturers of solar materials in Ontario, there could be difficulties in acquiring solar panels or other equipment that meet the Domestic Content requirements under the FIT Contract. As a result, the Co-operative's Projects may be unable to have the materials of choice, or any materials, for ongoing repairs or parts replacement. Also, the IESO does not pre-approve products as meeting Domestic Content requirements. While the Co-operative has performed significant due diligence in confirming the qualifications of components selected for Domestic Content requirements, ultimate approval for products meeting Domestic Content requirements is held by the IESO and is subject to their audit of the manufacturer and all product documentation following the completion of construction of the Project. The failure of a component to meet Domestic Content Requirements would be an event of default under the Contract.

Net-Meter - Electricity Market Pricing: In line with forecast from the IESO, the Co-operative anticipates that the market price for electricity in Ontario will continue to increase over time. As with many aspects of the forecasts of the Co-operative, CED Co-op cannot guarantee that prices will continue to increase at any particular rate, increase at all, or that prices will not decrease. This could have a negative effect on the profitability of Net-Meter and other projects that rely on the market price of electricity.

Net-Meter - Market Structure Changes / Other Regulatory: The Co-operative may enter into Net-Meter structures with various customers and partners that are dependent upon certain electricity market characteristics or pricing structures. These market characteristics and pricing structures may change over time, including through legislation or other industry and market effects. The co-operative cannot guarantee that changes to market characteristics and pricing structures will not have adverse effects on the revenues or profitability of projects.

Net-Meter – Use of electricity produced on site: Current regulations allow for the value of electricity produced from net-meter systems to be realized only for that which is also consumed on site within a 12-month period. If the electricity consumer counterparty to an agreement with the Co-operative is unable to use all electricity that the Co-operative produces from a system within a 12-month period, and is unable or unwilling to continue to purchase the energy, the financial profitability of a project may be diminished. Factors that could affect this include, but are not limited to, system production exceeding forecasts, energy consumption lower than forecasts and vacancy of the facility.

System/ Facility – Environmental Conditions: The Co-operative does not have active knowledge of any environmental concerns that could deter proceeding with the installation, operation or acquisition of the Project Portfolio, or new Projects at this time. Environmental activity and sector registry processes have been completed for the ground mounted Projects under contract, and the Co-operative anticipates that all future Projects will continue to meet environmental compliance requirements. At this time, Ontario requires no environmental assessment for rooftop Solar PV Facilities. However, there can be no assurances given that the IESO or other Government bodies will not review or change the environmental requirements of Projects owned or operated by CED Co-op.

System/ Facility – Failure of Equipment: The Solar PV and other Renewable Energy equipment the Cooperative intends to install is expected to be low maintenance and trouble-free. Solar panels are typically

covered by warranty for 10 years against manufacturer's defect and 30-40 years for the performance of the Solar Panel. Inverters are expected to be covered by a minimum warranty for 7-12 years with DC optimizers and other power electronics warranted for up to 20 years. The dual-axis tracker systems typically carry a 2-year warranty. Should issues with the solar panels, inverters, trackers and/or other equipment installed within a Facility develop, there could be a loss of energy production and/or associated revenues for the period of time that a failure occurs. This loss may not be covered by warranty or insurance, which may lower the Co-operative's profitability. The Co-operative shall seek to remedy this through insurance, but such insurance may not be available; it may, in the Co-operative's discretion, be cost-prohibitive to obtain or may not provide coverage in all circumstances.

System/ Facility – Lease Agreements: The Co-operative, the JVs, OpCo and the LPs in which the Co-operative holds an interest are parties to a number of executed Lease Agreements. Lease Agreements in which the Co-operative holds an Economic Interest have, or will be, negotiated on a Property Owner by Property Owner basis and the final form of the Lease Agreement to be entered into with each Property Owner could vary, perhaps materially, from one another, and from the summary of the terms of the Lease Agreement as described in Section 3.9. It is also envisioned that many Property Owner's properties will be subject to a mortgage or mortgages. If a Property Owner's property were sold under power of sale or were foreclosed upon, then such proceedings may terminate the Lease Agreement prematurely. The Co-operative shall seek to ensure that a non-disturbance clause is included in each Lease Agreement to ensure that any mortgagee must permit the Co-operative to remain in possession in the event that a Property Owner's property is sold under power of sale or foreclosed upon. However, Property Owners and/or mortgagees may be unwilling to enter into such non-disturbance agreements. The Co-operative may nevertheless elect to proceed with Projects under such a risk.

System/ Facility – Market Risks: As the Co-operative contemplates entry into new market opportunities, there are a number of risk factors that affect the development of new business models as well as the development of projects, whether based on existing or new technologies. These include, but are not limited to; customer risks such as defaulting on payments, defaulting on contract terms, misuse of equipment or facilities, customer solvency, changing customer base, vacancy and availability of customers; geographic risks such as the location/transportability of assets, access to customers or markets, evolving zoning, electrical safety code and building code requirements and changing electrical grid requirements; and product or service risks such as market fit, pricing, suitability, reliability, warranty, services costs, liability and other risks. Each of these could cause material negative effects on the financial results of the Co-operative.

System/ Facility – Roof, Project Area, or Parking Lot Issues: The Co-operative, or agents of the Co-operative, have reviewed or intend to review the conditions of rooftops, land areas, parking lot areas, or other areas of facilities and properties prior to the installation of equipment. The Co-operative cannot guarantee that the areas in which systems or equipment may be installed will remain suitable for the installation. This may require interventions including, without limitation, temporary removal and reinstallation, modifications to the system or its capabilities, or permanent removal of some or all of the system or equipment. This may cause additional operating expenses, maintenance expenses or diminished revenues including loss of all revenues from a project.

System/ Facility – Structural Damage upon installation: It is the intention of the Co-operative to ensure that operating entities controlled by the Co-operative maintain insurance that would cover any damage caused during the construction or installation of Projects. Additionally, the Co-operative intends that all contractors hired to perform the installation work will be required to have appropriate insurance in place. Nevertheless, the cost of the Facilities could increase if damage occurs during installation where the cost to repair the damage is higher than the amount that will be covered by insurance. This would have a negative impact on the profitability of the Co-operative, as would any increase in insurance policy costs owing to insurance claims made.

System/ Facility – Technology Risk: Renewable Energy technology remains in its early stages in the Province of Ontario. It is anticipated this technology will evolve and improve rapidly and that future technology will become more efficient and more reliable. It is further anticipated that the technology available at the time of this Offering Statement and used as the basis of the Business Plan will be, when compared to new technology, less efficient and may, during the 20-year term of the FIT Contracts, or the lifespan of the net-meter or other Facilities, become obsolete. With the development of new technology, the maintenance, costs and availability of replacement parts for existing systems or for new systems may vary significantly from forecasts for operations and maintenance expenses.

System/ Facility – Weather Variations and Snow Cover: The forecasts generated by the Co-operative and its suppliers are based on long-term climate averages. Significant variations from averages can and do occur. The Co-operative, along with the general public, is aware that climate and climate averages are changing and that those changes are difficult to predict on a micro-climate basis. Some of the potential effects of this are described as follows, though this is not an exhaustive list: Increases in temperatures negatively affect solar panel production, increases in humidity and cloud cover can reduce irradiance and sun hours, increasing winds can force solar tracking equipment to spend more time in safe modes which are less productive, variations in humidity, temperature and wind can cause increases in snow and ice accumulation on systems which shade panels, and smoke from forest fires can darken the skies and reduce irradiance. As the financial forecasts rely on long-term financial prospects of Facility productivity and project revenues, changes to climate may adversely affect the profitability of the Co-operative.

Unknown Risk Factors: The Co-operative may also be subject to Risk Factors that are currently unknown, and which could potentially affect its profitability and solvency. These Risk Factors could include but are not limited to failure to comply with governing statutes, increased competition and other factors that limit the Co-operative's future growth and investment prospects. While the Board does not view these Risk Factors as of an immediate concern, potential adverse changes in these areas may limit the Co-operative's solvency and/or its ability to pay interest on or redeem Bonds, or pay dividends on or redeem Shares.

6. PORTFOLIO, HISTORICAL PERFORMANCE AND USE OF PROCEEDS OF THE OFFERING

The 2023 audited financial statements of the Co-operative are included as Appendix B. The current Portfolio of Projects of CED Co-op is outlined below.

CED Co-op is currently an owner in 29 of the 31 operating FIT Contracts in the Portfolio. The 2 projects with no CED Co-op ownership are projects numbered 21 and 22 below. These are held via class C units within the LP. These have been included within the SunShare2 LP structure for financing convenience as they are owned by VCT, who also holds some of the class B units of the LP, sharing ownership with CED Co-op on these related projects (numbers 19 and 20 in the list below). This is further outlined in the organization charts located in Section 3.6.1. - Business Models – FIT and microFIT Contracts.

#	Name	Portfolio	KW-AC	Install-Type	FIT-Rate	FIT-Versio	Co-Op Owns	Community CCSA	Domestic Content	Geographic Area	Contract End Date
1	97A Dev - Solvation-V	SunShare1 LP	500	Ground 2-Axis	$ 0.802	2.11	100%	None	60%	Blind River	31/Aug/36
2	97C Dev - Solvation-VF	SunShare1 LP	490	Ground 2-Axis	$ 0.683	2.11	100%	None	60%	Blind River	31/Aug/36
3	97E Dev - Solvation-F	SunShare1 LP	330	Ground 2-Axis	$ 0.792	2.11	100%	None	60%	Blind River	31/Aug/36
4	1004 Cath - Wellesley Arena	SunShare1 LP	300	Rooftop	$ 0.329	3.01	100%	>50%	None	Waterloo Region	1/Mar/36
5	1 Green - St Clements Arena	SunShare1 LP	200	Rooftop	$ 0.329	3.01	100%	>50%	None	Waterloo Region	10/Dec/35
6	4639 Lobs - Wellesley Twn Off	SunShare1 LP	100	Rooftop	$ 0.345	3.01	100%	>50%	None	Waterloo Region	10/Dec/35
7	5279 Ament - Linwood Comm Ctr	SunShare1 LP	100	Rooftop	$ 0.345	3.01	100%	>50%	None	Waterloo Region	29/Feb/36
8	660 Superior - Salus Marine	SunShare1 LP	160	Rooftop	$ 0.329	3.01	51%	>50%	None	Waterloo Region	10/Dec/35
9	20 Crestview - J Hallman	SunShare1 LP	100	Rooftop	$ 0.345	3.01	51%	>50%	None	Waterloo Region	10/Dec/35
10	550 Princess - Shallow Lake Arena	SunShare1 LP	250	Rooftop	$ 0.329	3.01	100%	None	None	Owen Sound	2/Mar/36
11	137534 Conc Rd 7 - Derby Arena	SunShare1 LP	100	Rooftop	$ 0.345	3.01	100%	None	None	Owen Sound	2/Mar/36
12	2316 Bridge - Schiedel View Farms	CEDC Turkey	250	Rooftop	$ 0.329	3.01	51%	>50%	None	Waterloo Region	8/Feb/36
13	50 Kent - MCC Ontario	SunShare2 LP	200	Rooftop	$ 0.329	3.01	100%	>50%	None	Waterloo Region	27/Feb/36
14	62 Janti - Cyr	SunShare2 LP	250	Ground 2-Axis	$ 0.398	2.11	100%	>50%	60%	Greater Sudbury	21/Aug/36
15	104 Dawson Rd - M Balnar	SunShare2 LP	250	Rooftop	$ 0.316	3.1	51%	>50%	None	Guelph	9/Oct/36
16	367 Woodlawn Rd - M Balnar	SunShare2 LP	80	Rooftop	$ 0.343	3.1	51%	>50%	None	Guelph	12/Jun/36
17	1315 Hutchison Rd - Leis Pet	SunShare2 LP	250	Rooftop	$ 0.316	3.1	51%	>=15%	None	Waterloo Region	18/Oct/36
18	30 Mumford - Perfetto Mfg	SunShare2 LP	180	Rooftop	$ 0.316	3.1	100%	>=15%	None	Greater Sudbury	22/Oct/36
19	516 Simmons - PIT 3 North	SunShare2 LP	250	Ground 2-Axis	$ 0.298	3.01	51%	>50%	None	Greater Sudbury	12/Jul/37
20	516 Simmons - PIT 3 South	SunShare2 LP	250	Ground 2-Axis	$ 0.298	3.01	51%	>50%	None	Greater Sudbury	16/Jul/37
21	1665 River - Pichette (NSPG)	SunShare2 LP	250	Ground 2-Axis	$ 0.298	3.01	0%	None	None	Greater Sudbury	1/Sep/37
22	1689 River - Beland (NSPG)	SunShare2 LP	250	Ground 1-Axis	$ 0.298	3.01	0%	None	None	Greater Sudbury	1/Sep/37
23	40 Rutherford Crt - J Oskam	CEDC Oskam	100	Rooftop	$ 0.343	3.1	51%	>=15%	None	Guelph	22/Oct/36
24	20 Massey Rd - RohnBrad	SunShare3 LP	250	Rooftop	$ 0.316	3.1	51%	>=15%	None	Guelph	20/Oct/36
25	45 Massey Rd - RohnBrad	SunShare3 LP	250	Rooftop	$ 0.316	3.1	51%	>=15%	None	Guelph	22/Oct/36
26	400 Southgate Dr - RohnBrad	SunShare3 LP	250	Rooftop	$ 0.316	3.1	51%	>=15%	None	Guelph	22/Oct/36
27	40 Lewis Rd - RohnBrad	SunShare3 LP	250	Rooftop	$ 0.316	3.1	51%	>=15%	None	Guelph	31/Aug/36
28	1 Boland Dr - Erin Community Ctr	SunShare4 LP	250	Rooftop	$ 0.225	4.02	51%	>50%	None	Wellington County	24/Feb/38
29	1473 Gingerich Rd - Erb Transport	SunShare4 LP	500	Rooftop	$ 0.225	4.02	51%	>50%	None	Waterloo Region	7/Mar/38
30	1381 Huron Rd - Crystal Brook	SunShare4 LP	150	Rooftop	$ 0.225	4.02	51%	>50%	None	Waterloo Region	14/Mar/38
31	505 Dutton Dr - Oakbridge	SunShare4 LP	150	Rooftop	$ 0.225	4.02	51%	>50%	None	Waterloo Region	7/Mar/38

In addition to these FIT Contracts, CED Co-op is operating 86 microFIT projects, a summary of which is as follows:

Description	Portfolio	KW-AC	Install-Type	FIT-Rate	Co-Op Owns	Geographic Area
27 microFIT Systems	2117921 - CED Solar	10 kW / System	Ground - Seasonally Adjustable	$ 0.802	100%	Fort Frances, ON
4 microFIT Systems	2117921 - CED Solar	10 kW / System	Ground - Seasonally Adjustable	$ 0.642	100%	Thunder Bay, ON
11 microFIT Systems	2117921 - CED Solar	10 kW / System	Ground - Seasonally Adjustable	$ 0.642	100%	Dryden, ON
22 microFIT Systems	2117921 - CED Solar	10 kW / System	Ground - Seasonally Adjustable	$ 0.802	100%	Rainy River, ON
6 microFIT Systems	2117921 - CED Solar	10 kW / System	Ground - Seasonally Adjustable	$ 0.642	100%	Dorion, ON
16 microFIT Systems	2117921 - CED Solar	10 kW / System	Ground - Seasonally Adjustable	$ 0.802	100%	Dorion, ON
86 microFIT Systems		860 kW				

CED Co-op is currently in the exploratory and validation phase for the construction of a net-metered installation on the roof of a school building in Waterloo Region. If realized, the Co-operative will own and operate the project and sell the power produced from the project under a PPA as described in Section 3.6.4 – Business Models – Net-Metering under PPAs.

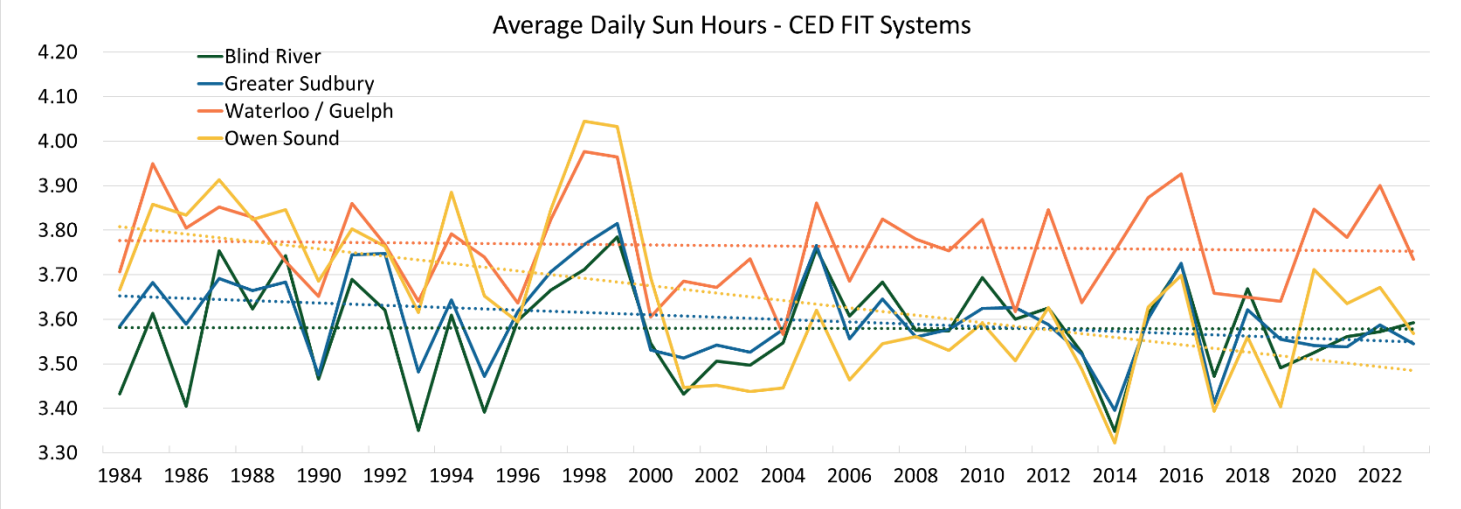
6.1 FINANCIAL AND OPERATING PERFORMANCE OF THE CO-OPERATIVE

As expected, the weather continues to have a significant effect on the overall performance and revenue from the portfolio. The Co-operative believes that this represents the greatest ongoing risk to the financial performance of CED Co-op.

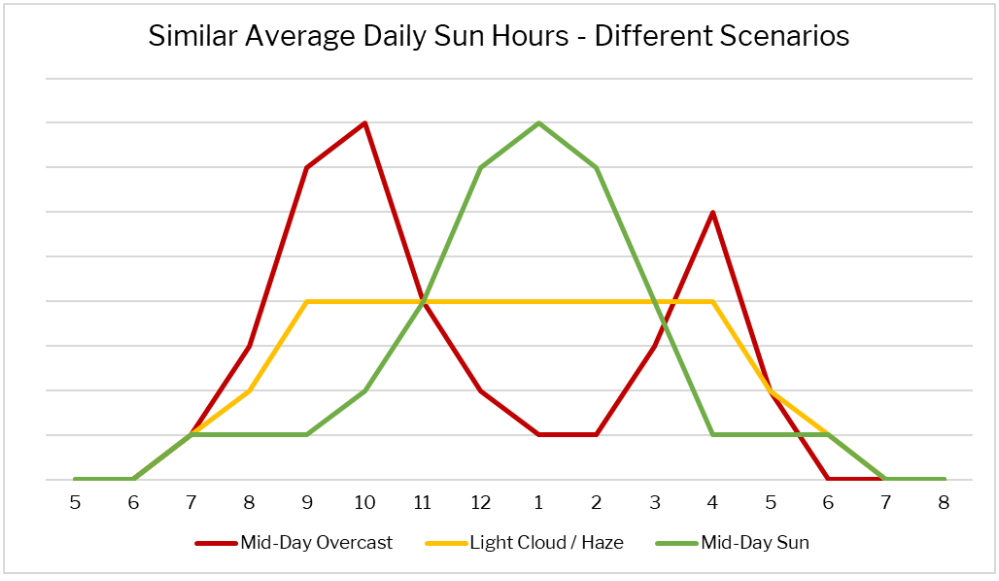
6.1.1. Impacts of Weather

The following graphs show the historical average daily sun hours for several regions of the province from 1984 through to the end of 2023 - 40 years of data.

These are the areas of the province in which the FIT Projects operated by CED Co-op are located.



This data is obtained through the RETScreen application produced by Natural Resources Canada, with much of the data and analysis being sourced from the NASA Prediction of Worldwide Energy Resources (POWER) program. The trendline for each region has been added as a dotted line. As shared in previous years, there continue to be further refinements on analysis and processing of historical weather data, resulting in changes to the historical averages. The granularity of the available data further continues to represent challenges with irradiance data being smoothed into averages. An example of this is outlined below. In examining 3 sample scenarios, that can all result in a similar average number of sun hours throughout a day, but result in markedly different kWh of energy generation from a solar installation.



The three scenarios are further described as follows:

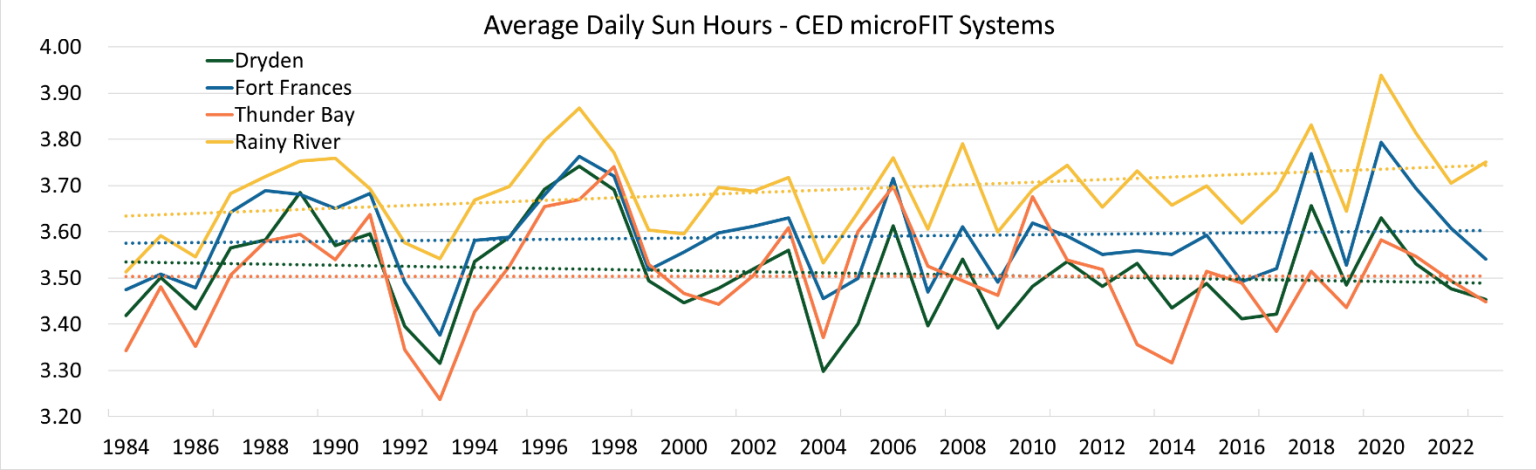
Mid-Day Overcast – Full sun early and late in the day, but dark overcast clouds or rain showers come in for the middle part of the day. When the sun is in its more optimal alignment with the panels, very little is making its way through the clouds, and results in fewer kWh of energy production.

Light Cloud / Haze – The sky is predominantly cloudy with light/wispy clouds and haze throughout the entire day. The production is typically in line, corresponding with the sun hours for the day.

Mid-Day Sun – Despite an overcast or cloudy start and end of the day, the sun breaks through the cloud during the part of the day when it is in best alignment with the solar panels. This results in energy generation above the expected amount based on the average sun hours for the day.

In analyzing site production through the above scenarios, solar installations have demonstrated a +/- range of approximately 20% in energy generation on days with identical average sun hours. This is further supporting the need for more granular weather data in order to better understand what performance should be expected from sites given actual site conditions.

The following is the updated irradiance data for the areas of the Province in which the microFIT projects operated by CED Co-op are located:



The trendline has again been added for each region as a dotted line. The sun hour variations here demonstrate a pattern in that all regions seemed to follow each other more closely in the first half of this data period, but now seem to exhibit much more regional variation in recent years.

In addition to variations in sun hours, the amount and types of snowfall continue to be a challenge to understand and model. Differences in temperature, humidity, wind speed and wind direction create different types of snow events, allowing for the same amount of snow to, at certain times, slide off of the solar panels, while at other times stick to the surfaces and frames and form into ice, impacting performance.

It is in the context of these factors that CED is working with VCT to develop a more in-depth production modeling system with its own sources of irradiance and weather data. It is planned that a first version of this platform will be launched in late 2024.

At this time, CED Co-op is not able to make any definitive determinations in terms of where average sun hours will go in the long-term in the context of the production forecasts of CED Co-op. Climate studies have indicated that the standard deviation in annual sun hours is approximately 4% to 6%. This would indicate that ~70% of the time, revenue fluctuations resulting from variance in sun hours will be within a plus or minus of $360,000 from plan based on the operations of the current portfolio. The Co-operative expects that there will continue to be years that are above average, and years that are below average, with the belief that the long-term average will be in line with forecasts.

Summarizing the data for recent years, the following are the variances in regional sun hours providing the weighted average for the systems in production that are operated by the Co-operative:

Sun Hours

Projects	Climate Area	2017	2018	2019	2020	2021	2022	2023
FIT	Blind River	(5.23%)	0.67%	(4.04%)	(5.69%)	(1.96%)	(5.26%)	(2.02%)
FIT	Greater Sudbury	(7.84%)	(2.04%)	(2.62%)	(5.43%)	(3.09%)	(6.96%)	(3.93%)
FIT	Guelph	(2.92%)	(3.17%)	(3.40%)	2.07%	0.40%	0.41%	(0.91%)
FIT	Owen Sound	(7.22%)	(2.99%)	(5.79%)	(0.19%)	(1.28%)	1.36%	(2.62%)
FIT	Waterloo Region	(2.92%)	(3.17%)	(3.40%)	2.07%	0.40%	0.41%	(0.91%)
microFIT	Dryden		(2.41%)	(0.70%)	3.43%	0.60%	(6.44%)	(3.80%)
microFIT	Fort Frances		(2.91%)	(1.43%)	5.97%	3.20%	(5.65%)	(2.11%)
microFIT	Thunder Bay		(5.25%)	(2.04%)	2.13%	1.11%	(3.38%)	(4.12%)
microFIT	Rainy River		(1.61%)	(0.77%)	7.23%	3.84%	(3.01%)	2.11%
	Weighted Average	**(4.02%)**	**(1.44%)**	**(3.18%)**	**(1.37%)**	**(0.62%)**	**(3.62%)**	**(1.98%)**

Adjusting performance targets from the forecast revenues based on modeling from climate averages to the expected revenues based on actual sun hours, the following is the performance of the Portfolio over the past several years:

Revenues	2017	2018	2019	2020	2021	2022	2023
Forecast Revenues	$ 3,389,340	$ 4,411,445	$ 5,801,438	$ 5,810,023	$ 5,713,650	$ 5,565,036	$ 5,453,735
Actual Revenues	$ 3,119,666	$ 4,361,841	$ 5,426,354	$ 5,477,560	$ 5,556,309	$ 5,227,932	$ 5,097,530
Variance	**($ 269,674)**	**($ 49,604)**	**($ 375,085)**	**($ 332,463)**	**($ 157,341)**	**($ 337,104)**	**($ 356,205)**
Favourable/(Unfavourable)	(7.96%)	(1.12%)	(6.47%)	(5.72%)	(2.75%)	(6.06%)	(6.53%)
Irradiance Adjusted							
Expected Revenues	$ 3,253,027	$ 4,347,752	$ 5,616,771	$ 5,730,328	$ 5,677,969	$ 5,363,342	$ 5,345,985
Actual Revenues	$ 3,119,666	$ 4,361,841	$ 5,426,354	$ 5,477,560	$ 5,556,309	$ 5,227,932	$ 5,097,530
Variance	**($ 133,362)**	**$ 14,090**	**($ 190,417)**	**($ 252,768)**	**($ 121,661)**	**($ 135,410)**	**($ 248,454)**
Favourable/(Unfavourable)	(4.10%)	0.32%	(3.39%)	(4.41%)	(2.14%)	(2.52%)	(4.65%)

Operating Expenses	2017	2018	2019	2020	2021	2022	2023
Forecast Expenses	$ 1,648,481	$ 992,259	$ 1,148,545	$ 1,255,063	$ 1,287,061	$ 1,402,545	$ 1,446,867
Actual Expenses	$ 1,725,796	$ 908,525	$ 1,216,167	$ 1,319,150	$ 1,401,695	$ 1,458,890	$ 1,466,053
Variance	**$ 77,315**	**($ 83,734)**	**$ 67,622**	**$ 64,087**	**$ 114,634**	**$ 56,345**	**$ 19,186**
(Favourable)/Unfavourable	4.69%	(8.44%)	5.89%	5.11%	8.91%	4.02%	1.33%

In aggregate across the Portfolio, on a weighted average basis, the sun hours have been below plan. As identified above, there are known problems with the accuracy and relevancy of the sun hour data currently being used in calculations, and CED looks forward to developing more accurate sources and analysis. Commentary on the previous years' performance has been provided in management reports presented at the respective annual general meetings. For the 2023 results, there are several factors that affected results, as outlined here below.

6.1.2. Specific Items Affecting Performance

SolarEdge Inverters

Failures of SolarEdge equipment remain at elevated levels, continuing since 2020. In 2023 there were 158 authorizations, after 140 in 2022, provided by SolarEdge to replace equipment at the 31 FIT projects. In many cases there were multiple site visits conducted prior to gaining the authorizations to replace equipment. Further, many of the cases included the replacement of multiple components as part of the authorizations (optimizers and inverters). On average, there is a visit to one of the 31 FIT projects every working day of the year to troubleshoot and solve SolarEdge issues. The impact of this is significant. In examining the highest value projects (Solvation V, VF and F), these are all virtually identically equipped and sited projects. Across these three projects, there are now 60 SolarEdge 20kW inverters. The median production level of these 60 inverters was

37,135 kWh in 2023. If the inverters that produced below this median level had met this level, there would have been approximately $105,000 of additional revenues from these three projects alone. While there were some tracking issues that contributed to some of this shortfall, the bulk is related to inverter performance. All 31 of the FIT projects owned and operated by CED Co-op are based on SolarEdge inverter systems.

Because of these high failure rates, in 2023, CED Co-op undertook a partial retrofit to one of the systems, Solvation-F, replacing the SolarEdge inverters with a different brand. In total, 5 of the 20kW inverters, and 190 optimizers were removed from the system, and these were replaced with a single Solis 100kW inverter. Since completion of the retrofit, the Solis portion of the project has produced approximately 11% more energy than comparative SolarEdge inverters. It is further expected that the reduction from 195 pieces of power electronics to one piece will further reduce operations and maintenance expenses. While improved performance is expected, there were additional learnings and complications that arose during the retrofit, which resulted in extended down-time during the work. It is estimated that the revenue shortfall related to this downtime was $45,000.

CED Co-op is currently developing plans to implement similar changes to remainder of the Solvation-F project as well as the Solvation-V and Solvation-VF projects, to be completed in 2023. Planning is underway to ensure that down-time impacts are minimized, and are expected to be proportionately significantly smaller for future retrofits. Between the higher generation levels from fewer failures and reduced down-time, combined with the reduced operations and maintenance expenditure, it is anticipated that the net benefit will be $200,000 per year in improved profitability once all three Solvation projects are upgraded.

Fuse and Transformer Issues

On Saturday, June 17, 2023, a transient voltage surge at the Solvation sites blew two high voltage fuses. While the first blown fuse was diagnosed the same day, and replaced 2 days later, one of the fuses did not fail in its typical way, resulting in a misdiagnosis of the issue. The path of troubleshooting to restore full power led to the identification of transformer degradation, and the eventual swapping of two of the transformers on site. When this did not resolve the issue, further troubleshooting was able to point out the partially failed fuse, and energy generation was able to be restored to the projects on July 3 and 4th. Despite the rapid response, given the high production value of the Solvation projects, the estimated losses due to this event are between $50,000 and $60,000, in addition to the cost of the repair work. CED Co-op has implemented further transformer testing and reconditioning planning to try to reduce the impact of any events in the future.

CED Solar microFIT portfolio communications

As outlined in previous offerings, the CED Solar microFIT portfolio was largely lacking real-time system monitoring and site communications. As indicated, CED has invested in the design, testing and acquisition of communications boxes to be fitted at each of the sites. Installation of the communications and monitoring systems is completed, and data is available remotely at all locations. This has enabled better monitoring of the systems to understand when production problems are arising.

In analyzing the performance of the systems in the portfolio, we are seeing improved performance at most sites. In 2021, the median performance of the systems was just slightly above the sun-hour adjusted target for the portfolio, and 51% of the projects performed at or above the adjusted target for the year. In 2022 and in 2023, the median system performed at 4.7% and 4.4%, respectively, above the sun-hour adjusted target and for 2022, 68%, and for 2023, 66% of the projects performed at or above the adjusted target for the year. While these improvements are welcome, there were still some outliers that dragged down the average performance for the portfolio, much of which related to the non-responsiveness of Hydro One. There were 9 systems with extended outages and challenges that significantly reduced the revenue from the portfolio overall. These included mechanical damage from wind, though not enough to make an insurance claim, metering issues and challenges associated with getting Hydro One to replace revenue meters. Had these 9 systems performed at the median, this would have added $36,000 of revenues for the year. All of these systems have been fully restored as of the writing of the Offering Statement.

With there being below average sun-hours throughout the areas in which the microFIT systems are located in 2023 of -1.86%, the target of 1,093 is adjusted downward to reflect the reduced generating potential providing an adjusted target of 1,073 kWh/kW. As shown below, the median system performance of 1,119

kWh/kW is above the unadjusted target, and well above the adjusted target for the microFIT systems, indicating the potential of these Facilities.

Target (kWh/kW)	**1093**		
Actual SunHours	**-1.86%**	**Median**	**1,119**
Adjusted Target	**1073**	**Average**	**1,085**
kWh/kW	**Systems**		
1236-1276	8		
1195-1235	10		
1154-1194	13		
1113-1153	16		
1072-1112	10	**57 Systems**	
1031-1071	9	**29 Systems**	
990-1030	5		
949-989	1		
908-948	5		
867-907	1		
<= 866	8		
% of projects above adj target		**66%**	

6.1.3. Financial Statements and Reporting to Members

CED Co-op prepares its financial statements in accordance with IFRS. The revenue recognition policies and expense recognition policies for accounting purposes are outlined in the notes to the financial statements. Audited financial statements for the year ended 2023 are included as Appendix B.

The Co-op Act requires that all co-operatives that have more than 50 members, and that have any securities issued (including Membership Shares), are required to have the financial statements audited by an external auditor. As such, CED Co-op will continue to provide audited financial statements to Members on an annual basis prior to the AGM. Each year, the audited financial statements will be presented at the AGM for discussion and a vote will be held by the Members on the acceptance of the auditor's report. The Members will further have the right to appoint the auditor for the following year's financial statements by means of a vote at the AGM.

Non-IFRS Measures

There are a number of points of difference between the presentation of the financial forecasts that have been provided as Appendix A, and the presentation of the financial statements, as have been provided in Appendix B. The information presented in the financial forecasts include certain non-IFRS financial measures such as "Adjusted Revenues", "Adjusted Expenses", "Adjusted Cash Flow from Operations", and "Adjusted EBITDA", among others. Further, the financial forecasts do not conform to IFRS because the Co-operative has chosen to apply accounting policies that are not in accordance with IFRS in a number of areas including consolidation, investments in associates, lease accounting, depreciation, amortization of issuance of issuance costs, amortization of financing expenses, and potentially others. See further discussion in the sections and pages that follow. These measures and accounting policies are not recognized under IFRS and do not have standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures and accounting policies are provided to give a further

understanding of our results of operations from management's perspective. Accordingly, these measures and accounting policies should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. Selected differences are outlined here, including items affected through consolidation method vs equity method for accounting for investments in associates and leasing costs. Other differences exist in amortization of financing expenses, amortization of issuance costs and potentially others.

Investments in Associates

Investment in Associate refers to the investment in an entity in which the Co-operative has significant influence but does not have full control. Accounting for investment in associates is done using the equity method. In the equity method, only the proportionate share of net income earned by the Co-operative is shown on the single line. This net income takes the Project revenues and subtracts all operating expenses, including non-cash items such as amortization, and multiplies this by the ownership share. The financial forecasts are prepared using the full consolidation method, where all Project revenues and expenses are shown in the relevant areas of the statement of operations, with the proportionate share of net income related to the other party being included in the non-controlling interest. This will result in higher forecast revenues, expenses and depreciation, among other items, in the financial forecast than are expected to be shown on the financial statements. There are two Projects held in structures that are reported under investment in associates at this time, though more could be developed in the future.

Lease accounting under IFRS

In January 2016, the International Accounting Standards Board (IASB) published a new standard, IFRS 16 Leases, that sets out the principles for the recognition, measurement, presentation and disclosure of leases, with an implementation requirement beginning on January 1, 2019. This attempts to treat all leases similarly and reduces any opportunities for companies to perform "off balance-sheet" purchasing or financing, in an effort to make companies' financial performance more comparable.

For CED Co-op, this has implications in that there are a number of projects wherein the land or rooftop underlying a solar project has been leased. The biggest change introduced by the new standard is that assets and liabilities created through leasing will be brought onto CED Co-op's balance sheet as if the 'right to use' the land or rooftop under the solar project were purchased and financed with debt.

As a result of this change, lease expenses are no longer recorded as an operating expense, representing actual cash amounts being paid to landowners. Rather, it will be represented through the amortization of the asset value on a straight-line basis with an equal amount expensed each year (Amortization of Right-Of-Use Assets). Further to this, there will be an additional notional financing expense (Accreted Interest on Leasing Obligations) to represent an interest-like expense on fictitiously borrowing money to purchase the right-to-use assets, as described above.

In preparing the financial forecasts, the lease expenses have been shown as the direct cost rather than in accordance with IFRS 16. As a result, there will be further differences in presentation between the financial forecast and the financial statements.

For direct amounts, on the Statement of Profit and Loss, in 2023 these combined amounts result in a total expense to be recognized of $363,207, when actual payments on leases only totaled $302,120, increasing expenses for accounting purposes by about $61,000, and further reducing the Net Income of the Co-operative within the Financial Statements. The nature of straight-line amortizations, combined with financing expenses (notional or real), is that CED Co-op will be recognizing significantly more accounting vs actual expense in the early years of this structure with the trend reversing over time, and ending with the Co-operative having less accounting vs actual expense in the waning years of the leases, netting out to zero over the long term.

In addition to this, there are three lines on the Statement of Financial Position that are notional, in connection with IFRS 16 presentation of Lease arrangements. The first is an asset line for the leases; 'Right-of-Use Assets' of $2,287,467 which represents the remaining value of the right to use the rooftops and land areas beneath the solar projects within the current leases. Accompanying and largely offsetting this are the lines 'Current Portion of Leasing Obligations' and 'Leasing Obligations' which combine to equal $2,491,361 which has been calculated as the present value of the lease payments using a discount or financing rate. This has resulted in a deterioration to the equity of CED Co-op for accounting purposes of approximately $204,000, in addition to the Net Income implications outlined above.

Depreciation vs Principal Repayment

As per previous forecasts, including the first offering launched in 2015, the Co-operative has expected that net income, as shown on financial statements, will be negative for the first several years following the addition of assets to the portfolio. This is mainly due to the difference between cash flow and net income as measured using traditional accounting models, now made even slightly more challenging with the changes in accounting for leases under IFRS. The Co-operative has, between loans, bonds and shares, effectively financed 100% of asset development and acquisition. As such, when payments are made on these amounts, more interest (and dividends) is paid in early years than is paid towards the principal (and shares repurchased). Financial statements are prepared using depreciation as a means of spreading the expense of an asset over its useful life rather than reflecting principal repayment, though all of the interest expense is included as it is incurred by the organization, rather than being similarly spread over the life of the asset. As outlined above, this same model is now being applied to how lease expenses are recognized.

The following is a high-level example for illustration purposes only. There are notable differences between this example and the actual circumstance of the Co-operative, and this should not be viewed as a forecast.

Starting Assumptions:

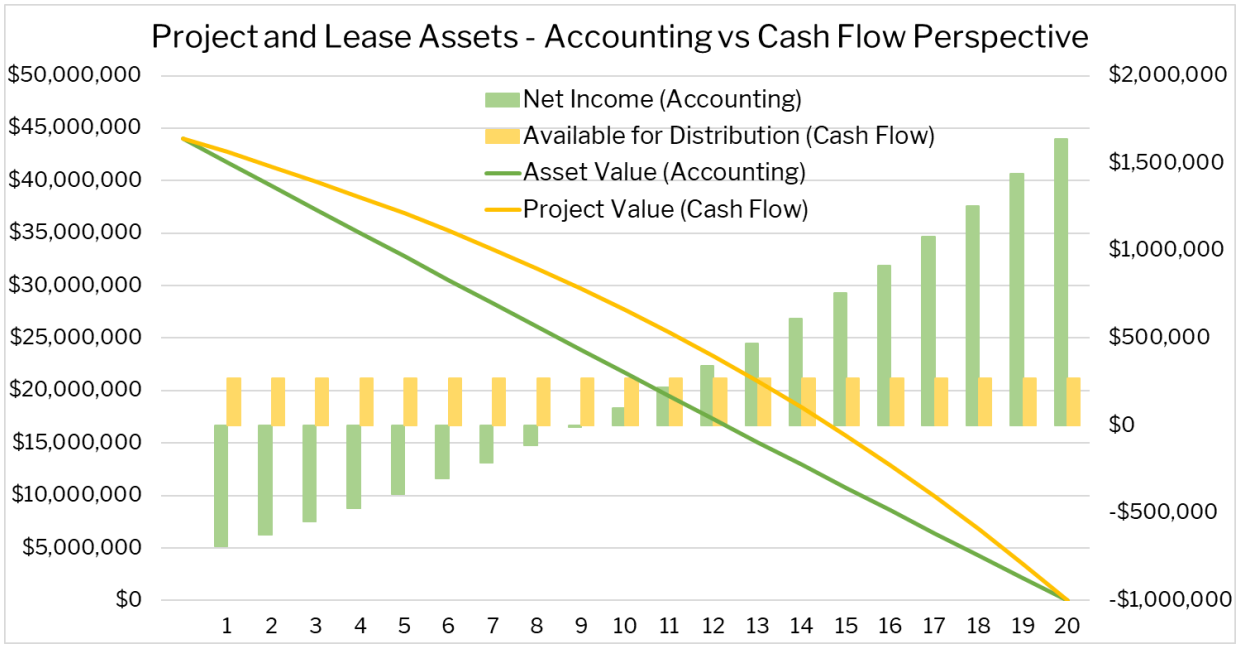
- $40,000,000 value of a portfolio of projects
- $2,230,202 value of Right-of-use assets (Leases - present value of payments discounted at 6.0%)
- 20-year useful life of project and lease assets (depreciate 5% per year straight line over 20 years)
- 10.5% revenue on assets over 20 years (gross revenue before any expenses)
- 6.0% average cost of capital, a loan repaid over 20 years
- Notional interest cost of $137,639 for Right-of-Use Assets (6.00% of $3,000,000 lease value)
- Actual Lease expenses of $200,000 per year
- Actual Operating expenses of $550,000 per year
- Actual Administrative expenses of $350,000 per year

With the numbers in the starting assumptions outlined above, the following scenario is created for Year 1:

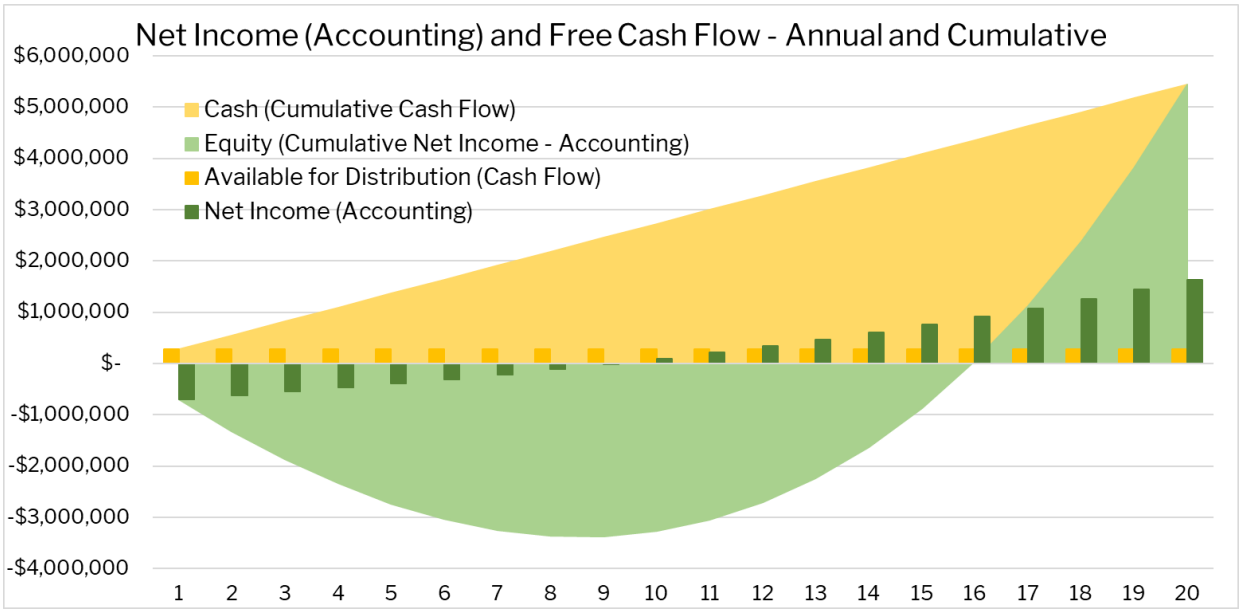
	Accounting	**Cash Flow**
Revenue	$ 4,859,731	$ 4,859,731
Project Costs	$ (550,000)	$ (550,000)
Administrative Expenses	$ (350,000)	$ (350,000)
Interest	$ (2,400,000)	$ (2,400,000)
Proceeds	**$ 1,559,731**	**$ 1,559,731**
Amortization of Right-of-Use (Accounting)	$ (114,699)	
Accretion of Lease (Accounting)	$ (137,639)	
Lease Expense (Cash Flow)		$ (200,000)
Depreciation (Accounting)	$ (2,000,000)	
Principal Repayment (Cash Flow)		$ (1,047,119)
Net Income (Accounting)	**$ (692,607)**	
Available for Distribution (Cash Flow)		**$ 312,612**
Difference in Accounting vs Cash Flow		**$ 1,005,219**

As noted in the example above, there is more than a $1 million difference between depreciation and amortization of right-of-use assets in the accounting perspective, and principal repayment and lease payments in the cash flow perspective in the first year.

Over time, this difference narrows and eventually reverses as the portion of principal repayment increases while interest decreases, and a similar reversal occurs within the accounting for lease payments. The cumulative Depreciation and Amortization of Right of Use and the cumulative Principal Repayment and Lease payments finally equalize at the end of the life of the projects, as outlined in the graph below.



Over time, these accounting losses accumulate, significantly decreasing the equity as presented on the financial statements of the Co-operative before the reversal begins and equity begins to turn towards positive around the 9th year. As shown above, this amounts to a timing difference as the end points for the asset values and cumulative amounts equal out at the end.



It was for this reason, the Co-op elected to perform an asset revaluation, bringing the carrying value of the assets to market value at the end of each year. This results in financial statement adjustments that increased the holding value of the assets of the Co-operative to match the market value, to better reflect the equity position of CED Co-op counteracting some of the notional accounting losses.

Revaluation of Assets

Under IFRS, asset revaluation refers to the process of adjusting the carrying value of a tangible asset to its fair value. The purpose of asset revaluation is to ensure that the asset is recorded on the balance sheet at an amount that reflects its current market value, rather than its historical cost.

The primary goal of asset revaluation is to provide users of financial statements with more relevant and up-to-date information about the value of the company's assets. By revaluing assets to their fair value, companies

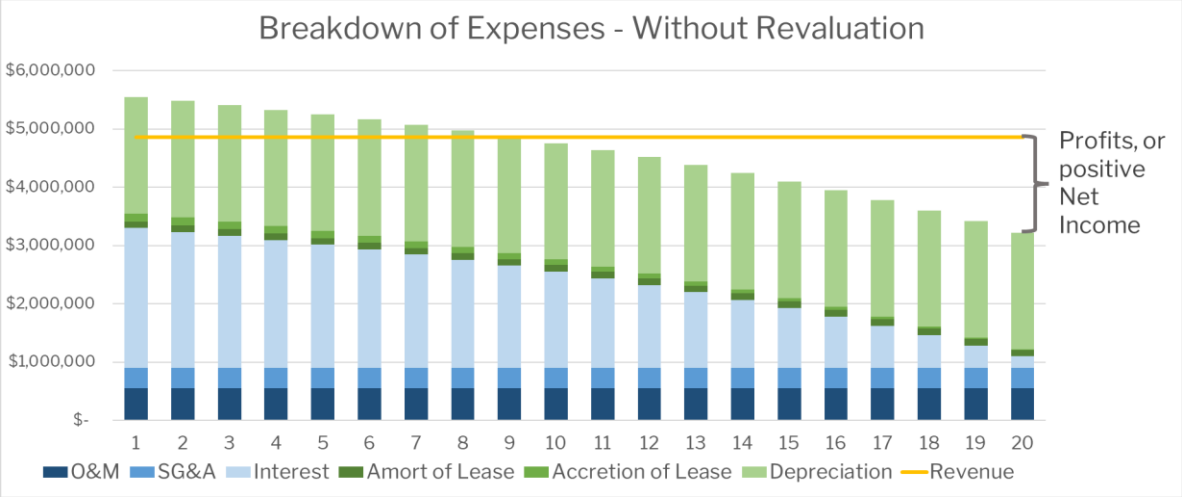
can better reflect changes in market conditions, such as fluctuations in real estate values or changes in the value of investment properties.

In alignment with this, CED Co-op adopted the revaluation model in 2018 as it was presented to management as a way to value the assets at what a market participant might purchase them for, and therefore should account for them in this method if CED Co-op was considering selling them at any point in time. In applying the revaluation model, the Co-operative measured the fair value of its energy generation equipment as the present value of the expected future cash flows that a potential seller could expect to receive for the assets. The main inputs into the valuation are 1) Projected future revenues; 2) Projected future operating costs; 3) After-tax cash flows; and 4) Discount rate.

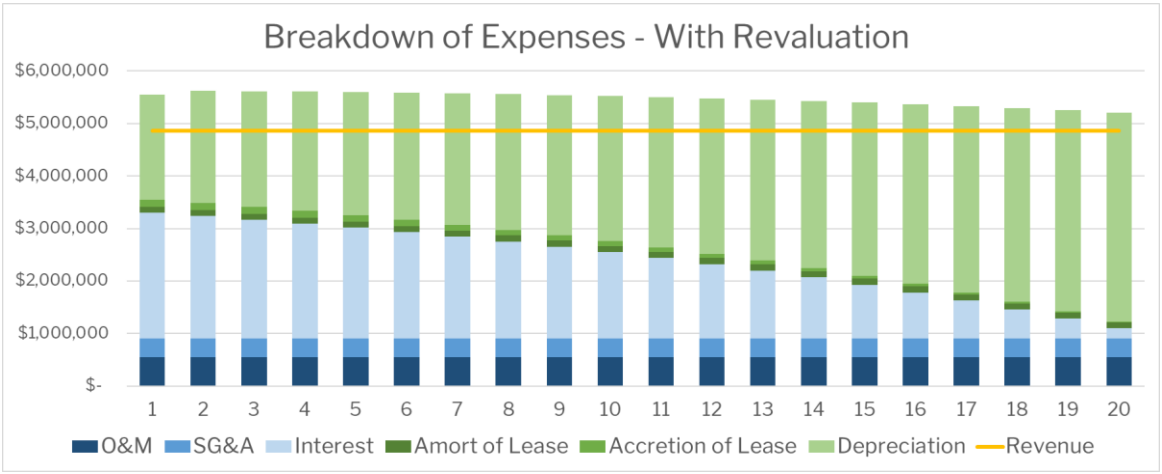
It was also positioned that accounting for the gains and losses from revaluation would all flow through the Statement of Other Comprehensive Income, and that the net income from the Statement of Operations would not be affected by revaluation.

After adoption, management learned that the losses from revaluation flow through the Statement of Operations as well as a larger amount of annual depreciation from the revaluation model. Management as well as the Board feels these aspects incorrectly reflect the true annual operations of CED Co-op as they recognize more expense through net income, without any revenue recognition changes. Further, because the assets of CED Co-op have a finite ending value of $0, as the FIT contract terms end, as assets were revalued to market value, this would typically increase the value of the assets and therefore the amount of annual depreciation that must be claimed.

Extending from the prior example of accounting versus cash flows, under the accounting perspective without revaluation, while depreciation remains consistent under a straight line method, interest expenses decrease over time, and profits are recognized.



Applying the revaluation model, however, the co-operative has experienced increasing annual depreciation expense.



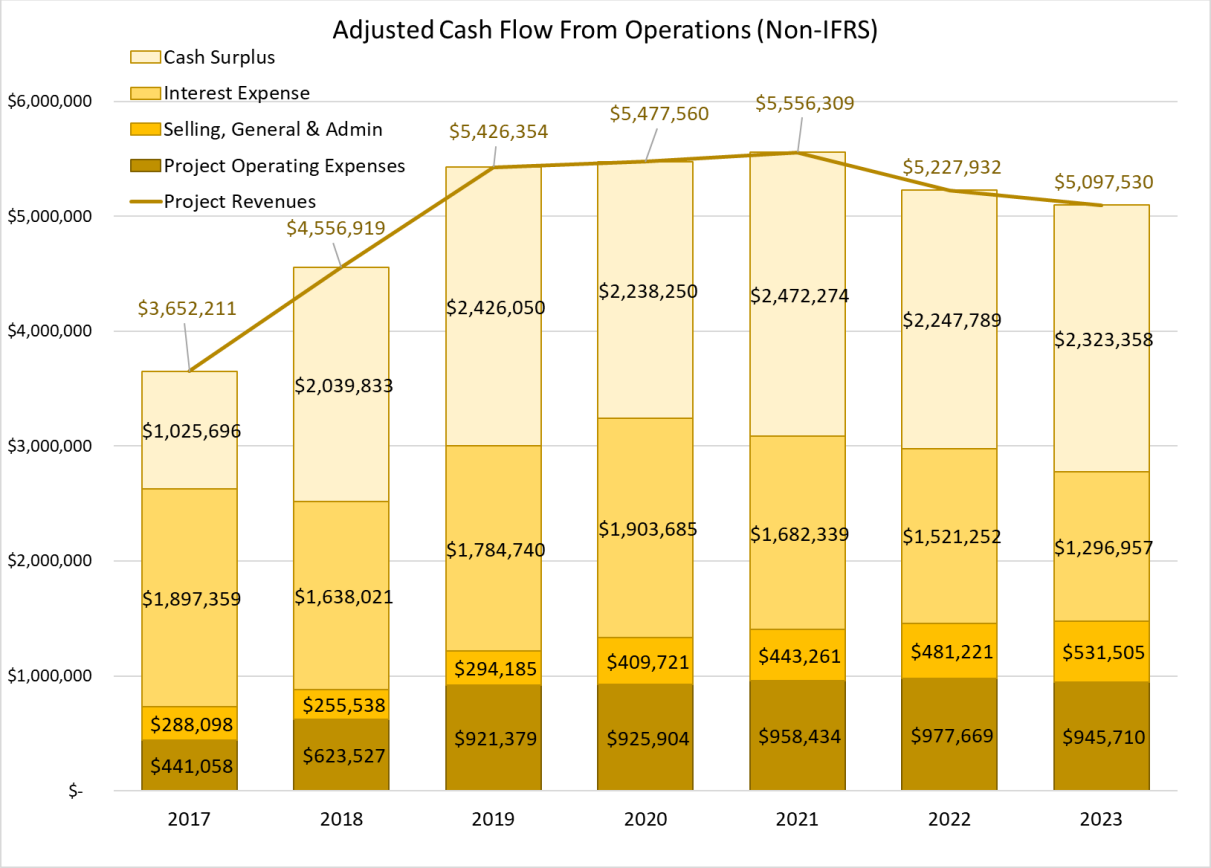
It can be seen that the increases in depreciation are forecast to consistently take away any accounting profits, or net income. While the increases in depreciation are a result of recognizing increases in the carrying value of assets, and gains shown on the Statement of Other Comprehensive Income, it is believed by the board and management that this does not fairly represent the operations of the Co-operative. As a result, the Co-operative has elected to discontinue the process of revaluation of assets, and the 2022 column within the 2023 audited financial statements has been retrospectively restated to reflect the removal of the effects of the revaluation process.

6.1.4. Financial and Portfolio Performance

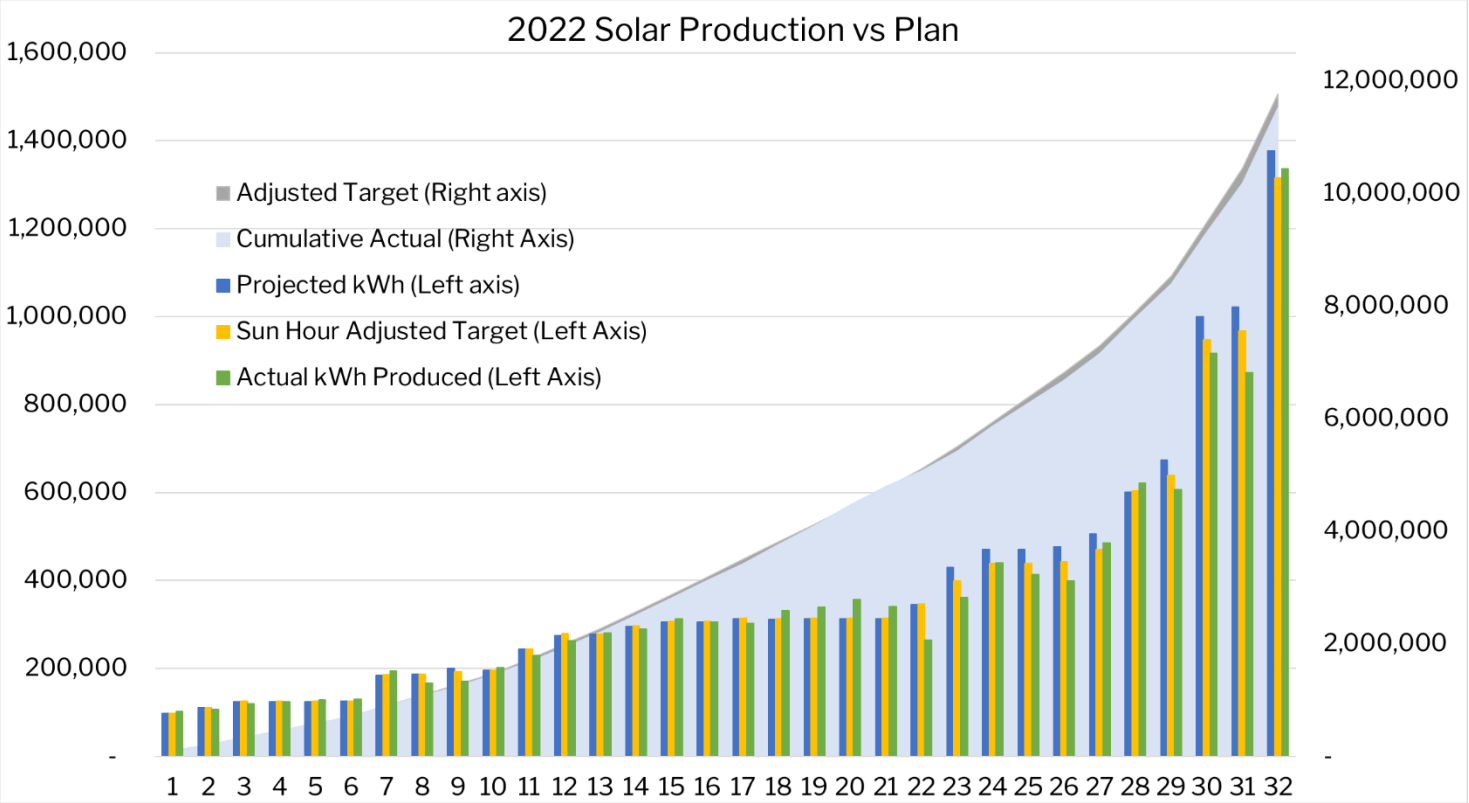
As outlined above, CED Co-op expects the first several years of each project to have a negative net income for accounting purposes. With CED Co-op having brought projects into the portfolio in each of 2015, 2016, 2017 and 2018, and with the anticipation of new projects being developed, it is anticipated that the Co-operative may continue to have negative net income showing on its financial statements for the next several years, depending on how quickly additional Projects are developed.

Notwithstanding expecting negative net income, financial results for the year ended December 31, 2023 are below plan. A number of factors outlined above, beyond weather variation, have affected the financial performance of the Portfolio for 2023. While it has been believed that the shortfall of revenues related to performance issues either have or can be resolved, the reality is that it appears that new issues arise almost as quickly as others are resolved. CED Co-op is intending to undertake a number of project retrofits in 2023 to both improve generation revenues as well as reduce operations and maintenance expenses.

In further response to revenue shortfalls, the board has declared dividends on the Class A Preference Shares and Class B Preference Shares at a lower rate from the beginning of 2020 through to the end of 2023 than that which was originally forecast. The Co-operative has and will continue to be working to achieve portfolio performance in line with their full capabilities. Based on the best year's performance of each of the Projects in the Portfolio, adjusting for the sun hours experienced in those years, the Projects have achieved $5,794,000 of annual revenues. The Co-operative believes that consistent annual revenues approaching this level is reasonably achievable with the Projects currently in the Portfolio, despite using lower values for budgeting purposes. The Co-operative expects to meet all borrowing covenants and pay all debt obligations as agreed, even with lower revenues. Operating cashflows continue to be positive and have increased over time.

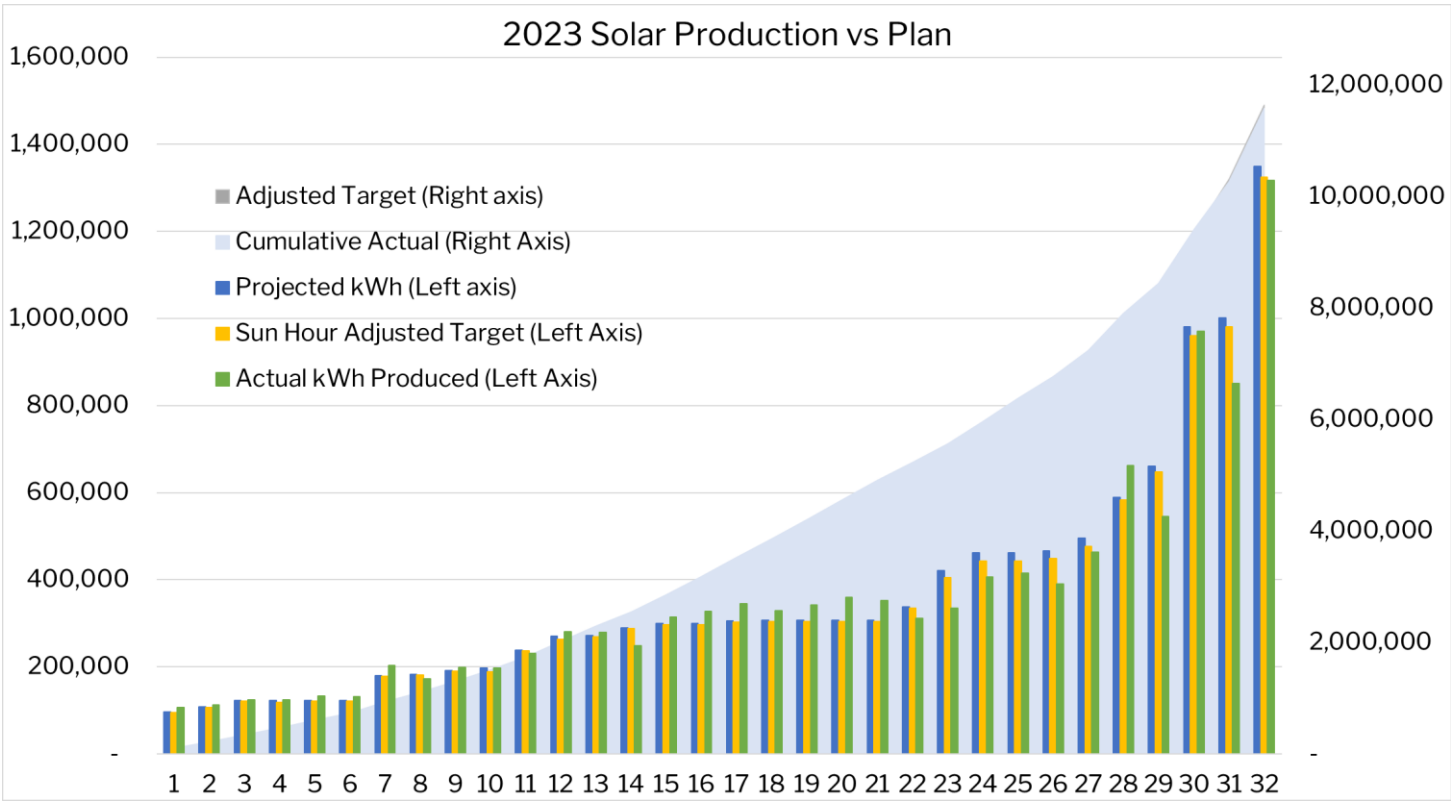


Project Portfolio performance for 2023 and 2022, for comparison, is shown in the charts below. Prior years are shared in previous offering statements and in AGM reports.



Legend

#	Site Name	Vs. Plan	#	Site Name	Vs. Plan
1	367 Woodlawn	4.3%	17	2316 Bridge St	-3.5%
2	20 Crestview	-4.4%	18	45 Massey	6.3%
3	Derby Arena	-4.6%	19	20 Massey	7.9%
4	5279 Ament Line	-0.5%	20	40 Lewis	13.3%
5	4639 Lobsinger Line	2.8%	21	400 Southgate	8.3%
6	40 Rutherford	3.1%	22	1004 Catherine	-23.7%
7	505 Dutton Dr	5.3%	23	1689 River Rd	-9.7%
8	1381 Huron Rd	-10.8%	24	1665 River Rd	0.4%
9	30 Mumford	-11.3%	25	Dowling South	-5.5%
10	660 Superior	3.0%	26	Dowling North	-10.0%
11	1 Green St	-6.0%	27	62 Janti Rd	3.2%
12	Shallow Lake Arena	-5.9%	28	1473 Gingerich Rd	2.9%
13	50 Kent	0.9%	29	Solvation F	-5.0%
14	1 Boland	-2.6%	30	Solvation VF	-3.2%
15	104 Dawson	2.0%	31	Solvation V	-9.7%
16	1315 Hutchison	-0.4%	32	CED microFITs	1.5%



Legend

#	Site Name	Vs. Plan	#	Site Name	Vs. Plan
1	367 Woodlawn	11.4%	17	45 Massey	14.3%
2	20 Crestview	4.4%	18	2316 Bridge St	8.3%
3	5279 Ament Line	3.0%	19	400 Southgate	12.5%
4	Derby Arena	4.8%	20	40 Lewis	18.0%
5	4639 Lobsinger Line	10.1%	21	20 Massey	15.6%
6	40 Rutherford	7.5%	22	1004 Catherine	-7.1%
7	505 Dutton Dr	13.5%	23	1689 River Rd	-17.0%
8	1381 Huron Rd	-4.9%	24	Dowling North	-8.4%
9	660 Superior	5.1%	25	1665 River Rd	-6.2%
10	30 Mumford	4.3%	26	Dowling South	-13.0%
11	1 Green St	-2.6%	27	62 Janti Rd	-2.7%
12	Shallow Lake Arena	7.1%	28	1473 Gingerich Rd	13.5%
13	50 Kent	3.5%	29	Solvation F	-15.7%
14	1 Boland	-13.3%	30	Solvation VF	1.0%
15	104 Dawson	5.9%	31	Solvation V	-13.3%
16	1315 Hutchison	10.4%	32	CED microFITs	-0.6%

6.2 USE OF PROCEEDS OF THE OFFERING

While operating solely under the FIT Program, opportunities for CED Co-op to develop and invest in new projects were limited to the artificial market that was created by the program. This meant that the frequency, timing and long-term opportunities to reinvest proceeds from existing projects into new projects was uncertain. As a result, the previous securities offered by the Co-operative were all designed to be amortized and paid off within the lifespan and cash flows of the FIT Contracts.

Further, with the Application Window structure of the FIT Program, long periods of waiting for Application results, and lengthy FIT program development processes through contract acceptance and Notice to Proceed, this generally provided the Co-operative with the necessary timelines to develop an Offering and raise funds in time to develop the various projects. Given the uncertain nature of Applications and their success, and the unknown of the future, CED Co-op only sought to raise the funds required for the known projects rather than raising funds on a speculative basis.

As the FIT Program wound down for new project opportunities, CED Co-op offered shorter term securities such as 3-year and 5-year bonds, much shorter than the remaining life of the FIT Contracts held by the Co-operative. This met Investor requests for shorter term securities and annual cash flows. This also created the opportunity for CED Co-op to lower its costs of capital and provide ongoing investment opportunities to members in the form of renewing shorter-term bonds while the Co-operative awaited regulatory changes and explored project structures in the Net-Meter market.

With the expanded scope of project opportunities available to CED Co-op, and the ability to operate in the natural markets of net-metering and other structures, the Co-operative anticipates that project investment opportunities will be available on a much more frequent basis, and the timelines to develop projects will shrink from years to months. Given this new reality, the Co-operative is utilizing the Class C Preference shares as the best opportunity to match investment funds with project development.

CED Co-op plans to raise up to a maximum of $5 million through the sale of Class C Preference Shares to Members and Non-Members in this Offering. These funds are intended to be used in the following manner.

Summary – Use of funds if the maximum is raised, and investment priority:

$ 500,000	Reserves and Planned renewal of shorter-term securities, net of fundraising costs
$ 800,000	Expenditures towards development of committed projects
$ 800,000	Expenditures towards retrofits of existing projects
$ 2,900,000	Investment in new projects – Solar Net-Meter
$ 5,000,000	Total Maximum

Renewing Short Term Securities

The FIT and microFIT contracts have a 20-year cash flow under the contract. CED Co-op has financed a significant portion of the contracts through securities with a much shorter duration, a combination of 5-year and 10-year obligations. This has resulted in a mismatch of the duration of the obligations of CED Co-op and those of the revenues from the FIT Contracts. This has been done for a number of reasons, including:

- Responding to Investor desires for shorter term securities
- Creating opportunities for new investment and re-investment
- Reducing CED Co-op cost of Capital

As these shorter-term securities are paid out, a portion of these securities needs to be renewed in order to match the appropriate repayment of principal used to finance the projects. The chart below denotes how much has been raised by CED Co-op under each duration with the corresponding principal repayments and compares it with how much principal repayment is required in order to match the cash flow to the FIT contracts.

Initial Term	Remaining Principal	Average Annual Principal Repayment - Remaining Term	Average Years Remaining in Term
5	$ 400,054	$ 333,379	1.2
10	$ 960,286	$ 204,316	4.7
	$ 1,360,341	$ 537,695	
20	$ 1,360,341	$ 106,277	12.8
	Difference	**$ 431,418**	

As noted above, CED Co-op is currently repaying an average of $0.54 million of principal on shorter-term bonds on an annual basis, however, in order to maintain an amortization of these securities that matches the FIT contracts, only $0.11 million of principal repayment towards bonds is required each year. Further to this, CED co-op is paying off long-term debt with an amortization that is approximately 2 years less than the length of the corresponding FIT Contracts. As a result, CED Co-op intends to use a portion of the capital raised under this Offering to renew short term securities to maintain matching cash flows and obligations. This will effectively be seen as replenishing cash flow shortfalls over the 2024 and 2025 operating periods.

The anticipated cash flows from operations of CED Co-op for 2024, excluding anticipated investment and fundraising activities, are as follows, and as outlined in Schedule A: Projected Consolidated Statement of Cash Flows.

$ 5,431,920	Revenue - Current Projects
$ (960,619)	Expenses - Current Projects
$ (485,591)	Administrative Expenses
$ 3,985,710	Cash from Operations
$ 3,985,710	Cash from Operations
$ 50,300	Interest Income
$ (3,681,127)	Payments on Debt Obligations - included in Section 7
$ (376,395)	Anticipated Distributions to Non-Controlling Interests
$ (87,842)	Anticipated Contributions to Maintenance Reserves
$ (622,280)	Anticipated Cash Dividends Paid on Preference Shares (Optional - included in Section 7)
$ (504,440)	Anticipated Repurchase of Preference Shares (Optional - included in Section 7)
$ (1,236,074)	Anticipated Cash Flow shortfalls for 2024 due to duration mismatch
$ 750,000	Approximate cash on hand at Dec. 31, 2023 allocated to projects and renewing securities
$ (1,236,074)	Anticipated Cash Flow shortfalls for 2024 due to duration mismatch
$ (486,074)	Anticipated cash flow needs for operations through to the end of 2024
$ 500,000	Desired funds to manage cash flow shortfall, reserves, as well as seasonality and timing differences in revenue and expenses through to Q4, 2023

New Project Opportunities

Any further funds available from Investments received under this Offering after accounting for the uses outlined above may be used for other project investments or acquisitions, including the acquisition of additional ownership in shared Projects currently within the Portfolio. Some preliminary project opportunities are described in Section 4.1, Section 4.2. As noted, no agreements in relation to any of the anticipated project opportunities are signed at this time, and this remains a risk that is described in Section 5: Risk Factors – Business Prospects – No Guarantee of Projects.

6.2.1. Proceeds from the Previous Offering

In the previous Offering, dated March 31, 2023, the order of priority of usage of funds raised was outlined as follows:

$ 1,100,000	Reserves and Planned renewal of shorter-term securities, net of fundraising costs
$ 6,900,000	Investment in new projects – Solar Net-Meter
$ 8,000,000	Total Maximum

Upon conclusion of the previous Offering on March 31, 2024, CED Co-op raised total investments of $1.22 million, and the funds are attributed within the operations of CED as follows:

$ 970,000	Reserves and Renewal of shorter-term securities
$ 65,000	Fundraising Expenses
$ 185,000	Shortfall from Operations
$ 1,220,000	Total Raised

6.2.2. Satisfying Obligations if Insufficient Capital is Raised

The Co-operative anticipates making payments of approximately $2.02 million to Members and Investors in 2024. It is anticipated that, once again, there will be strong interest amongst Members and Investors to return this money to the Co-operative in the form of new investment subscriptions.

As noted above, the Co-operative intends to raise approximately $0.5 million during this offering for cash flow needs. If the Co-operative is unable to raise this minimum amount, the Co-operative will have to take alternative measures, which may include the following:

- Over this time period, approximately $1.13 million in optional payments of dividends and anticipated share repurchases of Class A Preference Shares and Class B Preference Shares is anticipated to occur. As these are not required payments, the Co-operative could use this as a means of preserving capital.
- In addition to this, the Co-operative maintains positive relationships with lenders, and there remain unleveraged assets of the Co-operative that could be utilized to obtain additional financings.
- Failing the ability to cover obligations through these means, there remains a strong market for the sale of FIT and microFIT projects.

7. SECURITIES AND OTHER DEBT OBLIGATIONS OF CED CO-OP

CED Co-op has the following debt obligations and share obligations outstanding as of December 31, 2023. Included are payments due in the coming periods:

Debt Obligations	Balance As At	Combined Principal and Interest Payments Due in the Following Periods					
	31-Dec-23	2024	2025	2026	2027	2028	Thereafter
CWB Maxium - SS1 - Tranche 1	$ 4,777,218	$ 638,621	$ 638,621	$ 638,621	$ 3,690,869	$ -	$ -
CWB Maxium - SS1 - Tranche 2	$ 4,670,054	$ 607,163	$ 607,163	$ 607,163	$ 3,682,152	$ -	$ -
CWB Maxium - SS1 - Tranche 3	$ 558,204	$ 70,566	$ 70,566	$ 70,566	$ 446,442	$ -	$ -
CWB Maxium - SS2 - Tranche 1	$ 3,976,135	$ 493,235	$ 493,235	$ 493,235	$ 493,235	$ 2,953,934	$ -
CWB Maxium - SS2 - Tranche 2	$ 1,134,514	$ 140,863	$ 140,863	$ 140,863	$ 140,863	$ 840,109	$ -
CWB Maxium - 2117921 AB Inc.	$ 2,216,409	$ 544,776	$ 544,776	$ 544,776	$ 544,776	$ 536,637	$ -
2300070 Ontario Ltd	$ 927,420	$ 141,400	$ 141,400	$ 141,400	$ 141,400	$ 141,400	$ 423,995
SchiedelView Farms	$ 161,825	$ 28,896	$ 28,896	$ 28,896	$ 28,896	$ 28,896	$ 49,437
CEBA	$ 120,000	$ 120,000	$ -	$ -	$ -	$ -	$ -
Bond L1-4 (20 yr) - 2015	$ 3,323,221	$ 317,636	$ -	$ -	$ 291,836	$ 440,313	$ 5,641,936
Bond P1 (5 yr) - 2017	$ 5,187	$ 5,198	$ -	$ -	$ -	$ -	$ -
Bond Q1-5 (10 yr) - 2017	$ 960,296	$ 226,936	$ 226,936	$ 226,936	$ 226,936	$ 198,559	$ -
Bond P2 (5 yr) - 2019	$ 394,807	$ 345,836	$ 61,720	$ -	$ -	$ -	$ -
	$ 23,225,289	$ 3,681,127	$ 2,954,177	$2,892,457	$ 9,687,406	$ 5,139,848	$ 6,115,368

Share Obligations	Balance As At	Anticipated repurchases (not required)					
	31-Dec-23	2024	2025	2026	2027	2028	Thereafter
Membership Shares	$ 8,270	$ -	$ -	$ -	$ -	$ -	$ -
Class A Preference	$ 5,223,690	$ 227,575	$ 248,060	$ 270,385	$ 294,720	$ 321,245	$ 3,861,705
Class B Preference	$ 2,935,590	$ 212,530	$ 227,405	$ 243,325	$ 260,355	$ 278,580	$ 1,713,395
Class C Preference	$ 6,094,665	$ -	$ -	$ -	$ -	$ -	$ -
	$ 14,262,215	$ 440,105	$ 475,465	$ 513,710	$ 555,075	$ 599,825	$ 5,575,100

Return of capital on the Class A Preference Shares, pursuant to the terms of the share offering documents, is scheduled to occur over the following 14 years, including the current year of 2024, ending in 2037.

Return of capital on the Class B Preference Shares, pursuant to the terms of the share offering documents, is scheduled to occur over the following 13 years, including the current year of 2024, ending in 2034.

As outlined in previous offering documents, and consistent with this Offering, there does not exist a defined schedule for the return of capital on the Class C Preference Shares. While sufficient new opportunities exist for cashflow to be invested in new project opportunities, it is anticipated that the Co-operative will not be repurchasing shares across all holders of the Class C Preference Shares.

All of the securities, debt obligations and accounts payable are included in Appendix B: 2023 Audited Financial Statements for the year ended December 31, 2023. While declining, the debt load of the co-operative remains significant. This is identified as a risk factor in Section 5: Risk Factors – Financial – Debt Load.

For these debt obligations, all payments have been made as agreed. The loans to SunShare1 LP, SunShare2 LP and 2117921 Alberta Inc. have a borrowing covenant requiring that Debt Service Coverage Ratios, the ratio of total operating income to total debt payments, must be a minimum of 1.25. All operating entities have maintained compliance with this ratio throughout the loan periods and expect to continue to meet this requirement. Historical ratios are shown below.

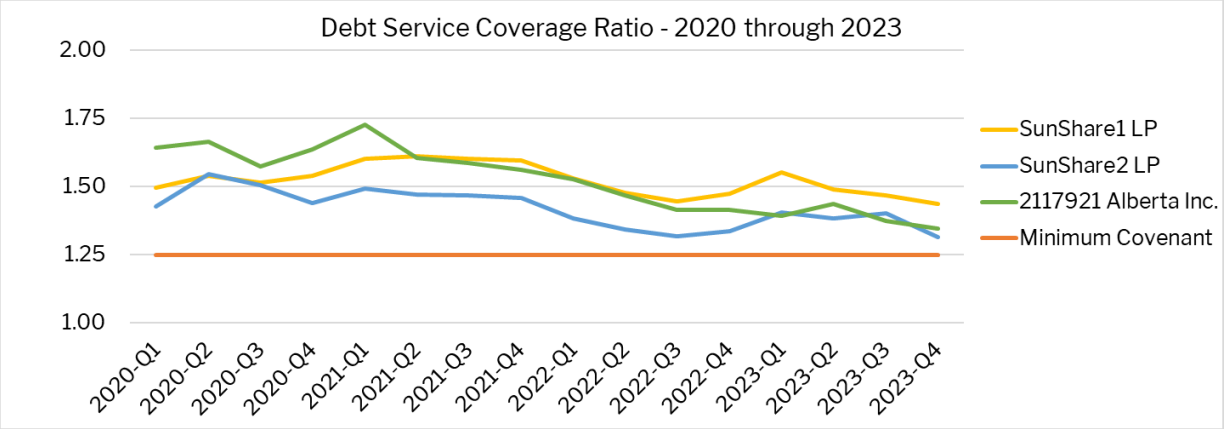
Prior to 2023, a DSCR of 1.35 was to be maintained to be able to receive equity distributions. The Co-operative experienced unusually low sun hours during 2022 in most geographic areas where its energy generation equipment was located. The Co-operative also incurred added repair costs after a windstorm damaged some of its energy generation equipment in a subsidiary of the Co-operative, Sunshare2 LP. These combined factors resulted in relatively unfavourable financial performance of Sunshare2 LP for 2022. Per the terms of the lending agreement, the conditions required for equity distribution were not met during the year, indicating a breach of these conditions. Upon becoming aware of the situation, the Co-operative obtained a waiver from the lender CWB Maximum. Per the lending agreement, since this waiver was issued within the cure period, this did not result in an

event of default for Sunshare2 LP or the Co-operative. However, in accordance with International Accounting Standards (IAS) 1, the Co-operative was required to report the entire balance of the loan as a current liability for the 2022 year end, since it does not have the unconditional right to defer its settlement of the loan for at least twelve months. The total amount of debt classified as current within the financial statements, included as Appendix B, that would have otherwise been classified as long term, was $4,977,711 . However, as a result of obtaining the waiver within the cure period, the acceleration of repayments of the loan was automatically annulled and the loan was reclassified to long term on March 17, 2023. The Co-operative was not required to make changes to the lending agreement in exchange for the waiver, and no further implications resulted from this situation.

Subsequent to the 2022 year end, revisions to the credit agreements with CWB Maxium were made. The main obligations of CED Co-op under the loan agreements are outlined in Section 7.1 – Credit Agreements - CWB. The three main changes made to the credit agreements are summarized as follows.

- Reduction of required DSCR for equity distributions from 1.35 to 1.25.
- Amendments to the definition of O&M expense to exclude extraordinary maintenance items, capital expenditures, taxes including property taxes and other expenses that are unrelated to regular operations of the projects.
- Streamlining equity distribution processes and eliminating intermediary accounts.

The updated DSCR calculations for the years of 2020 through 2023 are shown as follows.



All of the debt obligations above are currently in fixed rate terms, and as such are not subject to interest rate volatility. For all debt obligations other than those in SunShare1 LP and SunShare2 LP, the term will cover the full amortization period. Included in the schedule above are the refinance/balloon payments for the SunShare1 LP and SunShare2 LP loans for which the fixed rate terms are less than the amortization period. These loans are as follows:

Baloon Payments/Refinance	**2027**	**2028**
CWB Maxium - SS1 - Tranche 1	$ 3,690,869	
CWB Maxium - SS1 - Tranche 2	$ 3,530,361	
CWB Maxium - SS1 - Tranche 3	$ 411,159	
CWB Maxium - SS2 - Tranche 1		$ 2,830,625
CWB Maxium - SS2 - Tranche 2		$ 804,893
	$ 7,632,390	$ 3,635,519

The amounts above are subject to fluctuations in interest rate at renewal. At this time, the financial forecast has shown each of these to be renewed for the remainder of their scheduled amortization at a rate of 6.9% given the current interest rate environment, substantially higher than the weighted average rate of 5.57% currently in effect. The aggregate of these is approximately $11.3 million, and as such, each 1% increase or decrease in rates from the forecast 6.9% renewal rate results in a favourable or unfavourable variance of $113,000 in year 1 of the renewal. The rates from CWB Maximum have historically been set as a margin of 370 basis points over the corresponding

Canadian bond rate. Assuming this same rate structure, renewal rates as of December 31, 2023 would be 6.79%. This results in decrease in expected interest cost of approximately $12,000 within the first year of the renewals.

7.1 CREDIT AGREEMENTS – CWB

In 2016 through 2018, the Co-operative entered into certain Credit Agreements with CWB with a brief summary of the financial terms provided in Section 4.7 – Portfolio Investment and Finance. These Credit Agreements are executed under three entities that are controlled by CED Co-op, specifically SunShare1 LP, SunShare2 LP and 2117921 Alberta Ltd., and the balances outstanding for each of these loan advances for the respective entities is outlined in the table above in Section 7. Within these Credit Agreements, these respective entities are defined as the "Borrower", and the following are summaries of these Credit Agreements. For clarity, CED Co-op is not the Borrower in these arrangements, and as such the obligations summarized here do not apply directly to CED Co-op, but rather the respective entity that has entered into each Credit Agreement. As such, there are no cross-collateralization or cross-default provisions that apply directly to CED Co-op within these Credit Agreements.

A summary of many of the obligations, reporting requirements, events of default and remedies of the lender are provided here, though there may be others not listed here. There are a number of risks associated with these credit arrangements, including, but not limited to, the risk factors outlined in Section 5 - Financial - Availability of Debt Financing, Financial – Debt Load, Financial - Priority of Lenders, and Financial – Security. Throughout this Section 7.1 – Credit Agreements – CWB, capitalized terms not defined within the Offering Statement are defined terms within the respective Credit Agreements. Each of the credit agreements is more than 100 pages in length and are not included in their entirety here. Should a Member or Investor wish to view any of these agreements, they can be made available for viewing at the offices of the Co-operative.

The Borrowers (SunShare1 LP, SunShare2 LP and 2117921 Alberta Ltd.) have certain obligations as outlined in the Credit Agreements. These obligations are summarized here, and include, but are not strictly limited to the following.

The Borrower must:

a) use the loan proceeds for specific purposes stated in the loan agreement and deposit all Project Revenues into the specified accounts.
b) make timely payments of all sums due under the Agreement and other Loan Documents.
c) assign the benefit of any manufacturers' warranties relating to the Solar Systems to the Lender.
d) promptly inform the Lender of various events, such as material litigation, disputes with Governmental Authorities, Defaults or Events of Default, casualties, changes in insurance, and other matters.
e) provide the Lender with copies of any Default Notices received related to the Real Property Documents, FIT Contracts, or Material Project Documents.
f) provide the Lender with copies of documents, notices, or written instruments required to be delivered to the IESO under any FIT Contract.
g) Deliver to the Lender certified copies of new Material Project Documents and obtain the counterparty's consent and legal opinion.
h) maintain their existence, contractual obligations, permits, and rights in the normal course of business.
i) comply with the Separateness Covenants regarding the operations of the borrower as stated in the Agreement.
j) pay all obligations on time, except those being contested in good faith or under certain conditions.
k) maintain proper books, accounts, and records, and allow the Lender to inspect properties and audit records.
l) operate and maintain each Solar System according to Prudent Engineering and Operating Practices, and adhere to the Annual Operating Budget.
m) preserve, protect, and defend rights under Material Project Documents and provide necessary assistance.
n) pay all taxes, assessments, governmental charges, utility charges, and other fees when due unless being contested in good faith.
o) comply with all Requirements of Law and procure and maintain all required Applicable Permits.
p) operate and maintain each Solar System as per the Material Project Documents and Prudent Engineering and Operating Practices.
q) maintain insurance policies as specified in the Agreement.

r) maintain rights, title, and interests in the Project Site and Solar Systems free and clear of Encumbrances, other than Permitted Encumbrances.
s) take necessary actions if an Event of Eminent Domain occurs or is threatened.
t) provide documentation to comply with "Know Your Customer," anti-money laundering, and anti-terrorist requirements.
u) ensure that the Project Accounts are funded in accordance with the Agreement.
v) cooperate and provide necessary information to the Independent Engineer.
w) comply with requirements related to the Minimum Required Domestic Content Level.
x) open replacement bank accounts and transfer funds accordingly, if the Account Bank's credit rating is downgraded.
y) execute and deliver additional documents as requested by the Lender to fulfill the purposes of the Agreement and protect their interests in the Collateral.

In addition to the obligations outlined above, the borrower is also obliged to comply with negative obligations. These negative obligations are summarized here, and include, but are not strictly limited to the following.

The Borrower shall not:

a) create, assume, or allow any Encumbrance on any Collateral, real or personal, except Permitted Encumbrances, without the written consent of the Lender.
b) incur, create, assume, or allow any Debt except Permitted Debt.
c) undertake any Capital Markets Offering.
d) dispose of, sell, or assign any Collateral or assets except for sales of electricity in the ordinary course of business under the FIT Contract or the disposal of obsolete, worn-out, or replaced property not used or useful in their business.
e) change the nature of their business or engage in any activity beyond the scope of the Solar Systems' business as outlined in the Operative Documents.
f) make certain distributions or payments, including dividends, repurchases of securities, or related party debt repayments, unless specific conditions are met.
g) make certain advances, loans, investments, or purchase securities of other entities, except for Permitted Investments held in Project Accounts.
h) enter into transactions with Affiliates, except in the ordinary course of business and at arm's length terms, without the prior written consent.
i) provide financial assistance to other Persons for their debts or obligations.
j) liquidate, dissolve, sell, lease, or transfer a substantial part of its property or assets, or merge or consolidate with other entities, except as permitted in the Agreement.
k) cause or permit certain amendments to Material Project Documents without written consent, which could have adverse effects or result in Defaults or material violations.
l) perform any act or omit any action under the Operative Documents that would have a Material Adverse Effect.
m) change its name, the jurisdiction for its primary operations, or its Fiscal Year without prior written consent.
n) use the Project Site for purposes other than the operation and maintenance of the Solar Systems without the prior written consent.
o) assign its rights under the Agreement or Operative Documents to any other Person.
p) willfully and voluntarily abandon or suspend operation of a Solar System for extended periods without prior written consent.
q) release Hazardous Substances or noise in violation of Environmental Laws or Applicable Permits.
r) settle certain claims with liquidated damages or warranty claims without prior written approval.
s) transfer ownership interests or change Control without the prior written consent.
t) sell, assign, or dispose of the Project or any Material Project Documents without prior written consent.
u) amend the Pro Forma forecasts without prior written approval.
v) replace the Maintenance Provider without the prior written approval, and the replacement entity must meet certain conditions.

Further, the Borrower is required to maintain the following reporting requirements:

1. Financial Statements:
    a) Quarterly Unaudited Financial Statements: The Borrower must provide unaudited unconsolidated financial statements for each Fiscal Quarter, including a balance sheet, income statement, and statement of cash flows. These statements must be prepared in accordance with International Financial Reporting Standards (IFRS) and delivered to the Lender within 45 days after the close of each Fiscal Quarter.
    b) Annual Audited Financial Statements: The Borrower must provide annual audited unconsolidated financial statements for each Fiscal Year, including a balance sheet, income statement, and statement of cash flows. These statements must be prepared in accordance with IFRS and delivered to the Lender within 90 days after the close of the Fiscal Year.
    c) Compliance Certificate: On each Repayment Date, the Borrower must deliver a Compliance Certificate to the Lender.
2. Reports:
    a) Access to Monitoring Systems: The Borrower must provide the Lender with access to all monitoring systems for each of the Project Sites.
    b) Additional Reports: The Borrower must provide any reports, statements, lists of property, accounts, budgets, forecasts, and other information promptly upon request by the Lender. This is to confirm the Borrower's compliance with its obligations under the Agreement. The Borrower must also provide reports and information required by the Independent Consultants at the request of the Lender.
3. Annual Operating Budget:
    a) The Borrower must adopt an operating plan and a detailed budget for each Fiscal Quarter, outlining anticipated revenues, debt service, maintenance, projected distributions, repair and operation expenses, maintenance reserves, and other anticipated operating and maintenance costs for the Project. This Annual Operating Budget must be prepared at least 15 Business Days prior to the Closing Date. Subsequently, before the beginning of each Fiscal Year, the Borrower must provide a draft Annual Operating Budget for the ensuing Fiscal Year for review and approval by the Lenders and the Independent Engineer. The final Annual Operating Budget should consider the Lender's reasonable suggestions.
4. Tax Returns and Assessments:
    a) The Borrower must deliver to the Lender copies of all federal, provincial, and local tax returns filed with any Governmental Authority under Applicable Law promptly after filing, as well as copies of all tax assessments received from any Governmental Authority promptly upon receipt.

In the context of the Credit Agreements, certain actions or events are considered "Events of Default". These “Events of Default” are summarized here, and include, but are not strictly limited to the following:

a) Failure to make timely payments of principal, interest, fees, or other obligations.
b) Breach of certain covenants, unless they are cured within 30 days of receiving Notice.
c) Failure to observe or perform any covenant or obligation which is then not cured within 20 days of receiving Notice.
d) Misrepresentation in any provided documents or agreements.
e) Ceasing or threatening to cease business operations or failure to pay debts.
f) Default on payments or agreements with other parties involving substantial debt amounts.
g) Denying obligations under loan documents or claiming their invalidity.
h) Failure to mitigate changes in legislation or governmental authority affecting the loan documents within 30 days.
i) Bankruptcy, insolvency, or similar events concerning the Borrower.
j) Failure to pursue remedies against a party in material project documents within 10 days of a breach.
k) Termination or non-replacement of insurance required by the agreement.
l) Material modification, suspension, or cancellation of required permits, unless replaced promptly.

m) Cessation of material project contracts or documents, or defaults under them.
n) Seizure or possession of significant property or equity interests of the Borrower by others.
o) Proceedings for dissolution, liquidation, or winding up of the Borrower, unless contested.
p) Final judgment for payment exceeding $100,000 not vacated, discharged, or stayed.
q) Writs of execution or distress warrants against Borrower property, not released for over 30 days.
r) Change of control with respect to the Borrower.
s) Failure to maintain valid and first-priority security interests, subject to permitted encumbrances.
t) Attachment of encumbrances to collateral or property, not immediately remedied and released.
u) Suspension of Project O&M for more than 30 days (excluding Force Majeure) without FIT Contract termination.
v) Failure to maintain the cumulative Minimum DSCR over four consecutive fiscal quarters.
w) Occurrence of a material adverse effect not remedied within 30 days.
x) Unacceptable transfer of FIT Contracts to other parties.
y) Unauthorized bank account changes for Generation Payments.

These events of default may trigger various consequences as specified in the agreement. It is crucial for the Borrower to diligently manage its financial and operational activities to avoid default situations. Should an Event of Default arise, the rights and remedies available to the lender under the Agreement include, as summarized here, but are not limited to:

a) *Automatic Acceleration on Insolvency Default:* If an Insolvency Default occurs, all outstanding Tranche Loans and Obligations become immediately due and payable, along with any Related Make Whole Amounts, without the need for further notice or demand.

b) *Acceleration on Non-Insolvency Default:* If any Event of Default (other than an Insolvency Default) occurs, the Lender may choose to accelerate all Obligations, making them immediately due and payable, including interest and any Related Make Whole Amounts.

c) *Exercise of Rights and Recourse:* Upon any Event of Default, the Lender can exercise any right or remedy allowed by law against the Borrower to recover all outstanding Obligations, and they can enforce the Security to secure such Obligations.

d) *No Obligation to Realize Collateral:* The Lender is not obligated to realize upon any collateral or enforce the Security, and they are not liable for any loss or damage arising from such realization or enforcement, or for any act or omission in connection with these actions.

In the circumstance that an Event of Default occurs and the Lender elects to accelerate all Obligations, the Co-operative would endeavour to pay out balances owing from payment reserves, maintenance reserves and other cash balances on hand. Further, the Co-operative would look for alternative financiers if the funds were not already raised by investors and available to pay loan balances remaining.

Should balances remain following repayment from available resources, the Lender could take possession of the associated project assets, and attempt to liquidate (sell) the projects in an effort to pay off loan balances. These loans are considered to be non-recourse financing and the security of the respective loan is limited to the solar projects existing within the borrowing entity (SunShare1 LP, SunShare2 LP and 2117921 Alberta Ltd.) at the time of the default. The specific Projects that are held within each respective entity are outlined in Section 3.6.3. Business Models – FIT and microFIT Contracts. Should balances be left owing to the lender after the liquidation of all Projects and assets held by the respective borrowing entity, there would be no further recourse to CED Co-op. If any proceeds remain from the sale of assets after paying off all amounts owing to the Lender, these funds would be made available to CED Co-op.

8. CAPITAL STRUCTURE

8.1 AUTHORIZED CAPITAL

The total authorized capital of the Co-operative is limited to the sum of One Hundred and Fifty-One Million Dollars ($151,000,000.00), divided into:

(i) One Hundred Thousand (100,000) Membership shares with a par value of Ten Dollars ($10.00) each, for a total aggregate amount of One Million Dollars ($1,000,000.00);

(ii) Ten Million (10,000,000) Class A Preference shares with a par value of Five Dollars ($5.00) each, for a total aggregate amount of Fifty Million Dollars ($50,000,000.00);

(iii) Ten Million (10,000,000) Class B Preference shares with a par value of Five Dollars ($5.00) each, for a total aggregate amount of Fifty Million Dollars ($50,000,000.00); and

(iii) Ten Million (10,000,000) Class C Preference shares with a par value of Five Dollars ($5.00) each, for a total aggregate amount of Fifty Million Dollars ($50,000,000.00).

CED Co-op's capital structure as of December 31, 2023 is as follows:

Share Type	Issued Shares	Par Value	Total Value
Membership Shares	827	$ 10.00	$ 8,270
Class A Preference Shares	1,044,738	$ 5.00	$ 5,223,690
Class B Preference Shares	587,118	$ 5.00	$ 2,935,590
Class C Preference Shares	1,218,933	$ 5.00	$ 6,094,665
Total Member's Equity and Share Investments			**$ 14,262,215**

8.2 MATERIAL ATTRIBUTES OF AUTHORIZED CAPITAL

8.2.1. Membership Shares

Holders of Membership shares are entitled to attend and vote at all meetings of the Co-operative and, subject always to the prior rights of the holders of Class A Preference shares, Class B Preference shares and Class C Preference shares, to receive dividends on Membership shares as may be declared from time to time at the sole discretion of the Board of Directors of the Co-operative.

8.2.2. Class A Preferences Shares

Dividends:

A holder of Class A Preference Shares shall be entitled to receive, and the Co-operative shall pay thereon, as and when declared by the Board of Directors of the Co-operative out of the assets of the Co-operative properly applicable to the payment of dividends, non-cumulative cash dividends at a rate fixed and determined by the Board of Directors of the Co-operative. For greater certainty, dividends on the Class B Preference Shares and Class C Preference Shares may, in the discretion of the Board of Directors of the Co-operative, be paid independently of and in priority to the Class A Preference Shares of the Co-operative or the Board of Directors of the Co-operative may resolve that holders of the Class A Preference Shares shall receive dividends independently of and in priority to the holders of one or more of the Class B Preference Shares and Class C Preference Shares of the Co-operative, but always in priority to the Membership shares of the Co-operative. Dividends on the Class A Preference Shares shall be calculated annually and shall accrue from the date of issue of the said Shares. In the event that the Board of Directors of the Co-operative should not declare a dividend on the Class A Preference Shares within one hundred and eighty (180) days following the close of the fiscal year of the Co-operative, the right of Class A Preference Shareholders to a dividend for that fiscal year shall be forever extinguished.

Voting Rights:

The holders of Class A Preference Shares shall be entitled to receive notice of and attend all meetings of members of the Co-operative but shall not be entitled to vote thereat. Subject to the Co-op Act, Class A Preference Shareholders shall be entitled to vote at all meetings of Class A Preference Shareholders called for the purpose of amending any of the preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the said class of Shares, and at such meetings each Shareholder shall be entitled to cast one vote for each Class A Preference Share held.

Amendment of Share Provisions:

Any amendment to the Co-operative's articles or to the provisions of the Class A Preference shares, the effect of which is to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class A Preference shares, or to create a class of Preference shares ranking in priority to or on a parity with the Class A Preference shares, or to increase the number of Class A Preference shares authorized to be issued, may be confirmed by at least two-thirds of the votes cast at a meeting of the Class A Preference shareholders duly called for that purpose.

Redemption:

The Co-operative may at any time, and from time to time, redeem, without the consent of the Class A Preference shareholders, the whole or any part of the issued and outstanding Class A Preference shares upon payment of the par value thereof, together with any dividends declared but unpaid (in this Section 8.2.2, the "Redemption Price").

Notice of Redemption:

Unless all the holders of the Class A Preference Shares to be redeemed shall have waived notice of such redemption, the Co-operative shall give not less than thirty (30) days' notice in writing of such redemption by mailing to each person, who at the date of mailing is a registered holder of the Class A Preference Shares to be redeemed, a notice in writing of the intention of the Co-operative to redeem such Class A Preference Shares. Such notice shall be mailed in a prepaid envelope addressed to each Shareholder at his or her address as it appears on the books of the Co-operative or, in the event of the address of any such Shareholder not so appearing, then to the last known address of such Shareholder, provided however, that accidental failure or omission to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Price of the Shares to be redeemed and the date on which redemption is to take place and, if part only of the Class A Preference Shares held by the person to whom notice is given is to be redeemed, the number of such Shares to be redeemed.

Redemption Procedure:

On or after the date so specified for redemption in such notice, the Co-operative shall pay or cause to be paid to, or to the order of, the registered holders of the Class A Preference Shares to be redeemed, the Redemption Price of such Shares on presentation and surrender, at the registered office of the Co-operative or any other place designated in such notice, of the certificates representing the Shares so called for redemption. Such payment shall be made by cheque payable at any branch in Canada of one of the Co-operative's bankers at that time.

Partial Redemption:

In case a part only of the Class A Preference Shares is at any time to be redeemed, the Shares so to be redeemed shall be redeemed as nearly as may be in proportion to the number of Class A Preference Shares that are registered in the name of each holder of Class A Preference Shares or in such other manner as the Board of Directors shall determine with the consent of the holders of the Class A Preference Shares in accordance with the Co-op Act.

Cessation of Rights:

From and after the date specified for redemption in any such notice, the Class A Preference Shares called for redemption shall cease to be entitled to dividends, and the holders thereof shall not be entitled to exercise any of the rights of Shareholders in respect thereof, unless payment of the Redemption Price of the Class A Preference Shares is not made upon presentation of the Share certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected.

Deposit of Redemption Price:

The Co-operative shall have the right, at any time after the mailing of notice of its intention to redeem any shares, to deposit the Redemption Price of the Class A Preference Shares so called for redemption or of such of the said Shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with any such redemption, in a special account at any chartered bank, trust company, credit union, or caisse populaire in Canada named in such notice, to be paid without interest to or to the order of the respective holders of such Shares called for redemption upon presentation and surrender to such bank, trust company, credit union or caisse populaire of the certificates representing the said Shares and, on such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Class A Preference Shares in respect of which such deposit shall have been made shall be redeemed and the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Price of the Class A Preference Shares so deposited, against presentation and surrender of the said certificates held by them respectively, and interest allowed on any such deposit shall belong to the Co-operative.

No Redemption of Shares upon Withdrawal from Membership:

Class A Preference Shareholders are not entitled to demand the redemption of such Shares upon their withdrawal from membership in the Co-operative, and the Co-operative is not under any obligation to redeem such Shares upon a member's withdrawal from membership.

Dissolution:

In the event of the liquidation, dissolution, or winding-up of the Co-operative, whether voluntary or involuntary, the holders of Class A Preference Shares shall be entitled to receive, before any distribution of any part of the assets of the Co-operative among the holders of Class B Preference Shares, Class C Preference shares and Membership shares, their par value of Five Dollars ($5.00) for each Class A Preference Share, plus an amount equal to any dividends declared but not paid. Upon payment of the above amount, the holders of Class A Preference Shares shall not be entitled to any further share in the distribution of the property or assets of the Co-operative.

8.2.3. Class B Preferences Shares

Dividends:

A holder of Class B Preference Shares shall be entitled to receive, and the Co-operative shall pay thereon, as and when declared by the Board of Directors of the Co-operative out of the assets of the Co-operative properly applicable to the payment of dividends, non-cumulative cash dividends at a rate fixed and determined by the Board of Directors of the Co-operative. For greater certainty, dividends on the Class A Preference Shares and Class C Preference Shares may, in the discretion of the Board of Directors of the Co-operative, be paid independently of and in priority to the Class B Preference Shares of the Co-operative or the Board of Directors of the Co-operative may resolve that holders of the Class B Preference Shares shall receive dividends independently of and in priority to the holders of one or more of the Class A Preference Shares and Class C Preference Shares of the Co-operative, but always in priority to the Membership Shares of the Co-operative. Dividends on the Class B Preference Shares shall be calculated annually and shall accrue from the date of issue of the said Shares. In the event that the Board of Directors of the Co-operative should not declare a dividend on the Class B Preference Shares within one hundred and eighty (180) days following the close of the fiscal year of the Co-operative, the right of Class B Preference Shareholders to a dividend for that fiscal year shall be forever extinguished.

Voting Rights:

The holders of Class B Preference Shares shall be entitled to receive notice of and attend all meetings of members of the Co-operative but shall not be entitled to vote thereat. Subject to the Co-op Act, Class B Preference Shareholders shall be entitled to vote at all meetings of Class B Preference Shareholders called for the purpose of amending any of the preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the said class of Shares, and at such meetings each Shareholder shall be entitled to cast one vote for each Class B Preference Share held.

Amendment of Share Provisions:

Any amendment to the Co-operative's articles or to the provisions of the Class B Preference Shares, the effect of which is to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class B Preference Shares, or to create a class of Preference Shares ranking in priority to or on a parity with the Class B Preference Shares, or to increase the number of Class B Preference Shares authorized to be issued, may be confirmed by at least two-thirds of the votes cast at a meeting of the Class B Preference Shareholders duly called for that purpose.

Redemption:

The Co-operative may at any time, and from time to time, redeem, without the consent of the Class B Preference Shareholders, the whole or any part of the issued and outstanding Class B Preference Shares upon payment of the par value thereof, together with any dividends declared but unpaid (in this Section 8.2.3 the "Redemption Price").

Notice of Redemption:

Unless all the holders of the Class B Preference Shares to be redeemed shall have waived notice of such redemption, the Co-operative shall give not less than thirty (30) days' notice in writing of such redemption by mailing to each person, who at the date of mailing is a registered holder of the Class B Preference Shares to be redeemed, a notice in writing of the intention of the Co-operative to redeem such Class B Preference Shares. Such notice shall be mailed in a prepaid envelope addressed to each Shareholder at his or her address as it appears on the books of the Co-operative or, in the event of the address of any such Shareholder not so appearing, then to the last known address of such Shareholder, provided however, that accidental failure or omission to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Price of the Shares to be redeemed and the date on which redemption is to take place and, if part only of the Class B Preference Shares held by the person to whom notice is given is to be redeemed, the number of such Shares to be redeemed.

Redemption Procedure:

On or after the date so specified for redemption in such notice, the Co-operative shall pay or cause to be paid to, or to the order of, the registered holders of the Class B Preference Shares to be redeemed, the Redemption Price of such Shares on presentation and surrender, at the registered office of the Co-operative or any other place designated in such notice, of the certificates representing the Shares so called for redemption. Such payment shall be made by cheque payable at any branch in Canada of one of the Co-operative's bankers at that time.

Partial Redemption:

In case a part only of the Class B Preference Shares is at any time to be redeemed, the Shares so to be redeemed shall be redeemed as nearly as may be in proportion to the number of Class B Preference Shares that are registered in the name of each holder of Class B Preference Shares or in such other manner as the Board of Directors shall determine with the consent of the holders of the Class B Preference Shares in accordance with the Co-op Act.

Cessation of Rights:

From and after the date specified for redemption in any such notice, the Class B Preference Shares called for redemption shall cease to be entitled to dividends, and the holders thereof shall not be entitled to exercise any of the rights of Shareholders in respect thereof, unless payment of the Redemption Price of the Class B Preference Shares is not made upon presentation of the Share certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected.

Deposit of Redemption Price:

The Co-operative shall have the right, at any time after the mailing of notice of its intention to redeem any Shares, to deposit the Redemption Price of the Class B Preference Shares so called for redemption or of such of the said Shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with any such redemption, in a special account at any chartered bank, trust company, credit union, or caisse populaire in Canada named in such notice, to be paid without interest to or to the order of the respective holders of such Shares called for redemption upon presentation and surrender to such bank, trust company, credit union or caisse populaire of the certificates representing the said Shares and, on such deposit

being made or upon the date specified for redemption in such notice, whichever is the later, the Class B Preference Shares in respect of which such deposit shall have been made shall be redeemed and the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Price of the Class B Preference Shares so deposited, against presentation and surrender of the said certificates held by them respectively, and interest allowed on any such deposit shall belong to the Co-operative.

No Redemption of Shares upon Withdrawal from Membership:

Class B Preference Shareholders are not entitled to demand the redemption of such Shares upon their withdrawal from membership in the Co-operative, and the Co-operative is not under any obligation to redeem such Shares upon a member's withdrawal from membership.

Dissolution:

In the event of the liquidation, dissolution, or winding-up of the Co-operative, whether voluntary or involuntary, the holders of Class B Preference Shares shall be entitled to receive, subject to the prior rights of the holders of the Class A Preference Shares, but before any distribution of any part of the assets of the Co-operative among the holders of Class C Preference Shares and Membership Shares, their par value of Five Dollars ($5.00) for each Class B Preference Share, plus an amount equal to any dividends declared but not paid. Upon payment of the above amount, the holders of Class B Preference Shares shall not be entitled to any further Share in the distribution of the property or assets of the Co-operative.

8.2.4. Class C Preferences Shares

Dividends:

A holder of Class C Preference Shares shall be entitled to receive, and the Co-operative shall pay thereon, as and when declared by the Board of Directors of the Co-operative out of the assets of the Co-operative properly applicable to the payment of dividends, non-cumulative cash dividends at a rate fixed and determined by the Board of Directors of the Co-operative. For greater certainty, dividends on the Class A Preference Shares and Class B Preference Shares may, in the discretion of the Board of Directors of the Co-operative, be paid independently of and in priority to the Class C Preference Shares of the Co-operative or the Board of Directors of the Co-operative may resolve that holders of the Class C Preference Shares shall receive dividends independently of and in priority to the holders of one or more of the Class A Preference Shares and Class B Preference Shares of the Co-operative, but always in priority to the Membership Shares of the Co-operative. Dividends on the Class C Preference Shares shall be calculated annually and shall accrue from the date of issue of the said Shares. In the event that the Board of Directors of the Co-operative should not declare a dividend on the Class C Preference Shares within one hundred and eighty (180) days following the close of the fiscal year of the Co-operative, the right of Class C Preference Shareholders to a dividend for that fiscal year shall be forever extinguished.

Voting Rights:

The holders of Class C Preference Shares shall be entitled to receive notice of and attend all meetings of members of the Co-operative but shall not be entitled to vote thereat. Subject to the Co-op Act, Class C Preference Shareholders shall be entitled to vote at all meetings of Class C Preference Shareholders called for the purpose of amending any of the preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the said class of Shares, and at such meetings each Shareholder shall be entitled to cast one vote for each Class C Preference Share held.

Amendment of Share Provisions:

Any amendment to the Co-operative's articles or to the provisions of the Class C Preference Shares, the effect of which is to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class C Preference Shares, or to create a class of Preference Shares ranking in priority to or on a parity with the Class C Preference Shares, or to increase the number of Class C Preference Shares authorized to be issued, may be confirmed by at least two-thirds of the votes cast at a meeting of the Class C Preference Shareholders duly called for that purpose.

Redemption:

The Co-operative may at any time, and from time to time, redeem, without the consent of the Class C Preference Shareholders, the whole or any part of the issued and outstanding Class C Preference Shares upon payment of the par value thereof, together with any dividends declared but unpaid (in this Section 8.2.4 the "Redemption Price").

Notice of Redemption:

Unless all the holders of the Class C Preference Shares to be redeemed shall have waived notice of such redemption, the Co-operative shall give not less than thirty (30) days' notice in writing of such redemption by mailing to each person, who at the date of mailing is a registered holder of the Class C Preference Shares to be redeemed, a notice in writing of the intention of the Co-operative to redeem such Class C Preference Shares. Such notice shall be mailed in a prepaid envelope addressed to each Shareholder at his or her address as it appears on the books of the Co-operative or, in the event of the address of any such Shareholder not so appearing, then to the last known address of such Shareholder, provided however, that accidental failure or omission to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Price of the Shares to be redeemed and the date on which redemption is to take place and, if part only of the Class C Preference Shares held by the person to whom notice is given is to be redeemed, the number of such Shares to be redeemed.

Redemption Procedure:

On or after the date so specified for redemption in such notice, the Co-operative shall pay or cause to be paid to, or to the order of, the registered holders of the Class C Preference Shares to be redeemed, the Redemption Price of such Shares on presentation and surrender, at the registered office of the Co-operative or any other place designated in such notice, of the certificates representing the Shares so called for redemption. Such payment shall be made by cheque payable at any branch in Canada of one of the Co-operative's bankers at that time.

Partial Redemption:

In case a part only of the Class C Preference Shares is at any time to be redeemed, the Shares so to be redeemed shall be redeemed as nearly as may be in proportion to the number of Class C Preference Shares that are registered in the name of each holder of Class C Preference Shares or in such other manner as the Board of Directors shall determine with the consent of the holders of the Class C Preference Shares in accordance with the Co-op Act.

Cessation of Rights:

From and after the date specified for redemption in any such notice, the Class C Preference Shares called for redemption shall cease to be entitled to dividends, and the holders thereof shall not be entitled to exercise any of the rights of Shareholders in respect thereof, unless payment of the Redemption Price of the Class C Preference Shares is not made upon presentation of the Share certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected.

Deposit of Redemption Price:

The Co-operative shall have the right, at any time after the mailing of notice of its intention to redeem any Shares, to deposit the Redemption Price of the Class C Preference Shares so called for redemption or of such of the said Shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with any such redemption, in a special account at any chartered bank, trust company, credit union, or caisse populaire in Canada named in such notice, to be paid without interest to or to the order of the respective holders of such Shares called for redemption upon presentation and surrender to such bank, trust company, credit union or caisse populaire of the certificates representing the said Shares and, on such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Class C Preference Shares in respect of which such deposit shall have been made shall be redeemed and the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Price of the Class C Preference Shares so deposited, against presentation and surrender of the said certificates held by them respectively, and interest allowed on any such deposit shall belong to the Co-operative.

No Redemption of Shares upon Withdrawal from Membership:

Class C Preference Shareholders are not entitled to demand the redemption of such Shares upon their withdrawal from membership in the Co-operative, and the Co-operative is not under any obligation to redeem such Shares upon a member's withdrawal from membership.

Dissolution:

In the event of the liquidation, dissolution, or winding-up of the Co-operative, whether voluntary or involuntary, the holders of Class C Preference Shares shall be entitled to receive, subject to the prior rights of the holders of Class A Preference Shares and Class B Preference Shares, but before any distribution of any part of the assets of the Co-operative among the holders of Membership Shares, their par value of Five Dollars ($5.00) for each Class C Preference Share, plus an amount equal to any dividends declared but not paid. Upon payment of the above amount, the holders of Class C Preference Shares shall not be entitled to any further Share in the distribution of the property or assets of the Co-operative.

9. DESCRIPTION OF SECURITIES

CED Co-op is offering to sell MEMBERSHIP SHARES and CLASS C PREFERENCE SHARES, the attributes of which are as follows:

9.1. MEMBERSHIP SHARES

Purpose:

The Membership Shares are the mechanism through which voting and control of the Co-operative are exercised.

Offering:

Total Minimum Offering:	None
Total Maximum Offering:	$5,000
Minimum Individual Purchase:	1 @ $10 ($10)
Maximum Individual Purchase:	1 @ $10 ($10)

Share Price (Par Value): $10

Issue: Only natural persons ordinarily resident in Ontario aged 16 years of age and older may purchase Membership Shares. Each Member may purchase only one Membership Share, subject always to approval by the Board of Directors.

Closing Date: The initial closing of the sale of the Membership Shares will occur as soon as possible once all subscription documents and membership application documents have been received and the membership application has been approved by the Board.

Dividends: At the discretion of the Board, to the maximum amount permitted under the Co-op Act. Regulations under the Co-op Act currently set the maximum annual dividend at two per cent (2%) above the prime rate of a bank, trust company, or credit union named in the By-laws. It is not presently contemplated that CED Co-op will pay dividends to holders of Membership Shares.

Voting: Members in attendance at meetings of Members may vote and that vote will receive a weighting of one vote on any matters relating to the Co-operative that are brought before the Membership. Quorum for a meeting of Members is the lower of 5% of Members and 10 Members. In accordance with the Co-op Act, voting by proxy is not permitted.

Rank: Junior, with respect to the payment of interest and principal on secured loans. Junior, to the payment of interest and principal on Bonds. Junior, to dividends on the Class A Preference Shares, Class B Preference Shares and Class C Preference Shares. Junior, to the Class A Preference Shares, Class B Preference Shares and Class C Preference Shares upon dissolution.

Transfer: Subject to the consent of the Board and to the provisions of the Co-op Act regarding the transfer of Shares. Such approval shall not unreasonably be withheld.

9.2. CLASS C PREFERENCE SHARES

Purpose:

CED Co-op believes the Class C Preference Shares provide an opportunity for the Co-operative to distribute after tax earnings as "eligible dividends" to the Shareholder. Though the payment of dividends on the Preference Shares is not guaranteed and is at the discretion of the Board of Directors, it is the present intention of the Board of Directors to pay a consistent minimum dividend rate.

The projected return available to Class C Preference Shareholders is currently targeted at 6% per annum. It is anticipated, though cannot be guaranteed, that declarations of dividends on the Class C preference shares will continue on the pattern that they have, and as funds raised from the sale of Class C Preference Shares are able to be invested in projects that begin to produce operating revenues. The Co-operative anticipates that the payment of dividends on the Class C Preference Shares will continue to be in the form of a stock dividend rather than a cash dividend, though always subject to the decision of the Board of Directors.

The Co-operative believes the potentially flexible redemption process and the handling of this Security could be suitable for both short term and long-term Investors as well as both those who are looking for annual cash flows, and those who prefer the investment to potentially continue to grow over time. This security may suit an Investor who is willing to invest in a Security that does not have a fixed or minimum return but has the potential to earn a higher rate of return than other Securities offered by the Co-operative.

The Co-operative believes that the ability to continue to develop new projects and reinvest the revenues from projects into new project opportunities will enable a consistent valuation for the Class C Preference shares and therefore an opportunity for the transfer of the Class C Preference Shares at their $5 par value per share.

Offering:

Total Minimum Offering:	None
Total Maximum Offering:	$5,000,000
Minimum Individual New Investor Purchase:	1,000 @ $5 ($5,000)
Minimum Individual Existing Investor Purchase:	None
Maximum Individual Purchase:	None

Issue: Following the receipting of the Offering Statement, Members and Non-Members will be eligible to purchase Class C Preference Shares. All purchases are subject to approval by the Board of Directors. The Class C Preference Shares are eligible to be held in Registered Plans and the Co-operative is able to accept investment through Registered Plans.

Closing Date: The initial closing of the sale of the Class C Preference Shares is anticipated to occur, as much as possible, on a quarterly basis, on the dates of March 16th, June 16th, September 16th and December 16th, assuming all subscription documents have been received and approved by the Co-operative.

Dividends: Holders of the Class C Preference Shares shall be entitled to receive, and the Co-operative shall pay thereon, as and when declared by the Board of Directors of the Co-operative, dividends at a rate fixed and determined by the Board of Directors of the Co-operative. At the discretion of the Board of Directors of the Co-operative, dividends may be paid in the form of a stock dividend or a non-cumulative cash dividend. Further, at the discretion of the Board, dividends on the Class C Preference Shares may be declared and paid in priority, or subject to priority, to dividends on the Class A Preference Shares or the Class B Preference Shares of the Co-operative, but always in priority to the Membership Shares of the Co-operative. In the event that the Board of Directors of the Co-operative does not declare a dividend on the Class C Preference Shares within one hundred and eighty days (180 days) following the close of the fiscal year of the Co-operative, the right of the holders of the Class C Preference Shares for that fiscal year shall be forever extinguished.

The amount of cash flow or profits from the operations of the Co-operative which are available for dividends depends on a number of factors including the proportion of Class C Preference Shares in relation to the amount of funds raised and outstanding of the other Securities and loans of the Co-operative. The Projected Financial Statements attached as Appendix A have a targeted dividend rate of 6%, however this is not a guaranteed return. Even if dividends are declared, it is likely that the actual amount of dividends declared each year will vary, and the anticipated schedule of declaring quarterly dividends may change. Should the Board of Directors be in a position to declare dividends on the Class C Preference Shares, a projected sample schedule of declared and paid stock

dividends and the repurchase of Shares, at the request of a Shareholder, is shown in the table below and is based on a $100,000 purchase of 20,000 Class C Preference Shares**. This is an example only, and not intended be a forecast or to bind the Co-operative or a Shareholder to any particular dividend or redemption schedule.**

Class C Preference Share Investment **$ 100,000** **$ 5.00** **Share Price**

Year	Shares	Value	Rate	Dividend	Divdend Value	Redeemed	Payment	Shares	Ending Value	Income
1	20,000	$ 100,000	6.00%	1,200	$ 6,000	-	$ -	21,200	$ 106,000	$ 6,000
2	21,200	$ 106,000	5.50%	1,166	$ 5,830	-	$ -	22,366	$ 111,830	$ 5,830
3	22,366	$ 111,830	4.50%	1,006	$ 5,030	-	$ -	23,372	$ 116,860	$ 5,030
4	23,372	$ 116,860	6.75%	1,578	$ 7,890	-	$ -	24,950	$ 124,750	$ 7,890
5	24,950	$ 124,750	5.50%	1,372	$ 6,860	- 8,000	$ 40,000	18,322	$ 91,610	$ 6,860
6	18,322	$ 91,610	6.50%	1,191	$ 5,955	-	$ -	19,513	$ 97,565	$ 5,955
7	19,513	$ 97,565	5.75%	1,122	$ 5,610	-	$ -	20,635	$ 103,175	$ 5,610
8	20,635	$ 103,175	6.50%	1,341	$ 6,705	- 8,000	$ 40,000	13,976	$ 69,880	$ 6,705
9	13,976	$ 69,880	5.25%	734	$ 3,670	-	$ -	14,710	$ 73,550	$ 3,670
10	14,710	$ 73,550	6.00%	883	$ 4,415	- 1,000	$ 5,000	14,593	$ 72,965	$ 4,415
11	14,593	$ 72,965	5.50%	803	$ 4,015	- 2,000	$ 10,000	13,396	$ 66,980	$ 4,015
12	13,396	$ 66,980	6.25%	837	$ 4,185	- 2,000	$ 10,000	12,233	$ 61,165	$ 4,185
13	12,233	$ 61,165	7.00%	856	$ 4,280	- 2,000	$ 10,000	11,089	$ 55,445	$ 4,280
14	11,089	$ 55,445	6.75%	749	$ 3,745	- 2,000	$ 10,000	9,838	$ 49,190	$ 3,745
15	9,838	$ 49,190	5.50%	541	$ 2,705	- 2,000	$ 10,000	8,379	$ 41,895	$ 2,705
16	8,379	$ 41,895	6.50%	545	$ 2,725	- 2,000	$ 10,000	6,924	$ 34,620	$ 2,725
17	6,924	$ 34,620	6.50%	450	$ 2,250	- 2,000	$ 10,000	5,374	$ 26,870	$ 2,250
18	5,374	$ 26,870	5.00%	269	$ 1,345	- 2,000	$ 10,000	3,643	$ 18,215	$ 1,345
19	3,643	$ 18,215	6.75%	246	$ 1,230	- 2,000	$ 10,000	1,889	$ 9,445	$ 1,230
20	1,889	$ 9,445	6.00%	113	$ 565	- 2,002	$ 10,010	-	$ -	$ 565
Totals	**20,000**		**6.00%**	**17,002**	**$ 85,010**	**- 37,002**	**$ 185,010**			**$ 85,010**

- As outlined in the example above, an Investor subscribes for 20,000 Class C Preference Shares at a par value of $5 per share for a total investment of $100,000.
- In year 1, the Board begins to declare dividends, and declares a dividend of 6.00% resulting in a stock dividend of 1,200 shares, bringing the total share holdings to 21,200. This has a value of $6,000, and, assuming this is not held in a Registered Plan, a T5 is issued to the Investor based on $6,000 of eligible dividends.
- In the next year, the Board declares dividends of 5.50% resulting in a stock dividend of 1,166 additional shares, bringing the total share holdings to 22,366 shares for a value of $111,830. Again, a T5 is issued based on the value of the stock dividend of 988 shares at $5 for a total of $5,830.
- This process, potentially, continues annually, with varying amounts.
- Following the dividends being declared and the associated shares being issued in year 5 (this representing potentially taxable income), the Investor submits a request to redeem 8,000 Class C Preference shares at a value of $40,000. This request is approved by the board, the Investor receives a payment of $40,000 and the share holdings are reduced by 8,000 shares. This portion of the transaction represents a return of capital and is not considered income for inclusion in a T5.
- Another similar request for redemption of 8,000 shares is made in year 8, following the stock dividend. The request is approved, and the Investor receives payment of $40,000.
- Beginning in year 10, the Investor starts to submit annual requests for share redemptions, subject to board approval, and begins receiving annual payments based on the redemption requests, despite varying rates of stock dividends being paid throughout.
- At the end of year 20, through continued redemptions of shares, the holdings of Class C Preference Shares of the Investor are reduced to 0.

This particular example outlined above illustrates a set of potential circumstances over a 20-year period. There is no intended guidance provided on the timelines, dividend rates or redemption periods through this example. It is anticipated that the Co-operative will continue to develop and operate projects beyond the 20 years outlined above.

It is presently believed that only the dividend, whether it is paid in the form of cash or in the form of stock, as outlined in the last column, would be treated as taxable income to the Shareholder, in the calendar year in which the dividend was paid, regardless of the year the shares may be redeemed or transferred. Holding of the Class C Preference Shares in Registered Plans will vary this tax treatment. Prospective Investors are cautioned to consult with their tax advisors regarding the treatment of dividends on the Class C Preference Shares.

Amendment: The rights of amendment of Class C Preference Shares are set out under "Amendment – Class C Preference Shares" found in Section 8.2.4 hereof.

Redemption by the Co-operative:

The rights of redemption of Class C Preference Shares by the Co-operative are set out under "Redemption – Class C Preference Shares" found in Section 8.2.4 hereof.

Redemption by the Shareholder:

The Class C Preference Shares are not redeemable by the Shareholder on demand. The holder of the Class C Preference Shares may provide notice to the Co-operative, in email or in writing, of a desire to redeem any or all of the Class C Preference Shares held by the Investor. This request for redemption will be reviewed by the Board of Directors of the Co-operative, and potentially approved, at the sole discretion of the Board, subject to the financial position of the Co-operative and its ability to redeem the shares for any or all requests from Investors for the redemption of Class C Preference Shares. The Act prohibits the redemption of the Shares of the Co-operative if CED Co-op is or would be, as a result of such redemption, insolvent or if such repurchase would, in the opinion of the Board, be detrimental to the financial stability of CED Co-op.

It is the intent of the Co-operative to continue to develop annual offerings for Class C Preference Shares or other securities to provide funds for the development of more projects as well as help maintain the liquidity of the Co-operative should the request for redemptions exceed the amount of shares that can be redeemed from the cash flows of the co-operative.

In the event that a notice of request for redemption by the Shareholder is received by the Co-operative and the Co-operative is unable or unwilling to comply with the request, the Co-operative will endeavor to maintain a list of parties that are interested in buying the Securities and will work towards facilitating a transfer of the Securities on a best-efforts basis. There is no guarantee that a willing buyer of the Class C Preference Shares will exist at the time the request is made, or that a buyer will exist in the future.

Holders of the Class C Preference shares may submit one redemption request in each 3-month period and the Co-operative anticipates that there will be no fee for this redemption of any Class C Preference shares that may be approved from this request. However, the Co-operative reserves the right to implement a transaction or administration fee for this service. Facilitating the trade or transfer of Securities outside of this schedule is subject to approval by the Board and an administration fee, currently $75, subject to change at the sole discretion of the Co-operative. The anticipated schedule for the potential completion of redemption requests in each year is as follows:

Request Submission Deadlines	If Approved, Anticipated Payment Dates
February 28th	March 16th
May 31st	June 16th
August 31st	September 16th
November 30th	December 16th

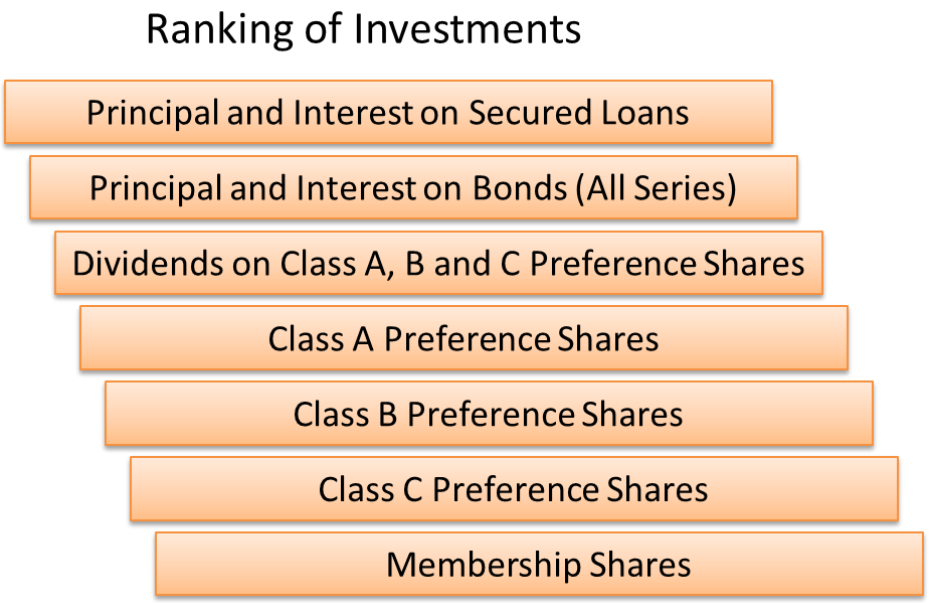
Voting: The voting rights of the holders of Class C Preference Shares are set out under "Voting Rights – Class C Preference Shares" found in Section 8.2.4 hereof.

Rank: Junior, with respect to the payment of interest and principal on secured loans. Junior, to the payment of interest and principal on Bonds. Pari Passu, to dividends paid on Class A Preference Shares and Class B Preference Shares. Junior, to the Class A Preference Shares and Class B Preference Shares upon dissolution. Senior, to Membership Shares.

Transfer: Subject to an administration fee, which is currently $75 though subject to change, the consent of the Board and to the provisions of the Co-op Act regarding the transfer of Preference Shares. Such approval shall not unreasonably be withheld.

9.3. RANKING OF INVESTMENTS

The following diagram shows the ranking of the Securities of CED Co-op.



As described in the Rank paragraph of Section 9.2 Class C Preference Shares, security for the Class C Preference Shares and Membership shares ranks behind principal and interest on all secured loans, principal and interest on all unsecured loans, principal and interest on all Bonds, dividends that have been declared but unpaid on all classes of Preference Shares, Class A Preference Shares and Class B Preference Shares. In the event of a default (which could be the result of a payment default or a covenant breach), prior ranking creditors would be able to exercise their rights under the applicable lending agreements in full satisfaction of obligations due to such creditors. Under such a scenario, holders of the Class C Preference Shares and Membership shares will not receive any payments or interest unless all prior ranking obligations are paid in full. This is identified as a risk factor in Section 5: Risk Factors – Financial – Security.

9.4. REGISTERED PLANS

Investors who intend to hold the Securities of CED Co-op within RESPs, RRSPs, RRIFs or TFSAs will need to hold the securities in a self-directed Registered Plan. If the Investor already has a Registered Plan in place, CED Co-op recommends they contact the host of their plans to determine if they are able to make investments in CED Co-op through their current plan. For those who do not already have a self-directed Registered Plan that can hold the Securities of CED Co-op, the Co-operative is working with CWCF and Olympia Trust to assist Investors in setting up a self-directed Registered Plan. At this time, CWCF offers RRSP and TFSA based plans, and Olympia Trust offers RRIF based plans. The primary fees that are expected to be incurred by the Investor are annual administration fees, currently ranging from $55 to $175 per year, and transaction fees, currently ranging from $0 to $100 per transaction (purchases, transfers, withdrawals). The current fee schedule for CWCF is attached as Appendix J, and the current fee schedule for Olympia Trust is attached as Appendix K.

The government of Canada publishes a guide called “T4040 RRSPs and Other Registered Plans for Retirement”, and as of the date of the Offering, it is available at the following link: https://www.canada.ca/content/dam/cra-arc/formspubs/pub/t4040/t4040-23e.pdf

As noted in this guide referenced above, in the year a person turns 71, all funds must be withdrawn from a RRSP account, or transferred to a RRIF account, though withdrawals or transfers can happen in years prior to turning 71. For the securities of CED Co-op, assuming the Investor would like to retain the registered status of the Securities, an Investor may need to transfer their Securities which are held in a RRSP account to a self-directed RRIF account

with Olympia Trust, in the absence of other options with their current RRSP account provider. There are fees that are incurred by the Investor in this transfer process, as outlined in the fee schedules.

In general, the rules of RRIF plans require minimum amounts to be withdrawn from the plan in each calendar year. Maintaining cash balances in the RRIF account sufficient to allow such withdrawals remains the responsibility of the Investor, and the Investor will need to select securities with anticipated payout schedules, or request redemptions of Securities, to facilitate the required withdrawal amounts. In the event that CED Co-op is unable to approve or provide redemptions of Securities or make scheduled payments on Securities to satisfy RRIF withdrawal requirements from cash, Olympia Trust, or the RRIF plan holder as it may be, will de-register a portion of the holdings of the Investor as a deemed withdrawal to satisfy requirements. This deemed withdrawal may result in the Investor receiving taxable income without accompanying cash payments. Management of the required withdrawal amounts is the responsibility of the plan administrator and the Investor, and CED Co-op bears no responsibility for compliance with RRIF withdrawal requirements. It should also be noted that there are fees involved in withdrawals from all Registered Plans, as noted in the fee schedules.

The actual fees payable may be different than the schedules provided and should be confirmed with the Registered Plan provider by the Investor prior to making an investment. Any questions or concerns an Investor may have regarding the procedures of making investments through Registered Plans should be directed to the plan administrator prior to making an investment. There may be other fees that are applicable, and these fees are subject to change. For this reason, it is recommended that investments in CED Co-op through self-directed plans not total less than $10,000.

10. DIVIDENDS AND DISTRIBUTIONS PAID, DECLARED OR ACCUMULATED BUT UNPAID

The Board of CED Co-op began declaring quarterly dividends to the holders of Class A Preference Shares on November 29, 2016, payable on December 15, 2016, and has declared a dividend on the Class A Preference shares each of the quarters since that time. The aggregate amount of $3,193,849 has been paid out in cash to the holders of Class A Preference Shares of record to the end of December 31, 2023.

Date	Share Class	Percentage	Amount	Status	Cumulative
December 15, 2016	Class A Preference	2.25%	$ 133,426	Paid	$ 133,426
March 15, 2017	Class A Preference	2.25%	$ 133,651	Paid	$ 267,077
June 15, 2017	Class A Preference	2.25%	$ 133,224	Paid	$ 400,301
September 15, 2017	Class A Preference	2.25%	$ 133,404	Paid	$ 533,704
December 15, 2017	Class A Preference	2.25%	$ 133,392	Paid	$ 667,097
March 15, 2018	Class A Preference	2.25%	$ 130,373	Paid	$ 797,470
June 15, 2018	Class A Preference	2.25%	$ 130,351	Paid	$ 927,820
September 15, 2018	Class A Preference	2.25%	$ 130,285	Paid	$ 1,058,105
December 15, 2018	Class A Preference	2.25%	$ 130,285	Paid	$ 1,188,390
March 15, 2019	Class A Preference	2.25%	$ 127,088	Paid	$ 1,315,478
June 15, 2019	Class A Preference	2.25%	$ 127,119	Paid	$ 1,442,597
September 15, 2019	Class A Preference	2.25%	$ 127,109	Paid	$ 1,569,706
December 15, 2019	Class A Preference	2.25%	$ 126,821	Paid	$ 1,696,527
March 15, 2020	Class A Preference	1.75%	$ 96,137	Paid	$ 1,792,664
June 15, 2020	Class A Preference	1.75%	$ 96,153	Paid	$ 1,888,817
September 15, 2020	Class A Preference	1.75%	$ 96,137	Paid	$ 1,984,955
December 15, 2020	Class A Preference	1.75%	$ 96,137	Paid	$ 2,081,092
March 15, 2021	Class A Preference	1.75%	$ 96,137	Paid	$ 2,177,230
June 15, 2021	Class A Preference	1.75%	$ 93,168	Paid	$ 2,270,397
September 15, 2021	Class A Preference	1.75%	$ 93,168	Paid	$ 2,363,565
December 15, 2021	Class A Preference	1.75%	$ 93,168	Paid	$ 2,456,732
March 15, 2022	Class A Preference	1.75%	$ 93,121	Paid	$ 2,549,854
June 15, 2022	Class A Preference	1.75%	$ 93,106	Paid	$ 2,642,960
September 15, 2022	Class A Preference	1.75%	$ 93,091	Paid	$ 2,736,050
December 15, 2022	Class A Preference	1.75%	$ 91,468	Paid	$ 2,827,518
March 15, 2023	Class A Preference	1.75%	$ 92,072	Paid	$ 2,919,591
June 15, 2023	Class A Preference	1.75%	$ 91,437	Paid	$ 3,011,028
September 15, 2023	Class A Preference	1.75%	$ 91,422	Paid	$ 3,102,450
December 15, 2023	Class A Preference	1.75%	$ 91,399	Paid	$ 3,193,849

The Board of CED Co-op began declaring quarterly dividends to the holders of Class B Preference Shares on September 6, 2018, payable on September 15, 2018, and has declared a dividend on the Class B Preference shares each of the quarters since that time. The aggregate amount of $1,026,796 has been paid out in cash to the holders of Class B Preference Shares to the end of December 31, 2023.

Date	Share Class	Percentage	Amount	Status	Cumulative
September 15, 2018	Class B Preference	1.75%	$ 55,005	Paid	$ 55,005
December 15, 2018	Class B Preference	1.75%	$ 55,005	Paid	$ 110,010
March 15, 2019	Class B Preference	1.75%	$ 59,673	Paid	$ 169,683
June 15, 2019	Class B Preference	1.75%	$ 57,536	Paid	$ 227,219
September 15, 2019	Class B Preference	1.75%	$ 57,536	Paid	$ 284,755
December 15, 2019	Class B Preference	1.75%	$ 57,536	Paid	$ 342,291
March 15, 2020	Class B Preference	1.375%	$ 43,199	Paid	$ 385,490
June 15, 2020	Class B Preference	1.375%	$ 43,199	Paid	$ 428,689
September 15, 2020	Class B Preference	1.375%	$ 43,199	Paid	$ 471,888
December 15, 2020	Class B Preference	1.375%	$ 43,199	Paid	$ 515,087
March 15, 2021	Class B Preference	1.375%	$ 43,199	Paid	$ 558,287
June 15, 2021	Class B Preference	1.375%	$ 41,051	Paid	$ 599,337
September 15, 2021	Class B Preference	1.375%	$ 41,051	Paid	$ 640,388
December 15, 2021	Class B Preference	1.375%	$ 41,051	Paid	$ 681,439
March 15, 2022	Class B Preference	1.375%	$ 41,051	Paid	$ 722,490
June 15, 2022	Class B Preference	1.375%	$ 41,001	Paid	$ 763,492
September 15, 2022	Class B Preference	1.375%	$ 41,001	Paid	$ 804,493
December 15, 2022	Class B Preference	1.50%	$ 44,729	Paid	$ 849,221
March 15, 2023	Class B Preference	1.50%	$ 44,741	Paid	$ 893,962
June 15, 2023	Class B Preference	1.50%	$ 44,741	Paid	$ 938,703
September 15, 2023	Class B Preference	1.50%	$ 44,046	Paid	$ 982,750
December 15, 2023	Class B Preference	1.50%	$ 44,046	Paid	$ 1,026,796

The Board of CED Co-op began declaring quarterly dividends to the holders of Class C Preference Shares on December 9, 2021, payable on December 15, 2021, and has declared a dividend on the Class C Preference Shares each of the quarters since that time. The aggregate amount of $525,165 has been paid out in the form of additional share certificates to the holders of Class C Preference Shares to the end of December 31, 2023.

Date	Share Class	Percentage	Amount	Status	Cumulative
December 15, 2021	Class C Preference	1.00%	$ 31,770	Paid	$ 31,770
March 15, 2022	Class C Preference	1.00%	$ 35,400	Paid	$ 67,170
June 15, 2022	Class C Preference	1.00%	$ 35,475	Paid	$ 102,645
September 15, 2022	Class C Preference	1.00%	$ 37,085	Paid	$ 139,730
December 15, 2022	Class C Preference	1.50%	$ 60,710	Paid	$ 200,440
March 15, 2023	Class C Preference	1.50%	$ 73,390	Paid	$ 273,830
June 15, 2023	Class C Preference	1.50%	$ 80,685	Paid	$ 354,515
September 15, 2023	Class C Preference	1.50%	$ 80,975	Paid	$ 435,490
December 15, 2023	Class C Preference	1.50%	$ 89,675	Paid	$ 525,165

All dividends that have been declared have been paid in full. The dividends paid outlined above are listed under Retained Earnings in Appendix B: 2023 Audited Financial Statements.

11. METHOD OF SALE OF SECURITIES

All Securities sold pursuant to this Offering Statement will be sold exclusively by Board members, officers, employees (if any) of CED Co-op, and designated Members of CED Co-op. There are no commissions payable, or discounts allowed. A fee is being paid to VCT for the administration of the Offering and the processing of subscriptions for Securities. Securities may be subscribed for by, and issued to, Members of CED Co-op as well as Non-Members. While marketing activities for securities will be restricted to Ontario, individuals and organizations based outside of Ontario may subscribe for, and be issued, the Class C Preference Shares available under this Offering. If an investor makes an investment while a resident of Ontario, and then moves out of the Province and ceases to be an Ontario resident, the Co-operative will not require the securities to be redeemed, and will allow the investor to continue to hold the Securities of the Co-operative, other than Membership Shares. CED Co-op does not guarantee the eligibility of investments for non-residents of Ontario, this is a risk factor identified in Section 5: Risk Factors - Financial – Eligibility to Hold Securities as a Non-Resident of Ontario.

All prospective purchasers of Securities sold pursuant to this Offering Statement will have received a copy of this Offering Statement prior to subscribing for such Securities.

12. DESCRIPTION OF THE MARKET ON WHICH THE SHARES MAY BE SOLD

There is no market through which the Securities of CED Co-op may be sold and none is expected to develop. Management will use its best efforts to match interested buyers and sellers but there can be no guarantee that Investors will be able to resell Securities purchased. There can be no assurance that Investors interested in the purchase of Securities will be available if and when an Investor wishes to transfer the Securities or that the Board will approve the transfer.

No Securities of CED Co-op may be transferred without the express consent of the Board. Security holders may request a transfer by writing to the Board of the Co-operative.

The Membership Shares, except where prohibited by law, including the provisions of the Co-op Act, shall be repurchased upon the withdrawal, death or expulsion of a Member or when a Member exercises the rights of a dissenting Member pursuant to the Co-op Act, though subject to administrative fees. Shareholders may only redeem Preference Shares with the approval of the Board. The Bonds of CED Co-op are scheduled to be redeemed at the maturity of their respective terms or within the terms of redemption of the specific Bond. CED Co-op is under no obligation to redeem any of the Class C Preference Shares offered under this Offering Statement upon the withdrawal of a Member. No reserve or sinking fund is being established for the redemption of the Class C Preference Shares being issued.

The Act prohibits the redemption of the Shares of the Co-operative if CED Co-op is or would be, as a result of such redemption, insolvent or if such repurchase would, in the opinion of the Board, be detrimental to the financial stability of CED Co-op.

13. STATEMENT OF MINIMUM AND MAXIMUM AMOUNTS OF THE OFFERING AND INDIVIDUAL SUBSCRIPTIONS

Membership Shares and Class C Preference Shares are being offered. This Offering is not subject to a Minimum aggregate investment threshold. As such, the Co-operative will transact the purchase and sale of securities directly with Investors and shall not involve any escrow arrangement.

Minimums and Maximums:

	Membership Shares	Class C Preference Shares	Totals
Minimum Offering	**None**	**None**	**None**
Maximum Offering	**$5,000**	**$5,000,000**	**$5,005,000**
Minimum Individual New Investor Purchase	**$10**	**$5,000**	
Minimum Individual Existing Investor Purchase	**$10**	**None**	
Maximum Individual Purchase	**$10**	**None**	

Minimum Amount by an Individual Investor

If a prospective Investor wishes to become a Member, the prospective Investor must purchase one $10 Membership Share. Only one Membership Share may be owned by each Member. The purchase of any Class C Preference Shares is optional and is not a requirement of Membership. New Investors to CED Co-op will need to invest a minimum of $5,000 in any particular Security, other than a Membership Share. Once this threshold has been met, there is no minimum investment for subsequent investments. For Investors that hold Securities which have been purchased under previous offerings, other than for an investment in Membership Shares, there is no minimum investment. There is no tie between the Securities. Purchasing one of the Securities of the Co-operative does not obligate the Investor to purchase other Securities.

Maximum Amount by an Individual Investor

As noted, the Membership Shares have a maximum individual purchase of one Membership Share for its par value of $10. There is no maximum individual purchase for the Class C Preference Shares, save and except for the maximum limit of the Offering of each respective Security. All purchases of Securities are subject to approval by the Board of Directors and the Board reserves the right to limit any individual purchase of Securities.

14. MATERIAL LEGAL PROCEEDINGS TO WHICH CED CO-OP IS A PARTY

As of the date of the Offering, neither the Co-operative, nor any of the JV, OpCo or LP structures to which the Co-operative is a party, are involved in, or are a party to, any material legal proceedings.

The Co-operative has not been informed of, and is not aware of, any material legal proceedings to which any of the project partners or service providers to the Co-operative are a party. Searches against corporate names of Project partners as well as VCT and CRS have been performed in the Ontario Court of Justice and Superior Court of Justice online case search portals located at the link below as of March 17, 2024: https://www.justiceservices.jus.gov.on.ca/MyAccount/screens/OneKey/login.xhtml?lang=EN .

This has not revealed any active material proceedings as of the date of the Offering, though the Co-operative has not performed additional due diligence beyond these searches.

15. MATERIAL INTERESTS OF DIRECTORS, OFFICERS AND EMPLOYEES

Securities

Each of the Directors and officers of CED Co-op is a Member of CED Co-op and owns one Membership Share. Holdings owned, or beneficially owned not at-arms-length, by the Directors and officers, as of December 31, 2023, are shown here. CED Co-op has no employees at this time.

Name	Position	Membership Shares	Shares	Bonds
Alvin Doerksen	Director, Board Chair	$ 10	$ 23,395	$ -
Blair Groff	Director, Secretary	$ 10	$ 1,360	$ -
Brian Unrau	Director, President	$ 10	$ 206,595	$ 217,261
Christopher Derksen-Hiebert	Director	$ 10	$ 126,815	$ 85,078
Christine Weber	Director	$ 10	$ 74,380	$ 86,585
Dale Brubacher-Cressman	Director	$ 10	$ 948,340	$ -
Martin Sellar Voll	Director	$ 10	$ 15,000	$ -
John Brubacher	Director	$ 10	$ 239,045	$ -
Paul Hildebrand	Director	$ 10	$ 253,170	$ 49,313
Ryan Parton	Director	$ 10	$ 440	$ 45,759
Steven Chomyc	Director, Treasurer	$ 10	$ 280,260	$ 22,206

The Board members, officers and any employees that CED Co-op has or may have will be offered the Securities to be issued under this Offering Statement on the same terms as are available to all other Persons.

Operations

Brian Unrau and Dale Brubacher-Cressman are also directors, officers and shareholders of VCT. VCT has been engaged by CED Co-op for the engineering, procurement and construction for the majority of the Projects in the CED Co-op Portfolio, and VCT has been, and continues to be, compensated for this work. VCT has entered into a Management Services Agreement (included as Appendix L) with CED Co-op for which VCT is compensated for the work of operating CED Co-op including, but not limited to, the development and management of this Offering. VCT has also entered into multiple operations and maintenance contracts with CED Co-op whereby VCT is compensated for providing monitoring, maintenance and repair services for the Projects. VCT is also the landowner for a number of Projects where CED Co-op has entered into a lease agreement and compensates VCT for the use of the land under the terms of those lease agreements. VCT is also a Project Partner for two of the Projects where VCT holds 49% of the Economic Interest in the Project. There may be other projects or contracts with CED Co-op in the future where VCT may hold a material interest.

Ryan Parton is also an employee of CRS. CRS has been indirectly engaged by CED Co-op for operations, maintenance and repair work for several Projects that were constructed. There may be other projects or contracts with CED Co-op in the future where CRS may hold a material interest.

In performing the dual roles of managing CED Co-op as well as VCT and CRS respectively, there have been decisions that have been made by the Directors of CED Co-op where the potential exists for a conflict of interest. Where the potential for a conflict of interest arises with VCT or CRS, the relevant Director(s) are expected to declare such and recuse themselves from discussion or voting on these matters.

No member of the Board, officer or employee of the Co-operative has a material interest in the business or operations of the Co-operative other than those disclosed herein.

16. MATERIAL CONTRACTS ENTERED INTO IN THE TWO YEARS PRECEDING THIS OFFERING STATEMENT

The following is a list of the active contracts that have been entered into directly by CED Co-op or through the JV, OpCo and LP structures.

16.1 New or Renewed Contracts

Solar Power Purchase Agreement

As outlined in Section 6, CED Co-op has entered into a PPA related to the development and operation of a solar installation on the rooftop of Rockway Mennonite Collegiate, and the project is currently under development. The terms of the PPA are not public information, however the broad terms that are addressed within the agreement are outlined below. In the language of the agreement, CED Co-op is the Generator, and Rockway Mennonite Collegiate is the Consumer.

Purchase and Sale of Electricity: The Consumer agrees to purchase all electricity generated by the System from the Generator for use on the Consumer Premises, acknowledging that solar power is intermittent, and no specific amount or timing of electricity generation is guaranteed.

Term and Termination: The Initial Term of the agreement begins on the Commercial Operation Date and continues as specified. The agreement may be extended for Additional Terms upon mutual agreement.

Billing and Payment: The Consumer pays the Generator monthly for the electricity generated at a specified rate per kWh. Invoices detail the energy generated, rates, charges, and total amount due. The Consumer is responsible for taxes on the electricity generated.

Environmental Financial Incentives and Tax Credits: The Generator retains ownership of Environmental Financial Incentives, Environmental Attributes, and Tax Credits. The Consumer must cooperate in obtaining these incentives and attributes.

License to the Consumer Premises: The Consumer grants the Generator a license to access the Consumer Premises for installing, operating, and maintaining the System. The license continues beyond the termination of the agreement.

Conditions Precedent: Certain conditions must be met for the agreement to take effect, including inspections, approvals, permits, and execution of necessary agreements.

Generator's Rights and Obligations: The Generator is responsible for obtaining permits, agreements, and approvals. The Generator also handles standard maintenance and repairs of the System, except for those caused by Consumer's negligence. The Generator may suspend delivery of electricity for maintenance purposes.

No Warranty: The agreement explicitly states that no warranties apply, and the remedies outlined in the agreement are the Consumer's sole remedies for any claims or liabilities arising from the agreement.

Consumer's Rights and Obligations:

> Interconnection and Net-Metering Agreements: Consumer must obtain necessary agreements with assistance from Generator for electricity delivery. Generator is responsible for interconnection equipment maintenance.
>
> OHSA Compliance: Both parties must adhere to safety laws.
>
> Maintenance of Consumer Premises: Consumer maintains the premises and its electrical system.
>
> No Alteration of Premises: Consumer can't alter premises without consent, may need to compensate Generator for system shutdowns.
>
> Outages: Scheduled outages allowed with notice, excess outages incur payment obligation.
>
> Liens: Consumer can't create liens on the system; must notify Generator of any liens and clear them.
>
> Security: Consumer must ensure premises security.

Insolation: Consumer must maintain sunlight access for the system; any reduction must be notified and rectified.

Data Line: Consumer must provide internet access for system monitoring.

Breakdown Notice: Consumer must promptly inform Generator of system malfunctions or issues.

Change in Law: Specifies what constitutes a "Change in Law" and outlines procedures if such a change affects Generator's cost.

Consumer Business Operations at the Premises:

Assignment by Consumer: Consumer can't assign the agreement without consent; may assign to successor tenant with approval.

System Relocation: Consumer can relocate the system to a new operating location with agreement modification and costs covered.

Costs of Relocation: Consumer bears relocation to new facility costs; payments during relocation determined based on energy estimates.

Adjustment for Insolation; Termination: Generator may adjust payments if the new location has inferior sunlight access; failure to relocate may result in default by Consumer.

Removal of System at Expiration: Generator must remove the system upon agreement termination; Consumer can opt to remove it at Generator's expense if not done timely.

Measurement: The agreement specifies the installation and maintenance of meters by the generator to measure electricity production. Meters must meet industry standards and be located near the delivery point.

Default, Remedies, and Damages: It outlines events constituting default, including failure to pay, perform obligations, or maintain accurate representations. Remedies include termination, suspension, and actions for damages. It also details termination payments upon default.

Representations, Warranties, and Covenants: Parties provide assurances regarding organizational status, compliance with laws, property ownership, and information accuracy. Consumer ensures premises are free of hazardous substances.

System and Premises Damage and Insurance: Responsibilities for repairing damaged systems or premises are outlined. Both parties must maintain insurance coverage meeting specified criteria.

Ownership; Option to Purchase: The generator retains ownership of the system, and consumers have the option to purchase it after five years. The agreement details the process, conditions, and obligations related to ownership.

Indemnification and Limitations of Liability: Parties agree to indemnify each other for certain liabilities, with limitations on liability for indirect damages and a cap on aggregate liability for the generator. It also outlines procedures for third-party claims and environmental indemnification.

Force Majeure: Defines force majeure as events beyond a party's control without their fault or negligence. Lists examples such as natural disasters, war, terrorism, economic sanctions, and government orders. Specifies conditions for excusing performance due to force majeure, including notification requirements and mitigation efforts. States that failure to make payments due to a force majeure event impacting only the consumer does not excuse payment obligations. Allows termination of the agreement by the unaffected party if a force majeure event continues for a specified period.

Assignment and Financing: Requires the generator to obtain consumer consent for assignment unless certain exceptions apply. Allows assignment to financing parties or affiliates without consumer consent. Specifies conditions for consumer consent to assignment. Addresses financing arrangements and the rights of financing parties in case of default by the generator. Grants financing parties the right to substitute or appoint a successor provider of services.

Confidentiality, Goodwill and Publicity: Requires parties to protect confidential information shared during the agreement. Specifies permitted disclosures, including publicly available information and disclosures required by law. Grants remedies for breaches of confidentiality. Allows limited use of party names for promotional purposes and requires coordination for public announcements. Allows parties to promote their roles in the agreement's context. Requires accurate representation of the agreement's terms in public statements. Grants a limited license for the use of each party's name in promotional materials. Requires cooperation and approval for public statements related to the agreement.

General: States that the agreement and its exhibits constitute the entire agreement between the parties, superseding any prior agreements. Specifies methods for sending notices under the agreement. Identifies provisions that survive termination of the agreement. These clauses cover various aspects of the agreement, including handling unforeseen events, rights and obligations regarding assignment and financing, confidentiality and publicity requirements, and general administrative matters.

Management Services Agreement

As outlined in Section 4.5: Management and Administration, CED Co-op has entered into a Management Services Agreement with VCT. The form of this agreement is included as Appendix L. This is an agreement that is renewed and entered into on an annual basis, and is anticipated to be renewed at the beginning of 2024.

Operations and Maintenance (O&M) Agreements

CED Co-op has, either directly or through JV, OpCo or LP structures, entered into O&M agreements for each of the Projects that have reached commercial operation, and continues to renew the contracts related to these services. Further, CED Co-op intends to enter into new O&M contracts for new Projects as they are constructed. These contracts encompass both scheduled maintenance as well as unplanned service and repairs. There are service level commitments within these O&M agreements to ensure that the Projects are operating optimally, and non-production periods (down-time) is minimized. These are agreements that are renewed and entered into on an annual basis, and these have been renewed for 2024.

16.2 Ongoing Contracts From Prior Years

CED Co-op has not entered into new agreements within the past two years for the following types of agreements outlined below, but remains an active party in these agreements. As CED Co-op develops new projects, it is likely that CED Co-op will enter into new agreements of certain types described below, and potentially other types of agreements.

JV Agreements

The majority of the Projects were initially developed under JV agreements, though many were later moved into LP structures as outlined in Section 3.6.3: Business Models – FIT and microFIT Contracts. These JV agreements allowed CED Co-op to gain an equity stake in many Projects for which it would not have been given the opportunity to develop on its own.

LP Agreements

To aid in financing, many of the JV projects have been moved or are being moved into LP structures as outlined in Section 3.6.3: Business Models – FIT and microFIT Contracts. The LP Structure allows a project lender to provide non-recourse financing to the Co-operative, registering security on the related Projects, the related FIT Contracts, and the ownership thereof.

FIT Contracts

CED Co-op has, either directly or through JV, OpCo or LP structures, entered into FIT Contracts with the IESO. These contracts form the basis for the sale of renewably generated electricity which provides the cash flows to CED Co-op and have a 20-year term. These contracts are a standard form for all participants in the FIT program, and these documents have been developed by the IESO with no opportunity for negotiation of terms. These documents are available for review through the IESO website: http://www.ieso.ca.

Lease Agreements

CED Co-op has, either directly or through JV, OpCo or LP structures, entered into lease agreements with the landowners where each of the Projects has been, or is to be, constructed with terms that are a minimum of 20 years. The lease agreements are necessary for the Projects to be awarded a FIT Contract and for CED Co-op to have access rights to the properties for the purpose of constructing and operating Solar PV Facilities. The common elements of the lease agreements are outlined in Section 3.9: Real Estate.

Engineer, Procure and Construct (EPC) Agreements

CED Co-op has, either directly or through JV, OpCo or LP structures, entered into EPC agreements to provide design, engineering, construction and project management services for each of the Projects. Some of these agreements have been on a fixed price basis, but many have been on a cost-plus basis in order to take advantage of decreasing prices of Solar PV materials. Overall, the completed Projects have been brought to commercial operation within the budget for the Portfolio.

Loan Agreements, Security Agreements and Legal Retainers

In receiving financing from Project lenders, CED Co-op has, either directly or through JV, OpCo or LP structures, entered into, and may in the future, enter into, a number of loan agreements. The broad terms of these loan agreements are included in Section 4.7: Portfolio Investment and Finance. In support of these loan agreements and the closing of the related financing, CED Co-op has, either directly or through JV, OpCo or LP structure, entered into security agreements, guarantee agreements and engagements with law firms to develop loan documentation and perform legal processes to enable the financing of the Projects.

17. DESCRIPTION OF ANY OTHER MATERIAL FACTS

A copy of this Offering Statement must be given to each Investor before any payment may legally be accepted by CED Co-op.

None of the Securities issued by CED Co-op pursuant to this Offering Statement will be in bearer form.

This Offering Statement will expire on March 31, 2025, after which date no further sale of the Securities outlined in this Offering shall occur, unless a new Offering Statement has been filed and receipted.

18. CERTIFICATE OF DISCLOSURE

THE FOREGOING CONSTITUTES FULL, TRUE, AND PLAIN DISCLOSURE OF ALL MATERIAL FACTS RELATING TO THE SECURITIES OFFERED BY THIS OFFERING STATEMENT AS REQUIRED BY SECTION 35 OF THE *CO-OPERATIVE CORPORATIONS ACT*.

Dated at Kitchener, Ontario this 1st day of April, 2024



Chair of the Board: Alvin Doerksen



President: Brian Unrau



Treasurer: Steven Chomyc

19. APPENDICES

Appendix A: Projected Financial Statements (See Section 4.6 for descriptions and key assumptions)

Appendix B: 2023 Audited Financial Statements

Appendix C: Consent from Auditors to Use Financials in this Offering Statement

Appendix D: Certificate of Incorporation

Appendix E: Legal Opinion on Election to Become a Public Corporation

Appendix F: CRA Approval of Public Corporation Status

Appendix G: Legal Opinion on the Registered Eligibility of the Securities of CED Co-op

Appendix H: Membership Application and Membership Share Subscription

Appendix I: Form of Offering Statement Subscription Agreement

Appendix J: CWCF / Common Good Capital – Current Fee Schedule

Appendix K: Olympia Trust – Current Fee Schedule

Appendix L: Form of Management Services Agreement

Appendix M: IESO Position Clarification Regarding Domestic Content

Appendix N: Legal Review of FIT Contract Termination Rights

APPENDIX A: Projected Financial Statements (See Section 4.6 for descriptions and key assumptions)

Community Energy Development Co-operative Ltd

Projected Consolidated Statement of Operations - $'s (Unaudited) *

For the years ended December 31

Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2045	2050	2055
Adjusted Revenue - Current Projects *	5,440,288	5,448,482	5,429,621	5,407,948	5,389,866	5,367,361	5,348,473	5,116,176	4,623,566	4,333,173	4,276,352	4,261,728	3,420,045	697,424	173,098	0	0	0	0	0
Total Lease *	307,500	307,500	307,500	307,500	307,500	307,500	307,500	307,500	254,250	193,500	186,000	186,000	133,717	34,733	10,833	0	0	0	0	0
Utility *	73,938	75,416	76,925	78,463	80,032	81,633	83,266	84,931	82,911	79,524	79,829	81,426	54,439	18,661	3,942	0	0	0	0	0
Insurance - Projects *	117,442	122,085	124,526	127,017	129,557	132,148	134,791	137,487	125,348	109,510	108,439	110,607	80,263	26,810	7,755	0	0	0	0	0
Warranty & Service *	464,105	473,387	483,840	496,510	506,440	516,569	526,900	537,438	509,559	472,156	473,137	482,600	368,867	84,320	17,680	0	0	0	0	0
Adjusted Expenses - Existing Projects *	962,985	978,388	992,790	1,009,490	1,023,530	1,037,850	1,052,457	1,067,356	972,067	854,690	847,404	860,633	637,287	164,524	40,211	0	0	0	0	0
Operating Income - Existing Projects *	4,477,303	4,470,094	4,436,830	4,398,458	4,366,337	4,329,511	4,296,016	4,048,819	3,651,498	3,478,483	3,428,947	3,401,096	2,782,758	532,900	132,887	0	0	0	0	0
Revenue - Anticipated Projects *	0	140,781	400,900	791,898	1,286,594	1,831,273	2,479,823	3,196,716	3,943,164	4,720,216	5,528,954	5,647,596	5,769,079	5,893,462	6,020,808	6,154,211	6,290,703	7,021,847	7,564,740	4,519,427
Expenses - Anticipated Projects *	0	11,154	31,134	60,330	96,227	136,146	183,250	234,785	287,825	342,403	398,554	404,532	410,600	416,759	423,011	429,356	435,796	469,476	511,603	313,699
Operating Income - Anticipated Projects *	0	129,627	369,765	731,568	1,190,368	1,695,127	2,296,573	2,961,931	3,655,339	4,377,813	5,130,400	5,243,064	5,358,478	5,476,702	5,597,797	5,724,855	5,854,907	6,552,370	7,053,137	4,205,727
Accounting	117,361	119,708	122,103	124,545	127,036	129,576	132,168	134,811	137,507	140,258	143,063	145,924	148,842	151,819	154,856	157,953	161,112	177,880	196,394	216,835
Legal	9,389	9,577	9,768	9,964	10,163	10,366	10,573	10,785	11,001	11,221	11,445	11,674	11,907	12,146	12,388	12,636	12,889	14,230	15,712	17,347
Bank Charges	1,951	1,970	1,990	2,010	2,030	2,050	2,071	2,091	2,112	2,134	2,155	2,176	2,198	2,220	2,242	2,265	2,287	2,404	2,527	2,656
Insurance - Organization	13,535	13,738	13,944	14,153	14,365	14,581	14,800	15,022	15,247	15,476	15,708	15,943	16,182	16,425	16,672	16,922	17,175	18,503	19,933	21,473
Communications & Fundraising	19,759	19,769	19,779	19,790	19,801	19,813	19,825	19,838	19,851	19,865	19,880	19,895	19,911	19,927	19,944	20,043	20,144	20,652	21,174	21,708
Dues and Subscriptions	3,123	3,139	3,155	3,171	3,186	3,202	3,218	3,234	3,251	3,267	3,283	3,300	3,316	3,333	3,349	3,366	3,383	3,468	3,556	3,646
Board	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Management Fees	293,403	299,271	305,257	311,362	317,589	323,941	330,419	337,028	343,768	350,644	357,657	364,810	372,106	379,548	387,139	394,882	402,779	444,701	490,986	542,088
Administration	500,521	509,172	517,995	526,993	536,170	545,529	555,074	564,809	574,738	584,863	595,190	605,722	616,463	627,418	638,590	650,067	661,770	723,840	792,281	867,753
Adjusted EBITDA *	3,976,782	4,090,548	4,288,600	4,603,032	5,020,535	5,479,108	6,037,515	6,445,941	6,732,099	7,271,432	7,964,157	8,038,438	7,524,773	5,382,184	5,092,094	5,074,788	5,193,137	5,828,531	6,260,856	3,337,974
DSCR	1.49	1.49	1.48	1.43	1.39	1.71	1.69	1.61	1.50	1.43	2.37	13.92	0.00	0.00	0.00					
Interest on Term Loans (Existing) *	984,673	891,283	792,626	774,200	742,778	632,859	523,845	407,811	287,243	163,885	43,868	1,845	0	0	0	0	0	0	0	0
Interest on Bonds *	330,095	301,793	308,602	319,380	309,400	289,582	313,557	339,520	300,469	224,205	243,263	263,940	166,581	0	0	0	0	0	0	0
Total Interest (Excl. Amort of Fin. Cost) *	1,314,767	1,193,076	1,101,228	1,093,579	1,052,178	922,441	837,403	747,330	587,712	388,090	287,131	265,785	166,581	0	0	0	0	0	0	0
EBDA *	2,662,015	2,897,472	3,187,372	3,509,453	3,968,357	4,556,668	5,200,112	5,698,611	6,144,387	6,883,342	7,677,027	7,772,653	7,358,192	5,382,184	5,092,094	5,074,788	5,193,137	5,828,531	6,260,856	3,337,974
Depreciation (Existing, Excl. Reval) *	2,371,756	2,371,756	2,371,756	2,371,756	2,371,756	2,371,756	2,371,756	2,371,756	2,047,383	1,870,502	1,870,502	1,870,502	1,350,193	140,779	18,595	0	0	0	0	0
Depreciation (Anticipated) *	0	80,000	220,000	420,000	660,000	920,000	1,220,000	1,540,000	1,860,000	2,180,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,420,000	1,280,000
Interest Income	54,872	57,647	60,484	64,207	60,159	54,733	57,184	59,635	62,086	63,509	28,463	1,286	0	0	0	0	0	0	0	0
Other Income	54,872	57,647	60,484	64,207	60,159	54,733	57,184	59,635	62,086	63,509	28,463	1,286	0	0	0	0	0	0	0	0
Net Income Before Tax *	345,131	503,364	656,101	781,904	996,760	1,319,645	1,665,541	1,846,490	2,299,090	2,896,350	3,334,988	3,403,437	3,507,999	2,741,405	2,573,499	2,574,788	2,693,137	3,328,531	3,840,856	2,057,974
Tax *	91,460	133,391	173,867	207,205	264,141	349,706	441,368	489,320	609,259	767,533	883,772	901,911	929,620	726,472	681,977	682,319	713,681	882,061	1,017,827	545,363
Net Income After Tax *	**253,671**	**369,972**	**482,234**	**574,699**	**732,619**	**969,939**	**1,224,173**	**1,357,170**	**1,689,831**	**2,128,817**	**2,451,216**	**2,501,526**	**2,578,379**	**2,014,933**	**1,891,522**	**1,892,469**	**1,979,456**	**2,446,470**	**2,823,029**	**1,512,611**
Comprehensive Income *	**253,671**	**369,972**	**482,234**	**574,699**	**732,619**	**969,939**	**1,224,173**	**1,357,170**	**1,689,831**	**2,128,817**	**2,451,216**	**2,501,526**	**2,578,379**	**2,014,933**	**1,891,522**	**1,892,469**	**1,979,456**	**2,446,470**	**2,823,029**	**1,512,611**
Non-Controlling Interest *	248,852	242,816	236,276	229,112	222,807	214,974	205,577	195,151	182,294	165,104	144,278	111,460	69,671	16,849	5,550	0	0	0	0	0
Comprehensive Income - Parent	4,819	127,156	245,958	345,588	509,812	754,965	1,018,595	1,162,020	1,507,537	1,963,714	2,306,938	2,390,066	2,508,708	1,998,083	1,885,972	1,892,469	1,979,456	2,446,470	2,823,029	1,512,611

*** Non-IFRS Measures:**

As outlined in Section 6.1.4, there are a number of points of difference between the presentation of the financial forecasts above and the presentation of the financial statements, as have been provided in Appendix B.

Differences include items affected in consolidation method vs equity method for investments in associates, leasing costs, depreciation, amortization of issuance costs, amortization of financing expenses and potentially others.

APPENDIX A: Projected Financial Statements (See Section 4.6 for descriptions and key assumptions)

Community Energy Development Co-operative Ltd

Projected Consolidated Statement of Financial Position - $'s (Unaudited) *

As at December 31

Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2045	2050	2055
Assets																				
Free Cash on Hand	63,295	300,289	244,742	89,896	761,799	492,299	88,031	22,854	331,759	55,680	1,150,274	579,716	788,947	518,390	738,955	966,319	1,314,654	4,136,110	10,042,663	24,236,810
Free Cash on Hand - NCI	-376,395	-372,797	-369,117	-365,419	-361,598	-359,054	-355,754	-277,875	613,847	26,050	-242,656	-272,559	-475,982	-677,810	-5,551	0	0	0	0	0
Total Current Assets	-313,100	-72,509	-124,376	-275,523	400,201	133,245	-267,723	-255,021	945,606	81,729	907,618	307,157	312,964	-159,420	733,404	966,319	1,314,654	4,136,110	10,042,663	24,236,810
Debt Service Reserve Balance	1,430,873	1,430,873	1,440,755	1,482,214	1,011,396	1,011,396	1,011,396	1,011,396	1,011,396	847,007	72,952	0	0	0	0	0	0	0	0	0
Maintenance Reserve Balance	814,889	925,895	1,036,901	1,147,907	1,124,844	1,222,875	1,320,907	1,418,939	1,516,970	1,615,002	167,555	0	0	0	0	0	0	0	0	0
Adjusted Solar Project Assets *	25,770,745	23,398,989	21,027,233	18,655,477	16,283,721	13,911,965	11,540,210	9,168,454	7,121,071	5,250,570	3,380,068	1,509,567	159,374	18,595	0	0	0	0	0	0
Assets - Anticipated	2,000,000	5,420,000	10,200,000	15,780,000	21,620,000	28,200,000	34,980,000	41,440,000	47,580,000	53,400,000	50,900,000	48,400,000	45,900,000	43,400,000	40,900,000	38,400,000	35,900,000	23,400,000	10,980,000	1,920,000
Total Long Term Assets *	30,016,506	31,175,756	33,704,889	37,065,598	40,039,961	44,346,237	48,852,512	53,038,788	57,229,437	61,112,579	54,520,576	49,909,567	46,059,374	43,418,595	40,900,000	38,400,000	35,900,000	23,400,000	10,980,000	1,920,000
Total Assets *	29,703,406	31,103,248	33,580,513	36,790,075	40,440,161	44,479,481	48,584,790	52,783,767	58,175,043	61,194,308	55,428,193	50,216,724	46,372,339	43,259,175	41,633,404	39,366,319	37,214,654	27,536,110	21,022,663	26,156,810
Liabilities																				
Current Portion Long Term Debt	1,764,398	1,863,054	1,932,703	1,881,448	1,583,868	1,692,881	1,770,195	1,771,126	1,858,906	1,132,288	71,107	0	0	0	0	0	0	0	0	0
Current Portion Bonds	239,884	191,969	474,963	596,913	0	0	777,362	1,172,860	0	0	1,298,927	1,959,780	0	0	0	0	0	0	0	0
Total Current Liabilities	2,004,281	2,055,024	2,407,666	2,478,361	1,583,868	1,692,881	2,547,557	2,943,985	1,858,906	1,132,288	1,370,034	1,959,780	0	0	0	0	0	0	0	0
Long Term Debt *	15,557,575	13,694,521	11,761,818	9,880,371	8,296,503	6,603,622	4,833,427	3,062,301	1,203,395	71,107	0	0	0	0	0	0	0	0	0	0
Long Term Bonds	3,694,996	3,756,048	3,554,720	3,233,378	3,500,819	3,790,401	3,326,596	2,431,067	2,637,708	2,861,913	1,806,249	0	0	0	0	0	0	0	0	0
Total Non-Current Liabilities *	19,252,571	17,450,569	15,316,538	13,113,748	11,797,322	10,394,023	8,160,023	5,493,368	3,841,103	2,933,020	1,806,249	0	0	0	0	0	0	0	0	0
Total Liabilities	21,256,853	19,505,593	17,724,204	15,592,109	13,381,190	12,086,904	10,707,580	8,437,354	5,700,009	4,065,308	3,176,282	1,959,780	0	0	0	0	0	0	0	0
Future Income Tax Account																				
Attributable to Net Income	6,716	140,107	313,974	521,179	785,320	1,135,026	1,576,394	2,065,714	2,674,973	3,442,506	3,688,569	3,919,544	4,319,283	5,070,824	5,886,824	6,721,719	7,590,598	11,635,647	16,534,584	20,487,083
	6,716	140,107	313,974	521,179	785,320	1,135,026	1,576,394	2,065,714	2,674,973	3,442,506	3,688,569	3,919,544	4,319,283	5,070,824	5,886,824	6,721,719	7,590,598	11,635,647	16,534,584	20,487,083
Membership Share Capital	8,270	8,270	8,270	8,270	8,270	8,270	8,270	8,270	8,270	8,270	8,270	8,270	8,270	8,270	8,270	8,271	8,272	8,277	8,282	8,287
Preferred A Shareholder Capital *	4,996,115	4,748,055	4,477,670	4,182,950	3,861,705	3,511,550	3,129,880	2,713,860	2,260,395	1,766,120	1,227,360	640,110	0	0	0	0	0	0	0	0
Preferred B Shareholder Capital *	2,723,880	2,496,475	2,253,150	1,992,795	1,714,215	1,416,130	1,097,180	755,905	390,735	0	0	0	0	0	0	0	0	0	0	0
Preferred C Shareholder Capital *	9,678,835	13,987,525	19,091,295	25,038,930	31,351,535	36,990,135	42,444,060	48,763,345	54,939,720	59,372,370	53,994,070	51,469,830	50,913,425	48,730,830	46,414,300	44,199,158	41,851,107	27,820,758	9,044,985	100,000
Net Income for year *	253,671	369,972	482,234	574,699	732,619	969,939	1,224,173	1,357,170	1,689,831	2,128,817	2,451,216	2,501,526	2,578,379	2,014,933	1,891,522	1,892,469	1,979,456	2,446,470	2,823,029	1,512,611
Dividends Declared and Paid - A	-465,012	-444,069	-421,241	-396,359	-369,237	-339,675	-307,452	-272,329	-234,044	-192,314	-146,829	-97,249	-43,207	0	0	0	0	0	0	0
Dividends Declared and Paid - B	-201,829	-186,692	-170,495	-153,164	-134,621	-114,779	-93,547	-70,830	-46,523	-20,514	0	0	0	0	0	0	0	0	0	0
Dividends Declared and Paid - C	-559,590	-808,700	-1,103,778	-1,447,645	-1,812,613	-2,138,614	-2,453,936	-2,819,291	-3,176,383	-3,432,660	-3,121,709	-2,975,768	-2,943,599	-2,817,411	-2,683,479	-2,784,858	-2,651,949	-1,857,779	-794,999	-6,000
Retained Earnings *	-8,967,262	-9,782,777	-10,288,050	-10,546,158	-10,662,073	-10,668,534	-10,378,575	-9,960,681	-7,799,059	-7,460,265	-6,666,358	-7,780,810	-8,868,640	-10,550,750	-10,675,989	-11,562,828	-12,235,323	-11,928,572	-4,565,187	5,561,440
Total Equity *	8,439,838	11,457,548	15,542,335	20,676,787	26,273,652	31,257,551	36,300,815	42,280,699	49,800,061	53,686,495	48,563,342	44,337,400	42,053,055	38,188,350	35,746,581	32,644,601	29,624,056	15,900,463	4,488,080	5,669,727
Total Liabilities and Shareholder's Equity	29,703,406	31,103,248	33,580,513	36,790,075	40,440,161	44,479,481	48,584,790	52,783,767	58,175,043	61,194,308	55,428,193	50,216,724	46,372,339	43,259,175	41,633,404	39,366,319	37,214,654	27,536,110	21,022,663	26,156,810

* Non-IFRS Measures:

As outlined in Section 6.1.4, there are a number of points of difference between the presentation of the financial forecasts above and the presentation of the financial statements, as have been provided in Appendix B.

Differences include items affected in consolidation method vs equity method for investments in associates, leasing costs, depreciation, amortization of issuance costs, amortization of financing expenses and potentially others.

APPENDIX A: Projected Financial Statements (See Section 4.6 for descriptions and key assumptions)

Community Energy Development Co-operative Ltd

Projected Consolidated Statement of Cash Flows - $'s (Unaudited) *

For the years ended December 31

Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2045	2050	2055
Cash from Operations																				
Net Income After Tax *	253,671	369,972	482,234	574,699	732,619	969,939	1,224,173	1,357,170	1,689,831	2,128,817	2,451,216	2,501,526	2,578,379	2,014,933	1,891,522	1,892,469	1,979,456	2,446,470	2,823,029	1,512,611
Add Depreciation of Projects *	2,371,756	2,451,756	2,591,756	2,791,756	3,031,756	3,291,756	3,591,756	3,911,756	3,907,383	4,050,502	4,370,502	4,370,502	3,850,193	2,640,779	2,518,595	2,500,000	2,500,000	2,500,000	2,420,000	1,280,000
Add Back Difference in Tax Timing *	91,460	133,391	173,867	207,205	264,141	349,706	441,368	489,320	609,259	767,533	246,063	230,975	399,739	751,541	815,999	834,895	868,879	882,061	1,017,827	545,363
Change in Debt Service Reserve	-0	0	-9,610	-38,551	473,361	0	-0	-0	0	158,427	700,612	0	0	0	0	0	0	0	0	0
Change in Maintenance Reserve	-87,842	-87,842	-87,842	-87,842	46,227	-74,868	-74,868	-74,868	-74,868	-74,868	1,243,471	0	0	0	0	0	0	0	0	0
Change in Net Working Capital *	2,629,045	2,867,277	3,150,405	3,447,266	4,548,104	4,536,533	5,182,429	5,683,378	6,131,605	7,030,410	9,011,864	7,103,002	6,828,311	5,407,253	5,226,116	5,227,364	5,348,335	5,828,531	6,260,856	3,337,974
Investment Activities																				
Solar Projects	-595,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Development Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Project Assets (Anticipated)	-2,000,000	-2,900,000	-3,950,000	-4,500,000	-4,700,000	-5,550,000	-5,750,000	-5,600,000	-5,600,000	-5,600,000	2,400,000	0	0	0	0	0	0	0	0	0
Change in Capital from Investments	-2,595,000	-2,900,000	-3,950,000	-4,500,000	-4,700,000	-5,550,000	-5,750,000	-5,600,000	-5,600,000	-5,600,000	2,400,000	0	0	0	0	0	0	0	0	0
Financing Activities																				
Advances of Term Loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal Payments on Term Loans	-1,671,008	-1,764,398	-1,863,054	-1,932,703	-1,881,448	-1,583,868	-1,692,881	-1,770,195	-1,771,126	-1,858,906	-1,132,288	-71,107	0	0	0	0	0	0	0	0
Bond Investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Bonds Accrued, not paid	233,963	253,021	273,635	275,571	267,441	289,582	313,557	277,331	206,641	224,205	243,263	153,531	0	0	0	0	0	0	0	0
Principal Payments on Bonds	-794,277	-239,884	-191,969	-474,963	-596,913	0	0	-777,362	-1,172,860	0	0	-1,298,927	-1,959,780	0	0	0	0	0	0	0
Change in Preference A Shares *	-227,575	-248,060	-270,385	-294,720	-321,245	-350,155	-381,670	-416,020	-453,465	-494,275	-538,760	-587,250	-640,110	0	0	0	0	0	0	0
Change in Preference B Shares *	-212,530	-227,405	-243,325	-260,355	-278,580	-298,085	-318,950	-341,275	-365,170	-390,735	0	0	0	0	0	0	0	0	0	0
Change in Preference C Shares *	3,000,000	3,500,000	4,000,000	4,500,000	4,500,000	3,500,000	3,000,000	3,500,000	3,000,000	1,000,000	-8,500,000	-5,500,000	-3,500,000	-5,000,000	-5,000,000	-5,000,000	-5,000,000	-5,000,000	-5,000,000	-6,000
	328,574	1,273,275	1,704,901	1,812,830	1,689,255	1,557,474	920,056	472,478	-555,980	-1,519,711	-9,927,785	-7,303,752	-6,099,890	-5,000,000	-5,000,000	-5,000,000	-5,000,000	-5,000,000	-5,000,000	-6,000
Dividends Paid on Pref A Shares	-465,012	-444,069	-421,241	-396,359	-369,237	-339,675	-307,452	-272,329	-234,044	-192,314	-146,829	-97,249	-43,207	0	0	0	0	0	0	0
Dividends Paid on Pref B Shares	-201,829	-186,692	-170,495	-153,164	-134,621	-114,779	-93,547	-70,830	-46,523	-20,514	0	0	0	0	0	0	0	0	0	0
Non-Controlling Interest *	376,395	372,797	369,117	365,419	361,598	359,054	355,754	277,875	-613,847	-26,050	242,656	272,559	475,982	677,810	5,551	0	0	0	0	0
Free Cash - Parent	-313,100	-72,509	-124,376	-275,523	400,201	133,245	-267,723	-255,021	945,606	81,729	907,618	307,157	312,964	-159,420	733,404	966,319	1,314,654	4,136,110	10,042,663	24,236,810
Free Cash at Beginning of Year	743,913	63,295	300,289	244,742	89,896	761,799	492,299	88,031	22,854	331,759	55,680	1,150,274	579,716	788,947	518,390	738,955	966,319	3,307,579	8,781,807	20,904,836
Change in Cash	-680,618	236,994	-55,547	-154,846	671,903	-269,500	-404,268	-65,177	308,905	-276,079	1,094,594	-570,558	209,231	-270,557	220,565	227,364	348,335	828,531	1,260,856	3,331,974
Free Cash at End of Year	63,295	300,289	244,742	89,896	761,799	492,299	88,031	22,854	331,759	55,680	1,150,274	579,716	788,947	518,390	738,955	966,319	1,314,654	4,136,110	10,042,663	24,236,810

*** Non-IFRS Measures:**

As outlined in Section 6.1.4, there are a number of points of difference between the presentation of the financial forecasts above and the presentation of the financial statements, as have been provided in Appendix B.

Differences include items affected in consolidation method vs equity method for investments in associates, leasing costs, depreciation, amortization of issuance costs, amortization of financing expenses and potentially others.

APPENDIX B: 2023 Audited Financial Statements

Consolidated Financial Statements of

COMMUNITY ENERGY DEVELOPMENT CO-OPERATIVE LTD.

And Independent Auditor's Report thereon

Year ended December 31, 2023

KPMG LLP
120 Victoria Street South
Suite 600
Kitchener, ON N2G 0E1
Canada
Telephone 519 747 8800
Fax 519 747 8811

INDEPENDENT AUDITOR'S REPORT

To the Members of Community Energy Development Co-operative Limited

Opinion

We have audited the consolidated financial statements of Community Energy Development Co-operative Limited (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations and total comprehensive loss for the year then ended
- the consolidated statement of changes in members' equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP

Emphasis of Matter - comparative information

We draw attention to Note 3 to the financial statements ("Note 3"), which explains that certain comparative information presented:

- for the year ended December 31, 2022 has been restated.
- as at January 1, 2022 has been derived from the financial statements for the year ended December 31, 2021 which have been restated (not presented herein).

Note 3 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented:

- for the year ended December 31, 2022
- as at January 1, 2022

In our opinion, such adjustments are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada
April 1, 2024

COMMUNITY ENERGY DEVELOPMENT CO-OPERATIVE LTD.

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for December 31, 2022 and January 1, 2022

	2023	2022 (Restated - Note 3)	Jan. 1, 2022
Assets			
Current assets:			
Cash	$ 834,278	$ 1,017,037	$ 2,160,947
Accounts receivable	200,116	204,719	194,052
Share subscriptions receivable	27,520	135,365	21,050
Prepaid expenses	61,601	49,778	42,070
	1,123,515	1,406,899	2,418,119
Restricted cash (note 8)	2,168,812	2,048,228	1,897,638
Below market leases (note 4)	323,635	347,904	372,170
Investments in associates	169,032	197,377	216,008
Energy generation equipment (note 5)	27,744,036	30,023,025	32,292,772
Right-of-use assets (note 6)	2,287,467	2,487,569	2,684,445
	$ 33,816,497	$ 36,511,002	$ 39,881,152
Liabilities and Members' Equity			
Current liabilities:			
Accounts payable and accrued liabilities (note 7)	$ 375,784	$ 271,655	$ 280,485
Harmonized sales tax payable	32,081	65,412	70,549
Due to related party (note 7)	73,231	-	-
Current portion of long-term debt (note 8)	1,670,308	6,547,234	1,370,023
Current portion of note payable (note 9)	96,711	92,148	87,681
Current portion of bonds issued (note 11)	856,631	1,256,887	1,254,796
Current portion of leasing obligations (note 14)	152,364	152,364	142,957
	3,257,110	8,385,700	3,206,491
Long-term liabilities:			
Due to related party (note 7)	-	85,222	97,212
Long-term debt (note 8)	15,317,915	12,201,689	18,623,462
Note payable (note 9)	830,709	927,421	1,019,569
Leasing obligations (note 14)	2,338,997	2,489,261	2,642,605
Bonds issued (note 11)	3,790,004	4,341,556	5,271,488
Deferred income taxes (note 10)	20,541	90,037	122,831
	22,298,166	20,135,186	27,777,167
Total liabilities	25,555,276	28,520,886	30,983,658
Members' equity:			
Share capital (note 12)			
Membership shares	8,270	8,100	7,980
Class A preference shares	5,178,385	5,182,320	5,278,142
Class B preference shares	2,885,853	2,931,378	2,934,937
Class C preference shares	5,921,976	4,096,245	3,456,556
	13,994,484	12,218,043	11,677,615
Deficit	(7,018,686)	(5,656,481)	(4,470,811)
Non-controlling interest	1,285,423	1,428,554	1,690,690
	8,261,221	7,990,116	8,897,494
Subsequent events (note 8 and 18)			
	$ 33,816,497	$ 36,511,002	$ 39,881,152

On behalf of the Board: _____ Member

On behalf of the Board: _____ Member

See accompanying notes to consolidated financial statements.

COMMUNITY ENERGY DEVELOPMENT CO-OPERATIVE LTD.

Consolidated Statement of Operations and Total Comprehensive Loss

Year ended December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - Note 3)
Revenue:		
Energy generation revenue	$ 4,949,819	$ 5,083,702
Direct costs:		
Project insurance	114,941	120,258
Repairs and maintenance (note 7)	456,122	472,609
System operating expenses	64,335	66,706
	635,398	659,573
Gross profit	4,314,421	4,424,129
Expenses:		
Operating and administrative:		
Advertising and promotion	3,194	9,124
Insurance	10,115	5,769
Interest and bank charges	2,033	2,264
Office	1,802	4,120
Professional fees	173,817	126,928
Management fees (note 7)	298,546	292,285
Board remuneration	41,996	40,731
Depreciation	2,343,039	2,338,353
Financial:		
Interest on debt, bonds, amort. of financing	1,569,735	1,695,892
Accreted interest on leasing obligations	165,991	174,137
Amortization of right-of-use assets (note 6)	197,216	197,216
Amortization of below market leases (note 4)	24,267	24,267
	4,831,751	4,911,086
Loss before other income	(517,330)	(486,957)
Share of net income of associates	28,698	17,239
Interest income	66,793	52,122
Loss before deferred income taxes	(421,839)	(417,596)
Deferred income tax recovery (note 10)	(69,496)	(32,794)
Net loss, being total comprehensive loss	$ (352,343)	$ (384,802)
Attributable to:		
Owners of the parent	$ (493,575)	$ (478,432)
Non-controlling interests	141,232	93,630
Net loss, being total comprehensive loss	$ (352,343)	$ (384,802)

See accompanying notes to consolidated financial statements.

COMMUNITY ENERGY DEVELOPMENT CO-OPERATIVE LTD.

Consolidated Statement of Changes in Members' Equity

Year ended December 31, 2023, with comparative information for 2022

	Share capital	Deficit	Accumulated revaluation surplus	Total	Non-controlling interest	Total equity
Balance, December 31, 2021 (previously stated)	$ 11,677,615	$ (4,696,805)	$ 2,810,015	$ 9,790,825	$ 2,689,168	$ 12,479,993
Adjustments relating to restatement (note 3)	$ -	$ 225,994	$ (2,810,015)	$ (2,584,021)	$ (998,478)	$ (3,582,499)
Balance, December 31, 2021	$ 11,677,615	$ (4,470,811)	$ -	$ 7,206,804	$ 1,690,690	$ 8,897,494
Net loss, being total comprehensive loss	-	(478,432)	-	(478,432)	93,630	(384,802)
Shares issued, net of issue costs	681,945	-	-	681,945	-	681,945
Shares redeemed, net of share issue costs derecognized	(141,517)	-	-	(141,517)	-	(141,517)
Cash disbursed to non-controlling interests	-	-	-	-	(355,766)	(355,766)
Dividends paid	-	(707,238)	-	(707,238)	-	(707,238)
Balance, December 31, 2022	12,218,043	(5,656,481)	-	6,561,562	1,428,554	7,990,116
Net loss, being total comprehensive loss	-	(493,575)	-	(493,575)	141,232	(352,343)
Shares issued, net of issue costs	1,997,049	-	-	1,997,049	-	1,997,049
Shares redeemed, net of share issue costs derecognized	(220,608)	-	-	(220,608)	-	(220,608)
Cash disbursed to non-controlling interests	-	-	-	-	(284,363)	(284,363)
Dividends paid	-	(868,630)	-	(868,630)	-	(868,630)
Balance, December 31, 2023	$ 13,994,484	$ (7,018,686)	$ -	$ 6,975,798	$ 1,285,423	$ 8,261,221

See accompanying notes to consolidated financial statements.

COMMUNITY ENERGY DEVELOPMENT CO-OPERATIVE LTD.

Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - Note 3)
Cash provided by (used in)		
Operating activities:		
Net loss	$ (352,343)	$ (384,802)
Items not affecting cash (note 13)	2,996,903	3,116,612
Change in non-cash operating working capital (note 13)	171,423	(146,657)
	2,815,983	2,585,153
Financing activities:		
Repayment to related party	(11,991)	(11,990)
Repayment of long-term debt	(1,883,216)	(1,367,082)
Repayment of leasing obligations (note 7)	(316,255)	(317,969)
Repayment of bonds	(1,096,480)	(1,181,679)
Repayment of note payable	(92,149)	(87,681)
Redemption of Class A preferred shares	(3,970)	(96,660)
Redemption of Class B preferred shares	(46,310)	(3,620)
Issuance of Class C preferred shares, net of issue costs	1,656,585	513,105
Redemption of Class C preferred shares	(172,810)	(43,750)
Cash disbursed to non-controlling interests	(284,363)	(355,766)
Issuance of membership shares	170	170
Dividends paid in cash	(543,905)	(538,568)
	(2,794,694)	(3,491,490)
Investing activities:		
Increase in restricted cash	(120,584)	(150,590)
Purchase of energy generation equipment	(64,050)	(68,606)
Investments in associates	(19,414)	(18,377)
	(204,048)	(237,573)
Decrease in cash	(182,759)	(1,143,910)
Cash, beginning of period	1,017,037	2,160,947
Cash, end of period	$ 834,278	$ 1,017,037

See accompanying notes to consolidated financial statements.

1. General information and Statement of Compliance with IFRS:

Community Energy Development Co-operative Ltd. (the "Co-operative") is co-operative corporation incorporated on October 31, 2012, under the Ontario Co-Operative Corporations Act. Prior to December 10, 2020, the business of the Co-operative was restricted to generating and selling electricity from renewable energy sources. Pursuant to changes in the Co-operative's governing documents approved by the members on December 10, 2020, and a by-law approved at that time, the Co-operative's authorized business activities now include a wider range of activities related to the advancement and commercial exploitation of renewable energy technologies.

The Co-operative is incorporated and domiciled in Ontario. Its registered office and principal place of business is 3-5 Forwell Road, Kitchener, ON N2B 1W3.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The Board of Directors of the Co-operative approved these financial statements on April 1, 2024.

2. Material accounting policies:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The material policies are detailed as follows:

(a) Principles of consolidation:

The consolidated financial statements include the assets, liabilities and results of operations of the Co-operative and its controlled entities (i.e. its subsidiaries). A controlled entity is any entity over which the Co-operative has the right and ability to exercise continuing power to determine the strategic operating, investing and financing policies without the co-operation of others, in order to obtain future economic benefits and where the Co-operative is exposed to the related risks.

In preparing the consolidated financial statements, all intra-group balances and transactions between the entities in the consolidated group have been eliminated.

Non-controlling interest represents the equity interest in a subsidiary that is not attributable directly or indirectly to the Co-operative and is shown separately within the Members’ equity section of the Consolidated Statement of Financial Position, the Consolidated Statement of Operations and Other Comprehensive Loss, and the Consolidated Statement of Changes in Members’ Equity.

The Co-operative’s investments in associates are accounted for using the equity method.

2. Material accounting policies (continued):

(a) Principles of consolidation (continued):

The Co-operative's subsidiaries comprise six wholly-owned corporations and four limited partnerships:

Wholly-owned corporations:

- SolarDev1 Inc.
- SolarDev2 Inc.
- SolarDev3 Inc.
- SolarDev Inc.
- 2117921 Alberta Inc.
- 1702782 Alberta Inc.

SolarDev1 Inc., SolarDev2 Inc., SolarDev3 Inc., and SolarDev Inc. are in the business of managing the affairs of one of the limited partnerships discussed below. 2117921 Alberta Inc. and 1702782 Alberta Inc. own energy generation equipment and related contracts.

Limited Partnerships (created under the *Limited Partnerships Act* (Ontario)):

- Sunshare1 LP
- Sunshare2 LP
- Sunshare3 LP
- Sunshare4 LP

All four limited partnerships are in the business of owning and operating solar energy projects.

Pursuant to the terms of the limited partnership agreements, the affairs of each partnership are governed by the general partner, which has full power and exclusive authority to manage the affairs of the partnership. In the case of all four limited partnerships, the general partner is one of the wholly-owned subsidiary corporations of the Co-operative. Accordingly, the Co-operative, through its ownership of the general partners, has the power to control the financial and operating policies of the limited partnerships.

Each partnership is authorized to issue a number of different classes of units. Each class of units gives the holder the right to receive a specified percentage of the net income earned by one of more of the energy generation projects owned by the partnership.

2. Material accounting policies (continued):

(b) Revenue recognition:

Revenue from solar energy generation is recognized at the time the electricity is transferred to the provincial grid, provided that the amounts are determinable and the ability to collect is reasonably assured.

(c) Energy generation equipment:

Energy generation equipment is initially recognized at cost. Cost includes the purchase price and other acquisition costs, such as installation costs, including design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, duties, testing and preparation charges. In addition, because a contract to supply electricity to a local power authority is required in order for the Co-operative to realize economic benefits from the equipment, and since the estimated useful lives of the contracts and of the equipment is approximately the same, the cost of acquiring such contracts is added to the cost of the equipment.

The cost incurred to enhance the service potential of an item of energy generation equipment (betterment) is also included in the cost of an asset.

Energy generation equipment is depreciated using the straight-line method over the remaining life of the 20-year related contract to supply electricity to a local power authority.

(d) Leases:

Right-of-use leases

For all contracts, the Co-operative considers whether a contract is, or contains a lease.

Measurement and recognition of leases as a lessee

At the lease commencement date, the Co-operative recognizes a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Co-operative, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date, net of any incentives received.

The Co-operative depreciates right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Co-operative also assesses the right-of-use asset for impairment when such indicators exist.

The Co-operative measures the lease liability at the present value of the lease payments unpaid at the lease commencement date, discounted using the interest rate implicit in the lease if that rate is readily available, or the Co-operative's incremental borrowing rate.

2. Material accounting policies (continued):

(d) Leases (continued):

Subsequent to initial measurement, the liability is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

Measurement and recognition of leases as a lessee (continued)

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

(e) Financial instruments:

The Co-operative considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Co-operative accounts for the following as financial instruments:

- cash
- accounts receivable
- share subscriptions receivable
- accounts payable and accrued liabilities
- due to related parties
- bonds issued
- long-term debt
- note payable
- HST payable
- restricted cash

A financial asset or liability is recognized when the Co-operative becomes party to contractual provisions of the instrument.

The Co-operative initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

Cash, accounts receivable, restricted cash and bond and share subscriptions receivable are subsequently measured as financial assets at amortized cost.

Accounts payable and accrued liabilities, bonds subscribed and issued, long-term debt, amounts due to related party, a note payable, and harmonized sales tax payable are measured at amortized cost.

The Co-operative's accounts receivable result from transactions within the scope of IFRS 15 and do not contain a significant financing component. Accordingly, they qualify for the simplified approach for measuring impairment set out in IFRS 9, under which impairment is measured at an amount equal to lifetime expected credit losses. Impairment of other financial assets is measured at an amount equal to 12-month expected credit losses.

2. Material accounting policies (continued):

(e) Financial instruments (continued):

Impairment losses are recognized in profit or loss. Previously recognized impairment losses are reversed to the extent of the improvement, provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. Reversals of impairment losses are recognized in profit or loss.

Membership shares are redeemable at the option of the holder for a fixed amount of cash. The Cooperative's membership shares meet the conditions set out in IFRIC 2, and, accordingly, are classified as equity.

(f) Income taxes:

Income taxes comprise current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

A deferred tax asset is recognized for unused tax losses, 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 utilized. The carrying amount of a deferred tax asset is reviewed at the end of each fiscal year and reduced to the extent that it is no longer probable that the related tax loss will be realized.

(g) Impairment of long-lived non-financial assets:

At the end of each fiscal year, the Co-operative reviews the carrying amounts of its investments in associates and long-lived tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Co-operative estimates the recoverable amount of the cash generating unit (“CGU”) to which the asset belongs. A CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or CGUs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs. Otherwise, assets are allocated to the smallest group of CGUs for which a reasonable and consistent allocation base can be identified.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

2. Material accounting policies (continued):

(h) Material management judgements:

The following are management judgements in applying the accounting policies of the Co-operative that have the most material effect on the financial statements.

Classification of investment in associates

The Co-operative assesses whether various legal agreements into which it has entered, which are described as “Joint Venture Agreements”, have resulted in the establishment of “separate vehicles”, as defined in IFRS 11. The key factor in making this assessment is the extent to which the legal agreements to which the joint ventures and the venturers are parties will result in the joint ventures carrying on business in their own right.

(i) Estimation uncertainty:

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or the possibility of impairment. Many items in the preparation of these financial statements require management’s best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include the following:

Impairment of non-financial assets

The Co-operative assesses the carrying value of its below market leases, investments in associates, and energy generation equipment for impairment as circumstances warrant. Recoverability of these assets is dependent on assumptions and judgments regarding future performance. A material change in assumptions may significantly impact the potential impairment of these assets. Assumptions used in the calculation of recoverable amounts include, future cash flows and gross margins, and the discount rate used to determine the present value of cash flows. Recoverability is estimated at the lowest level of independent cash flows, which could be an individual asset or CGU.

(j) New accounting pronouncements adopted during the period:

On January 1, 2023 the Company adopted amendments within IAS 1 Presentation of Financial Statements related to the Disclosure of Accounting Policies. The changes required an entity to disclose material rather than significant accounting policies and provided guidance identifying material accounting policies relevant to users of the financial statements. Accordingly, management reviewed its accounting policies and updated the accounting policy information within this note to align with these amendments.

2. Material accounting policies (continued):

(l) New accounting pronouncements:

The International Accounting Standards Board has issued the following amendment to standards that are not yet effective, have not yet been adopted by the Co-operative and are not expected to have a material impact on the consolidated financial statements:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In January 2020, the IASB issued amendments to IAS 1, "Presentation of Financial Statements", (the 2020 amendments), providing a more general approach to the classification of liabilities based on the contractual agreements in place at the reporting date. On October 31, 2022 the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1) (the 2022 amendments), to improve the information provided about long-term debt with covenants. The 2020 amendments and the 2022 amendments (collectively "the Amendments") are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted.

The Amendments to IAS 1 affect only the presentation of liabilities in the statement of financial position and seek to clarify that the classification of liabilities as current or non-current should be based on the rights that are in existence at the end of the reporting period. Further, the Amendments make clear that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and that the settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

3. Change in accounting policy:

On January 1, 2023, the entity made an accounting policy change from the revaluation model of accounting for its energy generation equipment assets to the cost model. The change in accounting policy is intended to result in the financial statements being more reliable and providing relevant to the users of the financial statements. The change allows for a better understanding of the value of the energy generation equipment. The cost model represents better alignment with the Feed-In-Tariff contracts associated with the energy generation equipment for a stable depreciation expense. The cost model also eliminates the need for significant accounting estimates and inherent uncertainty involved in the revaluation model, making financial statements more relevant and reliable for users.

The accounting policy change results in adjustments to previously presented information. These adjustments can be summarized as follows:

3. Change in accounting policy (continued):

(a) Consolidated Statement of Financial Position:

December 31, 2022	As previously reported	Change	As Restated
Investments in associates	$ 320,238	$ (122,861)	$ 197,377
Energy generation equipment	34,525,535	(4,502,510)	30,023,025
Total Assets	**41,136,373**	**(4,625,371)**	**36,511,002**
Deferred income taxes	1,302,904	(1,212,867)	90,037
Total Liabilities	**29,733,751**	**(1,212,865)**	**28,520,886**
Deficit	(5,769,478)	112,997	(5,656,481)
Accumulated other comprehensive income	2,501,180	(2,501,180)	-
Non-controlling interest	2,452,877	(1,024,323)	1,428,554
Total Equity	**11,402,622**	**(3,412,506)**	**7,990,116**

3. Change in accounting policy (continued):

(b) Consolidated Statement of Operations:

December 31, 2022	As previously reported	Change	As Restated
Depreciation	$ 2,672,385	$ (334,032)	$ 2,338,353
Losses (reversals of losses) on revaluation of energy generation equipment	71,117	(71,117)	-
Loss before other income	**(892,106)**	**405,149**	**(486,957)**
Share of net income of associates	17,010	229	17,239
Loss before deferred income taxes	**(822,974)**	**405,378**	**(417,596)**
Deferred income tax recovery	(206,971)	174,177	(32,794)
Net loss	**(616,003)**	**231,201**	**(384,802)**
Gains on revaluation of energy generation equipment	83,275	(83,275)	-
Deferred income tax expense	(22,067)	22,067	-
Net loss, being total comprehensive loss	**(554,795)**	**169,993**	**(384,802)**
Attributable to:			
Owners of the parent	(666,062)	187,630	(478,432)
Non-controlling interests	50,059	43,571	93,630

3. Change in accounting policy (continued):

(c) Consolidated Statement of Changes in Members' Equity:

December 31, 2021	As previously reported	Change	As Restated
Deficit	$ (4,696,805)	$ 225,994	$ (4,470,811)
Accumulated revaluation surplus	2,810,015	(2,810,015)	-
Total	**9,790,825**	**(2, 584,021)**	**7,206,804**
Non-controlling interest	2,689,168	(998,478)	1,690,690
Total Equity	**12,479,993**	**(3,582,499)**	**8,897,494**
December 31, 2022			
Deficit			
Net income (loss)	$ (666,062)	$ 187,630	$ (478,432)
Transfer from revaluation surplus to retained earnings	300,627	(300,627)	-
Deficit	**(5,769,478)**	**112,997**	**(5,656,481)**
Accumulated revaluation surplus			
Gains on revaluation of energy equipment, net of deferred taxes	(8,208)	8,208	-
Transfer from revaluation surplus to retained earnings	(300,627)	300,627	-
Accumulated revaluation surplus	**(308,835)**	**308,835**	**-**
Total	**8,949,745**	**(2,388,183)**	**6,561,562**
Non-controlling interest			
Net income (loss)	50,059	43,571	93,630
Gains on revaluation of energy equipment, net of deferred taxes	69,416	(69,416)	-
Non-controlling interest	**2,452,877**	**(1,024,323)**	**1,428,554**
Total Equity			
Net income (loss)	(616,003)	231,201	(384,802)
Gains on revaluation of energy equipment, net of deferred taxes	61,208	(61,208)	-
Total Equity	**11,402,622**	**(3,412,506)**	**7,990,116**

3. Change in accounting policy (continued):

(d) Consolidated Statement of Cash Flows:

December 31, 2022	As previously reported	Change	As Restated
Net loss	$ (616,003)	$ 231,201	$ (384,802)
Items not affecting cash	3,347,813	(231,201)	3,116,612
Decrease in cash	**(1,143,910)**	**-**	**(1,143,910)**

4. Below market leases:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Below market leases	$ 471,552	$ 147,917	$ 323,635	$ 347,904

Amortization expense for the above below market leases in the year was $24,267 (2022 - $24,267).

The Sunshare1, Sunshare2, and Sunshare3 Limited Partnerships own certain energy generation projects that are located on property owned by entities which also own non-controlling interests in the limited partnerships, under long-term leases requiring no rent or nominal rent. In accordance with IFRS 3, the Co-operative recognized the fair value of these below market leases in accounting for the acquisition of the businesses that operate these projects. The Co-operative's rights under the leases are being amortized using the straight-line method over the terms thereof.

5. Energy generation equipment:

Cost:	
Balance at January 1, 2022	42,725,282
Energy generation equipment additions	68,606
Balance at December 31, 2022	42,793,888
Energy generation equipment additions	64,050
Balance at December 31, 2023	$ 42,857,938
Accumulated depreciation:	
Balance at January 1, 2022	(10,432,510)
Depreciation for the year	(2,338,353)
Balance at December 31, 2022	(12,770,863)
Depreciation for the year	(2,343,039)
Balance at December 31, 2023	$(15,113,902)
Net book value at December 31, 2022	$ 30,023,025
Net book value at December 31, 2023	$ 27,744,036

6. Right-of-use assets:

All of the Co-operative's energy generation projects are located on premises that are leased under long-term leases.

As set out in note 3, certain of those long-term leases require no rent or nominal rent. The Cooperative's interest in those projects was acquired in the course of business combinations, to which IFRS 3 applied. In accordance with IFRS 3, the Co-operative recognized the fair value of those below market leases in accounting for the acquisition of the businesses that operate these projects.

6. Right-of-use assets (continued):

The Co-operative's remaining leases are accounted for in accordance with IFRS 16, under which it recognizes both a right-of-use asset and a related lease liability (See note 14).

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Right-of-use assets	$ 3,279,430	$ 991,963	$ 2,287,467	$ 2,487,569

Additional information on the right-of-use assets is as follows:

	2023	2022
Carrying amount at beginning of year	$ 2,487,569	$ 2,684,445
Remeasurements of leasing obligations	(2,886)	340
Depreciation expense for the year	(197,216)	(197,216)
	$ 2,287,467	$ 2,487,569

7. Related party transactions

(a) During the year, the Co-operative entered into the following transactions paid to VCT Group Inc. ("VCT") and Vigor Clean Tech Inc., corporations which are related by virtue of common management:

	2023	2022
Management and consulting fees	$ 298,546	$ 292,285
Lease payments, including property taxes	90,000	92,672
Repairs and maintenance	456,122	472,609

Included Class C preference shares issued are costs of issuance of $31,279 (2022 –$26,146) for offering expenses incurred by the Co-operative as charged by VCT.

Key management is employed by VCT, which compensates management staff from the management fees it receives.

(b) Due to related party:

	2023	2022
Advances from Vigor Clean Tech	$ 73,231	$ 85,222

These advances are unsecured, non-interest bearing, with no set terms of repayment.

(c) Accounts payable and accrued liabilities include the following amounts payable to VCT:

	2023	2022
Payable to VCT	$ 108,512	$ 36,734

8. Long-term debt:

Long term debt comprises CWB Maxium Financial Inc. term loans. All loans are payable in blended quarterly instalments, with interest payable at various rates between 5.11% and 6.21%. All loans except one are amortized over 17 years, but are due on the tenth anniversary date. At that time, the Co-operative will have the option of renewing the loans for an additional 7 years, at then-current interest rates, or repaying them in full. The remaining loan is amortized and repayable over 10 years.

	2023	2022
Loan payable at 5.49%, quarterly instalments of principal and interest ranging from $63,862 - $223,517, due January 30, 2027, secured by specific energy generation equipment with a net book value of $6,404,368.	$ 4,777,218	$ 5,234,214
Loan payable at 5.31%, quarterly instalments of principal and interest ranging from $60,716 - $212,507, due April 28, 2027 secured by specific energy generation equipment with a net book value of $6,646,417.	4,670,054	5,106,325
Loan payable at 5.11%, quarterly instalments of principal and interest ranging from $7,057 - $24,698, due June 7, 2027, secured by specific energy generation equipment with a net book value of $689,652.	558,204	609,255
Loan payable at 5.70%, quarterly instalments of principal and interest ranging from $49,324 - $172,632, due December 21, 2027, secured by specific energy generation equipment with a net book value of $4,762,838.	3,976,135	4,327,380
Loan payable at 6.21%, quarterly instalments of principal and interest ranging from $54,478 - $190,672, due October 1, 2028, secured by specific energy generation equipment with a net book value of $4,186,916.	2,216,409	2,711,461
Loan payable at 5.83%, quarterly instalments of principal and interest ranging from $14,086 - $49,302, due March 31, 2028, secured by specific energy generation equipment with a net book value of $1,339,484.	1,134,514	1,227,117
Canada Emergency Business Account (CEBA), three non-interest bearing loans.	120,000	120,000
	17,452,534	19,335,752
Less: unaccreted costs of issuing debt	464,311	586,829
	16,988,223	18,748,923
Less: current portion	1,670,308	6,547,234
	$ 15,317,915	$ 12,201,689

8. Long-term debt (continued):

Estimated principal repayments are as follows:

2024	$ 1,670,308
2025	1,640,308
2026	1,735,553
2027	8,408,669
2028	3,997,696
Thereafter	-
	$ 17,452,534

Classification considerations:

The Co-operative experienced unusually low sun hours during 2022 in most geographic areas where its energy generation equipment was located. The Co-operative also incurred added repair costs after a windstorm damaged some of its energy generation equipment in a subsidiary of the Co-operative, Sunshare2 LP. These combined factors resulted in relatively unfavourable financial performance of Sunshare2 LP for 2022. Per the terms of the lending agreement, the conditions required for equity distribution were not met during the year, indicating a breach of these conditions. Upon becoming aware of the situation, the Co-operative obtained a waiver from the lender CWB Maxium Financial Inc. Per the lending agreement, since this waiver was issued within the cure period, this did not result in an event of default for Sunshare2 LP or the Co-operative. Per IAS 1, the Co-operative was required to report the entire balance of the loan as a current liability at December 31, 2022, since it did not have the unconditional right to defer its settlement of the loan for at least twelve months. The total amount of debt classified as current at December 31, 2022, that would have otherwise been classified as long term, was $4,977,711. However, as a result of obtaining the waiver within the cure period, the acceleration of repayments of the loan was automatically annulled and the loan was reclassified to long term on March 17, 2023. The Co-operative was not required to make changes to the lending agreement in exchange for the waiver.

Restricted cash:

Under the terms of its loan agreements with CWB Maxium, the Co-operative is required to retain a portion of the income earned from the energy generation equipment that is pledged as security for the loans in segregated bank accounts at CWB Maxium's parent, Canada Western Bank. The segregated funds are designated for financing repairs required for the energy generation equipment, as well as for maintaining a reserve to finance loan payments, should the cash flow from the projects be insufficient to make the required payments.

8. Long-term debt (continued):

Canada Emergency Business Account loans

The loans were repaid subsequent to year end without fees or penalties.

9. Note payable:

	2023	2022
Note payable to 2300070 Ontario Inc. bearing interest at 5% per annum, unsecured, payable in quarterly blended instalments of $35,350, due December 23, 2031.	$ 927,420	$ 1,019,569
Less: current portion	96,711	92,148
	$ 830,709	$ 927,421

Estimated principal repayments are as follows:

2024	96,711
2025	101,770
2026	106,955
2027	112,403
2028	118,057
Thereafter	391,524
	$ 927,420

10. Deferred income taxes:

Tax-affected temporary differences between accounting and taxable income which result in future income tax assets (liabilities) are as follows:

	2023	2022
Undeducted losses for tax purposes available for carryforward	$ 3,744,808	$ 3,720,865
Temporary differences between carrying value of energy generation equipment and tax value	(3,619,808)	(3,650,726)
Temporary differences between carrying value of unamortized costs of arranging financing and tax value	(178,586)	(201,001)
Temporary difference between value of right-of-use asset and lease obligation	33,045	40,825
	$ (20,541)	$ (90,037)

Deferred income tax recovery recorded through profit and loss in the consolidated financial statements differs from the amount which would have been obtained by applying the statutory income tax rate of 26.5% to the net loss for the year as follows:

	2023	2022
Anticipated deferred income tax expense (recovery)	$ (111,787)	$ (110,663)
Permanent	11,753	85,226
Other	30,538	(7,357)
	$ (69,496)	$ (32,794)

Deferred income tax liability comprises the following:

	2023	2022
Cumulative deferred income tax recovery recorded through profit and loss	$ 240,642	$ 171,146
Deferred taxes recognized on business combinations	(225,077)	(225,077)
Deferred taxes resulting from difference between cost and tax basis of assets acquired	(36,106)	(36,106)
	$ (20,541)	$ (90,037)

11. Bonds issued and subscribed:

	2023	2022
Unsecured series L1-4 bonds:		
Bonds issued	$ 1,914,247	1,933,438
Accrued interest	1,408,974	1,341,190
Unsecured series Q1 bonds:		
Bonds issued	960,296	1,125,795
Unsecured series P1 bonds:		
Bonds issued	5,187	130,325
Unsecured series O2 bonds:		
Bonds issued	-	410,745
Unsecured series P2 bonds:		
Bonds issued	394,807	710,965
	4,683,511	5,652,458
Less: unaccreted costs of issuing debt	36,876	54,015
	4,646,635	5,598,443
Less: current portion	856,631	1,256,887
	$ 3,790,004	$ 4,341,556

11. Bonds issued and subscribed (continued):

Estimated principal repayments are as follows:

2024	$ 856,631
2025	238,337
2026	189,129
2027	420,710
2028	517,724
Thereafter	2,460,980
	$ 4,683,511

The Co-operative may at any time redeem, without the consent of the bondholders, all or any part of the issued and outstanding bonds upon payment of the principal together with any accrued interest. The rights of the holders of each series of bonds may be modified or waived at a meeting of all holders of that series of bond with a vote of at least two-thirds of the aggregate principal present, provided that quorum is achieved. Quorum is achieved if at least 25% of the principal amount of the bonds are represented in person or rendered by instruments in writing signed by the holders of at least two-thirds of the aggregate principal amount.

Except as otherwise stated, none of the bonds are redeemable by the holder on demand, nor are the bondholders entitled to demand the redemption of their outstanding principal upon withdrawal from membership in the Co-operative.

All of the bonds are junior in rank with respect to the payment of interest and principal on the Co-operative's term loans. All series of bonds are equivalent in rank with respect to the payment of interest and principal of all other bonds of the Co-operative. All series of bonds are senior in rank to the payment of dividends on and redemption amount of the Class A preference shares, Class B preference shares, Class C preference shares, and membership shares upon dissolution.

All of the bonds are unsecured and non-voting, with interest compounding annually.

Additional information regarding the terms of the bonds is presented in Schedule 1.

12. Share capital:

Authorized:

- 100,000 Membership shares, par value of $10 each, redeemable at par value at the option of the holder.
- 10,000,000 Class A preference shares, par value of $5 each, variable, non-cumulative preferential dividend rate determined by the Board of Directors, non-voting, redeemable at the option of the Co-operative.
- 10,000,000 Class B preference shares, par value of $5 each, variable, non-cumulative preferential dividend rate determined by the Board of Directors, non-voting, redeemable at the option of the Co-operative.
- 10,000,000 Class C preference shares, par value of $5 each, variable, non-cumulative preferential dividend rate determined by the Board of Directors, non-voting, redeemable at the option of the Co-operative.

Issued:

	2023	2022
827 membership shares (2022 - 810)	$ 8,270	$ 8,100

17 shares (2022 – 17) were issued for proceeds of $170 (2022 - $170) and zero shares (2022 – 5) were redeemed during the year.

	2023	2022
Class A preference shares issued	$ 5,223,690	$ 5,227,660
Less: Issue costs	(45,305)	(45,340)
Class B preference shares issued	2,935,590	2,981,900
Less: Issue costs	(49,737)	(50,522)
Class C preference shares issued	6,094,665	4,245,185
Less: Issue costs	(172,689)	(148,940)
	$ 13,986,214	$ 12,209,943

These shares are not redeemable at the option of the holder. Therefore, the shares have been classified as equity. From time-to-time, the Co-operative may, upon written request from a shareholder and subject to Board approval, redeem the shares. If the Co-operative is unable or unwilling to comply with the request, the Co-operative will attempt to facilitate a transfer to a third party on a best-efforts basis.

12. Share capital (continued):

Additional information on the share capital is as follows:

Year ended December 31, 2023

Share type	Opening	Issued	Redeemed	Closing
Class A preference shares				
Share count	1,045,532	-	(794)	1,044,738
Share value	$ 5,227,660	$ -	$ (3,970)	$ 5,223,690
Class B preference shares				
Share count	596,380	-	(9,262)	587,118
Share value	$ 2,981,900	$ -	$ (46,310)	$ 2,935,590
Class C preference shares				
Share count	849,037	404,458	(34,562)	1,218,933
Share value	$ 4,245,185	$ 2,022,290	$ (172,810)	$ 6,094,665

Year ended December 31, 2022

Share type	Opening	Issued	Redeemed	Closing
Class A preference shares				
Share count	1,064,864	-	(19,332)	1,045,532
Share value	$ 5,324,320	$ -	$ (96,660)	$ 5,227,660
Class B preference shares				
Share count	597,104	-	(724)	596,380
Share value	$ 2,985,520	$ -	$ (3,620)	$ 2,981,900
Class C preference shares				
Share count	710,522	147,265	(8,750)	849,037
Share value	$ 3,552,610	$ 736,325	$ (43,750)	$ 4,245,185

13. Supplementary cash flow information:

(a) Items not affecting cash:

	2023	2022
Depreciation of energy generation equipment	$ 2,343,039	$ 2,338,353
Depreciation of right-of-use assets	197,216	197,216
Deferred income taxes	(69,496)	(32,794)
Accrued interest added to bonds payable	144,672	241,322
Derecognition of bond and share issue costs	18,051	14,479
Accretion of debt issue costs	122,518	122,517
Share of depreciation recorded by associates	47,759	37,008
Amortization of below market leases	24,267	24,267
Remeasurement of right of use assets	2,886	107
Accreted interest on leasing obligations	165,991	174,137
	$ 2,996,903	$ 3,116,612

(b) Change in non-cash working capital items:

	2023	2022
Accounts receivable	$ 4,603	$ (10,667)
Prepaid expenses	(11,823)	(7,708)
Share subscriptions receivable	107,845	(114,315)
Accounts payable and accrued liabilities	104,129	(8,830)
Harmonized sales tax payable	(33,331)	(5,137)
	$ 171,423	$ (146,657)

(c) Non-cash transactions:

	2023	2022
Stock dividends for preferred C shares	$ 324,725	$ 168,670
	$ 324,725	$ 168,670

Cash interest paid during the year was $1,425,063 (2022 - $1,454,570).

14. Leasing obligations:

All of the Co-operative's energy generation projects are located on premises that are leased under long-term leases. Other than certain leases for nominal consideration that were acquired as part of business combinations in prior years and which are accounted for in accordance with IFRS 3, the Co-operative applies IFRS 16 to accounts for its leases, recognizing a right-of-use asset (see note 6) and related leasing obligation. The leasing obligation is presented in the statement of financial position as follows:

	2023	2022
Current	$ 152,364	$ 152,364
Non-current	2,338,997	2,489,261
	$ 2,491,361	$ 2,641,625

In 2023, the Co-operative had 104 right-of-use assets leased, with a range of 7 to 14 years remaining in the lease terms, and an average of 9 years remaining. The Co-operative had no leases with an option to purchase, extend or terminate the lease, and there are no leases with variable payments.

Future minimum lease payments at December 31, 2023 were as follows:

	Lease payments	Finance charges	Net present values
Within 1 year	$ 318,354	$ 165,990	$ 152,364
1-2 years	318,747	145,948	172,799
2-3 years	319,146	135,148	183,998
3-4 years	319,551	123,648	195,903
4-5 years	319,964	111,404	208,560
After 5 years	2,017,193	439,456	1,577,737
	$ 3,612,955	$ 1,121,594	$ 2,491,361

The Co-operative does not have any short-term leases or low value leases.

Total cash outflow for leases for the year ended December 31, 2023 was $316,255 (2022 - $317,969).

Accreted interest on leasing obligations for the year ended December 31, 2023 was $165,991 (2022 - $174,137).

15. Capital management

The Co-operative's objectives when managing capital are to provide a return for members and ensure sufficient resources are available to meet day-to-day operations. Capital is considered to consist of total members equity, bonds issued, long-term debt, and note payable. As at December 31, 2023, capital was $30,823,499 (2022 - $33,357,049).

The Co-operative manages its capital structure and makes adjustments to it, based on the funds available to the Co-operative or in the light of changes in economic conditions and the risk characteristics of the underlying assets. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Co-operative, is reasonable.

There has been no change in the overall capital risk management strategy during the year.

16. Financial instruments:

The Co-operative is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides a measure of the Co-operative's risk exposures and concentrations at December 31, 2023.

(a) Liquidity risk:

Liquidity risk is the risk that the Co-operative will encounter difficulty in meeting the obligations associated with its financial liabilities. The Co-operative is exposed to this risk mainly in respect of amounts owing to vendors, its lenders, its note holder, bond holders, lessors related to lease obligations, and a related corporation. The Co-operative's ability to meet obligations depends largely on its operating receipts and other related sources, whether in the form of revenue or advances.

(b) Market risk:

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Co-operative is mainly exposed to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All of the Co-operative's long-term debt instruments bear interest at fixed rates. Accordingly, the Co-operative is exposed to fair value risk. Currently, the fair value of all financial assets and financial liabilities except for long-term debt, notes payable and bonds issued approximates the carrying value. The fair value of long-term debt was $21,254,156 (2022 - $24,336,780), notes payable was $932,150 (2022 - $1,024,768) and bonds issued was $3,143,370 (2022 - $4,270,718). The fair value of these instruments was determined by using a discounted cash flow model based on prevailing market interest rates at the year-end date for similar instruments.

16. Financial instruments (continued):

The following are the carrying amounts and anticipated contractual maturities of the Co-operative's financial liabilities:

December 31, 2023	Carrying amount	1 year or less	1-2 years	2-5 years
Accounts payable and accrued liabilities	$ 375,784	$ 375,784	$ -	$ -
Harmonized sales tax payable	32,081	32,081	-	-
Long-term debt	16,988,223	1,670,308	1,735,553	13,582,363
Note payable	927,420	96,711	101,770	337,415
Bonds issued	4,646,635	856,631	238,337	1,127,564
Leasing obligations	2,491,361	152,364	172,799	588,461
Due to related party	73,231	11,991	11,991	35,973
	$ 25,534,735	$ 3,195,870	$ 2,260,450	$ 15,671,776

December 31, 2022	Carrying amount	1 year or less	1-2 years	2-5 years
Accounts payable and accrued liabilities	$ 271,655	$ 271,655	$ –	$ –
Harmonized sales tax payable	65,412	65,412	–	–
Long-term debt	18,748,921	2,565,655	2,485,065	13,954,399
Note payable	1,019,569	141,400	141,400	424,200
Bonds issued	5,598,443	1,283,033	890,408	1,034,364
Leasing obligations	2,641,625	319,284	318,747	958,661
Due to related party	85,222	11,991	11,991	35,973
	$ 28,430,847	$ 4,658,430	$ 3,847,611	$ 16,407,597

17. Comparative information:

Certain comparative information have been reclassified from those previously presented to conform to the presentation of the 2023 financial statements.

18. Subsequent events

Offering Statement Raise:

Subsequent to year end, the Co-operative has signed commitments totaling $595,240 for the issuance of Class C Preferred Shares, and has received $80,685 in respect of the commitments.

Short Term Loan:

Subsequent to year end, an unsecured short term loan, from a related party, in the amount of $300,000 was obtained for cash flow purposes. The loan is not required to be repaid until September 20, 2025, but is an open loan and may be repaid at any time, without penalty.

COMMUNITY ENERGY DEVELOPMENT CO-OPERATIVE LTD.

Schedule 1 - Supplementary Information on Terms of Bonds Payable

Year Ended December 31, 2023

	Authorized issuance	Number of bonds in package (note 1)	Bond number	Proportion of investment allocated	Interest rate	Term (in years)	Payment terms
Series L1-4 Long Term Bonds (2014)	$ 4,000,000	4	1	16%	7.00%	8	At maturity
Allow the Co-operative to manage its cash flow in respect of			2	16%	7.50%	12	At maturity
future loan payments and future cash flow from the			3	32%	8.00%	16	At maturity
exploitation of FIT contracts			4	36%	8.50%	20	At maturity
Series P1 5-Yr Bonds (2017)	$ 2,000,000	1	N/A	N/A	5.00%	5	Annual blended payments of $231 per $1,000
To mirror the anticipated early cash flows of the Co-operative							
Series Q1 10-Yr Bonds (2017)	$ 2,000,000	1	N/A	N/A	6.00%	10	Annual blended payments of $136 per $1,000
To mirror the anticipated early cash flows of the Co-operative							
Series P2 bonds (2019)	$ 1,500,000	1	N/A	N/A	5.00%	5	Annual blended payments of $231 per $1,000
Designed for a those looking to make the investment through an							
RRSP or TFSA and looking for annual cash flows							

Note 1: Some series of bonds consist of packages of several bonds. Each bond within a package has a different interest rate and maturity date, and the amount that each bondholder purchases is allocated in the percentages shown in the table.

APPENDIX C: Consent from Auditors to Use Financials in this Offering Statement

KPMG LLP
120 Victoria Street South
Suite 600
Kitchener ON N2G 0E1
Canada
Tel 519 747-8800
Fax 519 747-8830

AUDITOR'S CONSENT

We, KPMG LLP, consent to the use of our report to the members of Community Energy Development Co-operative Ltd. (the "Entity") on the consolidated financial statements of the Entity, which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statement of operations and total comprehensive loss, changes in members' equity and cash flows for the year ended December 31, 2023, and notes to the consolidated financial statements, including a summary of material accounting policies in the offering statement dated April 1, 2024 relating to the sale and issue of Membership Shares and Class C Preference Shares of the Entity. Our report is dated April 1, 2024.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 1, 2024
Kitchener, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

APPENDIX D: Certificate of Incorporation

Financial Services Commission of Ontario

Commission des services financiers de l'Ontario

Ontario

Ontario Corporation Number
1851884

Co-operative Corporations Act, R.S.O. 1990, c. C.35

CERTIFICATE OF INCORPORATION

An application for a certificate of incorporation under subsection 6(1) of the *Co-operative Corporations Act* has been made to the Minister of Finance by Articles of Incorporation of a Co-operative with share capital in the approved form.

Under the authority of the Act, I issue this certificate of incorporation for a corporation under the name of:

Community Energy Development Co-operative Ltd.

The effective date of this certificate of incorporation is the date of signing.

Signed at Toronto, this 31 day of October, 2012.

Philip Howell
Chief Executive Officer and
Superintendent of Financial Services
By delegated authority from the
Minister of Finance

APPENDIX E: Legal Opinion on Election to Become a Public Corporation

Blakes

RECEIVED
SEP 15 2015

Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON M5L 1A9 Canada
Tel: 416-863-2400 Fax: 416-863-2653

MEMORANDUM
VIA E-MAIL
PRIVILEGED & CONFIDENTIAL

Reference: 10928/1

September 8, 2015

To: Brian Unrau
Community Energy Development
Co-Operative Ltd. ("CED")

From: Chris Hewat
416-863-2761

Kathleen Penny
416-863-3898

Peter Lee
416-863-2901

RE: Issuance of Securities

RE: Opinion Respecting RRSP Eligibility of Securities and

Compliance of Issuance of Securities with *Co-operative Corporations Act* and *Securities Act*

You have asked for our opinion as to whether the Securities (as defined below) of CED are "qualified investments" within the meaning of the *Income Tax Act* (Canada) (including the regulations thereunder, the "ITA") for trusts governed by "registered retirement savings plans", "registered retirement income funds", "deferred profit sharing plans", "registered disability savings plans", "registered education savings plans" and "tax-free savings accounts", all as defined in the ITA ("plan trusts").

You have also asked for our opinion as to whether the issuance of the Securities is in compliance with the *Co-operative Corporations Act* (Ontario) and the *Securities Act* (Ontario).

Each of these opinions is set forth in turn below.

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*Associated Office
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1. RRSP Eligibility of Securities

Summary

This opinion is based on the facts set out in the Offering Statement of CED dated November 27, 2014 (the "OS"), the articles of incorporation of CED dated October 31, 2012, as amended (the "Articles"), the by-laws of CED, a certificate of Brian Unrau, President of CED, dated September 8, 2015 concerning certain factual matters (the "Certificate"), and a letter dated August 28, 2015 from the Canada Revenue Agency (the "CRA") concerning CED's election to be a "public corporation" for purposes of the ITA (the "CRA Letter"). In this memorandum, the term "Securities" means Membership Shares, Class A Preference Shares, Bonds – Series L1-4, Bonds – Series M1-5 and Term Loans, all as defined in the OS.

Provided that CED is a "public corporation" for purposes of the ITA, the Securities are qualified investments under the ITA for plan trusts.

Subject to the assumptions and qualifications set forth herein, including in particular the understanding that CED complied (at the time of the Election, as defined below) and will continue to comply with the Prescribed Election Requirement , the Prescribed Dispersal and Trading Requirement and the Non-Revocation Requirement (all as defined below), and based and relying on the CRA Letter, CED is a public corporation for purposes of the ITA and has been such a corporation since June 19, 2015.

Notwithstanding the foregoing, the holder of a tax-free savings account, or the annuitant under a registered retirement savings plan or registered retirement income fund, within the meaning of the ITA, is subject to a penalty tax in respect of Securities held by such tax-free savings account, registered retirement savings plan or registered retirement income fund, as the case may be, if such Securities are a "prohibited investment" for such plan trusts for the purposes of the ITA. The Securities are not a "prohibited investment" for trusts governed by a tax-free savings account, registered retirement savings plan or registered retirement income fund unless the holder of the tax-free savings account or the annuitant under the registered retirement savings plan or registered retirement income fund, as applicable, (i) does not deal at arm's length with CED for purposes of the ITA, or (ii) has a "significant interest" as defined in the ITA in CED. Generally, a holder or annuitant, as the case may be, will not have a "significant interest" in CED unless the holder or annuitant, as the case may be, either alone or together with persons with which the holder or annuitant, as the case may be, does not deal at arm's length, owns directly or indirectly not less than 10% of the issued shares of any class or series of the capital stock of CED, or of any other corporation that is related to CED for purposes of the ITA.

Even if the Class A Preference Shares are otherwise a "prohibited investment", such shares are not a "prohibited investment" if they are "excluded property" as defined in the ITA for trusts governed by a tax-free savings account, registered retirement savings plan or registered retirement income fund. Holders or annuitants should consult their own tax advisors with respect to whether Securities are prohibited investments in their particular circumstances, including if necessary with respect to whether the Class A Preference Shares are "excluded property" as defined in the ITA.

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The opinion set forth in this memorandum is based upon the current provisions of the ITA, specific proposals to amend the ITA publicly announced by the Minister of Finance (Canada) prior to the date hereof and on our understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "CRA") made publicly available prior to the date hereof. These opinions do not otherwise take into account or anticipate any changes in law or administrative or assessing practices, whether by judicial, governmental or legislative decision or action. The scope of our opinion is limited to the Canadian federal income tax matters addressed herein.

Analysis

Pursuant to paragraph 4900(1)(b) of the regulations under the ITA (the "Regulations"), a share of a "public corporation" (other than a "mortgage investment corporation" – a "MIC") is a qualified investment for plan trusts. In addition, pursuant to paragraph 4900(1)(c.1) of the Regulations, a "bond, debenture, note or similar obligation of a public corporation" (other than a MIC) is a qualified investment for plan trusts.

A "public corporation" at any particular time as defined in subsection 89(1) of the ITA generally includes a corporation (other than a prescribed labour-sponsored venture capital corporation – an "LSVCC") resident in Canada that:

(a) has, before the particular time, elected in prescribed manner to be a public corporation (the "Prescribed Election Requirement"),

(b) at the time of the election complied with prescribed conditions relating to the number of its shareholders, the dispersal of ownership of its shares and the public trading of its shares (the "Prescribed Dispersal and Trading Requirement"), and

(c) has not, at any time after the election time and before the particular time, complied with prescribed conditions not to be a public corporation and elected or been designated by the Minister of National Revenue not to be a public corporation (the "Non-Revocation Requirement").

Based on the Certificate, CED is not a MIC or an LSVCC.

The Prescribed Election Requirement

Pursuant to Regulation 4900(4), an election to be a public corporation shall be made by filing with the Minister of National Revenue the (i) the prescribed election form, (ii) where the directors are legally entitled to administer the affairs of CED, a certified copy of their resolution authorizing the making of the election, and (iii) a statutory declaration made by a director of the corporation stating that, after making reasonable inquiry for the purpose of informing himself in that regard, to the best of his knowledge the corporation complies with all the prescribed conditions that must be complied with at the time the election is made.

An election in prescribed form completed and executed by CED to be a public corporation as of June 19, 2015 (the "Election"), together with a certified copy of a resolution of the directors of CED as required by

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(ii) above, and a statutory declaration executed by Brian Unrau, a director of CED, as required by (iii) above (the "Statutory Declaration"), were filed on behalf of CED with the Minister of National Revenue on June 17, 2015.

On August 28, 2015, the CRA issued the CRA Letter, which states, subject to the restrictions described in the definition of "public corporation" in subsection 89(1) of the ITA, that:

> Based on the review of this election and other documentation, this corporation is considered to be a public corporation as of June 19, 2015.

The Prescribed Dispersal and Trading Requirement

The Prescribed Dispersal and Trading Requirement is set out in Regulation 4800(1) and 4803.

Based on the Statutory Declaration, CED complied with the Prescribed Dispersal and Trading Requirement at the time the Election was made.

The Prescribed Dispersal and Trading Requirement applies to a corporation that is not a "credit union" as set forth in subsection 137(6) of the ITA, or a "cooperative corporation" as set forth in paragraph 136(2)(a) of the ITA.

A "credit union" is defined in subsection 137(6) of the ITA to mean a corporation, association or federation incorporated or organized as a credit union or cooperative credit society that meets certain requirements concerning the nature of its revenues or the identity of its members having full voting rights.

Based on the Certificate, CED does not qualify as a credit union within the meaning of subsection 137(6) and did not so qualify at the time the Election was made.

CED is organized under the *Co-operative Corporations Act* (Ontario) (the "CCA"). However, the requirements in paragraph 136(2)(a) of the ITA to be a "cooperative corporation" for purposes of the ITA include in particular the requirement that:

> (a) the statute by or under which it [CED] was incorporated, its charter, articles of association or by-laws or its contracts with its members or its members and customers held out the prospect that payments would be made to them in proportion to patronage;

Based on the Certificate, at the time the Election was made, CED was a renewable energy co-operative under the CCA which did not, and did not hold out the prospect that it would, make payments to its members or customers in proportion to patronage, and did not otherwise meet the above requirement to be a "cooperative corporation" within the meaning of paragraph 136(2)(a) of the ITA.

The Non-Revocation Requirement

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For purposes of the Non-Revocation Requirement, the prescribed conditions not to be a public corporation are set out in Regulation 4800(2) and 4803, and relate generally to the number of CED's shareholders, the dispersal of ownership of its shares, and the public trading of its shares (the "Non-Public Corporation Conditions").

Based on the Certificate, CED did not at the time Election was made, and intends not to, satisfy the Non-Public Corporation Conditions; had not elected at the time Election was made, and does not intend to elect, not to be a public corporation; and had at the time the Election was made and as of the date of the Certificate not received notification from the Minister of National Revenue that it has been designated not to be a public corporation.

Conclusion

Based on the foregoing considerations, and subject to the qualifications and assumptions set out in the "Summary", provided that CED is a "public corporation" for purposes of the ITA, the Securities are qualified investments under the ITA for plan trusts.

Subject to the assumptions and qualifications set forth herein, including in particular the understanding that CED complied (at the time of the Election) and will continue to comply with the Prescribed Election Requirement , the Prescribed Dispersal and Trading Requirement and the Non-Revocation Requirement, and based and relying on the CRA Letter, CED is a public corporation for purposes of the ITA.

The foregoing opinion is subject to the discussion in the "Summary" concerning Securities that are "prohibited investments" for a tax-free savings account, a registered retirement savings plan or a registered retirement income fund, within the meaning of the ITA.

2. Compliance of Issuance of Securities with Co-operative Corporations and Securities Acts

You have also asked for our opinion as to whether the issuance of the Securities is in compliance with the *Co-operative Corporations Act* (Ontario), the *Securities Act* (Ontario) and other applicable law (collectively, the "**Acts**").

For the purpose of this opinion, we have considered such questions of law, examined such statutes, regulations, public records, certificates of government officials, corporate documents, records, certificates and instruments and made such other examinations, investigations and searches, in each case, as we have considered relevant and necessary as a basis for the opinions hereinafter expressed, including, but not so as to limit the generality of the foregoing, the following:

1. the written resolution of the directors of CED dated as of June 23, 2015 (the "**Resolution**");
2. the form of Subscription Agreement to be entered into by CED with subscribers for the Securities that we have participated in the preparation of as counsel to CED (each

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agreement once executed and delivered by CED and each such subscriber, a "**Subscription Agreement**");

3. the Certificate; and

4. Certificate of Amendment dated March 19, 2014 executed on behalf of the Minister of Finance and the related articles of amendment of CED (the "**Articles of Amendment**") and the by-laws of CED.

For the purposes of the opinions expressed herein, we have assumed:

(a) that the dollar value of Securities issued will not exceed the thresholds established in the Articles of Amendment and the Resolution, and that the price per Security issued will be payable in cash in accordance with the prices authorized by the Resolution;

(b) that CED is validly existing as a corporation under the *Co-operative Corporations Act* (Ontario) and that no act or proceeding has been taken by CED or any other person or governmental authority or court to dissolve, wind-up or otherwise terminate CED's existence, or to amend the provisions of the articles of CED subsequent to March 19, 2014;

(c) the genuineness of all signatures of all parties and the legal capacity of all individuals signing any documents;

(d) the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified or photostatic or electronically transmitted copies or facsimiles thereof and the authenticity of the originals of such certified, photostatic or electronically transmitted copies or facsimiles;

(e) that the Certificate and the certificates of government officials and public records examined continue to be accurate on the date hereof as if issued on such date;

(f) no order, ruling or decree of any court or regulatory authority having jurisdiction having the effect of ceasing, restricting, suspending or prohibiting any distributions of, or trading in, the Securities by any person in the Province of Ontario is in effect and that no proceedings for that purpose have been instituted or are pending or contemplated;

(g) that each of the parties to the Subscription Agreement, other than CED, has, to the extent applicable, all requisite corporate power and capacity to execute and deliver the Subscription Agreement and to perform its obligations thereunder, and has taken all necessary corporate action to authorize the execution and delivery of the Subscription Agreement and the performance of its obligations thereunder;

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(h) that each of the parties to the Subscription Agreement, other than CED, has duly executed and delivered the Subscription Agreement; and

(i) that the Subscription Agreement is a legal, valid and binding obligation of each of the parties thereto other than CED, enforceable against each of the parties thereto other than CED in accordance with its terms.

In giving the opinion set forth below, we assume the truth and accuracy of the representations and warranties of CED and any party to a Subscription Agreement.

In giving the opinion set forth below, we express no opinion as to whether the offering statement of CED or any other disclosure document used or communication made by or on behalf of CED in connection with the offering and sale of the Securities (i) constitutes full, true and plain disclosure of all material facts (as such term is defined under the Acts); (ii) contains any misrepresentation (as such term is defined under the Acts); (iii) contains an untrue statement of a material fact; or (iv) omits to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Based upon and subject to the foregoing, we are of the opinion that the Securities have been duly authorized and, when issued and delivered in accordance with the terms of each Subscription Agreement, will be validly issued and fully paid, and such issuance will not contravene any applicable provision of applicable laws.

* * * * *

We are qualified to practice law in the Province of Ontario. The opinions expressed above are limited to the laws of the Province of Ontario and the laws of Canada applicable therein (and in each case in effect as of the date hereof).

This opinion is intended solely for the use of the addressee and is being delivered in connection with the offering of the Securities and may not be relied upon by any other persons or in connection with any other transaction, or quoted from or referred to in any other document, without our prior written consent. This opinion is given as of the date hereof and we disclaim any obligation or undertaking to advise you of any changes in law or fact or administrative practice affecting or bearing upon this opinion occurring after the date hereof which come, or are brought, to our attention.

Blake, Cassels & Graydon LLP

Blake, Cassels & Graydon LLP

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APPENDIX F: CRA Approval of Public Corporation Status

Canada Revenue Agency | Agence du revenu du Canada

COPY

Jonquiere Tax Centre
Jonquière QC G7S 5J2

REGISTERED MAIL

August 28, 2015

COMMUNITY ENERGY DEVELOPMENT CO-OPERATIVE LTD.
1633 SNYDER'S ROAD EAST,
PETERSBURG ON N0B 2H0

Dear Sir or Madam:

Re: Election to be a Public Corporation - Form T2073

Based on the review of this election and other documentation, this corporation is considered to be a public corporation as of June 19, 2015.

This privilege is subject to the restrictions described in the definition found under subsection 89(1) of the Income Tax Act.

If you have any questions or concerns about any matter covered in this letter, please contact Mr. Claude Gaudreault either by writin by telephone. The address and telephone numbers are indicated on this letter.

Yours truly,

Pierre Boutin
Director, Jonquière Tax centre
Canada Revenue Agency

c.c.: BLAKE, CASSELS & GRAYDON LLP

Canada

Jonquière Tax Centre
2251 René-Lévesque Blvd.
Jonquière QC G7S 5J2

Local : 418-699-0735 Ext. : 6632
Toll Free : 1-888-699-0735 Ext. : 6632
Fax : 418-699-4517
Web site : www.cra.gc.ca

APPENDIX G: Legal Opinion on the Registered Eligibility of the Securities of CED Co-op

GOWLING WLG

October 28, 2022

Olympia Trust Company
c/o Jason Wagner
P.O. Box 2581, STN Central
Calgary, AB T2P 1C8

Dear Sirs/Mesdames:

You have asked for our opinion as to whether the Securities (as defined below) of CED are "qualified investments" for trusts governed by "registered retirement savings plans" ("**RRSP**"), "registered retirement income funds" ("**RRIF**"), deferred profit sharing plans ("**DPSP**"), registered disability savings plans ("**RDSP**"), "registered education savings plans" ("**RESP**") and "tax-free savings accounts" ("**TFSA**"), (collectively the "**Registered Plans**") for purposes of subsections 146(1), 146.3(1), 204, 146.4(1), 146.1(1) and 207.01(1) of the *Income Tax Act* (Canada) (the "**Act**") and the *Income Tax Regulations* (the "**Regulations**").

"Securities"

The term "Securities" means (i) the equity securities previously issued by CED and, as of the date of this letter being offered by CED, namely Membership Shares, Class A Preference Shares, Class B Preference Shares and Class C Preference Shares (collectively, the "**Equity Securities**"), and (ii) the debt securities previously issued by CED and, as of the date of this letter being offered by CED, namely Bonds Series L1-4, Bonds Series M1-5, Bonds Series N1-5, Bonds Series O1, Bonds Series O2, Bonds Series P1, Bonds Series P2, Bonds Series Q and Bonds Series R (collectively, the "**Debt Securities**"), all as described in the document entitled "2022 Offering Statement".

Examination of Documents

We have examined an executed copy of the Officer's Certificate signed by Brian Unrau, President of CED attached at Schedule "**A**" hereto (the "**Officer's Certificate**"), as well as the aforementioned 2022 Offering Statement.

For the purposes of the opinion expressed below, we have considered the questions of law, and examined the Officer's Certificate but have relied entirely, without independent verification or investigation, on all statements as to matters of fact contained therein.

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100 King Street West
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Gowling WLG (Canada) LLP is a member of Gowling WLG, an international law firm which consists of independent and autonomous entities providing services around the world. Our structure is explained in more detail at gowlingwlg.com/legal.

53874254\2

Assumptions and Reliance

For the purposes of the opinion expressed below, we have assumed, without independent investigation or inquiry, that:

1. with respect to the Officer's Certificate examined by us, the signature is genuine, the individual signing the Officer's Certificate had legal capacity at the time of signing, and the Officer's Certificate submitted to us is authentic;

2. the facts and statements certified in the Officer's Certificate are accurate as at the date of such certificate and continue to be accurate as of the date of this letter and will continue to be accurate as at the date on which a Registered Plan acquires the Securities, **and we assume no liability for any inaccuracies in any such certificate**; and

3. CED is validly constituted and existing in accordance with the laws under which it is constituted and has all necessary power and capacity to execute and deliver the Officer's Certificate.

Laws Addressed

The opinions expressed in this letter are limited to the federal income tax laws of Canada under the Act and the Regulations, enacted as at the date hereof. In particular, without limiting the preceding statement, we express no opinion with respect to the laws of any other jurisdiction. We assume no obligation to revise or supplement this letter or to notify you should the law or the facts, or both, change, or should any of our assumptions prove to be incorrect.

Opinion

We are of the opinion, based upon the assumptions and reliances stated above, and subject to the qualifications and limitations stated below, that as of the date hereof and as of the date on which a Registered Plan acquires the Securities, the Equity Securities constitute shares of a "public corporation" and are a "qualified investment" for the Registered Plan for purposes of the Act pursuant to paragraph 4900(1)(b) of the Regulations and the Debt Securities constitute bonds, debentures, notes or similar obligations of a "public corporation" and are a "qualified investment" for the Registered Plan for purposes of the Act pursuant to paragraph 4900(1)(c.1) of the Regulations.

Qualifications and Limitations

We express no opinion with respect to whether the Securities represent or give rise to an "advantage" or a "prohibited investment" in relation to a Registered Plan, each within the meaning of subsection 207.01(1) of the Act.

Reliance

This opinion is solely for the benefit of the addressee and may not be relied upon in any manner by any other person and may not be disclosed, quoted, filed with a governmental agency or otherwise referred to without our prior written consent.

Sincerely,

Gowling WLG (Canada) LLP

Schedule "A"

OFFICER'S CERTIFICATE OF
COMMUNITY ENERGY DEVELOPMENT CO-OPERATIVE LTD.

TO:	Gowling WLG (Canada) LLP
DATED:	October 28, 2022
RE:	Opinion Respecting RRSP, RRIF, DPSP, RDSP, RESP and TFSA Eligibility of Securities dated October 28, 2022

In connection with your provision of an opinion as to whether the Securities (as defined below) of Community Energy Development Co-Operative Ltd. ("**CED**") are "qualified investments" within the meaning of the *Income Tax Act* (Canada) (including the regulations thereunder, the "**ITA**") for trusts governed by "registered retirement savings plans", "registered retirement income funds", "deferred profit sharing plans", "registered disability savings plans", "registered education savings plans" and "tax-free savings accounts", all as defined in the ITA ("**plan trusts**"), I, Brian Unrau, President of CED, hereby certify, for and on behalf of CED, solely in my capacity as an officer of CED and not in my personal capacity, as follows:

1. CED is a for profit co-operative incorporated in the Province of Ontario on October 31, 2012 under the *Co-operative Corporations Act* (Ontario) (the "**CCA**").

2. CED carries on the business of generating energy from solar and other renewable resources, supporting improvements in energy conservation and efficiency, and enabling the transition from greenhouse gas and pollution emitting energy sources as part of sustainable development. CED does not restrict its undertaking only to the investing of its funds.

3. CED is not a "prescribed labour-sponsored venture capital corporation" within the meaning set out in Appendix A hereto.

4. CED is not a "credit union" within the meaning set out in Appendix B hereto.

5. More than 10% of the shares of CED are held by persons other than:

   (a) members that are individuals, other cooperative corporations, corporations or partnerships that carry on the business of farming, or

   (b) trusts governed by registered retirement savings plans, registered retirement income funds, tax-free savings accounts or registered education savings plans, the annuitants, holders or subscribers under which are members described in (a).

6. CED filed an election to be a public corporation for purposes of the ITA on June 17, 2015 (the "**Election**"). In support of the Election I swore a statutory declaration in respect of the conditions prescribed for purposes of making the Election.

7. On August 28, 2015, the Canada Revenue Agency issued a letter to CED stating that, as of June 19, 2015, CED is considered to be a public corporation for purposes of the ITA.

8. CED has not, subsequent to the filing of the Election, (a) elected not to be a public corporation for purposes of the ITA, nor (b) received notification from the Minister of National Revenue that it was designated not to be a public corporation for purposes of the ITA.

9. CED has not, subsequent to the Election, met the requirements for revocation of its status as a public corporation for purposes of the ITA, pursuant to section 4800(2) of the *Income Tax Regulations*, such requirements including that:

   (a) "Insiders" (within the meaning set out in Appendix C hereto) of CED hold more than 90 percent of the issued and outstanding Class A preference shares; and

   (b) There are fewer than 100 persons, other than insiders of CED, each of whom holds at least 100 Class A preference shares that have an aggregate fair market value of not less than $500.

Each of the above statements is true as of the date of this certificate and CED expects the above statements to remain true. In addition, the statutory declaration made by me on May 20, 2015 in connection with the Election (a copy of which is in Appendix D attached hereto) was true as of the date of filing, and as of the specified effective date, of the Election.

For purposes of this certificate, the term "Securities" means Membership Shares, Class A Preference Shares, Class B Preference Shares, Class C Preference Shares, Bonds – Series L1-4, Bonds – Series M1-5, Bonds – Series N1-5, Bonds – Series O1, Bonds - Series O2, Bonds – Series P1, Bonds – Series P2, Bonds – Series Q1, and Bonds – Series R1, all as defined in the Offering Statement of CED dated March 31, 2022.

I confirm that I have discussed the contents of this certificate with Gowling WLG (Canada) LLP, counsel to CED, and understand the meaning of the terms used herein for purposes of the ITA.

The undersigned hereby acknowledges that this certificate is to be relied upon by Gowling WLG (Canada) LLP in rendering its opinion as to whether the Securities of CED are "qualified investments" within the meaning of the ITA.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

DATED as of the day first written above.

COMMUNITY ENERGY DEVELOPMENT CO-OPERATIVE LTD.



Brian Unrau
President

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APPENDIX A

"**prescribed labour-sponsored venture capital corporation**" means, at any particular time,

(a) the corporation established by the *Act to establish the Fonds de solidarité des travailleurs du Québec 1983*, c. 58,

(b) a corporation that is registered under the provisions of *The Labour-sponsored Venture Capital Corporations Act*, Statutes of Saskatchewan 1986, c. L-0.2,

(c) a corporation that is registered under Part 2 of the *Employee Investment Act*, Revised Statutes of British Columbia, 1996, c. 112;

(d) a registered labour-sponsored venture capital corporation;

(e) a corporation that is registered under Part III of the *Community Small Business Investment Funds Act*, chapter 18 of the Statutes of Ontario, 1992;

(f) the corporation established by *The Manitoba Employee Ownership Fund Corporation Act*, Continuing Consolidation of the Statutes of Manitoba, c. E95,

(f.1) a corporation that is registered under *The Labour-Sponsored Venture Capital Corporations Act*, Continuing Consolidation of the Statutes of Manitoba c. L12, or

(g) the corporation established by *An Act to establish Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi*, Statutes of Québec 1995, c. 48,

(h) a corporation that is registered under Part II of the *Equity Tax Credit Act*, Statutes of Nova Scotia 1993, c. 3, or

(i) a corporation that is registered under Part II of the *Risk Capital Investment Tax Credits Act*, chapter 22 of the Statutes of Northwest Territories, 1998.

APPENDIX B

"**credit union**" means a corporation, association or federation incorporated or organized as a credit union or cooperative credit society if

(a) it derived all or substantially all of its revenues from

(i) loans made to, or cashing cheques for, members,

(ii) debt obligations or securities of, or guaranteed by, the Government of Canada or a province, a Canadian municipality, or an agency thereof, or debt obligations or securities of a municipal or public body performing a function of government in Canada or an agency thereof,

(iii) debt obligations of or deposits with, or guaranteed by, a corporation, commission or association not less than 90% of the shares or capital of which was owned by the Government of Canada or a province or by a municipality in Canada,

(iv) debt obligations of or deposits with, or guaranteed by, a bank, or debt obligations of or deposits with a corporation licensed or otherwise authorized under a law of Canada or a province to carry on in Canada the business of offering to the public its services as trustee, or

(v) charges, fees and dues levied against members or members of members,

(vi) loans made to or deposits with a credit union or cooperative credit society of which it is a member, or

(vii) a prescribed revenue source,

(b) all or substantially all the members thereof having full voting rights therein were corporations, associations or federations

(i) incorporated as credit unions or cooperative credit societies, all of which derived all or substantially all of their revenues from the sources described in paragraph (a), or all or substantially all of the members of which were credit unions, cooperatives or a combination thereof,

(ii) incorporated, organized or registered under, or governed by a law of Canada or a province with respect to cooperatives, or

(iii) incorporated or organized for charitable purposes,

or were corporations, associations or federations no part of the income of which was payable to, or otherwise available for the personal benefit of, any shareholder or member thereof, or

(c) the corporation, association or federation would be a credit union by virtue of paragraph (b) if all the members (other than individuals) having full voting rights in each member thereof that is a credit union were members having full voting rights in the corporation, association or federation;

APPENDIX C

"**Insider**" means

(a) any director or officer of a corporation,

(b) any person who beneficially owns, directly or indirectly, shares of a corporation carrying more than ten per cent of the voting rights attached to all shares of the corporation for the time being outstanding, but in computing the percentage of voting rights attached to shares owned by an underwriter there shall be excluded any shares that have been acquired by him as underwriter in the course of distribution to the public of such shares, but such exclusion ceases to have effect on completion or cessation of the distribution to the public by him, or

(c) any person who exercises control or direction over the shares of a corporation carrying more than ten per cent of the voting rights attached to all shares of the corporation for the time being outstanding;

and includes a person who is an employee of the corporation, or of a person who does not deal at arm's length with the corporation, and whose right to sell or transfer any share of the capital stock of the corporation, or to exercise the voting rights, if any, attaching to the share, is restricted by

(a) the terms and conditions attaching to the share, or

(b) any obligation of the person, under a contract, in equity or otherwise, to the corporation or to any person with whom the corporation does not deal at arm's length.

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Appendix D

Protected B when completed

Statutory declaration

I, **Brian Unrau**, solemnly declare that :
Name of director

- I am a director of **Community Energy Development Co-operative Ltd.** ;
Corporation's name

- to the best of my knowledge **Community Energy Development Co-operative Ltd.**
Corporation's name

complies with all the conditions prescribed by regulation 4800(1) of the *Income Tax Regulations* at the time of this election; and

- I have made reasonable enquiry for the purpose of informing myself in this regard.

I make this solemn declaration conscientiously, believing it to be true, and knowing that it is of the same force and effect as if made under oath.

Declared before me, **Dale Brubacher-Cressman**.
Name of commissioner of oaths

at **Petersburg, Ontario**
Office, City

this **20** of **May**, **2015**.
Day Month Year

B. Unrau
Signature of director making the declaration

Signature of person taking the declaration

Dale Keith Brubacher-Cressman,
a Commissioner, etc., Province of Ontario, for Vigor Clean Tech inc. and Community Energy Development Co-operative Ltd., and for work done in connection with the Feed-In Tariff Program only.
Expires December 31, 2015.

Privacy Act, personal information bank number CRA PPU 047

Page 2

APPENDIX H: Form of Membership Application and Membership Share Subscription

ced co-op
community energy development co-operative

Membership Application and Subscription Agreement

Updated March 31, 2023

A completed and signed copy of this Subscription Agreement, along with payment of $10.00, must be delivered either as a hard copy with cash or a cheque payable to **"Community Energy Development Co-operative Ltd."** enclosed; or electronically with a single e-transfer of funds to:

Community Energy Development Co-operative Ltd., Attention: Investments
3-5 Forwell Rd,
Kitchener, Ontario N2B 1W3

invest@cedco-op.com
(email us a scanned copy of your Subscription Agreement, and request e-transfer details)

Personal Information

Legal Name: (First, middle, and last)	
Preferred Name:	
Social Insurance Number: (Required for tax purposes)	
Date of Birth: (MM/DD/YYYY)	
Email Address:	

Your email address is used to send required communications regarding your account and to provide access to the Member Zone section of the CED Co-op website. Occasionally, we also email members with communications about investment opportunities, project progress, news stories, and upcoming CED Co-op events. By selecting "YES" below you consent to receive these additional communications. You may unsubscribe at any time using the link included in these emails. As a member/subscriber of CED Co-op, when unsubscribing to these additional communications, please note that you may still receive email communications that are legally required to conduct your business relationship with CED Co-op.

I consent to receive additional email communication from CED Co-op:	**YES**	✔	**NO**	

Home Phone:	
Mobile Phone:	
Business Phone:	
Street Address 1:	
Street Address 2: (P.O. Box, RR, Stn, Suite, Other)	
City:	
Postal Code:	
Province:	**ONTARIO**

I have owned the property above for a minimum of two years:	**YES**		**NO**	

Parcel Identification No. (If known)	
Legal Description: (If known)	

Members who own property within a municipality where we have built/are building FIT projects are required by the Independent Electricity System Operator to support our FIT application by signing a Qualifying Member Declaration and Consent Form. The sole purpose is to prove that CED Co-op has longstanding community members supportive of our project. If CED Co-op requires additional qualified property owners, a representative of CED Co-op may contact you by phone or by email to arrange a time to get your signature and to commission the form.

If you have owned another property in Ontario for a minimum of two years, please complete the Additional Qualifying Property Form.

Membership Application and Subscription Agreement

Updated March 31, 2023

Membership Subscription

Issuer:	Community Energy Development Co-operative Ltd.
Number of Membership Shares Subscribed For:	One (1) Membership Share
Price Per Share:	$10.00
Total Subscription Price For Share Subscribed For:	$10.00

Subscriber's Rights and Obligations

TO: Community Energy Development Co-operative Ltd. ("CED Co-op")

Membership Rights and Obligations:

The undersigned:

a. Hereby irrevocably subscribes for and agrees to purchase the number and class of securities of CED Co-op set out below to be issued for the aggregate consideration set out below, upon and subject to the terms and conditions set out in the attached "Terms and Conditions of Subscription" (the "Terms and Conditions"). This page plus the Terms and Conditions are collectively referred to as the "Subscription Agreement".

b. Has read and agreed to the Subscriber's Rights and Obligations.

c. Has read and understood the Terms and Conditions of Subscription, which can be accessed on CED Co-op's website: https://cedco-op.com/ced-co-op-membership-terms-and-conditions-of-subscription/

Agreement and Consent to Use of Personal Information:

CED Co-op collects member Personal Information on behalf of the members for the following purposes:

a. For CED Co-op to establish and maintain commercial relations with the member (i.e. to payout bond interest and share dividends);

b. To manage and develop CED Co-op's business and operations; and

c. To help CED Co-op meet legal and regulatory requirements.

The undersigned:

a. Acknowledges the collection, use and disclosure / sharing of information as set forth in the CED Co-op's Privacy Policy, which can be accessed on CED Co-op's website: https://cedco-op.com/privacypolicy/

b. Acknowledges all information provided in connection with this application is true, accurate and complete in all respects.

_____

Date (mm/dd/yyyy)

_____ _____

Legal Name (First, middle, and last) - please print

Authorized Signature of Member/Subscriber

ACCEPTANCE - FOR OFFICE USE ONLY

The foregoing is acknowledged, accepted and agreed to.

Community Energy Development Co-Operative Ltd.

Per: _____
Brian Unrau, President, CED Co-op

_____
(mm/dd/yyyy)

PAYMENT RECEIPT - FOR OFFICE USE ONLY

Date Payment Received _____
(mm/dd/yyyy)

Method of Payment

- ☒ Cash
- ☐ Cheque, made payable to “Community Energy Development Co-op”
- ☐ E-Transfer, email: invest@cedco-op.com
- ☐ Pre-Authorized Debit (PAD Agreement): please complete attached form

Payment Amount _____

TERMS AND CONDITIONS OF SUBSCRIPTION

1. SUBSCRIPTION AND CLOSING

1.1 The Subscriber irrevocably subscribes for the Shares at the subscription price and agrees to purchase, in accordance with the terms of this Subscription Agreement, the number of Shares set out on the cover page hereof and, upon execution of this Subscription Agreement, the Subscriber agrees to provide the Co-operative with cash or a personal cheque made payable to the Co-operative, or electronically with a single e-transfer of funds in the amount of the aggregate subscription price for such Shares.

1.2 The Subscriber's subscription for the Shares evidenced by the Subscriber's execution of this Subscription Agreement is subject to acceptance or rejection in whole or in part by the Board of the Co-operative in its sole discretion and the Co-operative reserves the right to allot to the Subscriber less than the number of Shares subscribed for. The acceptance of subscriptions for Shares by the Co-operative is conditional upon the completion and delivery of all documentation relating to a subscription in form and substance satisfactory to the Co-operative.

1.3 The issue and sale of the Shares to the Subscriber are conditional upon such issue and sale being exempt from the Offering Statement requirements of the *Co-operative Corporations Act* (Ontario) and the Subscriber acknowledges and agrees with the Co-operative that the Co-operative is relying upon the representations, warranties and covenants of the Subscriber contained herein in connection therewith.

2. REPRESENTATIONS AND WARRANTIES OF THE SUBSCRIBER

2.1 The Subscriber represents, warrants and certifies to the Co-operative as follows and acknowledges the Co-operative is relying upon such representations, warranties and certifications in accepting this Subscription Agreement:

(a) The Subscriber is purchasing the Shares as principal, and not on behalf of or in trust for any other party;

(b) If an individual, the Subscriber has resided at the address indicated on the cover page hereof for no less than two (2) consecutive years from the date of this Subscription Agreement and Subscriber will notify the Co-operative as soon as they cease to reside at the address indicated on the cover page hereof; (delete if not applicable)

(c) This Subscription Agreement has been duly authorized, executed and delivered by the Subscriber and constitutes a legal, valid, binding and enforceable obligation of the Subscriber;

(d) If an individual, the Subscriber has attained the age of majority and is legally competent to execute this Subscription Agreement and to complete the subscription for Shares hereunder; and

(e) The Subscriber has been advised there can be no assurance the Subscriber will receive any dividends on the Shares or be able to redeem these Shares upon request.

2.2 By accepting the Shares, the Subscriber shall be representing and warranting that the foregoing representations and warranties are true and correct as at the time of completion of the Subscription Agreement for the Shares on the Closing Date, with the same force and effect as if they had been made by the Subscriber at such time. The Subscriber agrees to indemnify the Co-operative against all losses, costs, expenses and damages or liabilities which the Co-operative may suffer or incur as a result of any such representations and warranties being incorrect.

3. COVENANTS AND ACKNOWLEDGEMENTS OF THE SUBSCRIBER

3.1 The Subscriber hereby covenants and acknowledges with the Co-operative that:

(a) The Subscriber has been advised that the Co-operative is in its development phase with no record of operations and that all funds raised will be used to fund start-up expenses associated with the Co-Operative, the objective being to ultimately procure and develop renewable energy projects. If no renewable energy projects are procured and developed, the Co-operative will not proceed and the Subscriber will lose their investment;

(b) The Shares being offered are speculative and involve a high degree of risk. Investors may lose their investment;

(c) The Co-operative is a start-up venture. The Co-operative currently does not have any significant assets or other financial resources. The ability to pursue renewable energy projects will be dependent upon the Co-operative receiving sufficient equity pursuant to an Offering Statement;

(d) The Government of Ontario can suspend the FIT Program at any time. It is assumed, but cannot be guaranteed, that any contract for a project under the FIT Program signed prior to a suspension will be honoured. The Independent Electricity System Operator (IESO) (previously known as the "Ontario Power Authority") is required under the *Green Energy Act* (Ontario) to review and amend FIT Program rates periodically to reflect changes in renewable energy equipment costs. The Co-operative is making a number of assumptions in how the Government of Ontario and the Independent Electricity System Operator (IESO) (previously known as the "Ontario Power Authority") will proceed with the FIT Program, but rates and contracts are ultimately beyond the control of the Co-Operative. Assumptions that ultimately prove to be incorrect may have a material negative affect on the Co-Operative's profitability and solvency;

(e) There is presently no market for the Shares nor is a market expected to develop. Subscribers may not be able to re-sell Shares. Transfers of Shares require Board approval;

(f) The viability of the renewable energy industry in Ontario and Canada is dependent upon tax policies, government programs and environmental and other rules and regulations which provide an incentive to generate electricity from renewable energy sources. The further development of the renewable energy industry in Canada will require the maintenance and/or implementation of federal, provincial and/or municipal government programs, policies and/or regulations;

(g) The Co-operative may also be subject to other unknown risk factors which could potentially affect its profitability and solvency. Some of these risk factors could include, but not be limited to, failure to comply with governing statutes and increased competition;

(h) My contact information may be provided to the Independent Electricity System Operator (IESO) (previously known as the "Ontario Power Authority") or other parties as required for the Co-Operative's operations;

(i) If I am admitted as a member of the Co-Operative, I will abide by all of the by-laws and policies of the Co-Operative;

(j) I have been informed the Co-operative is accepting subscriptions for Shares in reliance upon exemptions to the requirement to provide investors with an Offering Statement available to the Co-operative under the *Co-operative Corporations Act* (Ontario), there are significant risks associated with any investment in the Co-operative and that I could lose my entire investment; and

(k) I have obtained a copy of the Articles of Incorporation of the Co-operative or have been given the opportunity to obtain a copy of the Articles of Incorporation of the Co-operative and decided not to obtain a copy thereof.

4. REPRESENTATIONS AND WARRANTIES OF THE CO-OPERATIVE

4.1 The Co-operative represents and warrants to the Subscriber as follows and acknowledges that the Subscriber is relying on such representations and warranties in making an investment in Shares hereunder:

(a) The Co-operative is incorporated and validly subsisting under the laws of the Ontario *Co-operative Corporations Act*;

(b) If signed by the Co-Operative, the Subscription Agreement will be duly authorized, executed and delivered by the Co-operative and will constitute a legal, valid and binding obligation of the Co-Operative, enforceable in accordance with its terms; and

(c) Subject to the acceptance of this Subscription Agreement by the Board of the Co-operative pursuant to and in compliance with the provisions of Section 1.2 hereof, all necessary corporate action will have been taken by the Co-operative to allot and issue the Shares purchased by the Subscriber and, upon the Co-operative accepting this Subscription Agreement, the Shares shall be validly issued as fully paid and non-assessable Shares in the capital of the Co-Operative.

5. RELIANCE BY CO-OPERATIVE AND SURVIVAL

5.1 The Subscriber acknowledges and agrees that the representations, warranties, covenants, acknowledgements and agreements made by the Subscriber in this Subscription Agreement are made with the intention that they may be relied upon by the Co-operative in determining the Subscriber's eligibility to purchase the Shares and that they shall in each case survive the closing of the transactions contemplated hereby notwithstanding any subsequent disposition by the Subscriber of the Shares.

6. CONFIDENTIALITY

6.1 The Subscriber hereby agrees to keep confidential all information which may be provided to the Subscriber relating to the business and affairs of the Co-operative upon becoming a shareholder of the Co-Operative, and not to distribute or otherwise make available any such information to any other person or otherwise exploit any such information.

7. FURTHER ASSURANCES OF SUBSCRIBER

7.1 The Subscriber shall execute and deliver such additional instruments, certificates and other documents as may be required or requested by the Co-Operative, acting reasonably, to permit the purchase of the Shares or otherwise to carry out the provisions and intent of this Subscription Agreement.

8. ASSIGNMENT

8.1 No rights or obligations of the Subscriber hereunder may be assigned without the prior written consent of the Co-Operative.

9. GOVERNING LAW

9.1 This Subscription Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Subscriber irrevocably attorns to the non-exclusive jurisdiction of the Courts of Ontario with respect to any matters arising out of this Subscription Agreement.

10. ELECTRONIC AND FACSIMILE SUBSCRIPTIONS

10.1 The Co-operative shall be entitled to rely on delivery by facsimile or electronic PDF of an executed copy of this Subscription Agreement by Subscriber and acceptance by the Co-operative of that delivery shall be legally effective to create a valid and binding agreement between the Subscriber and the Co-operative in accordance with the terms of this Subscription Agreement.

11. TIME OF ESSENCE

11.1 Time shall be of the essence in this Subscription Agreement and every part hereof and no extension or variation of this Subscription Agreement shall operate as a waiver of this provision.

12. ENTIRE AGREEMENT

12.1 This Subscription Agreement constitutes the only agreement between the Co-operative and Subscriber with respect to the subject matter hereof and shall supersede any and all prior negotiations and understandings and there are no representations, warranties, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein or therein. This Subscription Agreement shall be read with such changes in number and gender as the context or reference to parties may require.

13. ENUREMENT

13.1 This Subscription Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal personal representatives, successors and permitted assigns.

APPENDIX I: Form of Offering Statement Subscription Agreement

ced co-op
community energy development co-operative

Investment Subscription Agreement

(Individuals resident in the Province of Ontario) Updated March 31, 2023

A completed and signed copy of this Subscription Agreement, including all applicable schedules hereto, along with payment must be delivered either as a hard copy with cheque payable to "Community Energy Development Co-operative Ltd." enclosed, or electronically with a single e-transfer of funds to:

Community Energy Development Co-operative Ltd., Attention: Investments
3-5 Forwell Rd
Kitchener, Ontario N2B 1W3

invest@cedco-op.com (email a scanned copy of your Subscription Agreement, and request e-transfer details)

TO: COMMUNITY ENERGY DEVELOPMENT CO-OPERATIVE LTD. (the "Co-operative")

The undersigned, on its own behalf, and, if applicable, on behalf of those for whom the undersigned is contracting hereunder (the "**Purchaser**") hereby irrevocably subscribes for and agrees to purchase the Class C Preference Shares, as the case may be, of the Co-operative set out below having the terms and conditions set forth in the Offering Statement (as defined below), receipt of a copy of which is acknowledged by the Purchaser (collectively, the "**Securities**"), for the aggregate subscription price set out below (the "**Purchase Price**"), subject to the following terms and conditions. This subscription agreement is referred to herein as the "**Subscription Agreement**". The Purchaser agrees to be bound by the terms and conditions set forth in the attached "Terms and Conditions of Subscription". The Purchaser further acknowledges and agrees, without limitation, that the Co-operative and its counsel may rely on the Purchaser's representations, warranties, and covenants contained this Subscription Agreement.

Issuer: **Community Energy Development Co-operative Ltd.**

Purchaser Information

Name (Individual or Corporation) _____

SIN / Business Number _____

Date of Birth (mm/dd/yyyy) _____

Address _____

Telephone _____

Email _____

Type of Investment - complete one form for each investment type

☐ Non-Registered ☐ RRSP ☐ Spousal RRSP ☐ TFSA ☐ RESP ☐ RRIF

Securities To Be Purchased

Subscription Type	Number of Shares Subscribed For	Price Per Share	Total Subscription Amount ($)
Class C Preference Shares		**$5.00**	

_____ _____

Signature of Purchaser Date (mm/dd/yyyy)

Acceptance

The foregoing is acknowledged, accepted, and agreed to.

Community Energy Development Co-operative Ltd.

Per: _____

Brian Unrau, President, CED Co-operative

_____

Date (mm/dd/yyyy)

Payment Receipt - New Monies

Method of Payment

- ☐ Cash
- ☐ Cheque, made payable to Community Energy Development Co-op
- ☐ E-Transfer, email: invest@cedco-op.com
- ☐ Pre-Authorized Debit (PAD Agreement): please complete attached form

Date Payment Received (mm/dd/yyyy) _____

Payment Amount: _____

Transfers of Monies From Another Financial Institution

Name of Financial Institution: _____

Telephone: _____

Fax: _____

Estimated Amount of Transfer: _____

I, _____, acknowledge that the transfer amount as indicated above is an estimate based on the attached statement of account, and that the actual amount to be transferred may be slightly different due to transfer fees, a change in valuation, etc. I will verfiy the value of the transfer at various points in time to confirm the accuracy of the transfer. I request that the securities be purchased using the exact value of the transfer.

Purchaser Acknowledgement (Signature): _____

Date: (mm/dd/yyyy) _____

TERMS AND CONDITIONS OF SUBSCRIPTION

1. **Subscription.** The Purchaser hereby tenders to the Co-operative this Subscription Agreement which, upon acceptance by the Co-operative, will constitute an irrevocable agreement of the Purchaser to purchase from the Co-operative, and of the Cooperative to sell to the Purchaser, the aggregate number and/or principal amount of the Securities set out on the face page hereof (the **"Purchaser's Securities"**) at the Purchase Price, all on the terms and subject to the conditions set out in this Subscription Agreement.

2. **Payment.** The Purchaser shall deliver the aggregate amount payable in respect of the Purchaser's Securities subscribed for hereby to the Co-operative, by personal cheque or bank draft drawn on a Canadian chartered bank, credit union or trust company in Canadian dollars and payable to "Community Energy Development Co-Operative Ltd.".

3. **Definitions.** In this Subscription Agreement, unless the context otherwise requires:

"**CCA**" means *Co-operative Corporations Act*, R.S.O. 1990, c. C.35, and the regulations made thereunder;

"**Closing**" means the completion of the issue and sale by the Co-operative and the purchase by the Purchaser of the Securities pursuant to the provisions of this Subscription Agreement;

"**CRA**" means the Canada Revenue Agency;

"**CWCF**" means the Canadian Worker Co-op Federation;

"**FSRA**" means the Financial Services Regulatory Authority of Ontario;

"**Offering Statement**" means the offering statement of the Co-operative in respect of the Securities dated **March 31, 2023**;

"**person**" means an individual, firm, corporation, syndicate, partnership, trust, association, unincorporated organization, joint venture, investment club, government or agency or political subdivision thereof and every other form of legal or business entity of whatsoever nature or kind;

"**Personal Information**" means any information about a person (whether an individual or otherwise) required to be disclosed, and includes information contained in this Subscription Agreement;

"**United States**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

"**U.S. Person**" means a U.S. person as defined in Rule 902(k) of Regulation S under the U.S. Securities Act; and

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

4. **Delivery and Payment.** The Purchaser agrees that the following shall be delivered to the Co-operative at the address set out on the face page hereof, or such other place as the Co-operative may advise:

a) a completed and duly signed copy of this Subscription Agreement; and

b) a personal cheque or bank draft made payable to "Community Energy Development Co-Operative Ltd." representing the aggregate Purchase Price payable by the Purchaser for the Purchaser's Securities, or such other method of payment of the same amount as the Co-operative may accept.

The Purchaser consents to the filing of any documents as may be required to be filed with FSRA, CRA, CWCF or other related financial organizations in connection with the transactions contemplated hereby. The Purchaser acknowledges and agrees that this offer, the Purchase Price and any other documents delivered in connection herewith will be held by the Co-operative until such time as the conditions set out in this Subscription Agreement are satisfied by the Co-operative.

5. **Closing**. The transactions contemplated hereby will be completed at the offices of the Co-operative at 3-5 Forwell Rd, Kitchener, ON N2B 1W3 at such date or time as the Co-operative may determine. Upon compliance with the terms and conditions contained in this Subscription Agreement, the Co-operative shall deliver to each Purchaser (x) one or more certificates evidencing the Securities (if applicable), and (y) such other documentation as may be required pursuant to this Subscription

Agreement, against the Purchaser's delivery of (a) this Subscription Agreement completed and duly signed by the Purchaser, (b) payment of the aggregate Purchase Price payable by the Purchaser for the Purchaser's Securities and (c) a receipt for the certificates (if any) evidencing the Securities signed by the Purchaser.

If, prior to the time of completion of the transactions contemplated hereby, the terms and conditions contained in this Subscription Agreement (other than delivery by the Co-operative of certificates representing the Securities) have not been complied with, the Co-operative and the Purchaser will have no further obligations under this Subscription Agreement

If the Closing does not occur, the Co-operative shall return this Subscription Agreement and any funds, personal cheques and bank drafts delivered by the Purchaser to the Co-operative representing the aggregate Purchase Price for the Purchaser's Securities, without interest, to the Purchaser.

6. **Representations and Warranties of the Co-operative.** The Co-operative represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on such representations and warranties in subscribing for the Securities hereunder:

a) the Co-operative is incorporated and validly subsisting under the laws of the Ontario *Co-operative Corporations Act;*

b) if signed by the Co-operative, this Subscription Agreement will be duly authorized, executed and delivered by the Cooperative and will constitute a legal, valid and binding obligation of the Co-operative; and

c) subject to the acceptance of this Subscription Agreement by the Co-operative, all necessary action will have been taken by the Co-operative to issue the Securities to the Purchaser.

7. **Conditions of Closing.** The Purchaser acknowledges that the Co-operative's obligation to sell the Purchaser's Securities to the Purchaser is subject to, among other things, the following condition:

a) the representations and warranties of the Purchaser set out herein being true and correct as at the time of Closing.

8. **Acceptance or Rejection**. The Co-operative will have the right, in its sole discretion, to accept or reject this Subscription Agreement at any time at or prior to the Closing. The Purchaser acknowledges and agrees that the acceptance of this offer will be conditional upon the issue and sale of the Purchaser's Securities to the Purchaser being exempt from the requirement to provide the Purchaser with an offering statement available to the Co-operative under the regulations to the CCA. The Co-operative will be deemed to have accepted this Subscription Agreement upon the Co-operative's execution of the acceptance at page 2 of this Subscription Agreement and the delivery at the Closing of the Purchaser's Securities in accordance with the provisions hereof.

If this Subscription Agreement is rejected, the Purchaser understands that any funds, personal cheques and bank drafts delivered by the Purchaser to the Co-operative representing the aggregate Purchase Price for the Purchaser's Securities will be returned promptly by the Co-operative to the Purchaser without interest or deduction.

9. **Purchaser's Representations and Warranties.** The Purchaser represents and warrants to the Co-operative as follows and acknowledges that the Co-operative is relying on such representations and warranties in connection with the transactions contemplated in this Subscription Agreement which representations and warranties shall survive the Closing and, notwithstanding such Closing or any investigation made by or on behalf of the Co-operative with respect thereto and notwithstanding any subsequent disposition by the Purchaser of any of the Purchaser's Securities shall continue in full force and effect for the benefit of the Co-operative following the Closing:

a) **Authorization and Effectiveness**. The Purchaser is an individual of the full age of majority resident in the Province of Ontario and has all requisite legal capacity and competence to execute and deliver this Subscription Agreement and to observe and perform his or her covenants and obligations hereunder, or under any agreement to which the Purchaser is a party or by which the Purchaser is bound or any law applicable to the Purchaser or any judgment, decree, order, statute, rule or regulation applicable to the Purchaser;

b) **Offering Statement**. The decision of the Purchaser to tender this Subscription Agreement and acquire the Purchaser's Securities has not been made as a result of any oral or written representation as to fact or otherwise made by or on behalf of the Co-operative or any other person other than as contained in the Offering Statement. The Purchaser is solely responsible for its own due diligence investigation of the Co-operative, its business and the merits and risks of its investment pursuant to this Subscription Agreement and the Offering Statement, and has relied only on the information contained in the Offering Statement in making the decision to subscribe for the Purchaser's Securities hereunder;

c) **Broker**. There is no person acting or purporting to act in connection with the transactions contemplated herein who is entitled to any brokerage or finder's fee and if any person establishes a claim that any fee or other compensation is payable in connection with this subscription for the Purchaser's Securities, the Purchaser covenants to fully indemnify and hold harmless the Co-operative with respect thereto and with respect to all costs reasonably incurred in the defense thereof;

d) **Illegal Use of Funds**. None of the funds being used to purchase the Purchaser's Securities are to the Purchaser's knowledge proceeds obtained or derived directly or indirectly as a result of illegal activities. The funds being used to purchase the Purchaser's Securities which will be advanced by the Purchaser to the Co-operative hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) Act* (Canada) (the "PCMLA") and the Purchaser acknowledges that the Co-operative may in the future be required by law to disclose the Purchaser's name and other information relating to this Subscription Agreement and the Purchaser's subscription hereunder, on a confidential basis, pursuant to the PCMLA. To the best of its knowledge (i) none of the funds to be provided by the Purchaser are being tendered on behalf of a person or entity who has not been identified to the Purchaser, and (ii) it shall promptly notify the Co-operative if the Purchaser discovers that any of such representations cease to be true, and to provide the Co-operative with appropriate information in connection therewith;

e) **No Purchase or Offer in United States**. The Purchaser is not a U.S. Person and was not offered the Purchaser's Securities in the United States, at the time the purchase order originated was outside the United States, did not execute or deliver this Subscription Agreement or related documents in the United States, is not purchasing the Purchaser's Securities on behalf of or for the benefit of a person in the United States or a U.S. Person, and confirms that no act, solicitation, conduct or negotiation directly or indirectly in furtherance of the purchase of the Purchaser's Securities hereunder has occurred in the United States, and acknowledges that the Securities have not been, nor will they be, registered under the U.S. Securities Act or the securities laws of any state, and such securities may not be offered or sold, directly or indirectly, in the United States except pursuant to registration or unless an exemption from the registration requirements under the U.S. Securities Act and applicable state securities laws is available, and agrees not to offer or sell the Securities in the United States unless registered under the U.S. Securities Act or pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws and the Purchaser acknowledges and understands that the Co-operative has no present intention of filing a registration statement under the U.S. Securities Act in respect of the Securities;

f) **Investment Suitability**. The Purchaser has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of the investment hereunder in the Purchaser's Securities and is able to bear the economic risk of total loss of such investment; and

g) **Personal Information.** The Purchaser acknowledges that this Subscription Agreement requires the Purchaser to provide certain Personal Information to the Co-operative and its agents and advisers as reasonably necessary in connection with the proposed Offering. Such information is being collected and will be used by the Co-operative for the purposes of completing the proposed Offering. The Purchaser agrees that the Purchaser's Personal Information may be disclosed by the Co-operative to: (a) FSRA and other applicable regulatory authorities, (b) CRA or other taxing authorities, (c) Independent Electricity System Operator, Ministry of Energy, local distribution companies or other parties as required for the Co-operative's operations and (d) any of the other parties involved in the proposed Offering, including legal counsel and administrators of registered plans, and may be included in record books in connection with the Offering. By executing this Subscription Agreement, the Purchaser consents to the foregoing collection, use and disclosure of the Purchaser's Personal Information. The Purchaser also consents to the filing of copies or originals of any of the Purchaser's documents described herein as may be required to be filed with any regulatory authority in connection with the transactions contemplated hereby.

The Purchaser acknowledges and agrees that the foregoing representations and warranties are made by it with the intention that they may be relied upon by the Co-operative and its respective counsel in determining the Purchaser's eligibility to purchase the Purchaser's Securities. The Purchaser further agrees that by accepting delivery of the Purchaser's Securities on Closing, it shall be representing and warranting that the foregoing representations and warranties are true and correct as at Closing with the same force and effect as if they had been made by the Purchaser at Closing and that they shall survive the purchase by the Purchaser of the Purchaser's Securities and shall continue in full force and effect notwithstanding any subsequent disposition by the Purchaser of the Purchaser's Securities. The Purchaser undertakes to notify the Co-operative immediately of any change in any representation, warranty or other information relating to the Purchaser set out in this Subscription Agreement which takes place prior to Closing.

The Purchaser acknowledges and agrees that the Co-operative may establish and maintain a file of the Purchaser's

Personal Information for the purposes set out above, which will be accessible at the Co-operative's office at 3-5 Forwell Rd, Kitchener, ON N2B 1W3. Authorized employees and agents of the Co-operative will have access to the Purchaser's Personal Information. The Purchaser may request access to or correction of his or her Personal Information in the Issuer's possession by writing to the foregoing address, to the attention of the President of the Co-operative.

10. **No Revocation.** The Purchaser agrees that this Subscription Agreement is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Purchaser without the consent of the Co-operative.

11. **Indemnity**. The Purchaser agrees to fully indemnify and hold harmless the Co-operative and its directors, officers, employees, agents, advisers, shareholders and partners from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, lawsuit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon any representation or warranty of the Purchaser contained herein or in any document furnished by the Purchaser to the Co-operative in connection herewith being untrue in any material respect or any breach or failure by the Purchaser to comply with any covenant or agreement made by the Purchaser herein or in any document furnished by the Purchaser to the Co-operative in connection herewith.

12. **Modification**. Subject to the terms hereof, neither this Subscription Agreement nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.

13. **Assignment**. The terms and provisions of this Subscription Agreement shall be binding upon and enure to the benefit of the Purchaser, the Co-operative and their respective successors and assigns; provided that this Subscription Agreement shall not be assignable by any party without the prior written consent of the other parties. For greater certainty this Subscription Agreement may only be transferred or assigned by the Purchaser subject to compliance with applicable laws (including, without limitation, the CCA) and with the express written consent of the Co-operative, which is subject to approval by the Board of Directors of the Co-operative and the requirement that the transferee or assignee be a resident of the Province of Ontario.

14. **Miscellaneous**. All representations, warranties, agreements and covenants (including those relating to indemnification) made or deemed to be made by the Purchaser (and, if applicable, others for whom it is contracting hereunder) herein will survive the execution and delivery, and acceptance, of this Subscription Agreement and the Closing.

15. **Electronic Deliveries and Counterparts**. The Co-operative shall be entitled to rely on delivery by facsimile machine or other electronic means of an executed copy of this Subscription Agreement, and acceptance by the Co-operative of such facsimile copy shall be legally effective to create a valid and binding agreement between the Purchaser and the Co-operative in accordance with the terms hereof. This Subscription Agreement may be executed in any number of counterparts, each of which when delivered, either in original or electronic form, shall be deemed to be an original and all of which together shall constitute one and the same document.

16. **Governing Law**. This Subscription Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Purchaser hereby irrevocably attorns to the jurisdiction of the courts of the Province of Ontario with respect to any matters arising out of this Subscription Agreement.

17. **Entire Agreement**. This Subscription Agreement (including the Schedules hereto) contains the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein. This Subscription Agreement may be amended or modified only by written instrument.

18. **Time of Essence**. Time shall be of the essence of this Subscription Agreement.

19. **Currency**. All dollar amounts referred to in this Subscription Agreement are in Canadian dollars.

20. **Further Assurances**. Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Subscription Agreement.

21. **Singular and Plural, etc**. Where the context so requires, words importing the singular number include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders.

22. **Headings**. The headings contained herein are for convenience only and shall not affect the meaning or interpretation hereof.

APPENDIX J: CWCF / Common Good Capital – Current Fee Schedule

CWCF FCCT

COMMON GOOD CAPITAL
REGISTERED PLANS PROGRAM

ACCOUNT HOLDER FEE SCHEDULE
SELF-DIRECTED REGISTERED PLAN
(ASSOCIATE CO-OP MEMBER)

I, _____, *(the "Account Holder")* agree to pay to Common Good Capital *("CGC")* any and all of the fees listed below that may apply to my account.

NOTE: All fees are inclusive of applicable G/HST.

Annual Account Fee (billed annually through Account Representatives)[1]	$55.00
[1]If the Account Holder closes their account after March 31 in a given year, the Annual Account Fee will be charged directly to the Account Holder at the time of the account closure, unless prior arrangements have been made. See text box below for further details regarding annual account fees.	

Transaction Fees (charged to Account Holder at the time of occurrence)	
• Two security acquisitions per annum (including in-kind contributions and reinvestment of cash in account)	No charge
• Transfer-in funds to set up a new account	$50.00
• Third and each subsequent security acquisition per annum	$50.00
• Partial withdrawal/transfer out of cash or security (including Refund of Excess Contribution)	$50.00
• Account closing *(charged in lieu of partial withdrawal fee when all holdings are withdrawn)*	$75.00

Other Fees (charged to Account Holder at the time of occurrence)

- Courier fee: $25.00 minimum charge
- Reimbursement for all necessary out-of-pocket charges incurred by CGC, including but not limited to wire services, foreign currency services and NSF bank fees.
- Should the Account Holder request details of events that have been reported in a prior year, research fees are based on actual time spent.[2]
- Additional charges for time[2] when CGC is instructed or obligated by action of the Account Holder to carry out functions considered by CGC to be beyond the scope or obligation of normal administrative routine, including producing unscheduled statements of account.

[2]Time is billed at $50.00 per hour, with a minimum charge of $50.00.

ANNUAL ACCOUNT FEES: Annually in December, CGC will provide each Account Representative with a list of accounts held by its investors. This listing will be accompanied by an invoice for the annual fees owed to CGC for each of those accounts. Unless other arrangements have been made, the Account Representative is within its rights to deliver individual invoices to each Account Holder, per CGC's *Payment Authorization Form*. The Account Representative is responsible for collecting the fees and remitting them to CGC on behalf of its investors. You should discuss any questions about this with your Account Representative.

Fees are subject to change upon thirty (30) days' notice. An Account Holder who is not in agreement with a new *Fee Schedule* may request their Plan be transferred to a new trustee. If CGC has not received a request to transfer the Plan to a new trustee within thirty (30) days of the amended *Fee Schedule* being distributed, the amended schedule will take effect from the stated date. Termination of the *Agency Agreement* between CGC and the Program Member does not result in termination of the contract between the Trustee and the Account Holder; that contract will continue in full force and effect under the terms provided in the *Declaration of Trust*.

NOTE: An Account Holder is required to sign and submit this Fee Schedule only upon first joining the Registered Plans Program.

_____	_____	_____
DATE	ACCOUNT #	SIGNATURE OF ACCOUNT HOLDER

2022/08

APPENDIX K: Olympia Trust – Current Fee Schedule

OLYMPIA TRUST COMPANY

Fee Schedule

Effective January 1, 2024
Investment Account Services Division

Self-Directed Annual Administration Fees

$150	First Account	$75	Second Account in Annuitant's Name *
$100	Non-Registered Account **		

** Discount does not apply to Tax-Free Savings Accounts (TFSA), Individual, Corporate, or Joint accounts.*
*** Discount only applies to accounts opened on or after July 28, 2023 and if the client has an existing account at Olympia Trust Company.*

The Annual Administration Fee is charged immediately upon the opening of an account and is prorated to half price for accounts opened July 1st or later each year. The full Annual Administration Fee will then be charged on January 1st of each year thereafter.

Dealer Affiliated Non-Registered Account Fees

$100	Annual Administration *	$40	Online EMS Purchase

** Discount only applies if the client has an existing account at Olympia Trust Company.*

The Annual Administration Fee is charged immediately upon the opening of an account and is prorated to half price for accounts opened July 1st or later each year. The full Annual Administration Fee will then be charged on January 1st of each year thereafter.

Exempt Market Security (EMS) Fees

$75	Purchase or Exchange of Security *(takeover or transfer)*	$100	Contribution In-Kind *
$150	Non-Brokered Private Security Purchase **		

** Does not apply to Dealer Affiliated accounts.*
*** Does not apply if submitted through Olympia Online / Approved Software / Registered Dealer.*

Mortgage Fees

$150	Purchase or Contribution In-Kind	$50	Execution of Documents
$200	Transfer-In In-Kind	$25	Information Statement
$15	Monthly Mortgage Fee *(per mortgage/per account)*	$100	Manual Purchase Review *
$75	Additional Advance	$25	Payment of Mortgage Invoice
$50	Discharge *(administered mortgage)*	$25	Payment Schedule Change
$75	Discharge *(standard mortgage)*	$50	Renewal

** Does not apply if submitted through Olympia Online Mortgage Dashboard or to residents of Québec.*

Publicly Traded Security Fees

$50	Administration Fee *(per trade, plus applicable brokerage commissions and charges)*	$100	Contribution In-Kind

First Home Savings Account (FHSA) Fees

$100	Annual Administration	$100	RRSP to FHSA (RC720) or FHSA to RRSP/RRIF (RC721) transfer

Withdrawal / Transfer-Out Fees

$75	Partial Withdrawal or Transfer-Out In-Cash	$250	Full Withdrawal or Transfer-Out
$100	Partial Withdrawal or Transfer-Out In-Kind		

Income Fund Fees

$50	Unscheduled Income Fund Payment - In-Cash	$75	Income Fund Payment - In-Kind
$25	Income Fund Payment & Deposit In-Kind		

Other Fees

$25	Document Processing Fee *(Account Opening and EMS Purchase submitted via email, fax, or mail)* *	$20	Cheque Processing Fee *(per deposit/per investment/per account)* **
$25	Issuance of Cheque	$50	Returned Item / NSF Transaction
$10	Mailing Fee	$125	Tax Deduction Waiver
$50	Account Research *(per request)*	$150	Estate Settlement *(per account)*

** Does not apply if submitted through Olympia Online / Approved Software.*
*** Does not apply to contributions and fee payments made by cheque.*

Olympia Trust Company reserves the right to recover all out-of-pocket expenses. Any miscellaneous fees for services provided by third parties will be charged at cost. Olympia Trust Company may assess fees for extraordinary services not outlined in this schedule.

Pursuant to your account agreement, you agree to pay Olympia Trust Company annual fees and transaction fees in exchange for providing services in connection with your self-directed account. All fees are charged when the transaction is processed except the annual administration fee.

A late payment charge of 2% per month will apply to any overdraft amounts not paid by March 15th of each year.

All fees are subject to applicable taxes.

4000 - 520 3 Ave SW, Calgary, AB T2P 0R3
Mailing address: PO Box 2581, STN Central, Calgary, AB T2P 1C8
Email: myaccount@olympiatrust.com
www.olympiatrust.com

Phone: 403.770.0001
Toll Free: 1.877.565.0001
Fax: 403.776.8679
v01-01-2024

APPENDIX L: Form of Management Services Agreement

MANAGEMENT SERVICES AGREEMENT – Services and Expectations

Effective Date: January 1, 2023.

Parties to the Agreement:

COMMUNITY ENERGY DEVELOPMENT CO-OPERATIVE LTD., a co-operative corporation incorporated under the laws of Ontario (the "**Co-op**")

- and -

VCT GROUP INC., a corporation incorporated under the laws of Ontario (the "**Provider**")

Context:

A. The Co-op is a for-profit share equity renewable energy co-operative under the Ontario Co-operative Corporations Act, consisting of members and investors in certain solar photovoltaic generating facilities.

B. The Provider is an experienced developer and operator of solar photovoltaic generating facilities, and has direct experience in the establishment and management of renewable energy co-operatives in the Province of Ontario.

C. The Co-op, through its board (the "**Board**") and president, is responsible for all governance matters of the Co-op, including management oversight of the Co-op's business affairs, and has all final decision-making authority related to the annual operating budget, business plan, operations and asset ownership of The Co-op, among other duties.

D. The Co-op wishes to retain the Provider, and the Provider wishes to accept such engagement, for the purpose of carrying out certain management and administrative functions and services as detailed in this Agreement.

This Agreement witnesses that, in consideration of the covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Services:**

The Provider, having regard to and subject to and in accordance with the provisions of this Agreement below shall perform the following duties (collectively, the "**Services**") :

(a) Generally, subject to the overall direction of the Board of the Co-op, the Provider is responsible for the day-to-day management and operation of the Co-op's business. The Provider is required to exercise the degree of care, diligence and skill that are reasonable, and that a prudent advisor, or manager, having responsibilities for the management of a similar business, would exercise in similar circumstances.

(b) **Membership Management**. The Provider will process, record, track and administer all membership-related transactions for The Co-op. This includes direct communications with members and prospective members through telephone, email or in-person meetings. It further includes the management and maintenance of member personal information including contact information, qualifying property ownership and minimum number of members per region.

(c) **Member Communications**. The Provider will ensure that regular communications are maintained with the membership, to ensure that they are informed about the operations and activities of CED Co-op, as well as to educate and engage the membership on matters related to sustainability and environmental matters. This will be done through the web site, social media and regular newsletters.

(d) **Securities Management**. The Provider will take, record and track all investments, issue certificates, pay proceeds and issue tax documents. It will maintain a registry of the Security Holders and records of all transfers or redemption of Securities in the capital of CED Co-op.

(e) **Administration, Finance, Accounting and Bookkeeping Services.** The Provider will keep thorough and accurate records of the financial transactions of CED Co-op. It will also provide advice and guidance in respect of the management, financing, and operations of CED Co-op as applicable, and assist in developing, implementing and monitoring the annual business plan and budget, prepare accounting and administrative records and reports, provide office space, equipment, supplies, accounting, bookkeeping and administrative services as required by CED Co-op, (See Appendix A for a more detailed listing of financial reporting required for the board).

(f) **Financial Accountability** Submit invoices and other payment requests payable to the Provider for approval to the Coop board's duly authorized representative; such representative to be someone other than an employee of the Provider.

(g) **Audits** Facilitate the selection and activities of an auditor; such auditor to be appointed by the CEDC Board with the audit fees payable by the Coop.

(h) **Engagement of Professionals** As required, engage professionals at Coop expense to advise on and/or handle such matters as tax returns, dividend payments, securities offerings.

(i) **FIT Contract Management**. The terms of FIT Contracts for the Solar Generators owned by the Co-op include provisions requiring that a minimum number of active landowner members be maintained during the full term of the FIT Contracts. The Provider will track and manage this list of members, including the preparation and provision of an annual compliance report to the Board. It will further ensure compliance with all material regulations, statutes, ordinances and reporting requirements in connection with the solar generating units and the FIT Program.

(j) **Offering Statements** Prepare and execute offering statements for additional investments in the coop; such activity to be budgeted/priced additionally to the base fee in this agreement.

(k) **Board Governance**. The Provider will supply consulting and advice on governance matters for the Co-op including the identification of additional / replacement board members. It will also be the primary planner, organizer and facilitator of the Annual General Meeting of Members. A budget for the costs related to the AGM will be set and approved by the Board, with such costs to be borne by the Co-op.

(l) **Legal Structure** Make recommendations of creation of additional legal structures, eg joint ventures and LLP's, as required for the execution of the Coops business / projects.

(m) **Co-op Financing** Ensure compliance with the Co-op's reporting obligations to its financiers, and, to the extent the Co-op has financial resources to do so, ensure that the payment obligations to its financiers are met.

Development services for additional projects of the Co-op are not part of the Services, save as specifically set out above.

2. **Fee**

"**Fee**" means the annual fee paid by the Co-op to the Provider in consideration of the Provider's provision of Services under this Agreement, said fee being **$243,677.71**. This is based on the fee paid in 2022 of $229,020.40, increased by the all-item Ontario Consumer Price Index, calculated at 6.4% for the period of December 2021 through to November 2022:

https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000413&pickMembers%5B0%5D=1.14&cubeTimeFrame.startMonth=12&cubeTimeFrame.startYear=2022&referencePeriods=20221201%2C20221201

The fee will be calculated and effective the first day of each 365-day period, fixed for the entire 365-day period and paid in quarterly installments at the beginning of each quarter. This fee shall remain unchanged throughout the Initial Term.

HST is payable on these fees. The Provider's HST registration number is: 71816 8511 RT00001.

The Provider's fee includes all administrative costs, overhead and indirect costs of the Provider and the cost of personnel.

3. **Subcontractors**

The Provider shall have the right to engage one or more Subcontractors as in the Provider's reasonable judgment may be necessary to carry out the Provider's performance of all or part of its obligations under this Agreement at the Provider's sole cost and expense; provided, however, that

(a) The Provider shall not subcontract to any party to whom the Co-op reasonably objects, and

(b) the Provider shall remain fully liable for the performance of all of its obligations under this Agreement.

4. **Term**

The Agreement will be for an initial term of two (2) years (the "**Initial Term**"), and shall be renewed for successive one (1) year periods ("**Renewal Terms**") following the expiry of the Initial Term at the option of the Co-op.

5. **Insurance**

The Provider shall obtain and maintain sufficient commercial liability insurance and employee and bonding insurance and errors and omissions insurance for the Provider to cover all activities relating to carrying out the services outlined in this agreement. The Co-op may at any time request a copy of the certificate of insurance.

6. **Legal Compliance**

The Co-op must comply with applicable laws, by-laws, codes, regulations, standards and agreements of any municipality or other authority or utility that has jurisdiction. The Provider will ensure that the Co-op's operations comply with all of the above. If the Provider becomes aware of any non-compliance, it will promptly notify the Co-op in writing including any suggestions for dealing with the situation. The Provider will perform its duties in a way that complies with these legal requirements.

7. **Conflict of Interest**

The Provider acknowledges the potential for the real or perceived conflict of interests arising from the participation of its principals in the membership and governance of the Co-op. The Provider and its principals shall carefully comply with the applicable rules in the Co-operative Corporations Act, and shall avoid any participation in a decision within the Co-op related to its services under this Agreement, or otherwise, or which would appear to any member, acting reasonably, to create a conflict of interest.

8. **Confidentiality**

Confidential information is:

(a) Personal and financial information about the Co-op's members and investors;

(b) Information about the Co-op's business which should be kept secret to protect the Co-op, and

(c) Other information that the Co-op decides is confidential.

The Provider and all its employees and subcontractors will keep secret any confidential information unless authorized by the Co-op. This applies during the term of this Agreement and after the end of this Agreement. The Provider may release information if required by law or if directed to do so by the Co-op or the person whom the information concerns.

9. **Records**

In order to observe and evaluate the activities carried out by the Provider pursuant to this Agreement, and to inspect all records relating to the same, the Provider shall permit the Co-op's Board of Directors and any person authorized by it to examine, at reasonable times and with prior notification, the books and records for the activities for which the Provider is responsible under this Agreement.

10. **Disputes**

Any dispute under this Agreement shall be resolved by arbitration pursuant to the Arbitration Act, 1991 (Ontario). The decision of the arbitration is final and binding as between the parties and is not subject to appeal.

11. **Termination**

This agreement may be terminated:

(a) immediately if either party is insolvent, or either voluntarily enters into or is petitioned into bankruptcy or receivership; or

(b) by either party, if the other breaches or fails to observe any of the obligations or covenants under this Agreement and does not rectify any breaches within forty-five days after receiving notice of such breach.

12. **Effects of Termination**

Immediately after the termination of this Agreement or expiry of the Term, the Provider will prepare a final report reporting all information that would normally be given to the Co-op under this Agreement. The Provider will co-operate fully with the Co-op's representatives in performing any audit or investigation for any period prior to termination of this Agreement.

The above will be performed without charge to the Co-op.

Any obligations not fully performed under this Agreement, the confidentiality and indemnification obligations and any obligations arising out of a default will continue after the termination of this Agreement or expiry of the Term.

All materials prepared by the Provider other than information pertaining specifically to the Co-op are the property of the Provider. All records specifically pertaining to the Co-op are the property of the Co-op.

On the day of termination of this Agreement, or expiry of the Term, the Provider will deliver to the Co-op all contracts, records, files, documents, papers, equipment, computer programs, keys, money and other assets or property of the Co-op that is in its possession. If the Provider has any of the Co-op's records or information in machine-readable form on the Provider's own equipment, the Provider will destroy all such information after giving a copy to the Co-op and receiving written confirmation from the Co-op that it has adequately transcribed the information.

13. **Limited Authority**

The parties acknowledge and agree that nothing in this Agreement shall constitute the Co-op to be a representative of The Provider for any purpose other than to carry out its services and functions, under to this Agreement.

14. **No Liability**

The parties agree that the Provider shall not be liable for the debts or obligations of the Co-op, and furthermore, the Provider shall have no liability with respect to claims or damages of any kind that are caused by or related in any way to the negligent acts or omissions or the wrongful acts of the Co-op.

The parties agree that the Co-op shall not be liable for the debts or obligations of the Provider, and furthermore, the Co-op shall have no liability with respect to claims or damages of any kind that are caused by or related in any way to the negligent acts or omissions or the wrongful acts of the Provider.

15. **Indemnity**

The Provider agrees that it shall, from time to time, and at all times hereafter, will and truly save, keep harmless and fully indemnify the Co-op, its directors, officers, employees, representatives, successors and assigns (collectively, the **Indemnified Parties**), from and against any and all actions, claims and demands whatsoever which may be brought against or made upon the Indemnified Parties and against any and all loss, liability, claims, judgments, costs, demands or expenses whatsoever which the Indemnified Parties may sustain, suffer or be put to resulting from or arising out of or in connection with:

(a) the failure of the Provider, its officers, contractors, servants or employees to exercise reasonable care, skill or diligence in carrying out the Provider's obligations under this Agreement;

(b) any personal or bodily injury to any person or persons, including death resulting at any time, howsoever occasioned by carrying out by the Provider of its obligations under this Agreement; or

(c) the act, default or negligence of the Provider or those for whom the Provider is at law responsible;

provided that the Provider shall not be liable for any loss, liability, claims, judgements, costs, demands or expenses that result from negligent or wrongful acts of the Indemnified Parties, and provided further that the amount of the indemnity shall not exceed the greater of (i) the amount recoverable by the Provider under its existing insurance policies, or (ii) the fee payable to the Provider under this Agreement.

The parties agree that this section shall survive the expiry or other termination of this Agreement.

16. **Applicable Law**

This Agreement shall be governed by the laws of the Province of Ontario, and the federal laws of Canada applicable in Ontario. Any references in this Agreement to any law shall include a reference to any amendment to or re-enactment of that law, or any successor to that law.

REMAINDER OF PAGE INTENTIONALLY BLANK

IN WITNESS the parties have executed this Agreement.

VCT GROUP INC.

Per: _____
Name: Brian Unrau
Title: President
I have authority to bind the Corporation

COMMUNITY ENERGY DEVELOPMENT CO-OPERATIVE LTD.

Per: _____
Name: Al Doerksen
Title: Board Chair

Per: _____
Name:
Title:

Appendix A – Detailed Expectations

1. An annual budget
2. A rolling cash flow projection (if/as possible on the same schedule as required by third party lenders)
3. Quarterly financial reporting for CEDC as a whole comparing actual to budget for both income results and cash flows
4. Individual project budgets for major projects
5. Periodic updates of actual to budget for projects
6. Insofar as is required by third party lenders, debt service coverage ratios for CEDC
7. Recommendations to board re dividend payments

The Provider's responsibilities include to:

Board Management

1. Carry out the board of directors' decisions in managing the Co-op
2. Represent the board in the following areas, as directed:
    a. Legal proceedings
    b. With federal, provincial and municipal government agencies
    c. With lawyers and other professionals
    d. With insurance companies, contractors and suppliers
3. File required reports and notices with government agencies
4. See that the corporate records are kept up to date
5. Maintain a filing system for all records, documents and minutes
6. Advise the board on making the best use of computer software
7. Produce and circulate reports, minutes, agendas, and other documents

Financial Management

1. Act on the board's direction in the following areas:
    a. Investing surplus funds and capital reserve funds
    b. Keeping sufficient property insurance coverage up-to-date

2. Maintain the co-op's books of account by:
    a. Reporting regularly on financial statements, budget performance, cash flow
    b. Preparing annual operating and capital budgets
    c. Recording receipts and disbursements
    d. Maintaining a general, member accounts and other ledgers as necessary
    e. Preparing quarterly financial statements
    f. Arranging and preparing for the annual audit at the co-op's expense
    g. Maintain investment accounts

3. The Provider will provide all bookkeeping and accounting services required by the Co-op (other than the annual audit). Bookkeeping will be performed on the Provider's own computer equipment and software.

Attendance at Meetings

1. Staff of the Provider will attend committee meetings if requested in advance, and if they are held on the evening that the office is open.

2. Attendance at members' meetings and other functions can be provided, if agreed to in advance.

APPENDIX M: IESO Position Clarification Regarding Domestic Content

ieso
Independent Electricity System Operator

120 Adelaide Street West
Suite 1600
Toronto, Ontario M5H 1T1
T 416-967-7474
F 416-967-1947
www.ieso.ca

VIA EMAIL

June 25th, 2015

Attention: **Supplier**

Re: Supplier's FIT Contract version 2.1.1 (the "FIT Contract") – Post-COD Domestic Content Requirements

All capitalized terms not otherwise defined herein have the meaning ascribed to them under the FIT Contract and "including" means including (or includes) without limitation. References to particular articles, sections or subsections of the FIT Contract shall be deemed to be references to Schedule 1 of the FIT Contract, unless the context otherwise requires.

Section 2.2(f) of the FIT Contract provides that the Supplier must "develop, construct, operate and maintain the Facility such that the Domestic Content Level is equal to or greater than the Minimum Required Domestic Content Level" (the "**Domestic Content Requirements**"). This letter is intended to clarify the IESO's position regarding the applicability of the Domestic Content Requirements under the FIT Contract following the Commercial Operation Date.

The Supplier is required to achieve the Domestic Content Requirements, as specified in Section 2.2(f) of the FIT Contract, as at the Commercial Operation Date. Notwithstanding the requirement to ensure that the Domestic Content Requirements are maintained throughout the term of the FIT Contract, provided that any subsequent changes to Domestic Content Levels of the Facility are for *bona fide* reasons not intended to evade the Domestic Content Requirements, the IESO hereby waives the requirement that the Supplier comply with Domestic Content Requirements following the Commercial Operation Date. Further information is available on the FIT Website at the link below:

http://fit.powerauthority.on.ca/program-updates/newsroom/newsroom-2015/ongoing-domestic-content-obligation

The IESO reserves all rights and remedies under the FIT Contract and at law and in equity, including the right to exercise any rights and remedies at any time and from time to time. Without limiting the generality of the foregoing, the IESO specifically reserves its right to enforce the Domestic Content Requirements post Commercial Operation Date, if subsequent to the Commercial Operation Date the IESO determines the Domestic Content Requirements were not met at the Commercial Operation Date, or if at any time the Supplier undertook actions or activities designed to evade the Domestic Content Requirements.

Except as expressly provided herein, this letter shall not constitute an amendment or waiver of any provision of the FIT Contract or a waiver of any breach or potential breach or Supplier Event of Default or potential Supplier Event of Default thereunder, and all of the provisions of the FIT Contract, including, without limitation, all rights and remedies of the IESO shall remain in full force and effect.

FIT Contract Management Team
FIT.Contract@ieso.ca

IESO Contract Management
Independent Electricity System Operator (IESO)
1600-120 Adelaide Street West, Suite 1600, Toronto, ON, M5H 1T1
Web: www.ieso.ca | Twitter: IESO_Tweets | LinkedIn: IESO
Conservation: www.saveONenergy.ca | Twitter: saveONenergyOnt | LinkedIn: saveONenergy

APPENDIX N: Legal Review of FIT Contract Termination Rights

OSLER

Memorandum

To: *Independent Electricity System Operator* ("IESO")

From: Elliot Smith, Partner
Osler, Hoskin & Harcourt LLP

Date: February 24, 2020

Subject: Review of Generation Contracts Directive dated October 25, 2019 (the "Directive")

Re: Termination Rights

You have asked us to review those IESO contracts that are subject to the analysis the IESO is undertaking in connection with the Directive (the "**Reviewed Contracts**") and comment on any termination rights under the Reviewed Contracts that the IESO as Buyer (or Sponsor) could exercise.

We have divided our analysis into two time periods, prior to the project achieving commercial operation and following commercial operation. For each of these time periods, we have considered both termination at the IESO's discretion (commonly referred to as "termination for convenience") and termination for default.

Prior to Commercial Operation

With respect to the IESO's right to terminate any of the Reviewed Contracts prior to commercial operation at the IESO's discretion, only the Feed-in Tariff (FIT) and Large Renewable Procurement (LRP) contracts contain this right. These are some of the later forms of contract developed by the IESO and the earlier contacts do not contain this right.

Under the FIT form of contract, the IESO has the right to terminate the agreement prior to the Supplier achieving a milestone called "Notice to Proceed", and upon such a termination the IESO's liability is capped at an amount intended to correspond to the project's early development costs. In order to achieve the Notice to Proceed milestone, the Supplier must have its Renewable Energy Approval, a Financing Plan, a Domestic Content Plan (if applicable), the completion of all required Impact Assessments, and must post incremental Completion and Performance Security. Once all of the Notice to Proceed requirements have been achieved, versions 1, 2 and 3 of the FIT contract no longer provides the IESO with a termination for convenience right.

Versions 4 and 5 of the FIT contract and the LRP form of contract provides the IESO with the right to terminate for convenience at any time prior to the facility achieving commercial operation.

OSLER

In the case of LRP, the contract contains Key Development Milestones, which are analogous to the Notice to Proceed requirements in the FIT contract. The consequences for terminating for convenience prior to the Key Development Milestones being achieved is similar to terminating under FIT prior to Notice to Proceed. However, once the Key Development Milestones have been achieved under LRP, or Notice to Proceed has been issued under version 4 and 5 of the FIT contract, a much more extensive compensation regime applies to a termination for convenience, in recognition of the fact that typically significantly more money would have been spent and binding commitments made in the later phases of project development and construction.

We understand from the IESO that for all FIT and LRP contracts where there was the opportunity for cost savings if the IESO exercised its discretionary termination right, the IESO has already done so.

All of the Reviewed Contracts include the right for the IESO to terminate the contract if the Supplier is in default of its obligations. Prior to commercial operation, generally the Supplier's main obligation under the contract is to achieve commercial operation within a specified timeframe. Accordingly, where the Supplier has failed to achieve commercial operation within this timeframe, the IESO may terminate the contract for default. To our knowledge, most of the projects that are the subject of the Reviewed Contracts have already achieved commercial operation. We understand from the IESO that, as a contract management practice, the IESO enforces the obligations in its contracts, including the obligation for projects to reach commercial operation by the specified dates, and exercises available termination rights where material obligations have been breached.

Following Commercial Operation

None of the Reviewed Contracts provide the IESO with the right to terminate the contract for convenience once the facility has achieved commercial operation. Once a project is operational, there may be very little or no opportunity for savings by the IESO having the right to terminate the contract for convenience, after taking into account all of the incurred costs and the break fees that would normally be incurred in an early termination. Conversely, including such a termination right could result in increased costs to finance the project due to increased contractual uncertainty, and therefore could increase the overall project cost.

The circumstances where the IESO could potentially exercise a termination right for a Supplier default that occurs after the facility has achieved commercial operation are extremely limited. After a facility has achieved commercial operation, the Supplier's obligations during the operating term are generally easily achievable for any prudent Supplier. As such, absent unique circumstances, it is unlikely the IESO would have the right to terminate any contracts for default for any facilities that have achieved commercial operation.