

**CONFIDENTIAL OFFERING MEMORANDUM  
SKYLINE CLEAN ENERGY FUND**



**Continuous Private Placement Offering**

DATE: March 15, 2023

**THE ISSUER:**

Name: Skyline Clean Energy Fund  
(the “Fund”)

Head office: Address: 5 Douglas Street, Suite 301  
Guelph, Ontario N1H 2S8

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Currently listed or quoted? **These securities do not trade on any exchange or market.**

Reporting issuer? No

**THE OFFERING:**

Securities offered: An unlimited number of Class A SCEF Units, Class F SCEF Units and Class I SCEF Units of the Fund (collectively, “SCEF Units”)

Price per security: The price per security is determined by the Trustees of the Fund from time to time and will be set forth in the subscription agreement(s) entered into between a Subscriber and the Fund.

Minimum/Maximum offering: **There is no minimum or maximum amount for the Offering (as defined herein). The Fund will offer an unlimited number of SCEF Units on a continuous basis. You may be the only purchaser. Funds available under the Offering may not be sufficient to accomplish our proposed objectives.**

Minimum subscription amount: \$50,000. The Fund reserves the right to waive the requirement to subscribe for this amount or change the minimum subscription amount at any time, in its absolute discretion.

Payment terms: Cheque, bank draft, wire or such other form of payment acceptable to the Fund. Subscriptions are subject to acceptance or rejection as determined solely by the Fund.

Proposed closing date(s): Closings will take place periodically.

Income tax consequences: There are important tax consequences to these securities. See Item 8 – Income Tax Consequences and RRSP Eligibility.

Insufficient Funds: **Funds available under the Offering may not be sufficient to accomplish the proposed objectives. See Item 2.6.**

Compensation Paid to Sellers and Finders: A person has received or will receive compensation for the sale of securities under this offering. See Item 9 – Compensation Paid to Sellers and Finders. Skyline Wealth Management Inc. will act as selling agent in connection with this Offering. Some directors and officers of Skyline Wealth Management Inc. are also Trustees and/or officers of the Fund. These persons (as well as other directors and officers of Skyline Wealth Management Inc.) are also directors, officers and/or shareholders of

Skyline Clean Energy Asset Management Inc., Skyline Enterprises Management Inc. and Skyline Private Investment Capital Inc. (collectively, the “**Managers**”) and Skyline Clean Energy GP Inc. Skyline Wealth Management Inc. provides services to and receives fees from the Fund. Skyline Clean Energy Asset Management Inc., Skyline Enterprises Management Inc. and Skyline Private Investment Capital Inc. provide services to and receive fees from Skyline Clean Energy Limited Partnership or a Subsidiary. Skyline Clean Energy GP Inc. receives distributions from Skyline Clean Energy Limited Partnership. **Under applicable securities legislation, the Fund may be considered to be a connected issuer of Skyline Wealth Management Inc.** See Item 2.2 – Our Business - Management of the Fund – The Exempt Market Dealer.

Underwriter(s):	Not Applicable.
Resale restrictions:	You will be restricted from selling your securities for an indefinite period. See Item 12 – Resale Restrictions.
Working Capital Deficiency:	Not Applicable.
Payments to Related Party:	Some of your investment will be paid to a related party of the issuer. See Item 1.2 -
Certain Related Party Transactions:	Not Applicable.
Certain Dividends or Distributions:	Not Applicable.
Conditions on Repurchases:	<b>You will have a right to require the Fund to repurchase securities from you but this right is qualified by certain restrictions. As a result, you might not receive the amount of proceeds that you want. See Item 5.1 – Terms of Securities – Redemption of SCEF Units</b>
Purchaser’s Rights:	You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to damages or to cancel the agreement. See Item 13 – Purchasers’ Rights.

**No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. The information disclosed in these pages is a summary only. Subscribers should read the entire Offering Memorandum for full details about this Offering. This Offering is not suitable for investors who cannot afford to assume risks in connection with their investments. See Item 10 – Risk Factors.**

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## GLOSSARY

“**Accountants**” means the firm of chartered accountants appointed as the accountants of the Fund from time to time in accordance with the Declaration of Trust and, initially means RLB LLP.

“**ACDC**” means Anvil Crawler Development Corp.

“**AD**” means anaerobic digester.

“**Acquisition Fee**” has the meaning ascribed thereto in Item 2.8 – Material Agreements – Asset Management Agreements – Asset Manager’s Fees.

“**Acquisition and Operating Facility**” means a revolving credit facility of up to \$35,000,000 of committed funds, together to be utilized for the purpose of funding working capital and acquisitions.

“**allowable capital loss**” has the meaning ascribed thereto in Item 6 – Income Tax Consequences and RRSP Eligibility – Dispositions of SCEF Units.

“**Asset Management Agreements**” means the Primary Asset Management Agreement and the SkyMar Asset Management Agreement.

“**Asset Manager**” means Skyline Clean Energy Asset Management Inc., a corporation governed by the laws of the Province of Ontario, that provides asset management, administrative and advisory services to Skyline Clean Energy LP. See Item 2.2 – Our Business – Management of the Fund – The Asset Manager.

“**Asset Operation Agreement**” means any agreement which may be entered into from time to time between Skyline Clean Energy LP and/or any of its Subsidiaries and an Asset Operator, whereby the Asset Operator will provide operation and maintenance services in respect of certain of Skyline Clean Energy LP’s and/or its Business Assets.

“**Asset Operator**” means a service provider, including the Asset Manager, demonstrating the necessary experience, resources, and capability to provide the asset operation and maintenance services in a manner that meets or exceeds industry standards that is retained to provide such services pursuant to an Asset Operation Agreement.

“**Asset Transfer Agreement**” means the agreement entered into between Skyline Clean Energy LP, Skyline Transfer Funds Inc. and Skyline Private Opportunities Corp. whereby Skyline Clean Energy LP purchased beneficial ownership of a portfolio of rooftop solar assets from Skyline Private Opportunities Corp. and all of the issued and outstanding shares in the capital of Skyline Private Opportunities Corp. from Skyline Transfer Funds Inc.

“**at-risk rules**” has the meaning ascribed thereto in Item 6 – Income Tax Consequences and RRSP Eligibility – At-Risk Rules.

“**Board**” means the board of trustees of the Fund.

“**Business Asset**” means, collectively, all right, title and interest of Skyline Clean Energy LP, directly or indirectly, in or to any assets related to a specific Project, which assets may include, but are not limited to, equipment and Project Agreements and “**Business Assets**” means more than one Business Asset.

“**Business Day**” means a day, other than a Saturday or Sunday, on which Schedule I chartered banks are open for business in Toronto, Ontario.

“**Calculation Date**” has the meaning ascribed thereto in Item 2.8 – Material Agreements – Asset Management Agreement.

“**Class A LP Unit**” means a voting class A limited partnership unit of Skyline Clean Energy LP.

“**Class A Unitholder**” means a holder of a Class A LP Unit.

“**Class A SCEF Unit**” means a Class A SCEF Unit of the Fund.

“**Class B Distribution Amount**” means in respect of each Class B LP Unit, an amount equal to the amount the Class B Unitholder would have received as a distribution by the Fund had the Class B LP Unit been exchanged for Class A SCEF Units in accordance with the Exchange Agreement immediately prior to the record date for such distribution.

“**Class B LP Unit**” means an exchangeable non-voting class B limited partnership unit of Skyline Clean Energy LP.

“**Class B Unitholder**” means a holder of a Class B LP Unit.

“**Class F SCEF Unit**” means a Class F SCEF Unit of the Fund.

“**Class I SCEF Unit**” means a Class I SCEF Unit of the Fund.

“**Class Specific Expenses**” means any expenses (net of income tax effect, if any, associated with such expenses), commissions, trailers and other similar costs attributable to the sales channels and method of sale through which a particular class of SCEF Units is sold, as determined by contracts or arrangements entered into by the Fund and approved by the Trustees, acting reasonably, from time to time.

“**Closing**” means closings of sales of SCEF Units pursuant to the Offering.

“**Cost Base**” in respect of a Business Asset means: (i) the historic cost of such Business Asset; less (ii) any retained earnings generated from such Business Asset, exclusive of any accumulated gains or losses in fair value of such Business Asset, all of which is calculated in accordance with IFRS.

“**Declaration**” means the declaration with respect to Skyline Clean Energy LP filed pursuant to the *Limited Partnerships Act* (Ontario) on May 3, 2018 and, where applicable, includes amendments thereto and renewals thereof.

“**Declaration of Trust**” means the declaration of trust made as of May 3, 2018 and most recently amended and restated as of December 5, 2022, governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein, pursuant to which the Fund was created, as further amended, supplemented and/or restated from time to time.

“**Deferred Special Distribution**” has the meaning ascribed thereto in Item 2.1 – Structure – Skyline Clean Energy LP Agreement - Partnership Distributions.

“**Deferred Special Distribution Amount**” has the meaning ascribed thereto in Item 2.1 – Structure – Skyline Clean Energy LP Agreement - Partnership Distributions.

“**Delegates**” has the meaning ascribed thereto in Item 2.8 – Material Agreements – Investment Committee.

“**Disposition Proceeds**” means the net sale proceeds received in any form in respect of the sale of a Business Asset disposed of in a Disposition Transaction.

“**Disposition Transaction**” means a *bona fide* transaction whereby Skyline Clean Energy LP, directly or indirectly, sells to an arm’s length third party:

- (a) a Business Asset in an asset sale transaction; and/or
- (b) shares or ownership units of a Holding Entity.

“**Distributions**” has the meaning ascribed thereto in Item 2.1 – Structure – Partnership Distributions.

“**DPSP**” has the meaning ascribed thereto in Item 6 – Income Tax Consequences and RRSP Eligibility – Eligibility for Investment.

“**EIFEL Rules**” has the meaning ascribed thereto in Item 6 – Income Tax Consequences and RRSP Eligibility – Taxation of the Fund.

“**Elmira Facility**” has the meaning ascribed thereto in Item 2.2 – Our Business – Biogas Portfolio.

“**Class A Equity Under Management**” means, at any relevant time, the product obtained, expressed in dollars, determined by the following formula:

$$(A+B) \times C$$

with

- (i) A being the number of outstanding Class A SCEF Units;
- (ii) B being the number of outstanding Class B LP Units; and
- (iii) C being the then current value of one SCEF Unit (as determined by the Trustees from time to time).

“**Class F Equity Under Management**” means, at any relevant time, the product obtained, expressed in dollars, determined by the following formula:

$$A \times B$$

with

- (i) A being the number of outstanding Class F SCEF Units; and
- (ii) B being the then current value of one SCEF Unit (as determined by the Trustees from time to time).

“**Exchange Agreement**” means the exchange agreement among the Fund, the General Partner, Skyline Clean Energy LP and any person holding Class B LP Units which agreement provides for, among other things, the issuance of SCEF Units in exchange for Class B LP Units.

“**Exempt Market Dealer**” means Skyline Wealth Management Inc., a corporation governed by the laws of the Province of Ontario that is responsible for acting as exempt market dealer on all offerings of Units and providing other services to the Fund, as described in Item 2.2 – Our Business - Management of the Fund – The Exempt Market Dealer.

“**Exempt Market Dealer Agreement**” means the amended and restated exempt market dealer agreement dated December 12, 2022 between the Exempt Market Dealer and the Fund, as amended from time to time.

“**Fair Market Value**” has the meaning ascribed thereto in Item 2.8 – Material Agreements – Asset Management Agreement.

“**Fee Based Account**” means an account in which the Subscriber would hold Class F SCEF Units and which already has fees attached to the assets in such account or where the advisor or portfolio manager is already being paid fees for service.

“**FHSA**” has the meaning given to that term in Item 8.3 – Eligibility for Investment.

“**Finance Committee**” has the meaning ascribed thereto in Item 2.8 – Material Agreements – Finance Committee.

“**Fiscal Year**” means the fiscal year of the Fund, which ends on December 31 in each year.

“**FIT Contract**” means a power purchase agreement entered into between a supplier of renewable power and the IESO under the FIT Program.

“**FIT Program**” means the feed-in tariff program developed by the Ontario Power Authority, the predecessor to the IESO, to encourage and promote greater use of renewable energy sources including renewable biomass, biogas, landfill gas and solar photovoltaic (PV) for electricity generating projects in the Province of Ontario.

“**Focus Activities**” means primarily making investments in corporations, limited partnerships and trusts that are engaged primarily in the acquisition, development and operation of income-producing clean energy projects and ancillary ventures.

“**Fund**” means Skyline Clean Energy Fund.

“**Fund Administration Services Agreement**” means the fund administration services agreement dated December 12, 2022 between the Exempt Market Dealer and the Fund, as amended from time to time.

“**General Partner**” means Skyline Clean Energy GP Inc. in its capacity as the general partner of Skyline Clean Energy LP, or any other Person that may become a general partner of Skyline Clean Energy LP including in place of, or in substitution for, Skyline Clean Energy GP Inc., from time to time, in each case until such Person ceases to be a general partner of the Skyline Clean Energy LP, or any successor general partner thereof.

“**GP Share**” means for any relevant period the expression, stated in dollars, of the following formula:

$$(\text{Net Income} - \text{Hurdle Amount}) \times 20\%$$

“**Green Energy Act**” means the *Green Energy Act, 2009* (Ontario).

“**Holding Entity**” means a corporation or other entity that holds one or more Business Assets on behalf of or for the benefit of Skyline Clean Energy LP.

“**Hurdle Amount**” means for a Fiscal Year, the product, stated in dollars, of the following formula:

$$(\text{Alpha/Beta}) \times 5.5\%$$

with

- (i) Alpha being the sum of the month-end closing amounts of SCEF Unitholder Capital for each whole or partial month in such Fiscal Year; and
- (ii) Beta being the number of whole or partial months in such Fiscal Year.

“**IESO**” means the Ontario Independent Electricity System Operator, and the successor entity to the Ontario Power Authority.

“**IFRS**” means International Financial Reporting Standards issued by the International Accounting Standards Board, and as adopted by the Chartered Professional Accountants of Canada, as amended from time to time.

“**Independent Trustee**” means a Trustee who is independent within the meaning of National Instrument 52-110 *Audit Committees* and, for the purposes of certain provisions of the Declaration of Trust, means a Trustee who is independent as set out above and who alone, or together with his or her affiliates or associates, has no direct or indirect interest in the subject Related Party or in a transaction with the subject Related Party.

“**Initial Unit**” means the initial unit of beneficial interest in the Fund that was issued to Skyline Transfer Funds Inc., which was automatically redeemed by the Fund upon the issuance of the first additional Unit.

“**Investment Committee**” has the meaning ascribed thereto in Item 2.8 – Material Agreements – Investment Committee.

“**LRE**” has the meaning ascribed thereto in Item 8 – Income Tax Consequences and RRSP Eligibility – Taxation of the Fund.

“**Management Fee**” has the meaning ascribed thereto in Item 2.8 – Material Agreements – Asset Management Agreement – Asset Manager’s Fees.

“**Managers**” means the Asset Manager, the Shared Services Provider and the Professional Services Provider.

“**Market Value**” has the meaning ascribed thereto in Item 5.1 – Terms of Securities – Redemption of SCEF Units.

“**Marketing Materials**” means any marketing materials or other written communication, other than an “OM standard term sheet” (as defined in NI 45-106), intended for prospective Subscribers regarding the Offering that contains material facts relating to the Fund, SCEF Units or the Offering.

“**Material Transaction**” has the meaning ascribed thereto in Item 5.1 – Material Agreements – Conflict of Interest Restrictions and Provisions.

“**MI 61-101**” means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, as amended from time to time (including any successor rule or policy thereto).

“**Monthly Limit**” has the meaning ascribed thereto in Item 5.1 – Terms of Securities – Redemption of SCEF Units.

“**NAV**” has the meaning ascribed thereto in Item 5.1 – Terms of Securities – Redemption of SCEF Units.

“**Net Income**” in respect of any relevant period means: (a) the consolidation of: (i) Partnership Income or Partnership Loss (as the case may be); and (ii) SCEF Income or SCEF Loss (as the case may be) plus: (b) to



the extent previously deducted in determining (a), above, depreciation and amortization, in each case for such period determined in accordance with IFRS.

“**NI 45-106**” means National Instrument 45-106 *Prospectus Exemptions*.

“**Non-resident Beneficiaries**” has the meaning ascribed thereto in Item 5.1 – Terms of Securities – Limitation on Non-Resident Ownership.

“**Offering**” means the offering of SCEF Units pursuant to this Offering Memorandum.

“**Offering Memorandum**” means this confidential offering memorandum, as it may be amended, supplemented and/or amended and restated from time to time.

“**Offeror**” means a Person, or two or more persons acting jointly or in concert, that makes a Take-over Bid.

“**Officer’s Certificate**” has the meaning ascribed thereto in Item 8 – Income Tax Consequences and RRSP Eligibility.

“**Participation Fee**” has the meaning ascribed thereto in Item 2.8 – Material Agreements – Asset Management Agreement – Asset Manager’s Fees.

“**Partnership Income**” or “**Partnership Loss**” in respect of any relevant period means, respectively, the net income or loss of the Skyline Clean Energy LP determined for the relevant period in accordance with the provisions of IFRS, excluding the amount of any unrealized gain or loss of Skyline Clean Energy LP from the holding of any of the property, assets and undertaking of Skyline Clean Energy LP, subject to any adjustments in respect of such relevant period that the General Partner determines appropriate.

“**Person**” means an individual, partnership, limited partnership, corporation, unlimited liability company, trust, unincorporated organization, association, government, or any department or agency thereof and the successors and assigns thereof or the heirs, executors, administrators or other legal representatives of an individual, or any other entity recognized by law.

“**personal information**” has the meaning ascribed thereto in Item 5.2 – Subscription Procedure – Representation of Subscribers.

“**Portfolio**” means the Solar Portfolio and the Biogas Portfolio.

“**Primary Adjusted Gross Revenues**” in respect of any calendar month means all gross revenues received by Skyline Clean Energy LP in such month from the operation of the Business Assets, but for greater certainty does not include any non-recurring receipts that do not arise directly from operations (such as, without limitation, refinancing proceeds, sale proceeds or similar payments).

“**Primary Asset Management Agreement**” means an amended and restated asset management agreement originally made as of May 3, 2018 and amended and restated as of January 1, 2023, between the Asset Manager and Skyline Clean Energy LP, as further amended and/or restated from time to time.

“**Prime Rate**” has the meaning ascribed thereto in Item 5.1 – Terms of Securities – Redemption of SCEF Units.

“**Professional Services Provider**” means Skyline Private Investment Capital Inc., a corporation governed by the federal laws of Canada.

**“Project”** means a clean energy generating facility at a specific location beneficially owned in whole or in part, directly or indirectly by Skyline Clean Energy LP and **“Projects”** means more than one Project.

**“Project Agreements”** means all agreements relating to a Project, including, but not limited to, FIT Contracts, RESOP Contracts, management agreements, power purchase agreements, interconnection agreements, loan agreements, lease agreements, and all other agreements applicable to such Project, along with all permits and licenses all as may be required for the ownership, operation, maintenance and management of such Project.

**“Projects Under Consideration”** means certain clean energy assets in respect of which the Fund is engaged in discussions and due diligence regarding the possible acquisition(s) thereof, as described more particularly in Item 2.2 – Our Business – Projects Under Consideration.

**“Property Management Fee”** has the meaning ascribed thereto in Item 2.8 – Material Agreements – Asset Management Agreement – Asset Manager’s Fees.

**“Redeeming Unitholder”** has the meaning given to that term in Item 2 - Business of the Fund – Structure

**“Redemption Price”** has the meaning ascribed thereto in Item 5.1 – Terms of Securities – Redemption of SCEF Units.

**“Redemption Amount”** has the meaning ascribed thereto in Item 5.1 – Terms of Securities – Redemption of SCEF Units.

**“Reimbursement Distribution Amount”** has the meaning given to that term in Item 2 - Business of the Fund – Partnership Distributions.

**“Related Party”** means, with respect to a Person, (i) a Person who is a “related party” (as such term is defined in MI 61-101); (ii) a partner, director, trustee or officer of any such Person; (iii) an associate or affiliate of any Person described in (i) or (ii) above; and (iv) in respect of the Trust includes: (a) Skyline Apartment Real Estate Investment Trust; (b) Skyline Commercial Real Estate Investment Trust; (c) Skyline Retail Real Estate Investment Trust; (d) Skydev Grove Barrie Limited Partnership; (e) Skydev Fuller Meaford Limited Partnership; (f) Skydev Queensway Simcoe Limited Partnership; (g) Skydev Bayshore Owen Sound Limited Partnership; (h) Jason Castellan; (i) Martin Castellan; (j) Wayne Byrd; (k) Roy Jason Ashdown; (l) Robert Stein; (m) any partner, associate or affiliate of a Person described in (a) to (g); (k) any associate or affiliate of a partner described in (m); (n) any trust in which any individual described in (h) to (l) is a trustee or beneficiary; (o) any partner, associate or affiliate of a trust described in (n); (p) any partner, associate or affiliate of any individual described in (h) to (l); and (q) any Person for which any individual described in (h) to (l) acts as an officer or director.

**“RESOP Contract”** means a power purchase agreement entered into between a supplier of renewable power and the IESO (as successor to the Ontario Power Authority) under the RESOP Program.

**“RESOP Program”** means the renewable standard offer program developed by the Ontario Power Authority, the predecessor to the IESO, to encourage and promote greater use of renewable energy sources including renewable biomass, biogas, landfill gas and solar photovoltaic (PV) for electricity generating projects in the Province of Ontario.

**“RDSP”** has the meaning given to that term in Item 2.8 – Material Agreements – Declaration of Trust – Investment Guidelines.

**“RESP”** has the meaning given to that term in Item 2.8 – Material Agreements – Declaration of Trust – Investment Guidelines.

“**RRIF**” has the meaning given to that term in Item 2.8 – Material Agreements – Declaration of Trust – Investment Guidelines.

“**RRSP**” has the meaning given to that term in Item 2.8 – Material Agreements – Declaration of Trust – Investment Guidelines.

“**SCEF Income**” or “**SCEF Loss**” in respect of any relevant period means, respectively, the net income or loss of the Fund determined for the relevant period in accordance with the provisions of IFRS, excluding the amount of any unrealized gain or loss of the Fund from the holding of any of the property, assets and undertaking of the Fund, subject to any adjustments in respect of such relevant period that the Trustees deem appropriate.

“**SCEF Units**” means, collectively, the Class A SCEF Units, Class F SCEF Units, Class I SCEF Units and includes a fraction of a unit and any other classes of units authorized by the Trustees as such.

“**SCEF Unitholder**” means a holder of one or more SCEF Units.

“**SCEF Unitholder Capital**” at any relevant time is the expression of the following formula:

$$\text{Alpha} + \text{Beta} + \text{Gamma} - \text{Delta} - \text{Epsilon} - \text{Theta}$$

where,

- (i) Alpha is the Fund’s retained earnings;
- (ii) Beta is the aggregate issue price of all issued SCEF Units, excluding those issued in exchange for Class B LP Units, regardless of whether such SCEF Units are outstanding;
- (iii) Gamma is the aggregate issue price of all issued Class B LP Units, regardless of whether such Class B LP Units are outstanding;
- (iv) Delta is the aggregate redemption amount for all SCEF Units redeemed, excluding those issued in exchange for Class B LP Units;
- (v) Epsilon is the aggregate redemption amount of Class B LP Units that have been converted to SCEF Units and subsequently redeemed; and
- (vi) Theta is the aggregate of all Distributions paid or payable on the SCEF Units and any distributions paid or payable on the Class B LP Units up to the relevant time.

“**securities dealers**” has the meaning given to that term in the notes to Item 1.1 – Funds.

“**Shared Services Provider**” means Skyline Enterprises Management Inc., a corporation governed by the laws of the Province of Ontario.

“**SIFT Rules**” has the meaning ascribed thereto in Item 8 – Income Tax Consequences and RRSP Eligibility – SIFT Rules.

“**SIFT trust**” has the meaning ascribed thereto in Item 8 – Income Tax Consequences and RRSP Eligibility – SIFT Rules.

“**Skyline**” means the Skyline Group of Companies, a registered trade name of Skyline Enterprises Management Inc.

“**Skyline Appointee**” means a Trustee that the General Partner is entitled to appoint pursuant to the appointment right granted in the Declaration of Trust.

“**Skyline Clean Energy LP**” means the limited partnership formed on May 3, 2018 pursuant to the laws of Ontario under the firm and style of “Skyline Clean Energy Limited Partnership” by filing of the Declaration.

“**Skyline Clean Energy LP Agreement**” means the limited partnership agreement governing Skyline Clean Energy LP, made as of May 3, 2018 and amended and restated most recently on December 12, 2022, as the same may be further amended, supplemented, restated replaced or superseded from time to time.

“**SkyMar Adjusted Gross Revenues**” in respect of any calendar month means all gross revenues received by SkyMar Biogas Holdings LP in such month from the operation of the Business Assets, but for greater certainty does not include any non-recurring receipts that do not arise directly from operations (such as, without limitation, refinancing proceeds, sale proceeds or similar payments).

“**SkyMar Asset Management Agreement**” means an asset management agreement made as of January 1, 2023, between the Asset Manager and SkyMar Biogas Holdings LP, as further amended and/or restated from time to time.

“**Solar Portfolio**” has the meaning ascribed thereto in Item 2.2 – Our Business.

“**Special Distribution**” has the meaning given to that term in Item 2.1 – Structure – Skyline Clean Energy LP Agreement - Partnership Distributions.

“**Special Voting Unit**” means a unit of interest in the Fund that is authorized and issued pursuant to the Declaration of Trust to a holder of a Class B LP Unit in connection with the Exchange Agreement.

“**Subscriber**” means a Person purchasing SCEF Units pursuant to this Offering.

“**Subscription Agreements**” means collectively, the subscription agreements entered into between the Fund and one or more Subscribers setting out the contractual relationship between the Fund and the Subscribers of SCEF Units pursuant to the Offering.

“**Subsidiary**” means, with respect to any Person (other than an individual), any other Person (other than an individual) the financial results of which would be required to be consolidated with those of the first Person’s in the preparation of the first Person’s consolidated financial statements if prepared in accordance with IFRS.

“**Takeover Bid**” has the meaning ascribed thereto in Item 5.1 – Terms of Securities – Takeover Bids.

“**Target Amount**” means for a Fiscal Year, the product, expressed in dollars, of the following formula:

$$(\text{Alpha}/\text{Beta}) \times 7.5\%$$

with

- (i) Alpha being the sum of the month-end closing amounts of SCEF Unitholder Capital for each whole or partial month in such Fiscal Year; and
- (ii) Beta being the number of whole or partial months in such Fiscal Year.

“**Target Assets**” means clean energy assets that are being targeted for acquisition by Skyline Clean Energy LP or a Subsidiary of Skyline Clean Energy LP.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended.

“**Tax Distribution Amount**” has the meaning ascribed thereto in Item 5.1 – Terms of Securities – Distribution Policy.

“**Tax Distribution Date**” has the meaning ascribed thereto in Item 5.1 – Terms of Securities – Distribution Policy.

“**Tax Proposals**” has the meaning ascribed thereto in Item 8 – Income Tax Consequences and RRSP Eligibility.

“**Termination Make-Whole**” has the meaning ascribed thereto in Item 2.8 – Material Agreements – Asset Management Agreement.

“**Termination Make-Whole Notice**” has the meaning ascribed thereto in Item 2.8 – Material Agreements – Asset Management Agreement.

“**TFSA**” has the meaning given to that term in Item 2.8 – Material Agreements – Declaration of Trust – Investment Guidelines.

“**Threshold Meeting**” has the meaning ascribed thereto in Item 2.8 – Material Agreements – Declaration of Trust – Trustees.

“**Tipping Fee**” means a fee paid to dispose of waste.

“**Total Assets**” means at any time, the book value of the assets of the Fund, as shown on its then most recent balance sheet.

“**Total Assets Under Management**” means the value of the Fund’s interest in the assets comprising the Solar Portfolio and the Biogas Portfolio, and, with respect to assets owned by the Fund through a joint venture structure, reflects the proportionate value of such assets based on the proportionate ownership interest of the Fund in such joint venture.

“**Transactions**” has the meaning ascribed thereto in Item 2.8 – Material Agreements – Investment Committee.

“**Trust Note**” means a promissory note, bond, debenture, debt security or similar evidence of indebtedness issued by the Fund.

“**Trustees**” means as of any particular time, all of the trustees holding office under and in accordance with the Declaration of Trust, in their capacity as trustees thereunder and “**Trustee**” means any one of them.

“**Unit**” means a unit of beneficial interest in the Fund authorized and issued pursuant to the Declaration of Trust as such and for the time being outstanding and includes a fraction of a unit and any other classes of units authorized by the Trustees as such.

“**Unitholder**” means a holder of one or more Units.

## CONFIDENTIALITY

This Offering Memorandum is for the confidential use of only those Persons to whom it is transmitted in connection with this Offering. By their acceptance of this Offering Memorandum, recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum or any information contained herein. No Person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon.

## FORWARD-LOOKING STATEMENTS

Certain information contained in this Offering Memorandum (and, if applicable, any Marketing Materials) constitutes "forward-looking information" within the meaning of applicable securities laws, including, among other things, statements concerning future financial position, results of operations and forecasted future cash flows, statements concerning objectives and strategies to achieve those objectives, statements with respect to management's beliefs, plans, estimates and intentions and statements concerning anticipated future events, circumstances, expectations, results, operations or performance that are not statements of historical facts. Forward-looking statements can be identified generally by the use of forward-looking terminology, such as "indicators", "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", "aim", "would", "forecast", "project", "seek" or similar expressions suggesting future outcomes or events. In particular, certain statements in Item 1 - Use of Available Funds and Item 2 - Business of the Fund constitute forward looking information. Some of the specific forward-looking statements include, but are not limited to: the use of the net proceeds of the Offering to be received by the Fund; the Fund's access to available sources of debt and/or equity financing; future legislative and regulatory developments which may affect the Fund; the expected tax treatment of the Fund; the Fund's ability to meet its stated business objectives; and the expectations for the types of investments to be made, and the anticipated potential return on such investments.

Actual results may vary from the forward-looking information contained in this Offering Memorandum (and, if applicable, any Marketing Materials) as such information is subject to a variety of risks, uncertainties and other factors that could cause actual results to differ materially from expectations. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. The forward-looking statements in this Offering Memorandum (and, if applicable, any Marketing Materials) are not guarantees of future results, operations or performance and are based on estimates and assumptions that are subject to risks and uncertainties, including those described below under "Item 10 - Risks Factors", which could cause actual results, operations or performance to differ materially from the forward-looking statements expressed or implied in this Offering Memorandum (and, if applicable, any Marketing Materials).

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, risks associated with: general economic risks; energy market volatility; changing regulation; use of leverage; competition; the ability to vary the portfolio of assets due to changing economic or investment conditions; contract non-renewal; equipment failure; infrastructure inaccessibility; health, safety, security and environment; asset impairment due to changing technologies; interest rates; changes to future government incentives; availability of investment opportunities; access to capital; Unitholder liability; dependence on key personnel; availability of cash flow; potential conflicts of interest; tax related risks; dilution; debt financing, including the risk that the Fund may be unable to make interest or principal payments or meet loan covenants, the risk of defaults and cross defaults, and the risk that existing indebtedness may not be able to be refinanced or that the terms of such refinancing may not be as favourable as the terms of existing indebtedness; cost of borrowing; risks associated with holding units rather than shares; cybersecurity risks and redemption risks.

The forward-looking statements in this Offering Memorandum (and, if applicable, any Marketing Materials) are based on numerous assumptions regarding the Fund’s present and future business strategies and the environment in which the Fund will operate in the future, including assumptions regarding the stability of target markets, that acquisition capitalization rates remain reasonably constant, that the equity and debt markets continue to provide us with access to capital at a reasonable cost to fund our future growth and to refinance our mortgage debt as it matures and our ability to operate on a profitable basis.

Although the forward-looking statements contained in this Offering Memorandum (and, if applicable, any Marketing Materials) are based on what management believes are reasonable assumptions, there can be no assurance that actual results, operations or performance will be consistent with these statements.

All forward-looking statements in this Offering Memorandum (and, if applicable, any Marketing Materials) are qualified in their entirety by this forward-looking disclaimer. Without limiting the generality of the foregoing, the discussion in Item 1 – Use of Available Funds and Item 2 – Business of the Fund is qualified in its entirety by this forward-looking disclaimer. These statements are made as of the date of this Offering Memorandum (or as of the date specified in such statements, as the case may be) and, except as required by applicable law, the Fund undertakes no obligation to update publicly or revise any such statements to reflect new information, the occurrence of future events or circumstances, or otherwise. Information contained in this Offering Memorandum (and, if applicable, any Marketing Materials) constituting a financial outlook is presented for information purposes only to indicate management’s expectations with respect to specific projects and readers are cautioned that the information may not be appropriate for other purposes. Investors are urged to read “Item 10 – Risks Factors” of this Offering Memorandum for a discussion of other factors that may impact the Fund.

## DOCUMENTS INCORPORATED BY REFERENCE

In Alberta, New Brunswick, Nova Scotia, Ontario, Quebec and Saskatchewan, any Marketing Materials related to a distribution of SCEF Units under this Offering Memorandum delivered or made reasonably available to a prospective purchaser before the termination of the distribution are specifically incorporated by reference into this Offering Memorandum. The following section of this Offering Memorandum contains forward-looking information, particularly statements related to amounts to be raised by this Offering and the intended uses of available funds, but not limited to those statements. The discussion in this section is qualified in its entirety by the cautionary language under the heading “Forward-Looking Statements” in this Offering Memorandum.

### ITEM 1 USE OF AVAILABLE FUNDS

#### 1.1 Funds

The following table sets forth the funds available to the Fund as a result of the Offering.

		Assuming min. offering <sup>(1)</sup>	Assuming max. offering <sup>(1)</sup>
A	Amount to be raised by this offering	N/A	N/A
B	Selling commissions and fees <sup>(2)</sup>	N/A	N/A
C	Estimated offering costs (e.g., legal, accounting, audit.)	N/A	N/A
D	Available funds: $D = A - (B+C)$	N/A	N/A
E	Additional sources of funding required	N/A	N/A
F	Working capital deficiency	N/A	N/A

		Assuming min. offering <sup>(1)</sup>	Assuming max. offering <sup>(1)</sup>
G	Total: G = (D+E) - F	N/A	N/A

Notes:

- (1) There is no minimum or maximum Offering. The Fund will offer an unlimited number of SCEF Units on a continuous basis.
- (2) Class A SCEF Units are distributed by the Exempt Market Dealer directly to Subscribers. Class F SCEF Units are distributed by the Exempt Market Dealer through sub-agents or other selling agents (the “**securities dealers**”) to be held in Fee Based Accounts. Class I SCEF Units are distributed to institutional investors. The Fund will pay compensation to the Exempt Market Dealer in respect of SCEF Units up to a maximum of 1% of the subscription proceeds. The Fund may also pay trailing commissions/fees to the Exempt Market Dealer in respect of SCEF Units sold by them or held in the client accounts of such securities dealers. The Fund will not pay any compensation to other securities dealers. See Item 9 - Compensation Paid to Sellers and Finders.

## 1.2 Use of Available Funds

The following table sets forth a breakdown of how the Fund will use the available funds.

Description of intended use of available funds listed in order of priority	Assuming min. offering <sup>(1)</sup>	Assuming max. offering <sup>(1)</sup>
The net proceeds from the sale of this Offering will be used to invest in accordance with the investment objectives of the Fund. This includes project acquisitions and related expenses, project capital improvements and related expenses, development projects and related expenses, redemptions and general working capital purposes. <sup>(2)</sup>	N/A	N/A

Notes:

- (1) There is no minimum or maximum Offering. The Fund will offer an unlimited number of SCEF Units on an ongoing basis.
- (2) A portion of the available funds may be used by the Fund for payments to Related Parties, including to the Asset Manager, the Exempt Market Dealer, the Shared Services Provider and the Professional Services Provider.

## 1.3 Proceeds Transferred to Other Issuers

The Fund will not use a significant amount of the proceeds of this Offering to invest in, loan to or otherwise transfer to another issuer that is not a subsidiary controlled by the Fund.

## ITEM 2 BUSINESS OF THE FUND

### 2.1 Structure

The Fund is an unincorporated open-end investment trust created by a declaration of trust made as of May 3, 2018 and most recently amended and restated as of December 5, 2022 (the “**Declaration of Trust**”) and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. See Item 2.8 - Material Agreements - Declaration of Trust.

The objectives of the Fund are: (i) to provide Unitholders with a growing investment opportunity in a diversified portfolio of income-producing clean energy assets; (ii) to enhance operating income; and (iii) to maximize unit value through the ongoing management of the Fund’s assets, through the future acquisition, repositioning and disposition of assets.

The trustees of the Fund (the “**Trustees**”) are responsible for the general control and direction of the Fund. See Item 2.8 - Material Agreements - Declaration of Trust. The day-to-day management of the Fund is carried out by the Asset Manager, the operation and maintenance of the Project are carried out by the Asset



Operators, including the Related Party Asset Operator under the direction of the Asset Manager and offerings of SCEF Units will be conducted or administered by the Exempt Market Dealer. Professional Services are provided by the Professional Services Provider. See Item 2.2 – Our Business – Management of the Fund.

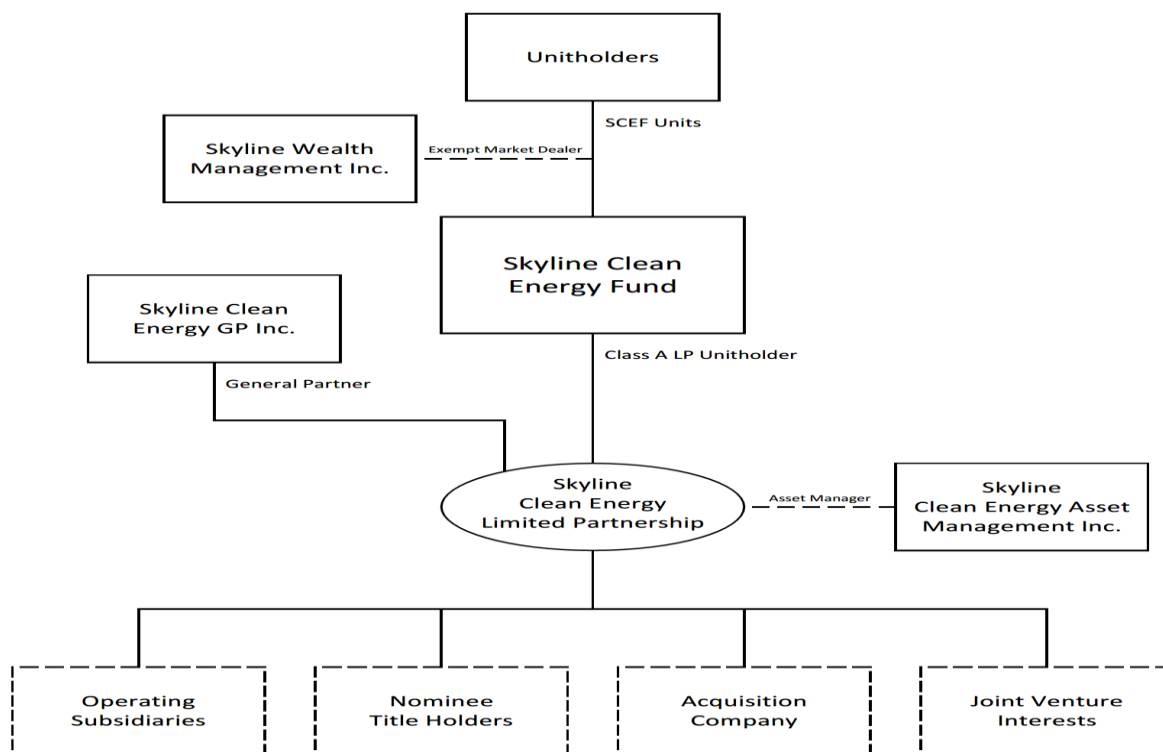
The Fund owns all of the Class A LP Units of Skyline Clean Energy Limited Partnership (“**Skyline Clean Energy LP**”). The Fund holds all of its interest in the Portfolio and will hold its interest in future acquisitions, indirectly through its interest in Skyline Clean Energy LP, or in the name of other nominee corporations or Subsidiaries of Skyline Clean Energy LP which may include ownership interests in joint venture projects. Skyline Clean Energy GP Inc. (the “**General Partner**”), an Ontario corporation, is the general partner of Skyline Clean Energy LP. See Skyline Clean Energy LP Agreement – Partnership Distributions below.

The Solar Portfolio consists of interests in 70 rooftop solar assets and 7 ground-mount solar projects in the Province of Ontario and 1 ground-mount solar project development site in Alberta.

The Biogas Portfolio consists of interests in 2 AD facilities, one in the Province of Ontario and one in the Province of Alberta.

The principal office of the Fund, Skyline Clean Energy LP, the General Partner, the Asset Manager, the Related Party Asset Operator and the Exempt Market Dealer is located at 5 Douglas Street, Suite 301, Guelph, Ontario, N1H 2S8.

The following sets forth the principal operating structure of the Fund:



## Skyline Clean Energy LP Agreement

Skyline Clean Energy LP was formed to carry on the Partnership Business, in accordance with the terms of the Skyline Clean Energy LP Agreement. The “**Partnership Business**” means primarily the business of investing in income producing business assets, with a focus on the clean or renewable energy sector, and operating such assets with a view to producing income and capital gains for reinvestment in other income producing business assets to be held by the Skyline Clean Energy LP, all in accordance with the Declaration of Trust.

Under the terms of the Skyline Clean Energy LP Agreement, Skyline Clean Energy LP may not undertake any activity, take any action, or make any investment that would result in the Fund breaching or being in default of the investment restrictions or operating policies of the Fund as set out in the Declaration of Trust.

Subject to any limitation set out in the Skyline Clean Energy LP Agreement and to the limitations provided for in the *Limited Partnerships Act* (Ontario), the General Partner has full power and exclusive authority to administer, manage, control and operate the operations, affairs and business of Skyline Clean Energy LP.

The Fund owns all of the Class A LP Units of Skyline Clean Energy LP. As of the date of this Offering Memorandum, there are no Class B LP Units outstanding. Class B LP Units may only be issued by the Fund subject to the limited circumstances described in the next following sentence. From time to time, Class B LP Units of Skyline Clean Energy LP and a corresponding number of Special Voting Units of the Fund may be issued to a vendor of clean energy assets purchased directly or indirectly by Skyline Clean Energy LP in whole or partial payment of the purchase price for such assets. Class B LP Units shall be exchangeable for Class A SCEF Units pursuant to the Exchange Agreement, on the terms and subject to the Declaration of Trust, the Exchange Agreement and the Skyline Clean Energy LP Agreement. As Class B LP Units are exchanged for Class A SCEF Units in accordance with the Exchange Agreement, the corresponding Special Voting Units, if any, shall automatically be cancelled for no consideration and shall no longer be outstanding.

Pursuant to the Skyline Clean Energy LP Agreement, in the event that a holder of Class B LP Units wishes to exchange its Class B LP Units and immediately redeem the Class A SCEF Units received on exchange of such units (a “**Redeeming Unitholder**”), such Redeeming Unitholder must provide written notice to the Fund of such intended exchange and redemption. The redemption of any Class A SCEF Units received on exchange of Class B LP Units is subject to the provisions of the Declaration of Trust.

### *Partnership Distributions*

Pursuant to the Skyline Clean Energy LP Agreement, on the date of any distribution by the Fund to holders of SCEF Units, the Class B Distribution Amount must be distributed to each Class B Unitholder in respect of each Class B LP Unit held by such Class B Unitholder.

The General Partner will on such date as determined by the General Partner from time to time, determine the amount of all expenses incurred by it since the previous such determination made by it in performing its duties as General Partner under the Skyline Clean Energy LP Agreement (the “**Reimbursement Distribution Amount**”). The Reimbursement Distribution Amount will be distributed to the General Partner forthwith after such determination.

The General Partner, in its sole discretion, will on such date as determined by the General Partner from time to time, determine amounts of cash available for distributions to Class A Unitholders and the amounts of Special Distributions (as defined below) (the distributions to Class A Unitholders, collectively with Special Distributions and the Reimbursement Distribution Amount, “**Distributions**”). Distributions to the Class A Unitholders (i.e., the Fund) will be made in proportion to the number of Class A LP Units held by each Class A Unitholder.

In addition to the Distributions described above, with respect to any fiscal year of Skyline Clean Energy LP where Net Income for such fiscal year is greater than the Target Amount for such fiscal year, the General Partner is entitled to be paid a special distribution (a “**Special Distribution**”) in an amount that is equal to the GP Share for such fiscal year; provided that in the event that the payment of such Special Distribution would cause Net Income for such fiscal year net of such Special Distribution to be less than the Target Amount, the amount of such Special Distribution shall be reduced to an amount which results in Net Income net of such Special Distribution being equal to the Target Amount.

Skyline Clean Energy LP will pay Special Distributions, if any, to the General Partner within 30 days after calculation; provided any Special Distributions may be deferred in whole or in part by the General Partner by notice in writing to Skyline Clean Energy LP (each such partly or wholly deferred Special Distribution is hereinafter referred to as a “**Deferred Special Distribution**” and the aggregate balance of all outstanding Deferred Special Distributions at any time is hereinafter referred to as the “**Deferred Special Distribution Amount**”). At any time, upon receipt of a written request from the General Partner to Skyline Clean Energy LP, Skyline Clean Energy LP must pay any amount up to the then outstanding balance of the Deferred Special Distribution Amount to the General Partner.

Special Distributions are subject to audit and adjustment on completion of the year end external audit by the Fund’s auditors. Fourth quarter calculations are not processed for payment until the external audit is complete and any required reconciliation of Special Distribution calculations and/or payments have been completed.

## 2.2 Our Business

The Fund was formed on May 3, 2018 to invest indirectly through its interest in Skyline Clean Energy LP in the acquisition, development and operation of income-producing clean energy projects and ancillary ventures.

Through its investment in Skyline Clean Energy LP, the Fund may acquire clean energy assets, indirectly, in whole or in part, from related or unrelated parties and may develop and operate Business Assets on its own behalf or in conjunction with related or unrelated parties. Transactions with related parties are subject to certain criteria. See Item 2.8 – Material Agreements – Declaration of Trust – Conflict of Interest Restrictions and Provisions.

The Asset Manager is responsible for identifying, structuring and negotiating acquisitions of Target Assets and managing all Business Assets, among other duties. See Item 2.2 – Our Business – Management of the Fund – The Asset Manager.

### *Solar Portfolio*

Skyline Clean Energy LP, directly or indirectly, including through joint venture partnerships, owns interests in 70 rooftop solar assets, 7 ground-mount solar projects in the Province of Ontario and 1 ground-mount development site as described below (the “**Solar Portfolio**”). The Solar Portfolio, excluding the ground mount development site, has an aggregate generating capacity of 33.38 MW AC / 43.31 MW DC, producing solar power for sale to IESO under long-term FIT Contracts and RESOP Contracts.

Address	Asset Type	Offtake Contract	Offtake Contract Counter party	Size kW AC*	Size (kW DC)*	Tariff per kWh	Remaining Contract Term (Years)
1358 County Road 27, Belle River, Ontario	Rooftop Solar	FIT Contract	IESO	249	298	\$0.329	13
1045 Goshen Road, RR#1, Renfrew, Ontario	Rooftop Solar	FIT Contract	IESO	249	299	\$0.329	13

491323 Boundary Road, Earlington, Ontario	Rooftop Solar	FIT Contract	IESO	249	298	\$0.329	13
21 Eugene Road, West Nipissing, Ontario	Rooftop Solar	FIT Contract	IESO	249	298	\$0.329	13
3060 Hwy 518 E, Kearny, Ontario	Rooftop Solar	FIT Contract	IESO	249	298	\$0.329	13
415 Leblanc Road, Sturgeon Falls, Ontario	Rooftop Solar	FIT Contract	IESO	249	298	\$0.329	13
2670 Highway 24, RR#3 Waterford, Ontario	Rooftop Solar	FIT Contract	IESO	249	298	\$0.329	13
201 McGill Road, Newburgh, Ontario	Rooftop Solar	FIT Contract	IESO	249	298	\$0.329	13
9201 Howard Avenue, Old Castle, Ontario	Rooftop Solar	FIT Contract	IESO	249	299	\$0.329	13
7488 Howard Avenue, Tecumseh, Ontario	Rooftop Solar	FIT Contract	IESO	249	299	\$0.329	13
1707 Old Highway 24, RR#1 Waterford, Ontario	Rooftop Solar	FIT Contract	IESO	249	299	\$0.329	13
531 Highway 35, RR#2, Pontypool, Ontario	Rooftop Solar	FIT Contract	IESO	249	298	\$0.329	13
4026 Oliver Road, Murillo, Ontario	Rooftop Solar	FIT Contract	IESO	249	298	\$0.329	13
999 Levac Road, Cache Bay, Ontario	Rooftop Solar	FIT Contract	IESO	249	298	\$0.329	13
236 Bethel Road, Thomasburg, Ontario	Rooftop Solar	FIT Contract	IESO	249	298	\$0.329	13
5005 County Road 29, RR#4, Brockville, Ontario	Rooftop Solar	FIT Contract	IESO	249	298	\$0.329	13
312177 Grey Road, RR#2 Dundalk, Ontario	Rooftop Solar	FIT Contract	IESO	249	299	\$0.329	13
3306 Elphin Maberly Road, McDonalds Corner, Ontario	Rooftop Solar	FIT Contract	IESO	249	298	\$0.329	13
601 Canarctic Dr, North York, Ontario <sup>1</sup>	Rooftop Solar	FIT Contract	IESO	200	225	\$0.539	12
390 Thomas Street, Ingersoll, Ontario	Rooftop Solar	FIT Contract	IESO	500	600	\$0.216	15
28 Mill St W, Tilbury, Ontario <sup>2</sup>	Rooftop Solar	FIT Contract	IESO	500	600	\$0.316	14
100 King St W, Chatham, Ontario <sup>2</sup>	Rooftop Solar	FIT Contract	IESO	500	600	\$0.316	14
102 Arnold St, Wallaceburg, Ontario <sup>2</sup>	Rooftop Solar	FIT Contract	IESO	500	600	\$0.316	14
110 Arnold St, Wallaceburg, Ontario <sup>2</sup>	Rooftop Solar	FIT Contract	IESO	360	395	\$0.316	14
480 Riverview Line #3, Chatham, Ontario	Rooftop Solar	FIT Contract	IESO	218	225	\$0.316	14
5531 Perth County Line 86, Listowel, Ontario <sup>3</sup>	Rooftop Solar	FIT Contract	IESO	100	119	\$0.329	13
5531 Perth County Line 86, Listowel, Ontario <sup>3</sup>	Rooftop Solar	FIT Contract	IESO	250	299	\$0.329	13
5531 Perth County Line 86, Listowel, Ontario <sup>3</sup>	Rooftop Solar	FIT Contract	IESO	100	117	\$0.329	13
6794 Second Line Road S, Kars, Ontario <sup>3</sup>	Rooftop Solar	FIT Contract	IESO	300	322	\$0.329	13
6105 Malakoff Rd., RR3, Richmond, Ontario <sup>3</sup>	Rooftop Solar	FIT Contract	IESO	350	358	\$0.329	13

234 County Road 44, Kemptville, Ontario <sup>3</sup>	Rooftop Solar	FIT Contract	IESO	185	216	\$0.329	13
750 Goodyear Rd, Napanee, Ontario <sup>4</sup>	Ground-Mounted Solar	RESOP Contract	IESO	3,750	4,540	\$0.420	7
151 Link Rd, Bath, Ontario	Ground-Mounted Solar	FIT Contract	IESO	250	299	\$0.443	11
127 Aviva Park Drive, Woodbridge, Ontario	Rooftop Solar	FIT Contract	IESO	150	211	\$0.713	12
151 Aviva Park Drive, Woodbridge, Ontario	Rooftop Solar	FIT Contract	IESO	200	297	\$0.713	12
256 Aviva Park Drive, Woodbridge, Ontario	Rooftop Solar	FIT Contract	IESO	350	498	\$0.635	12
280 Aviva Park Drive, Woodbridge, Ontario	Rooftop Solar	FIT Contract	IESO	350	495	\$0.635	12
101 Wayne Gretzky Parkway, Brantford, Ontario	Rooftop Solar	FIT Contract	IESO	450	632	\$0.635	12
1500 Victoria Street East, Whitby, Ontario	Rooftop Solar	FIT Contract	IESO	200	298	\$0.713	12
2897 Napperton Dr, Strathroy, Ontario	Rooftop Solar	FIT Contract	IESO	2,000	2,372	\$0.539	10
336 Port Ryerse Rd., Simcoe, Ontario <sup>5</sup>	Ground-Mounted Solar	RESOP Contract	IESO	3,750	4,556	\$0.420	8
1414 Windham Road 13, Simcoe, Ontario <sup>6</sup>	Ground-Mounted Solar	RESOP Contract	IESO	4,000	4,734	\$0.420	8
2187 Concession Rd. 4, Teeswater, Ontario	Rooftop Solar	FIT Contract	IESO	100	128	\$0.713	10
500 Highway 3, Tillsonburg, Ontario	Rooftop Solar	FIT Contract	IESO	500	848	\$0.635	11
301 Tillson Ave, Tillsonburg, Ontario	Rooftop Solar	FIT Contract	IESO	250	399	\$0.713	11
261 Tillson Ave, Tillsonburg, Ontario	Rooftop Solar	FIT Contract	IESO	150	201	\$0.713	11
390 Orenda Road, Brampton, Ontario	Rooftop Solar	FIT Contract	IESO	500	604	\$0.635	11
7325 Bramalea Road, Mississauga, Ontario	Rooftop Solar	FIT Contract	IESO	129	137	\$0.713	11
2290 Scanlan Street, London, Ontario <sup>7</sup>	Rooftop Solar	FIT Contract	IESO	245	293	\$0.539	12
1875 Wharncliffe, London, Ontario <sup>7</sup>	Rooftop Solar	FIT Contract	IESO	113	123	\$0.539	12
35 Atlantic Court, London, Ontario <sup>7</sup>	Rooftop Solar	FIT Contract	IESO	61	73	\$0.539	12
1000 Clarke Road, London, Ontario <sup>7</sup>	Rooftop Solar	FIT Contract	IESO	245	293	\$0.539	12
970-1020 Pond Mills Road, London, Ontario <sup>7</sup>	Rooftop Solar	FIT Contract	IESO	245	293	\$0.539	12
982 Hubrey Road, London, Ontario, Ontario <sup>7</sup>	Rooftop Solar	FIT Contract	IESO	113	129	\$0.539	12
377 Mackenzie Avenue, Ajax, Ontario <sup>7</sup>	Rooftop Solar	FIT Contract	IESO	98	105	\$0.539	12
105 Industrial Drive, Whitby, Ontario <sup>7</sup>	Rooftop Solar	FIT Contract	IESO	98	100	\$0.539	12
99 Ash Street, London, Ontario <sup>7</sup>	Rooftop Solar	FIT Contract	IESO	83	90	\$0.539	12
777 Highway 18, Windsor, Ontario <sup>8</sup>	Rooftop Solar	FIT Contract	IESO	170	204	\$0.539	12

601 Park Road North, Brantford, Ontario <sup>8</sup>	Rooftop Solar	FIT Contract	IESO	128	153	\$0.539	12
75 Richmond Street, Chatham, Ontario <sup>8</sup>	Rooftop Solar	FIT Contract	IESO	149	178	\$0.539	12
3030 Marentette Avenue, Windsor, Ontario <sup>8</sup>	Rooftop Solar	FIT Contract	IESO	149	178	\$0.539	12
50 Peter Avenue, Leamington, Ontario <sup>8</sup>	Rooftop Solar	FIT Contract	IESO	128	153	\$0.539	12
1641 Provincial Road, Windsor, Ontario <sup>7</sup>	Rooftop Solar	FIT Contract	IESO	123	112	\$0.713	9
13233 5th Line Nassagaweya, Rockwood, Ontario <sup>7</sup>	Ground-Mounted Solar	FIT Contract	IESO	245	294	\$0.398	13
13451 6th Line Nassagaweya, Acton, Ontario <sup>7</sup>	Ground-Mounted Solar	FIT Contract	IESO	245	294	\$0.398	13
131 Sheldon Drive, Cambridge, Ontario	Rooftop Solar	FIT Contract	IESO	320	382	\$0.225	15
1177 Franklin Blvd, Cambridge, Ontario	Rooftop Solar	FIT Contract	IESO	250	298	\$0.225	15
1195 Franklin Blvd, Cambridge, Ontario	Rooftop Solar	FIT Contract	IESO	200	240	\$0.225	15
1425 Bishop Street North, Cambridge, Ontario	Rooftop Solar	FIT Contract	IESO	150	178	\$0.225	15
5 St Regis Crescent North, North York, Ontario	Rooftop Solar	FIT Contract	IESO	200	265	\$0.713	12
80 Weybright Court, Scarborough, Ontario	Rooftop Solar	FIT Contract	IESO	100	141	\$0.713	11
85 Steelwell Road Brampton, Ontario	Rooftop Solar	FIT Contract	IESO	50	81	\$0.713	12
120 Duffield Drive Markham, Ontario	Rooftop Solar	FIT Contract	IESO	100	120	\$0.213	15
469 Polymoore Drive, St Clair, Ontario	Rooftop Solar	FIT Contract	IESO	250	412	\$0.713	11
Warwick Business Park, 7910 Industrial Drive, Watford, Ontario	Rooftop Solar	FIT Contract	IESO	250	419	\$0.713	11
Cramahe Business Park, 116 Industrial Park Road North, Cramahe, Ontario	Rooftop Solar	FIT Contract	IESO	250	419	\$0.713	11
1246 Northline Road, Cobocok, Ontario	Ground-Mounted Solar	FIT Contract	IESO	3,000	5,995	\$0.443	12
202082 Range Road 174, County of Newell, Alberta <sup>9</sup>	Ground-Mounted Solar	N/A	N/A	9,250	11,900	N/A	N/A
				<b>33,377</b>	<b>43,313</b>	<b>\$0.447</b>	<b>11</b>

Notes:

- (1) Skyline Clean Energy LP owns a partial interest in this Project as a joint venture partner in 601 Canarctic Solar LP. "joint venture partner" refers the relevant entity's partnership relationship being with arm's length third party partners and does not refer to the IFRS definition of a joint venture. "joint venture partnership" is used under the same context.
- (2) Skyline Clean Energy LP owns a partial interest in this Project as a joint venture partner in SPN LP 2.
- (3) Skyline Clean Energy LP owns a partial interest in this Project as a joint venture partner in CK Solar Projects LP.
- (4) Skyline Clean Energy LP owns a partial interest in this Project as a joint venture partner in SunE Sky First Light Limited Partnership.
- (5) Skyline Clean Energy LP owns a partial interest in this Project as a joint venture partner in SunE Sky Ryerse Limited Partnership.
- (6) Skyline Clean Energy LP owns a partial interest in this Project as a joint venture partner in SunE Sky 13<sup>th</sup> Sideroad Limited Partnership.

(7) NSNW Holdings Limited Partnership, a wholly owned Subsidiary of Skyline Clean Energy LP, owns a partial interest in this Project as a joint venture partner in N&G LP.

(8) NSE Holdco LP, a wholly owned Subsidiary of Skyline Clean Energy LP, owns a partial interest in this Project as a joint venture partner in Nautilus Eagle Lake Solar I LP.

(9) This is a development project that is anticipated to be completed and commence operation in January 2024]. The project capacity is not included in the total figures.

Effective as of September 17, 2021 pursuant to an agreement made as of September 10, 2021, Skyline Clean Energy LP acquired all of the units of SC&G LP which owns four rooftop solar assets from Skyline Commercial Real Estate Holdings Inc. (“**SCREHI**”) as legal owner and Skyline Commercial Real Estate LP (“**SCRELP**”) as beneficial owner. Both SCREHI and SCRELP are subsidiaries of Skyline Commercial Real Estate Investment Trust (“**SCREIT**”). The assets were valued on substantially the same basis as other acquisitions in the Solar Portfolio and leases were entered into between SC&G LP and SCREHI on market terms. The acquisition was presented to and approved by the independent trustees of each of SCEF and SCREIT.

### ***Biogas Portfolio***

In 2021, Skyline Clean Energy LP expanded its portfolio of renewable energy assets into the biomass/biogas sector with the acquisition of a joint venture interest in a 1.55 hectare Class 3 AD facility in Elmira Ontario (the “**Elmira Facility**”) through SBE LP, a subsidiary of Skyline Clean Energy LP. The Elmira Facility is permitted for a facility production limit of 110,000 tonnes of biomass per year, 2,852 kilowatts of distribution grid connected electricity generation capacity, 3,020 kilowatts of thermal power and approximately 1,000 normal cubic meters of biomethane per hour (produced from the AD system). The Elmira Facility sells renewable power to the IESO under a long-term FIT Contract. Feedstock for the Elmira Facility, from which Tipping Fees are earned, is primarily source-separated organics from various municipalities. In May 2022, SBE LP acquired Lethbridge Biogas LP, adding an additional 160,000 tonne AD facility in Lethbridge, Alberta (the “**Lethbridge Facility**”). The 6.25 acre Lethbridge Facility is equipped with 2,852 kilowatts of distribution connection electricity generation capacity and biogas upgrading facility to process approximately 1,800 normal cubic meters of biomethane per hour (produced from the AD system). The Lethbridge Facility sells renewable natural gas to a large utility under a guaranteed, long-term (20 year) contract, and electricity for export into the Alberta electricity grid. Feedstock for the Lethbridge Facility, from which Tipping Fees are earned, is primarily manure and organic waste. In November, 2022, a re-organization was completed whereby a new joint venture partnership, SkyMar Biogas Holdings LP, was created to hold the Elmira Facility (through SBE LP) and the Lethbridge Facility (through Lethbridge Biogas LP). Skyline Clean Energy LP holds an 80% interest as a Limited Partner in SkyMar Biogas Holdings LP which in turn is the sole limited partner of SBE LP and Lethbridge Biogas LP.

Address	Asset Type	Offtake Contract	Offtake Contract Counterparty	Nameplate Capacity (kW) <sup>1</sup>	Biomass Annual Production Limit <sup>1</sup>	Remaining Contract Term (Years)
50 Martins Lane, Elmira, ON	Biogas - Electricity	FIT Contract	IESO	2852	110,000	11
4456 - 8th Avenue North, Lethbridge, AB	Biogas - RNG	GasEDI Contract	Regulated Utility	2852	160,000	18
				5704	270,000	16

Notes:

(1) Namplate Capacity (kW) and Biomass Annual Production Limit represent 100% ownership in assets

### *Other Clean Energy Investments*

#### BETTER BATTERY CO. INC. CONVERTIBLE DEBENTURE

In February, 2021, Skyline Clean Energy LP loaned Better Battery Co. Inc. (formerly known as Eco Alkalines Inc.) (“**BBco**”), \$3,175,000.00CDN by way of a convertible debenture (the “**Convertible Debenture**”) bearing interest at an annual rate of 9% per annum calculated and compounded quarterly and payable on conversion or capitalized if the Convertible Debenture is not converted. In December 2022, Skyline Clean Energy LP increased the principal amount of the loan by an additional \$45,000.00CDN to \$3,220,000.00CDN on the same terms and conditions by an amendment to the Convertible Debenture. BBco operates the business of selling certified carbon neutral and high performing alkaline batteries using a subscriber-based model where consumers receive the batteries delivered through the mail. Once the batteries are depleted, the consumer ships them back to BBco to be recycled. The first product was delivered to members in October 2021. The Convertible Debenture is fully secured by BBco with additional personal guarantees and security from the principals of BBco. Skyline Clean Energy LP will have the option to convert the debt to an equity stake at a price of \$10.00 per share and become an approximately 10% owner in BBco to be exercised on or before May 1, 2023. Additionally, Skyline Clean Energy LP will have the option to increase its equity buy-in up to an additional \$3,220,000.00CDN at the same conversion price for an approximately 20% ownership stake. If not converted, the debt will continue to yield a 9% annual interest rate with blended quarterly payments required until repaid in full. Repayment in full is to be completed no later than June 30, 2036, provided that at any time following May 1, 2025, Skyline Clean Energy LP may demand immediate repayment of the loan on any date to be specified in a demand notice.

#### BLUE CIRCLE ENERGY FUND I LP

In September 2021, Skyline Clean Energy LP acquired an 80% interest as a limited partner in Blue Circle Energy Fund I LP (“**Blue Circle**”), an Ontario limited partnership. Blue Circle has strategically partnered with Barbadians through a subsidiary company registered in Barbados to acquire land rights and develop solar projects in Barbados, with the intent to sell the projects to a third-party for completion once they are at an appropriate stage of development.

### *Projects Under Consideration*

The Asset Manager, on behalf of the Fund, is engaged in discussions with respect to possible acquisitions of additional clean energy assets located in Canada from unrelated parties (the “**Projects Under Consideration**”). There can be no assurances that the discussions regarding any of the Projects Under Consideration will result in definitive agreements being signed or acquisitions made or, if they do, what the final terms or timing of such acquisitions would be. The potential acquisition of the Projects Under Consideration would be subject to negotiation of agreements to acquire such projects which would, in turn, be subject to a number of conditions including due diligence (financial, physical, operational, environmental and legal review), the availability of adequate funds available as a result of the Offering and/or the availability of alternative financing. As a result, there can be no assurance that any such potential acquisitions will be completed.

The Asset Manager believes the Canadian clean energy infrastructure space offers a reasonable long-term risk/return investment that will continue to benefit from evolving technology, stronger support from government policies, increased energy consumption resulting from electrical vehicle adoption, increased demand by the private sector for renewable energy and awareness of domestic energy security.

The Fund has developed its portfolio across Ontario due to the long-term government backed electricity energy offtake contracts with fixed pricing and a credit worthy counterpart. The Fund has targeted certain



areas that have open market policies for electricity sales like Alberta that allow the Fund to contract directly with private businesses.

The Fund has proven successful in identifying opportunities to generate alternative sources of renewable energy like renewable natural gas. The Fund is benefiting from these same influences as evidenced by higher value off-take contracts, increased new development, and increasing valuations.

The Asset Manager believes that the growth strategy positions the Fund well as we see increased demand for electricity and natural gas generated by renewable energy infrastructure that will provide both growth as well as a stable platform for the long-term investment returns and distributions to Unitholders.

Current competitors in the market include publicly traded infrastructure companies, oil and gas companies looking to expand into the renewable sector, and large consumers of energy looking to secure long term energy security and meet emission reduction targets via offsetting their emissions. The Fund anticipates increased competition in the renewable natural gas space as clean fuel standards continue to evolve but is well positioned to continue its growth.

## **Management of the Fund**

### *Trustees*

The investment policies and operations of the Fund are subject to the control and direction of the Trustees, a majority of whom must be resident Canadians, the majority of whom may be Skyline Appointees and, following the Threshold Meeting, at least one (1) of whom must be an Independent Trustee. The Declaration of Trust provides for a minimum of three (3) and no maximum number of Trustees. The General Partner is entitled to appoint such number of Trustees, such that following such appointments a majority of the trustees are Skyline Appointees. The balance of the Trustees are to be elected annually by resolution passed by a majority of the votes cast at a meeting of the Unitholders. Certain decisions respecting the affairs of the Fund must be made by the Independent Trustees who have no interest in the subject matter of the approval. The Declaration of Trust provides that following the Threshold Meeting, the Trustees shall constitute a finance committee (the “**Finance Committee**”) consisting of three Trustees who are resident Canadians and, unless there are more than three Independent Trustees, all of the Independent Trustees. The Trustees may also appoint an Investment Committee to consider, authorize and approve proposed acquisitions, dispositions, financings, refinancings and other such proposed transactions for and on behalf of the Fund. In the absence of an appointed Investment Committee, all of the Trustees together will act as the Investment Committee. See Item 2.8 – Material Agreements – Declaration of Trust and Item 3.2 – Management Experience.

### *The Asset Manager*

Skyline Clean Energy Asset Management Inc. (the “**Asset Manager**”) is a corporation governed by the laws of the Province of Ontario. The Asset Manager is responsible for managing the Fund, providing advice with respect to Business Assets and Target Assets of the Fund, including financing arrangements with respect to same and, supervising, and, where appropriate, performing operation and maintenance services in respect Business Assets, subject to the control and direction of the Trustees in accordance with the terms of the Asset Management Agreements. See Item 2.8 – Material Agreements – Asset Management Agreements.

### *Maintenance of the Clean Energy Assets*

In addition to the responsibilities of the Asset Manager under the Asset Management Agreement, Skyline Clean Energy LP (or a Subsidiary) may enter into one or more Asset Operation Agreements with qualified Asset Operators to provide for operation and maintenance services in respect of all or a part of the Business Assets. In the event that an Asset Operation Agreement is entered into, the Asset Operator will be

responsible for providing routine preventative, corrective and/or reactive maintenance for the applicable Business Assets, and will receive fees pursuant to the applicable Asset Operation Agreement. Asset Operators will be paid a fixed annual services fee per asset, based on the agreed scope of work required for the given asset plus additional variable fees on a per hour basis and for certain travel expenses for reactive maintenance and other services that are not covered by its annual services fee. All Asset Operation Agreements will be on market terms and conditions and with providers demonstrating the necessary experience, resources and capability required to provide the required services in a manner that meets or exceeds industry standards. See Item 2.8 – Material Agreements – Asset Operation Agreements.

### *The Exempt Market Dealer*

Skyline Wealth Management Inc. (the “**Exempt Market Dealer**”) is a corporation governed by the laws of the Province of Ontario. Pursuant to the Exempt Market Dealer Agreement, the Exempt Market Dealer is responsible for acting as exempt market dealer on all offerings of Class A SCEF Units in each province and territory where the Exempt Market Dealer is registered to act as an exempt market dealer. Pursuant to the Fund Administration Services Agreement, the Exempt Market Dealer provides certain administrative and related services with respect to offerings of Class F SCEF Units. The Exempt Market Dealer receives fees pursuant to the Exempt Market Dealer Agreement for a current term, expiring in May 2023 and the Fund Administration Services Agreement for a current term expiring in December 2027. The Exempt Market Dealer Agreement and the Fund Administration Services Agreement will automatically renew for successive five-year terms unless terminated by the Fund or the Exempt Market Dealer. All of the directors and a majority of the senior officers of the Exempt Market Dealer have been involved in a broad range of investment activities over the past ten years. See Item 2.8 – Material Agreements – Exempt Market Dealer Agreement.

Some directors and officers of the Exempt Market Dealer are also Trustees of the Fund. These persons (as well as other shareholders of the Exempt Market Dealer) are also directors, officers and/or shareholders of the Managers and the General Partner. The Exempt Market Dealer and the Managers provide services to and receive fees from the Fund. The General Partner receives distributions, including the GP Share, from Skyline Clean Energy LP. Under applicable securities legislation, the Fund may be considered a connected issuer of the Exempt Market Dealer.

The decision of the Fund to distribute SCEF Units and the determination of the terms of the Offering were made independently of the Exempt Market Dealer, the Managers and the General Partner. The Managers and the General Partner will not receive any benefit in connection with the Offering. The Exempt Market Dealer will not receive any benefit in connection with this Offering other than the fees payable to the Exempt Market Dealer under the Exempt Market Dealer Agreement and the Fund Administration Services Agreement by the Fund. See Item 2.8 – Material Agreements – Exempt Market Dealer Agreement – Exempt Market Dealer’s Fees.

### *Management and Investment Strategy*

The personnel of the Asset Manager have significant experience in building and managing stable, high-quality clean energy investments, including the acquisition and disposition of assets, finance, administration, construction, and marketing and sales. These skills will permit the Fund to capitalize upon opportunities that may be unavailable to other investors who lack the requisite diversity of clean energy investment experience.

The Asset Manager will focus its acquisition strategy on good quality clean energy assets in strong markets, and will use the strength of its extensive market relationships to obtain more competitive financing, construction and maintenance services, and higher quality assets. The Asset Manager’s goal is to build a strong and growth-oriented clean energy portfolio, enhancing overall portfolio incomes by diversifying the asset-type and geography of the assets purchased.

The Asset Manager believes that clean energy assets offer an attractive investment opportunity with significant growth potential. The ability to acquire good quality, well located assets, with a focus on long-term contracts, will allow the Asset Manager to enhance the underlying portfolio's cash flow and investor returns. As well, as the Fund grows through the acquisition of new clean energy assets and the issuance of additional Units, the Fund will increase the stability of its income stream.

The Fund may acquire existing clean energy projects, in whole or in part, from related or unrelated parties. The Fund may operate clean energy assets on its own behalf or in conjunction with related or unrelated parties.

When considering the potential acquisition of clean energy assets from third parties, the Fund will review, without limitation, the following matters:

- all required permits and applicable approvals issued;
- power purchase agreements;
- electricity connection agreement with the local electricity distribution company in good standing;
- third party engineering approvals (where applicable);
- quality of equipment and the quality of service and support in respect of such equipment;
- inclusion of real-time energy production and performance monitoring software;
- anticipated financial returns relative to the Fund's current targets;
- acceptance and approval by the Fund's lenders for long-term debt financing; and
- acceptance and approval by the Fund's commercial insurance suppliers.

### **2.3 Development of Business**

Since being created on May 3, 2018, through strategic acquisitions, Skyline Clean Energy LP has amassed a rooftop, ground-mount and development solar portfolio comprised of 78 assets as described in Item 2.2. The Solar Portfolio provides a source of stable and secure cash flow and represent a significant base to anchor Skyline Clean Energy LP's portfolio of clean energy assets.

In 2021, the Fund expanded into the biogas industry. Skyline Clean Energy LP owns interests in two of the largest AD facilities in Canada which diversifies the Fund's portfolio into new geographic energy markets with significant growth potential and provides access to new revenue streams.

The Fund's Total Assets Under Management<sup>1</sup> has grown from \$0 at the Fund's inception to two hundred and eighty-seven million dollars (\$287M) as of January 31, 2023, funded by revenues from operations, and prudent placements of debt and equity.

Note:

(1) Prior to December 1, 2020, the Fund only reported on "Total Assets" as a metric based on the value on the IFRS compliant balance sheet. This meant joint venture assets were reported as equity investments on a net asset basis, as opposed to reporting both the equity and debt portion of joint venture assets. As of December 1, 2020, the Fund began reporting Total Assets Under Management

as a further metric. The Fund believes reporting Total Assets Under Management is more reflective of the actual total value of the assets that the Fund owns, as well as the credit risk associated with these assets than “Total Assets”.

## 2.4 Long Term Objectives

The long-term objectives of the Fund are: (i) to provide Unitholders with a growing indirect investment opportunity in a diversified portfolio of income-producing clean energy assets; (ii) to enhance operating income; and (iii) to maximize Unit value through the ongoing management of the Fund’s investments.

The costs associated with achieving the Fund’s long-term objectives include customary costs incurred in connection with the acquisition, financing, development and management of clean energy assets, distributions payable to the General Partner and fees payable to the Asset Manager, Asset Operators and the Exempt Market Dealer. See Item 2.1 – Structure – Skyline Clean Energy LP Agreement – Partnership Distributions and Item 2.8 – Material Agreements – Asset Management Agreement and Exempt Market Dealer Agreement.

The Fund cannot guarantee that its long-term objectives will be met. Results will vary and are subject to numerous risks. A Unitholder may experience a complete loss of its investment. See Item 10 – Risk Factors.

## 2.5 Short Term Objectives and How We Intend to Achieve Them

The primary objectives of the Fund in the ensuing 12 months are to raise sufficient funds through this continuous Offering in order to repay the Acquisition and Operating Facility and to execute its strategy of growing its asset base as opportunities arise and maximizing the value of the Fund.

The following table discloses how the Fund intends to meet these objectives:

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
Raise sufficient funds through this continuous Offering in order to repay the Acquisition and Operating Facility and execute the strategy of growing the asset base as opportunities arise and maximizing the value of the Fund.	Periodically throughout the next 12 months	See “Use of Available Funds”

## 2.6 Insufficient Funds

The funds available as a result of this Offering may not be sufficient to accomplish all of the proposed objectives of the Fund and there is no assurance that alternative financing will be available.

## 2.7 Additional Disclosure for Issuers Without Significant Revenue

The Fund has had significant revenue in its two most recently completed financial years and no additional disclosure is required.

## 2.8 Material Contracts

The following is a list and description of all material contracts to which the Fund is currently a party or with a related party, which have been entered into by the Fund.

## Declaration of Trust

### *General*

The Fund is an unincorporated open-end investment trust created by a declaration of trust made as of May 3, 2018, and most recently amended and restated as of December 5, 2022, as further amended, supplemented and/or restated from time to time (the “**Declaration of Trust**”) and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

### *Trustees*

The General Partner has the right to appoint Trustees (each, a “**Skyline Appointee**”) to serve on the board of trustees of the Fund (the “**Board**”), such that Skyline Appointees form a majority of the Board, in accordance with the Declaration of Trust. Subject to the Canadian residency requirements in the Declaration of Trust, any Skyline Appointee may be removed or changed by the General Partner at any time. Any appointment or removal of a Skyline Appointee by the General Partner must be made by the delivery to the Fund of a written instrument executed by the General Partner and the appointment or removal, as the case may be, of such Trustee shall take effect upon the later of: (i) date of receipt by the Fund of such written instrument; or (ii) the date of appointment or removal, as the case may be, described in the written instrument. The initial Skyline Appointees are Jason Castellan and Wayne Byrd.

The Fund was required to appoint one Independent Trustee on the date upon which the Total Assets of the Fund first reached one hundred million dollars (\$100,000,000) (the “**Threshold Meeting**”), prior to which all Trustees were Skyline Appointees. At all times following the Threshold Meeting, the Fund must have at least one Independent Trustee. Prior to the date the Threshold Meeting was required, the Skyline Appointees considered it appropriate and desirable to add an Independent Trustee and Deborah Whale was appointed as an Independent Trustee by the Board on November 25, 2019. This appointment was confirmed by Unitholders at the Annual General Meeting of the Fund on June 22, 2021.

Notwithstanding anything else in the Declaration of Trust, but subject to the residency requirements in the Declaration of Trust, from and after the Threshold Meeting, the General Partner has the right, but not the obligation, to appoint such number of Skyline Appointees such that Skyline Appointees form a majority of the Board. For greater certainty, where, at any time for any reason Skyline Appointees do not make up a majority of the Board, the General Partner may appoint such number of Skyline Appointees such that, following such appointment, Skyline Appointees make up a majority of the Board. A vacancy occurring among the Trustees resulting from the resignation or removal of a Skyline Appointee may only be filled by the appointment of a Trustee by the General Partner as set out above.

A vacancy occurring among the Trustees (other than a vacancy resulting from the resignation or removal of a Skyline Appointee) may be filled by resolution of the remaining Trustees, so long as they constitute a quorum, or by the Unitholders at a meeting of the Unitholders called for such purpose. If a vacancy would result in the Board having no Independent Trustees (when required by the Declaration of Trust), such vacancy must be filled by an individual who qualifies as an Independent Trustee.

The Trustees shall be paid such compensation for their services as the Trustees may from time to time unanimously determine. Each of the Trustees, either directly or indirectly, is also entitled to receive remuneration for services rendered to the Fund in any other capacity. Such services may include legal, accounting or other professional services or services as a broker, transfer agent or underwriter, whether performed by a Trustee or any Person affiliated with a Trustee. Notwithstanding the foregoing provisions, Trustees who are employees of and who receive a salary from the Fund or any of its Subsidiaries shall not be entitled to receive any remuneration for their services as Trustees but shall be entitled to reimbursement from the Fund of their out-of-pocket expenses incurred in acting as a Trustee.

### *Trustees' Duties*

Pursuant to the Declaration of Trust, each Trustee is required to exercise his or her powers and discharge his or her duties honestly, in good faith with a view to the best interests of the Fund and the Unitholders and, in connection therewith, to exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances.

### *Conflict of Interest Restrictions and Provisions*

The Declaration of Trust contains “conflict of interest” provisions that serve to protect Unitholders without creating undue limitation on the Fund. Except for the Asset Management Agreement, the Skyline Clean Energy LP Agreement, the Asset Transfer Agreement, the Exchange Agreement, the Exempt Market Dealer Agreement and any agreement entered into with the Asset Operator to provide operation and maintenance services to Skyline Clean Energy LP and/or any of its Subsidiaries (provided such operation and maintenance agreement is entered into on market terms), if a Trustee or officer of the Fund: (i) is a party to a material contract or transaction (a “**Material Transaction**”) or proposed Material Transaction with the Fund or any of its Subsidiaries; or (ii) is a director, trustee or officer of, or otherwise has a material interest in, any Person or in any affiliate, Related Party or Subsidiary of any Person who is a party to a Material Transaction or proposed Material Transaction with the Fund or its Subsidiaries, such Trustee or officer must disclose in writing to the Trustees or request to have entered into the minutes of meetings of the Trustees, the nature and extent of such interest as follows:

- (a) the disclosure required in the case of a Trustee or officer of the Fund shall be made:
  - 1) at the meeting of Trustees at which a proposed Material Transaction is first considered;
  - 2) if the Trustee was not then interested in a proposed Material Transaction, forthwith after he becomes so interested;
  - 3) if the Trustee becomes interested after a Material Transaction is entered into, forthwith after he becomes so interested; or
  - 4) if an individual who is interested in a Material Transaction later becomes a Trustee, forthwith after he becomes a Trustee;
- (b) a Trustee referred to in subsection (a), above, shall not vote on any resolution to approve the Material Transaction unless the Material Transaction is:
  - 1) one relating primarily to his remuneration as a Trustee, officer, employee or agent of the Fund; or
  - 2) one for indemnity under the Declaration of Trust or the purchase of liability insurance.
- (c) where a Material Transaction is entered into between the Fund and a Trustee or an officer of the Fund, or between the Fund and another Person or any affiliate, Related Party or Subsidiary of such other Person in which a Trustee or an officer of the Fund has a material interest:
  - 1) such Trustee or officer of the Fund is not accountable to the Fund or to the Unitholders for any profit or gain realized from the Material Transaction; and
  - 2) the Material Transaction is neither void nor voidable, by reason only of that relationship or by reason only that such Trustee or officer is present at or is counted to determine the presence of a quorum at the meeting of the Trustees or a committee

that authorized the Material Transaction, if such Trustee or officer of the Fund disclosed his interest in accordance with subsection (a), above, and the Material Transaction was reasonable and fair to the Fund at the time it was approved;

- (d) notwithstanding anything in these conflict of interest provisions, but without limiting the effect of subsection (c), above, a Trustee or an officer of the Fund, acting honestly and in good faith, is not accountable to the Fund or to the Unitholders for any profit or gain realized from any such Material Transaction by reason only of his holding such office or position, and the Material Transaction, if it was reasonable and fair to the Fund at the time it was approved, is not by reason only of such Trustee's or officer's interest therein void or voidable, where:
  - 1) the Material Transaction is confirmed or approved at a meeting of the Unitholders duly called for that purpose; and
  - 2) the nature and extent of such Trustee's or officer's interest in the Material Transaction are disclosed in reasonable detail in the notice calling the meeting or in any information circular to be provided by this Declaration of Trust or by law; and
- (e) subject to subsections (c) and (d) above, where a Trustee or an officer of the Fund fails to disclose his interest in a Material Transaction in accordance with this Declaration of Trust or otherwise fails to comply with these conflict of interest provisions, the Trustees or any Unitholder, in addition to exercising any other rights or remedies in connection with such failure exercisable at law or in equity, may apply to a court for an order setting aside the Material Transaction and directing that such Trustee or officer account to the Fund for any profit or gain realized.

#### ***Independent Trustee Approval Matters***

Notwithstanding anything else contained in the Declaration of Trust to the contrary, in addition to requiring the approval of a majority of the Trustees, at any time when there are Independent Trustees, the approval of not less than a majority of the Independent Trustees (given by vote at a meeting of Trustees or by written consent) is required with respect to any decision:

- (a) to enter into any agreement, or to permit Skyline Clean Energy LP to enter into any agreement (other than the Exempt Market Dealer Agreement, the Asset Transfer Agreement, the Skyline Clean Energy LP Agreement, the Asset Management Agreement, the Exchange Agreement or any agreement entered into with the Asset Operator to provide operation and maintenance services to Skyline Clean Energy LP and/or any of its Subsidiaries (provided such operation and maintenance agreement is entered into on market terms)) or transaction in which any Related Party has a material interest or make a material change to any such agreement or transaction;
- (b) relating to a claim by or against any Related Party;
- (c) relating to a claim in which the interests of a Related Party differ from the interests of the Fund;
- (d) to permit a Subsidiary to acquire any property in which a Related Party has an interest or to sell any interest in any property to a Related Party;
- (e) to approve or enforce any agreement entered into by the Fund or any of its Subsidiaries with: (i) a Trustee who is not an Independent Trustee; (ii) an associate of a Trustee who is not an Independent Trustee; (iii) any other Subsidiary; or (iv) any Related Party;

- (f) granting Units under any unit incentive or unit compensation plan approved by the Trustees and, if required, by the Unitholders or awarding any right to acquire or other right or interest in the Units or securities convertible into or exchangeable for Units under any plan approved by the Trustees and, if required, by the Unitholders;
- (g) recommending to the holders of the Units to increase the number of Trustees serving on the Board or authorizing the Trustees to change the number of Trustees from time to time; and
- (h) determining the compensation of any officer or employee of the Fund.

In addition, the Trustees shall obtain a valuation in respect of any property that Skyline Clean Energy LP or any other Subsidiary intends to purchase from or sell to a Related Party prepared by a valuator engaged by, and prepared under the supervision of, all Trustees or a committee of two or more Independent Trustees who have no interest in such transaction. In addition, the Fund shall not permit Skyline Clean Energy LP or any other Subsidiary to effect a transaction with a Related Party unless the transaction is determined to be on commercially reasonable terms by, and is approved by, a majority of the Trustees and, if at such time there are any Independent Trustees, a majority of the Independent Trustees who have no interest in such transaction.

#### *Finance Committee*

From and after the date of the Threshold Meeting, the Trustees must constitute a finance committee (the “**Finance Committee**”). When constituted, the Finance Committee will consist of three members who must meet the following criteria: (i) at any time there is no Independent Trustee who is a resident Canadian, all Trustees who are resident Canadians; (ii) at any time there is only one Independent Trustee who is a resident Canadian, such Independent Trustee and two other Trustees who are resident Canadians; (iii) at any time there are two Independent Trustees who are resident Canadians, both such Independent Trustees and one other Trustee who is a resident Canadian; and (iv) at any time there are three or more Independent Trustees who are resident Canadians, three Independent Trustees who are resident Canadians. The Finance Committee shall choose its Chair from amongst its members; provided that if the Finance Committee has one or more Independent Trustees, the Chair must be an Independent Trustee. The Finance Committee shall: (A) review the Fund’s procedures for internal control with the Accountants and Chief Financial Officer of the Fund; (B) review the engagement of the Accountants; (C) review and recommend to the Trustees for their approval annual and quarterly financial statements and management’s discussion and analyses of financial condition and results of operation; (D) assess the Fund’s financial and accounting personnel; and (E) review any significant transactions outside the Fund’s ordinary activities and all pending litigation involving the Fund. Questions arising at any meeting of the Finance Committee shall be decided by a majority of the votes cast, which majority must, where there is only one Independent Trustee, include the Independent Trustee. Decisions may be taken by written consent signed by all of the members of the Finance Committee.

#### *Investment Committee*

The Declaration of Trust provides for the appointment by the Trustees of an investment committee (the “**Investment Committee**”), as they in their discretion determine necessary or desirable, to consider, authorize and approve proposed acquisitions, dispositions, financings, refinancings and other proposed transactions on behalf of the Fund (collectively, “**Transactions**”). Where there is no Investment Committee, the Trustees are responsible for making such decisions; provided that the Trustees may approve an investment plan for the Fund and delegate to any one or more Trustees, officers, employees or agents of the Fund (“**Delegates**”), the authority to consider, authorize and approve proposed Transactions for and on behalf of the Fund as the Delegates, in their discretion, determine necessary or desirable, always within the parameters of any approved investment plan.



## *Investment Guidelines*

The Declaration of Trust provides for certain investment guidelines for investments that may be made by the Fund.

Notwithstanding anything contained in the Declaration of the Trust to the contrary, the assets of the Fund may be invested only, and the Fund shall not permit the assets of any of its Subsidiaries to be invested otherwise than, in accordance with the following investment guidelines:

- (a) the Fund shall focus its activities primarily on making investments in corporations, limited partnerships and trusts that are engaged primarily in the acquisition, development and operation of income-producing clean energy projects and ancillary ventures ("**Focus Activities**");
- (b) notwithstanding anything contained in the Declaration of Trust to the contrary, no investment shall be made that would result in:
  - (i) units of the Fund being disqualified for investment by registered retirement savings plans ("**RRSP**"), registered retirement income funds ("**RRIF**"), registered education savings plans ("**RESP**"), deferred profit-sharing plans ("**DPSP**"), registered disability savings plans ("**RDSP**") or tax-free savings accounts ("**TFSA**") at any time after the date on which the Fund has over 150 Unitholders; or
  - (ii) the Fund ceasing to qualify as a "mutual fund trust" for purposes of the Tax Act or becoming a SIFT trust for the purposes of the Tax Act;
- (c) no indebtedness shall be incurred or assumed if, after giving effect to the incurring or assumption thereof of the indebtedness, the total liabilities of the Fund (excluding any puttable financial instruments under IFRS that are convertible into equity) as a percentage of the Total Assets, would be more than 85%;
- (d) unless otherwise permitted in these investment guidelines and except for (i) temporary investments held in cash, (ii) deposits with a Canadian or U.S. chartered bank or trust company registered under the laws of a province of Canada, (iii) short-term government debt securities or money market instruments of, or guaranteed by, a Schedule I Canadian chartered bank maturing prior to one year from the date of issue, the Fund, directly or indirectly, may not hold securities other than (I) currency or interest rate futures contracts for hedging purposes to the extent that such hedging activity complies with the National Instrument 81-102 *Investment Funds* or any successor instrument or rule; and (II) securities issued by a corporation or limited partnership interests provided either (A) such securities or interests derive their value, directly or indirectly, principally from clean energy assets, or (B) the principal business of the corporation or limited partnership is the ownership or operation, directly or indirectly, of clean energy assets;
- (e) notwithstanding any other provisions of these investment guidelines, the securities of a reporting issuer in Canada may be acquired provided that the activities of the issuer are focused on Focus Activities; and
- (f) notwithstanding any other provisions of the Declaration of Trust, investments may be made which do not comply with the restrictions in subsections (a) to (d), above, provided (i) the aggregate value thereof does not exceed 20% of the Total Assets; and (ii) the making of such investment would not contravene subsection (b), above.

For the purpose of the foregoing restrictions, the assets, liabilities and transactions of a Person wholly or partially owned by the Fund will be deemed to be those of the Fund on a proportionate consolidated basis.

### *Operating Policies*

The operations and affairs of the Fund must be conducted in accordance with the following operating policies and the Fund must not permit any Subsidiary to conduct its operations and affairs other than in accordance with the following policies:

- (a) the Fund will not directly or indirectly guarantee any indebtedness or liabilities of any Person unless such guarantee is given in connection with or incidental to an investment that is otherwise permitted under the investment guidelines set out above or these operating policies, or in circumstances where the guarantee would result in the Fund ceasing to qualify as a mutual fund trust pursuant to the Tax Act; and
- (b) at all times insurance coverage will be obtained and maintained in respect of potential liabilities of the Fund and the accidental loss of value of the assets of the Fund from risks, in amounts and with such insurers, in each case as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable assets.

For the purpose of the foregoing operating policies, the assets, indebtedness, liabilities and transactions of a corporation, trust, partnership or other entity in which the Fund has an interest, directly or indirectly, will be deemed to be those of the Fund on a proportionate consolidated basis.

### *Amendments to Investment Guidelines and Operating Policies*

Subject to Declaration of Trust, any of the Fund's investment guidelines may be amended only by the vote of a two-thirds majority of the votes cast at a meeting of the Unitholders called for that purpose. Subject to the Declaration of Trust, the Fund's operating policies may be amended by the vote of a majority of the votes cast at a meeting of the Unitholders called for that purpose.

Notwithstanding the foregoing, the Trustees may amend, or, with respect to any one transaction override, certain of the Fund's investment guidelines (other than the investment guidelines described in Item 2.8 - Material Agreements - Declaration of Trust - Investment Guidelines (a) or (b)), provided that they unanimously agree that to do so is in the best interests of the Fund, and provided that the Trustees forthwith notify all Unitholders of the amendment(s).

### *Amendments to Declaration of Trust*

Subject to certain exceptions in the Declaration of Trust, the Declaration of Trust may be amended only by the vote of at least two-thirds of votes cast at a meeting of the Unitholders called for that purpose. Without limiting the generality of the foregoing, the following amendments will require the approval of at least two-thirds of the votes cast by all Unitholders at said meeting:

- I. an exchange, reclassification or cancellation of all or part of the Units;
- II. the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units including, without limiting the generality of the foregoing: (i) the removal or change of rights to distributions; or (ii) the addition or removal of or change to conversion privileges, redemption privileges, voting, transfer or pre-emptive rights;
- III. the creation of new rights or privileges attaching to the Units; and

IV. any change to the existing constraints on the issue, transfer or ownership of the Units.

A majority of all Trustees and, if at such time there are any Independent Trustees, including a majority of the Independent Trustees may, without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments:

- (a) for the purpose of ensuring continuing compliance with applicable laws (including the Tax Act), regulations, requirements or policies of any governmental authority having jurisdiction over: (1) the Trustees or over the Fund; (2) the status of the Fund as a “mutual fund trust” under the Tax Act; or (3) the distribution of Units;
- (b) which, in the opinion of the Trustees, acting reasonably, are necessary to maintain the rights of the Unitholders set out in the Declaration of Trust;
- (c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;
- (d) which, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation or other laws or the administration or enforcement thereof;
- (e) for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) which, in the opinion of the Trustees, are not prejudicial to the Unitholders and are necessary or desirable;
- (f) deemed necessary or advisable to ensure that the Fund has not been established nor maintained primarily for the benefit of persons who are not resident Canadians; and
- (g) to implement any distribution reinvestment plan or any amendments thereto.

In no event may the Trustees amend the Declaration of Trust if such amendment would (i) amend the amending provisions of the Declaration of Trust; (ii) amend the Unitholders’ voting rights; (iii) cause the Fund to fail or cease to qualify as a “mutual fund trust” under the Tax Act or to be subject to tax under Part XII.2 of the Tax Act; or (iv) result in the Fund becoming a “SIFT trust” for the purposes of the Tax Act.

#### *Term of the Fund*

Unless the Fund is sooner terminated as otherwise provided in the Declaration of Trust, the Fund shall continue in full force and effect so long as any property of the Fund is held by the Trustees, and the Trustees shall have all the powers and discretions, expressed and implied, conferred upon them by law or by the Declaration of Trust. Notwithstanding the foregoing, the Fund will terminate on the date which is 21 years after the date of the death of the last survivor of the issue alive at the date the Fund was formed of Her Majesty Queen Elizabeth II. The Fund may be terminated by the vote of at least two-thirds of the votes cast at a meeting of the Unitholders called for that purpose.

Upon the termination of the Fund, the liabilities of the Fund must be discharged with due speed, the net assets of the Fund must be liquidated and the proceeds distributed to the Unitholders in accordance with

their entitlements as provided in the Declaration of Trust. Such distribution may be made in cash or in kind or partly in each, all as the Trustees in their sole discretion may determine.

## **Asset Management Agreements**

### *Primary Asset Management Agreement*

The Primary Asset Management Agreement was entered into between the Asset Manager and Skyline Clean Energy LP on May 3, 2018 and amended and restated effective as of January 1, 2023. Pursuant to the Primary Asset Management Agreement, the Asset Manager has been engaged by Skyline Clean Energy LP to provide advisory, administrative and asset management services to Skyline Clean Energy LP to support the business of Skyline Clean Energy LP. See Item 2.2 – Our Business – Management of the Fund – The Asset Manager. The main provisions of the Primary Asset Management Agreement are summarized below.

Pursuant to the Primary Asset Management Agreement, the Asset Manager will provide advisory, administrative and asset management services to Skyline Clean Energy LP for a term of five (5) years, expiring in 2023. The Primary Asset Management Agreement will automatically renew for a further five-year term unless terminated by Skyline Clean Energy LP or the Asset Manager in accordance with the terms thereof. The Primary Asset Management Agreement may be terminated at any time by Skyline Clean Energy LP in the event of a material breach by the Asset Manager of its obligations under the Primary Asset Management Agreement, the commission by the Asset Manager or any of its agents or employees of any act constituting fraud, misconduct, breach of fiduciary duty, gross negligence or a willful breach of applicable laws or an event of insolvency occurring with respect to the Asset Manager.

Skyline Clean Energy LP may terminate the Primary Asset Management Agreement without cause upon not less than 60 days' written notice to the Asset Manager.

The Primary Asset Management Agreement may be terminated by the Asset Manager on 60 days' notice to Skyline Clean Energy LP as a result of a material breach by Skyline Clean Energy LP of its obligations under the Primary Asset Management Agreement or an event of insolvency with respect to Skyline Clean Energy LP.

Subject to the Primary Asset Management Agreement, in the event: (a) Skyline Clean Energy LP terminates the Primary Asset Management Agreement without cause; or (b) the Asset Manager terminates the Primary Asset Management Agreement as aforesaid, Skyline Clean Energy LP shall pay the Asset Manager, in addition to all accrued but unpaid fees and reimbursable costs payable to the Asset Manager to the date of termination, a make-whole payment (the "**Termination Make-Whole**") in an amount to be elected by the Asset Manager equal to either:

- (a) the total Management Fee paid or payable to the Asset Manager for the 12-month period ending on the relevant Calculation Date, divided by 12, and multiplied by 18; or
- (b) the Participation Fee that would have been payable to the Asset Manager had a Disposition Transaction, in which all of Skyline Clean Energy LP's Business Assets were sold in an asset transaction at 100% of the Fair Market Value thereof, occurred on the relevant Calculation Date.

For the purposes of the foregoing calculation, the "**Calculation Date**" is last day of the calendar month prior to the month in which either Skyline Clean Energy LP or the Asset Manager, as the context requires, gives a termination notice to the other party.

The Asset Manager must provide written notice to Skyline Clean Energy LP (a "**Termination Make-Whole Notice**") no later than thirty (30) days' prior to the date of termination described in the relevant termination notice choosing either the payment described in subsection (a) or (b), above.

For purposes of determining “**Fair Market Value**”, if the Asset Manager chooses the payment described in subsection (b), above, the parties shall negotiate in good faith for a period of ten (10) Business Days following the date of the Termination Make-Whole Notice with a view to agreeing on the fair market value of the Business Assets as of the relevant Calculation Date. Failing an agreement as to the fair market value, the parties shall appoint an independent qualified appraiser to make such determination, or if the parties cannot agree on an independent qualified appraiser, either party may request arbitration and parties shall instruct the arbitrator, once chosen, to choose the independent qualified appraiser, with the cost of the appraiser to be deducted from the Termination Make-Whole.

All accrued but unpaid fees, reimbursement costs, if any, and the Termination Make-Whole, shall be payable to the Asset Manager no later than the later of thirty (30) days: (i) after the termination date described in the relevant termination notice; and (ii) after the date upon which the Fair Market Value is finally determined, and the Asset Manager shall have no further remedy or recourse save and except for any indemnity provided in the Primary Asset Management Agreement.

### *SkyMar Asset Management Agreement*

The SkyMar Asset Management Agreement was entered into between the Asset Manager and SkyMar Biogas Holdings LP, an 80% owned Subsidiary of Skyline Clean Energy LP effective as of January 1, 2023. Pursuant to the SkyMar Asset Management Agreement, the Asset Manager has been engaged by SkyMar Biogas Holdings LP to provide advisory, administrative and asset management services to SkyMar Biogas in relation to business of the SkyMar Biogas Holdings LP and its Subsidiaries.. See Item 2.2 – Our Business – Management of the Fund – The Asset Manager. The main provisions of the SkyMar Asset Management Agreement are summarized below.

Pursuant to the SkyMar Asset Management Agreement, the Asset Manager will provide advisory, administrative and asset management services to SkyMar Biogas Holdings LP for a term of five (5) years, expiring in 2028. The SkyMar Asset Management Agreement will automatically renew for a further five-year term unless terminated by SkyMar Biogas Holdings LP or the Asset Manager in accordance with the terms thereof. The SkyMar Asset Management Agreement may be terminated at any time by SkyMar Biogas Holdings LP in the event of a material breach by the Asset Manager of its obligations under the SkyMar Asset Management Agreement, the commission by the Asset Manager or any of its agents or employees of any act constituting fraud, misconduct, breach of fiduciary duty, gross negligence or a willful breach of applicable laws or an event of insolvency occurring with respect to the Asset Manager.

SkyMar Biogas Holdings LP may terminate the SkyMar Asset Management Agreement without cause upon not less than 60 days’ written notice to the Asset Manager.

The SkyMar Asset Management Agreement may be terminated by the Asset Manager on 60 days’ notice to SkyMar Biogas Holdings LP as a result of a material breach by SkyMar Biogas Holdings LP of its obligations under the SkyMar Asset Management Agreement or an event of insolvency with respect to SkyMar Biogas Holdings LP.

Subject to the SkyMar Asset Management Agreement, in the event: (a) SkyMar Biogas Holdings LP terminates the SkyMar Asset Management Agreement without cause; or (b) the Asset Manager terminates the SkyMar Asset Management Agreement as aforesaid, SkyMar Biogas Holdings LP shall pay the Asset Manager, in addition to all accrued but unpaid fees and reimbursable costs payable to the Asset Manager to the date of termination, a make-whole payment (the “**Termination Make-Whole**”) in an amount equal to the total Management Fee paid or payable to the Asset Manager for the 12-month period ending on the relevant Calculation Date, divided by 12, and multiplied by 18.

For the purposes of the foregoing calculation, the “**Calculation Date**” is last day of the calendar month prior to the month in which either SkyMar Biogas Holdings LP or the Asset Manager, as the context

All accrued but unpaid fees, reimbursement costs, if any, and the Termination Make-Whole, shall be payable to the Asset Manager no later than thirty (30) days after the termination date described in the relevant termination notice and the Asset Manager shall have no further remedy or recourse save and except for any indemnity provided in the SkyMar Asset Management Agreement.

### *Asset Manager's Duties*

Among other duties, the Asset Manager is responsible for: (i) identifying, structuring and negotiating acquisitions of Target Assets; (ii) administering and managing all Business Assets; (iii) identifying, structuring and negotiating acquisitions, dispositions and financings with respect to Business Assets and managing due diligence in connection therewith; (iv) maintaining the books and financial records of Skyline Clean Energy LP and SkyMar Biogas Holdings LP; (v) preparing or overseeing the preparation of business plans for presentations to Skyline Clean Energy LP and SkyMar Biogas Holdings LP; (vi) preparing reports and other disclosure documents with respect to the Business Assets for Skyline Clean Energy LP and SkyMar Biogas Holdings LP; (vii) advising Skyline Clean Energy LP and SkyMar Biogas Holdings LP on strategic matters relating to Business Assets, Target Assets and value maximization; (viii) advising Skyline Clean Energy LP and SkyMar Biogas Holdings LP on the purchase or sale or restructuring of any Business Assets or any interest therein; (ix) providing advice and assistance in connection with borrowings by Skyline Clean Energy LP and SkyMar Biogas Holdings LP and their respective Subsidiaries, including representing Skyline Clean Energy LP, SkyMar Biogas Holdings LP and their respective Subsidiaries in their dealings with banks and other lenders, investment dealers, and institutions in respect of any Business Assets or Target Assets; (x) conducting day-to-day relations on behalf of Skyline Clean Energy LP and SkyMar Biogas Holdings LP with third parties, suppliers, joint venturers, lenders, brokers, consultants, advisors, accountants, lawyers, insurers and appraisers with respect to Business Assets and Target Assets; (xi) assisting in preparing designations, allocations, elections and determinations (with or without the help of qualified consultants) to be made in connection with the income and capital gains of Skyline Clean Energy LP and SkyMar Biogas Holdings LP for tax and accounting purposes; (xii) preparing all reports reasonably requested by Skyline Clean Energy LP and SkyMar Biogas Holdings LP, including operational reporting such as cash flow by Business Asset and asset type and executive summaries by asset type outlining asset issues; (xiii) furnishing or causing to be furnished, and supervising the performance of, the clerical and administrative services necessary to the administration of Skyline Clean Energy LP and SkyMar Biogas Holdings LP and the performance of its obligations under the Asset Management Agreements including, without limitation, the provision of office space and office equipment, personnel for the performance of such services, the maintenance of proper books and records for Skyline Clean Energy LP and SkyMar Biogas Holdings LP, and generally all matters relating to the receipt and disbursement of the property of Skyline Clean Energy LP and SkyMar Biogas Holdings LP; and (xiv) either providing operation and maintenance services in respect of the Business Assets or overseeing and directing on behalf of Skyline Clean Energy LP or SkyMar Biogas Holdings LP any third party engaged to provide operation and maintenance services in respect of the Business Assets.

### *Asset Manager's Fees*

#### *Primary Asset Management Fees*

In consideration for the services provided by the Asset Manager to Skyline Clean Energy LP under the Primary Asset Management Agreement, the Asset Manager is entitled to: (a) a monthly management fee (the "**Primary Asset Management Fee**") equal to 2% of Adjusted Gross Revenues from Business Assets exclusive of those held by SkyMar Biogas Holdings LP or any Subsidiary thereof; (b) a property management fee for Business Assets exclusive of those held by SkyMar Biogas Holdings LP or any Subsidiary thereof (the "**Property Management Fees**"), calculated and paid monthly, based on an annual maximum of: (i) \$2,500 per asset plus \$5 / kW DC plus applicable HST for assets acquired on and after January 1, 2020; and (ii) \$1,000 per asset plus \$2 / kW DC plus applicable HST for assets acquired prior to January 1, 2020; provided that the Asset Manager may, in its discretion, chose to lower the amount of

Property Management Fees charged on certain assets<sup>(1)</sup>; (c) an operations and maintenance fee for Business Assets exclusive of those held by SkyMar Biogas Holdings LP or any Subsidiary thereof (the “**O&M Fees**”), calculated and paid monthly based on a maximum of \$1,500 per asset plus reimbursement of: (i) market costs incurred for outsourced preventative maintenance and corrective maintenance, or, (ii) where preventative maintenance or corrective maintenance are performed by ACDC, a related party, in accordance with a fee scheduled approved by the Independent Trustees annually; (d) a one-time fee for debt underwriting equal to 50 basis points on the total loan value of any financing completed in respect of Business Assets, exclusive of those held by SkyMar Biogas Holdings LP or any Subsidiary thereof (the “**Primary Underwriting Fee**”); (e) a one-time fee for new development or major capital improvement projects requiring a dedicated project manager in respect of Business Assets, exclusive of those held by SkyMar Biogas Holdings LP or any Subsidiary thereof (the “**Primary Development Management Fee**”) equal to a maximum of 1% of the total project value; (f) a one-time fee for Target Assets which are acquired, excluding those acquired by SkyMar Biogas Holdings LP or any Subsidiary thereof (the “**Primary Acquisition Fee**”), equal to a maximum of 1% of the total deal value, which is calculated as the equity consideration for the transaction plus the amount of assumed debt, adjusted for the ownership percentage and paid upon completion of the acquisition; and (g) a participation fee (a “**Participation Fee**”) in respect of any Disposition Transaction equal to:

- (a) where such Disposition Transaction is the sale of a Business Asset in an asset transaction, 20% of the amount by which the Disposition Proceeds for such Business Asset exceeds the Cost Base of such Business Asset; and
- (b) where the Disposition Transaction is the sale of shares or ownership units of a Holding Entity, 20% of the amount by which the Disposition Proceeds for such shares or ownership units exceeds the Cost Base of the Business Assets held by such Holding Entity,

such Cost Base to be determined on a *pro rata* basis if the Disposition Transaction is for less than all of the shares or ownership units of the Holding Entity or if Skyline Clean Energy LP or a Subsidiary is not the sole owner of the Business Asset, plus HST.

The Primary Adjusted Gross Revenues for any given month will be calculated as of the last day of such month and the Primary Asset Management Fee payable thereon shall be calculated as of the last day of such calendar month and paid in arrears within 30 days after the calculation date. The Property Management Fees and O&M Fees for any given month will be calculated as of the last day of such month and paid in arrears within 30 days after the calculation date. In the event that the Asset Manager is not providing services to Skyline Clean Energy LP for all or part of an entire month, the Primary Asset Management Fees, Property Management Fees and the O&M Fees payable to the Asset Manager for such month will be prorated to reflect the portion of the month during which the Asset Manager is acting in such capacity.

Skyline Clean Energy LP shall calculate and pay: (a) any Primary Underwriting Fee on or before the fifteenth (15th) Business Day following the completion of the relevant financing transaction; (b) any Primary Development Management Fee on or before the fifteenth (15th) Business Day following the completion of the relevant project; (c) any Primary Acquisition Fee on or before the fifteenth (15th) Business Day following the completion of the relevant acquisition transaction; and (d) any Participation Fee on or before the fifteenth (15th) Business Day following the completion of the relevant Disposition Transaction.

Notes:

- (1) The Asset Manager has reduced the applicable Property Management Fee in relation to the assets located at: (a) 336 Port Ryerse Rd., Simcoe, Ontario and (b) 1414 Windham Road 13, Simcoe, Ontario which in spite of being acquired after January 1, 2020 are only assessed based on \$1,000 per asset plus \$2/kW DC plus applicable HST.

### ***SkyMar Asset Management Fees***

In consideration for the services provided by the Asset Manager to SkyMar Biogas Holdings LP under the SkyMar Asset Management Agreement, the Asset Manager is entitled to: (a) a monthly management fee (the “**SkyMar Asset Management Fee**”) equal to 2% of Adjusted Gross Revenues from Business Assets held by SkyMar Biogas Holdings LP or any Subsidiary thereof; (b) a one-time fee for debt underwriting equal to 50 basis points on the total loan value of any financing completed in respect of Business Assets, held by SkyMar Biogas Holdings LP or any Subsidiary thereof (the “**SkyMar Underwriting Fee**”); (c) a one-time fee for new development or major capital improvement projects requiring a dedicated project manager in respect of Business Assets held by SkyMar Biogas Holdings LP or any Subsidiary thereof (the “**SkyMar Development Management Fee**”) equal to a maximum of 1% of the total project value; and (d) a one-time fee for Target Assets which are acquired by SkyMar Biogas Holdings LP or any Subsidiary thereof (the “**SkyMar Acquisition Fee**”), equal to a maximum of 1% of the total deal value, which is calculated as the equity consideration for the transaction plus the amount of assumed debt, adjusted for the ownership percentage and paid upon completion of the acquisition.

The SkyMar Adjusted Gross Revenues for any given month will be calculated as of the last day of such month and the SkyMar Asset Management Fee payable thereon shall be calculated as of the last day of such calendar month and paid in arrears within 30 days after the calculation date. In the event that the Asset Manager is not providing services to SkyMar Biogas Holdings LP for all or part of an entire month, the SkyMar Asset Management Fees payable to the Asset Manager for such month will be prorated to reflect the portion of the month during which the Asset Manager is acting in such capacity.

SkyMar Biogas Holdings LP shall calculate and pay: (a) any SkyMar Underwriting Fee on or before the fifteenth (15th) Business Day following the completion of the relevant financing transaction; (b) any SkyMar Development Management Fee on or before the fifteenth (15th) Business Day following the completion of the relevant project; and (c) any SkyMar Acquisition Fee on or before the fifteenth (15th) Business Day following the completion of the relevant acquisition transaction.

### ***Asset Management Fees Generally***

The Asset Manager is responsible for all of its operating and administrative expenses and other costs, excluding any reimbursement costs (described below), including without limitation: (a) employment expenses of its personnel including, but not limited to, salaries, wages and the costs of employee benefit plans and temporary help; (b) rent, telephone, utilities, office furniture, equipment and machinery and other office expenses of the Asset Manager; and (c) miscellaneous administrative expenses related to the performance by Asset Manager of its functions.

Skyline Clean Energy LP and SkyMar Biogas Holdings LP, as applicable, are responsible for all expenses not assumed by the Asset Manager (described above) including, without limitation: (a) interest and other costs of borrowed money; (b) fees and expenses of lawyers, accountants, auditors, brokers, appraisers and other agents or consultants employed by or on behalf of Skyline Clean Energy LP or SkyMar Biogas Holdings LP; (c) fees and expenses connected with the acquisition, disposition, financing and ownership of Business Assets; (d) insurance as considered necessary for Skyline Clean Energy LP or SkyMar Biogas Holdings LP, including directors’ and officers’ liability insurance; (e) expenses in connection with any employees or independent contractors employed or retained by Skyline Clean Energy LP or SkyMar Biogas Holdings LP, including all compensation costs, benefits and severance costs; (f) expenses related to any corporate transactions in respect of Skyline Clean Energy LP or SkyMar Biogas Holdings LP, including, but not limited to, amendments to the Skyline Clean Energy LP Agreement or the limited partnership agreement in respect of SkyMar Biogas Holdings LP, reorganizations and terminations; (g)



all costs and expenses in connection with the incorporation, organization and maintenance of any corporation or partnership formed to hold Business Assets or other property of Skyline Clean Energy LP or SkyMar Biogas Holdings LP; and (h) all out-of-pocket expenses reasonably incurred by the Asset Manager in performing any of its services under the Primary Asset Management Agreement or the SkyMar Asset Management Agreement, including, without limitation, airline travel, meals, accommodation expenses of the Asset Manager (subject to pre-approved limits) and fees payable to third parties for professional reports including engineering reports, environmental tests and reports, architectural reports, appraisals and other comparable professional activities.

Senior management of the Asset Manager includes individuals who collectively have over thirty-five years of experience in investing in private enterprises. The name and municipality of residence, office held with the Asset Manager and principal occupation of each director and senior officer of the Asset Manager are as follows:

Name and Municipality of Residence	Office	Principal Occupation
Jason Scott Castellan – Centre Wellington	Vice President and Director	Chief Executive Officer for the Skyline Group of Companies
Martin Julian Castellan – Township of Eramosa	Secretary and Director	Chief Administrative Officer for the Skyline Group of Companies
Roy (Jason) Ashdown – Centre Wellington	Vice President and Director	Chief Operating Officer for the Skyline Group of Companies
Wayne Brian Byrd – Centre Wellington	Treasurer and Director	Chief Financial Officer for the Skyline Group of Companies
Robert James Stein – Puslinch Township	President	President of the Asset Manager
Michael Peter Bonneveld – Centre Wellington	Vice President	President of Skyline Commercial Real Estate Investment Trust

#### **Other Asset Operation and Asset Management Agreements**

Asset Operation Agreements and asset management agreements have been entered into between Subsidiaries of Skyline Clean Energy LP and the Asset Manager as a result of agreements required to be assumed as part of acquisition transactions where financing arrangements required they be maintained. Any fees paid to the Asset Manager under such Asset Operation Agreements and asset management agreements are reconciled annually with any fees payable under the Primary Asset Management Agreement such that the fees payable under the Primary Asset Management Agreement will govern.

#### **Exempt Market Dealer Agreement and Fund Administration Services Agreement**

The Exempt Market Dealer Agreement was entered into between the Exempt Market Dealer and the Fund effective May 3, 2018 and amended and restated mostly recently effective December 12, 2022. Pursuant to

the Exempt Market Dealer Agreement, the Exempt Market Dealer is responsible for acting as exempt market dealer on all offerings of Class A SCEF Units in each province or territory where the Exempt Market Dealer is registered to act as an exempt market dealer, as described below. See Item 2.2 – Our Business – Management of the Fund – The Exempt Market Dealer. The main provisions of the Exempt Market Dealer Agreement are summarized below. The Exempt Market Dealer is a related party to the Fund.

The Exempt Market Dealer Agreement has a current term of five (5) years, expiring in May 2023. The Exempt Market Dealer Agreement will continue to automatically renew for successive 5-year terms unless terminated by the Fund or the Exempt Market Dealer in accordance with the Exempt Market Dealer Agreement. The Exempt Market Dealer Agreement may be terminated by either the Fund or the Exempt Market Dealer with written notice to the other party at least 6 months before the end of the then current term, terminating the Exempt Market Dealer Agreement as at the last day of the end of the term, or the Exempt Market Dealer Agreement otherwise terminates as set out below.

The Exempt Market Dealer Agreement may be terminated at any time by the Fund (by a decision of a majority of the Independent Trustees): in the event of a material breach by the Exempt Market Dealer of its obligations under the Exempt Market Dealer Agreement that is not cured; a breach of certain representations made by the Exempt Market Dealer in the Exempt Market Dealer Agreement; the commission by the Exempt Market Dealer of any act constituting fraud, wilful misconduct, breach of fiduciary duty, negligence or a breach of applicable laws; an event of insolvency occurring with respect to the Exempt Market Dealer; or in the event the Exempt Market Dealer fails to obtain and keep in good standing any necessary registration, licence or other qualification in any jurisdiction required to effect the purpose of the Exempt Market Dealer Agreement. The Exempt Market Dealer Agreement may be terminated by the Exempt Market Dealer on 60 days' notice to the Fund as a result of a material breach by the Fund of its obligations under the Exempt Market Dealer Agreement that is not cured; a breach of the certain representations made by the Fund in the Exempt Market Dealer Agreement; an event of insolvency with respect to the Fund; or if a securities commission or other regulatory authority or individual having authority over the Fund makes an order to cease trade any securities issued by the Fund.

The Fund Administration Services Agreement was entered into between the Exempt Market Dealer and the Fund on December 12, 2022. Pursuant to the Fund Administration Services Agreement, the Exempt Market Dealer is responsible for acting as an administrative agent on all offerings of Class F SCEF Units. See Item 2.2 – Our Business – Management of the Fund – The Exempt Market Dealer. The main provisions of the Fund Administration Services Agreement are summarized below.

The Fund Administration Services Agreement has a current term of five years, expiring in December 2027. The Fund Administration Services Agreement will automatically renew for a further five-year term unless terminated by the Fund or the Exempt Market Dealer. The Fund Administration Services Agreement may be terminated by either the Fund or the Exempt Market Dealer with written notice to the other party at least 6 months before the end of the then current term, terminating the Fund Administration Services Agreement as at the last day of the end of the term, or the Fund Administration Services Agreement otherwise terminates as set out below.

The Fund Administration Services Agreement may be terminated at any time by the Fund (by a decision of a majority of the Independent Trustees): in the event of a material breach by the Exempt Market Dealer of its obligations under the Fund Administration Services Agreement that is not cured; a breach of certain representations made by the Exempt Market Dealer in the Fund Administration Services Agreement; the commission by the Exempt Market Dealer of any act constituting fraud, willful misconduct, breach of fiduciary duty, negligence or a breach of applicable laws; an event of insolvency occurring with respect to the Exempt Market Dealer; or the Exempt Market Dealer fails to obtain and keep in good standing any necessary registration, licence or other qualification in any jurisdiction required to effect the purpose of the Fund Administration Services Agreement. The Exempt Market Dealer Agreement may be terminated by the Exempt Market Dealer on 60 days' notice to the Fund as a result of a material breach by the Fund of its obligations under the Fund Administration Services Agreement that is not cured; a breach of the

certain representations made by the Fund in the Fund Administration Services Agreement; an event of insolvency with respect to the Fund; or if a securities commission or other regulatory authority or individual having authority over the Fund makes an order to cease trade any securities issued by the Fund.

All of the directors and a majority of the senior officers of the Exempt Market Dealer have been involved in a broad range of real estate and/or business activities over the past ten years. The name and municipality of residence, office held with the Exempt Market Dealer and principal occupation of each director and senior officer of the Exempt Market Dealer are as follows:

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
Jason Castellan – Centre Wellington	Vice President and Director	Chief Executive Officer of the Skyline Group of Companies
Martin Castellan – Township of Eramosa	Secretary and Director	Chief Administrative Officer of the Skyline Group of Companies
Roy (Jason) Ashdown – Centre Wellington	Vice President and Director	Chief Sustainability Officer of the Skyline Group of Companies
Wayne Byrd – Centre Wellington	President and Director	Chief Financial Officer of the Skyline Group of Companies
Vivian Salonga – Town of Milton	Chief Compliance Officer	Chief Compliance Officer of the Exempt Market Dealer
Rajinder (Ray) Punn - Oakville	Vice President, Wealth Solutions	Vice President, Wealth Solutions of the Exempt Market Dealer

### *Exempt Market Dealer's Duties*

Among other duties, the Exempt Market Dealer is responsible pursuant to the Exempt Market Dealer Agreement for: (i) coordinating, managing and documenting (other than preparation of an offering memorandum and subscription agreement) all aspects of each equity raise for Class A SCEF Units, including managing third-party service providers retained by the Exempt Market Dealer in connection therewith; (ii) assuming responsibility for the distributing of Class A SCEF Units on behalf of the Fund in each of the provinces or territories of Canada where the Exempt Market Dealer is registered as an exempt market dealer; (iii) ensuring anti-money laundering and anti-terrorism compliance; (iv) assisting the Fund in processing distributions to holders of Class A SCEF Units; (v) maintaining all books and financial records with respect to holders of Class A SCEF Units; (vi) calculating Class A Equity Under Management from time to time; (vii) providing advice and assistance in connection with the Fund's raising of capital and issuance of securities through offerings of Class A SCEF Units, including advising and assisting the Fund in its dealings with retail investors; (viii) facilitating the entering into of offering contracts between the Fund and retail investors and maintaining ongoing communication with holders of Class A SCEF Units and potential retail investors about investing in the Fund including, but not limited to, holding information sessions, carrying out other investor relations activities and advertising and promoting the Fund to stimulate retail investor interest in the Fund and (ix) assisting the Fund in making all required filings under applicable law with respect to Class A SCEF Units.

Among other duties, the Exempt Market Dealer is responsible pursuant to the Fund Administration Services Agreement for: (i) coordinating, managing and documenting (other than preparation of an offering memorandum and subscription agreement) all aspects of each equity raise of Class F SCEF Units, including managing third-party service providers retained by the Exempt Market Dealer in connection therewith and

issuing certificates as needed; (ii) reviewing all subscription agreements in connection with the issuance of Class F SCEF Units; (iii) ensuring anti-money laundering and anti-terrorism compliance as it relates to offerings of Class F SCEF Units, as required; (iv) assisting the Fund in processing distributions to holders of Class F SCEF Units; (v) maintaining all books and financial records with respect to holders of Class F SCEF Units; (vi) calculating Class F Equity Under Management from time to time; (vii) providing business advice and relationship assistance in connection with the Fund's raising of capital and issuance of Class F SCEF Units, including advising and assisting the Fund in its dealings with wholesale dealers and acting as a key point of contact for wholesale dealers inquiring about acquiring Class F SCEF Units or representing holders of Class F SCEF Units and vendors and firms involved in the distribution of Class F SCEF Units; (viii) providing lead assistance with marketing, content creation and financial data distribution for offerings of Class F SCEF Units, (iv) facilitating the entering into of contracts between the Fund and third-party service providers; and (ix) assisting the Fund in making all required filings under applicable law in respect of offerings of Class F SCEF Units.

### ***Exempt Market Dealer's Fees***

In consideration for the services to be provided by the Exempt Market Dealer to the Fund, pursuant to the Exempt Market Dealer Agreement, the Exempt Market Dealer will be entitled to a trailer fee, payable monthly, equal to 1/12 of 0.3% of the Fund's Class A Equity Under Management.

In consideration for the services to be provided by the Exempt Market Dealer to the Fund, pursuant to the Fund Administration Services Agreement, the Exempt Market Dealer will be entitled to an administration fee, payable in cash, monthly, equal to 1/12 of 0.2% of the Fund's Class F Equity Under Management.

Pursuant to the terms of the Exempt Market Dealer Agreement and the Fund Administration Services Agreement, the Exempt Market Dealer will also be entitled to fees of 1.0% on the capital raised in offerings of Class A SCEF Units (Exempt Market Dealer Agreement) and Class F SCEF Units (Fund Administration Services Agreement). The Exempt Market Dealer may be required to repay all or a portion of the fees paid by the Fund in respect of Class A SCEF Units or Class F SCEF Units tendered for redemption within two (2) years of the date of issuance.

### **Arrangement with the Professional Services Provider**

Pursuant to an arrangement that commenced in May 2018 with Skyline Asset Management Inc. that was assumed by the Professional Services Provider as of March 1, 2022, as amended as of January 1, 2023, and which has been confirmed by the Independent Trustees, the Professional Services Provider, on a cost recovery basis, made available its employees to the Fund, Skyline Clean Energy LP and its Subsidiaries to provide the below-referenced services. Costs for this arrangement are recovered in cash in equal monthly installments calculated based on a budget approved annually by the Trustees. The Professional Services Provider is a related party to the Fund.

The Professional Services Provider provides accounting and financial management services and advice to the Fund, Skyline Clean Energy LP and its Subsidiaries on the use of external legal counsel and manages external legal counsel on behalf of the Fund, Skyline Clean Energy LP and its Subsidiaries. The Professional Services Provider also makes available accounting and legal support staff to the Fund, Skyline Clean Energy LP and its Subsidiaries.

The parties are in the process of putting a formal agreement in place that will substantially reflect the above terms.

All of the directors and senior officers of the Professional Services Provider have been involved in a broad range of real estate and/or related business activities over the past ten years. The name and municipality of residence, office held with the Professional Services Provider and principal occupation of each director and senior officer of the Professional Services Provider are as follows:

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
Jason Castellan – Centre Wellington	Vice President and Director	Chief Executive Officer of the Skyline Group of Companies
Martin Castellan – Township of Eramosa	Secretary and Director	Chief Administrative Officer of the Skyline Group of Companies
Roy (Jason) Ashdown – Centre Wellington	Vice President and Director	Chief Sustainability Officer of the Skyline Group of Companies
Wayne Byrd – Centre Wellington	Treasurer and Director	Chief Financial Officer of the Skyline Group of Companies
Krish Vadivale – Brampton	President	Vice-President, Finance and President of the Professional Services Provider
Karyn Sales – Guelph	Vice President	General Counsel and Vice-President of the Professional Services Provider

From January 1, 2022 to December 31, 2022 Skyline Clean Energy LP and/or the Fund paid the Professional Services Provider \$813,340, plus HST, for the above-described services.

#### **Arrangements with the Shared Services Provider**

Pursuant to an arrangement that commenced as of January 1, 2021, and which has been confirmed by the Independent Trustees, the Fund is required to allocate and pay to the Shared Services Provider an amount equal to 0.5% of budgeted net income to support ESG initiatives. The Shared Services Provider may also on a cost recovery basis, make available its employees to the Fund, Skyline Clean Energy LP and its Subsidiaries to provide the below-referenced services. Costs for this arrangement are recovered in cash in equal monthly installments calculated based on a budget approved annually by the Trustees. The Shared Services Provider is a related party to the Fund.

In addition to ESG initiatives, the Shared Services Provider may provide human resources, information technology and marketing support to the Fund, Skyline Clean Energy LP and its Subsidiaries

The parties are in the process of putting a formal agreement in place that will substantially reflect the above terms.

All of the directors and senior officers of the Shared Services Provider have been involved in a broad range of real estate and/or related business activities over the past ten years. The name and municipality of residence, office held with the Shared Services Provider and principal occupation of each director and senior officer of the Shared Services Provider are as follows:

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
Jason Castellan – Centre Wellington	President and Director	Chief Executive Officer of the Skyline Group of Companies
Martin Castellan – Township of Eramosa	Secretary and Director	Chief Administrative Officer of the Skyline Group of Companies
Roy (Jason) Ashdown – Centre Wellington	Vice President and Director	Chief Sustainability Officer of the Skyline Group of Companies

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
Wayne Byrd – Centre Wellington	Treasurer and Director	Chief Financial Officer of the Skyline Group of Companies

From January 1, 2022 to December 31, 2022 Skyline Clean Energy LP and/or the Fund paid the Shared Services Provider \$42,804, plus HST, for the above-described services.

### *Energy Supply Contracts*

The Fund’s Solar Portfolio is contracted to sell all of the electricity generated to the IESO under FIT Contracts or RESOP Contracts. The Elmira Facility also has a FIT Contract with the IESO.

The FIT Contracts are power purchase agreements with the IESO that provide a fixed price for electricity actually delivered to the IESO controlled grid for the ~20 year duration of the agreement. All environmental benefits are transferred to the IESO pursuant to the FIT Contracts. The FIT Program was designed to encourage the development of renewable energy projects across Ontario. The prices payable for energy under FIT Contracts were designed to cover project costs and provide a reasonable rate of return on the investment over the term of the contract. The IESO is responsible for implementing and administering the FIT Program in accordance with directives from the Ontario Minister of Energy that may be issued from time to time. The government of the Province of Ontario has passed legislation to repeal the Green Energy Act, and thereby terminate the FIT Program, however this did not impact any of the existing FIT Contracts in the Fund’s Solar Portfolio.

Three of the larger projects in the Fund’s portfolio are contracted to the IESO, as the successor to the Ontario Power Authority, under the RESOP Program which preceded the FIT Program. Like the FIT Program, the RESOP Program was designed to encourage renewable energy investment in the Province of Ontario by provided long term contracts at tariff rates sufficient to attract investment in different renewable energy resources based on the costs of developing such projects at that time.

The Lethbridge Facility has a long term (twenty year) contract for the sale of biomethane (renewable natural gas) to a large regulated Canadian utility. This contract includes minimum and maximum daily and annual delivery requirements and provides the buyer with exclusive rights to biomethane production up the maximum annual quantity, and transfers the environmental benefits associated with the biomethane sold to the buyer.

## **2.9 Related Party Transactions**

The following is a list of all purchase and sale transactions between the Fund or any Subsidiary and a related party that do not relate to real property:

<b>Description of Asset</b>	<b>Date of Transfer</b>	<b>Legal Name of Seller</b>	<b>Legal Name of Buyer</b>	<b>Amount and Form of Consideration Exchanged in Connection with Transfer</b>
All issued and outstanding shares of Skyline Private Opportunities Corp.	September 30, 2018	Skyline Transfer Funds Inc. and Skyline Private	Skyline Clean Energy LP	\$19,300,000.00

18 rooftop solar assets located across Ontario		Opportunities Corp.		
All issued and outstanding Limited Partnership Units of SC&G LP 4 rooftop solar assets located at 1177 and 1195 Franklin Boulevard, 131 Sheldon Drive and 1425 Bishop Street North, Cambridge, Ontario	September 17, 2021	Skyline Commercial Real Estate Limited Partnership and Skyline Commercial Real Estate Holdings Inc.	Skyline Clean Energy LP	\$1,350,001.00

### ITEM 3 COMPENSATION AND SECURITY HOLDINGS OF CERTAIN PARTIES

#### 3.1 Compensation and Securities Held

The following table sets out specified information about: (a) each Trustee, officer and promoter of The Fund; (b) each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of The Fund; and (c) any related party not specified in paragraph (a) or (b) that received compensation from the Fund or a Subsidiary in the most recently completed financial year or is expected to receive compensation in the current financial year. A person who is employed by and receives salary from the Fund, Skyline Clean Energy LP or its Subsidiaries, ACDC, the Asset Manager or the Exempt Market Dealer will not receive any remuneration from the Fund for serving as a Trustee or senior officer.

Name and municipality of principal residence	Positions held (e.g., trustee, officer, promoter and/or principal holder) or relationship and the date of obtaining that position	Compensation paid by issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the issuer held after completion of min. offering	Number, type and percentage of securities of the issuer held after completion of max. offering
Jason Scott Castellan Centre Wellington	Chief Executive Officer and Trustee (May 3, 2018)	\$100,000/\$100,000 <sup>(1)</sup>	486 SCEF Units (0.004%)	486 SCEF Units (0.004%)
Wayne Brian Byrd Centre Wellington	Chief Financial Officer and Trustee (May 3, 2018)	\$100,000/\$100,000 <sup>(1)</sup>	83,462 SCEF Units (0.73%)	83,462 SCEF Units (0.73%)
Roy (Jason) Ashdown Centre Wellington	Chief Operating Officer (May 3, 2018)	\$100,000/100,000 <sup>(1)</sup>	76,973 SCEF Units (0.67%)	76,973 SCEF Units (0.67%)
Martin Julian Castellan Township of Eramosa	Chief Administrative Officer (May 3, 2018)	\$100,000/\$100,000 <sup>(1)</sup>	Nil	Nil

Name and municipality of principal residence	Positions held (e.g., trustee, officer, promoter and/or principal holder) or relationship and the date of obtaining that position	Compensation paid by issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the issuer held after completion of min. offering	Number, type and percentage of securities of the issuer held after completion of max. offering
Deborah Whale Wellington County	Trustee (November 25, 2019)	\$36,000/ \$55,000	6,996 SCEF Units (0.06%)	6,996 SCEF Units (0.06%)
Robert James Stein Puslinch Township	President (May 3, 2018)	\$250,000/\$250,000 <sup>(1)</sup>	7,217 SCEF Units (0.06%)	7,217 SCEF Units (0.06%)
Skyline Clean Energy Asset Management Inc.	Asset Manager (May 3, 2018)	\$1,757,766/\$1,459,167	100 SCEF Units (0.001%)	100 SCEF Units (0.001%)
Skyline Private Investment Capital Inc.	Professional Services Provider (March 1, 2022)	\$813,340/\$891,750	Nil	Nil
Skyline Enterprises Management Inc.	Shared Services Provider (January 1, 2021)	\$42,804/\$18,352	100 SCEF Units (0.001%)	100 SCEF Units (0.001%)
Anvil Crawler Development Corp.	Former Operations and Maintenance Services Provider (May 3, 2018)	\$353,942/\$0	Nil	Nil
Skyline Wealth Management Inc.	Exempt Market Dealer (May 3, 2018)	\$781,552/\$516,477	100 SCEF Units (0.001%)	100 SCEF Units (0.001%)
Skyline Clean Energy GP Inc.	General Partner of Skyline Clean Energy LP (May 3, 2018)	\$1,261,206/\$2,502,132	100 SCEF Units (0.001%)	100 SCEF Units (0.001%)

Note:

(1) The compensation paid to the officers of the Fund is not paid by the Fund. The compensation is paid by the management companies external to the Fund.

### 3.2 Management Experience

The following table sets forth the principal occupations of the Trustees and executive officers of the Fund during the past five years and the nature and extent of their related experience.



Name	Principal occupation and related experience
Jason Scott Castellan <sup>(1)</sup>	Chief Executive Officer for the Skyline Group of Companies
Wayne Brian Byrd <sup>(2)</sup>	Chief Financial Officer for the Skyline Group of Companies
Roy (Jason) Ashdown <sup>(3)</sup>	Chief Operating Officer for the Skyline Group of Companies
Martin Julian Castellan <sup>(4)</sup>	Chief Administrative Officer for the Skyline Group of Companies
Deborah Whale <sup>(5)</sup>	Independent Trustee and Director for various non-related entities
Robert James Stein <sup>(6)</sup>	Renewable energy executive; Currently President of the Asset Manager and the Fund

Notes:

(1) Jason Castellan is co-founder and an executive officer the group of companies operating under the Skyline Group banner. Since 1991, Mr. Castellan has been an owner and manager of investment real estate, starting out with a student rental portfolio and gradually moving to larger apartment buildings, as well as industrial, office and retail real estate. He is active in all of Skyline’s activities with a focus on investor relations and product development. Mr. Castellan is a Trustee of Skyline Apartment REIT, Skyline Commercial REIT and Skyline Retail REIT. He also sits on the board of directors of the Grand River Agricultural Society. Mr. Castellan holds degrees from both the University of Guelph and York University.

(2) Wayne Byrd has been involved in the accounting and finance field since 1995 and has been an executive officer of the group of companies that operate under the Skyline Group banner since 2005. From 1998 to 2005, Mr. Byrd held the position of Controller of All Treat Farms Limited where he was responsible for financial planning, accounting, reporting and management of organizational investment, expansion and acquisition decisions. Mr. Byrd is a Chartered Professional Accountant (formerly Certified Management Accountant) and graduated from Brock University with a Bachelor of Accounting Degree (Honours).

(3) Roy Jason Ashdown is co-founder and an executive officer of the group of companies operating under the Skyline Group banner. Mr. Ashdown has in-depth experience in operations, construction and building systems and a passion for driving efficiencies. Mr. Ashdown oversees the Skyline Portfolio Efficiency Plan and Capital Expenditures. Since 1996, Mr. Ashdown has been an owner and manager of residential and commercial real estate. Since 1999, Mr. Ashdown has been devoted to managing Skyline properties. He is a member of the asset management team and works to enhance the quality and profitability of the properties. Mr. Ashdown sits on the board of the Federation of Rental Housing Providers of Ontario (FRPO), the province’s leading advocate for landlords and tenants, the board of Shelldale Better Beginnings, Better Futures, a community organization helping hundreds of families in Guelph, Ontario, and the Board of Trustees of Skyline Apartment REIT. Mr. Ashdown has a Bachelor of Arts degree from the University of Waterloo.

(4) Martin Castellan is co-founder and an executive officer of the group of companies operating under the Skyline Group banner. Martin has been investing and working in real estate for over 20 years. He holds an honours Bachelor of Commerce degree from the University of Guelph, majoring in Management Economics in Industry and Finance. With the significant growth of Skyline since its inception, to now over 800 employees, Martin focuses on the commitment toward Skyline’s guiding principles and instilling the grassroots culture that has been a part of Skyline from its beginning. He currently oversees Human Resources, Information Systems, and the Corporate Office while fostering an environment of team work, customer service, and respect.

(5) Deborah Whale is a seasoned ambassador of Ontario’s clean energy and agriculture sectors, having served on the Boards of Directors of the Ontario Power Authority (OPA) and the Independent Electricity System Operator (IESO), as well as on the Finance Committees of Farm Credit Canada, IESO and the Grand

River Agricultural Society. Ms. Whale’s clean energy expertise extends to the installation of biodigesters and solar net metering systems for farm and residential use. Inducted into the Ontario Agricultural Hall of Fame in 2016, Deborah has also been designated an Honourary Professional Agrologist (2011) by the Ontario Institute of Agrology, and an Honourary Doctor of Laws (2017) by the University of Guelph.

(6) Robert Stein is the President of the Asset Manager. Robert is responsible for the operation and financial performance of the Fund’s clean energy portfolio, including overseeing acquisitions/ dispositions, financial budgets and implementing and monitoring capital expenditure projects. From 2009 to March 2018, Mr. Stein held a variety of positions with Fritz Construction Services Inc., including Vice President of Sales and Renewable Energy from 2014 to March 2018. As Vice President of Sales and Renewable Energy, Mr. Stein was responsible for all operations, client services, expansion and acquisition decisions. Mr. Stein holds an Honours BA in Business and History from the University of Waterloo.

### 3.3 Penalties, Sanctions, Bankruptcy, Insolvency and Criminal and Quasi-Criminal Matters

To the Fund’s knowledge, there are no penalties, sanctions, declarations of bankruptcy, voluntary assignments in bankruptcy, proposals under any bankruptcy or insolvency legislation or proceedings, arrangements or compromises with creditors, appointments of a receiver, receiver manager or trustee to hold assets, that have been in effect during the last ten years against or in connection with:

- (a) any of the trustees, senior officers or control persons of the Fund; or
- (b) any issuer of which any person referred to in sub-paragraph (a) above was a director, trustee, senior officer or control person at the time.

To the Fund’s knowledge, none of the trustees, senior officers or control persons of the Fund has ever pled guilty to or been found guilty of any of the following:

- (a) a summary conviction or indictable offence under the *Criminal Code* (Canada);
- (b) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction;
- (c) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory of the United States of America; or
- (d) an offence under the criminal legislation of any other foreign jurisdiction.

### 3.4 Certain Loans

As of February 28, 2023, the Fund has loans due to or from the following related parties:

Lender	Borrower	Principal Amount	Repayment Terms	Security	Due Date	Interest Rate
Skyline Transfer Funds Inc.	Skyline Clean Energy Limited Partnership	\$14,600,000	No set terms of repayment	No security	No set due date	9.00%

## ITEM 4 CAPITAL STRUCTURE

### 4.1 Securities Except for Debt Securities

#### *SCEF Units and Special Voting Units*

The following is a description of the equity securities of the Fund.

The beneficial interests in the Fund, other than the Initial Unit, are divided into 4 classes described as “Class A SCEF Units”, “Class F SCEF Units”, “Class I SCEF Units” and “Special Voting Units”. The number of Units of any class which the Fund may issue is unlimited. Units shall be issued only as fully paid and non-assessable. Each Unit when issued shall vest indefeasibly in the holder thereof. The issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees with the approval of a majority of the Unitholders, or as otherwise provided in the Declaration of Trust. Unitholders have the right to receive notice of, to attend and to vote at all meetings of Unitholders. Each Unit shall entitle the holder thereof to one vote at all meetings of Unitholders.

Description of security	Number authorized to be issued	Price per Unit	Number outstanding as at March 15, 2023	Number outstanding after min. offering	Number outstanding after max. offering
Class A SCEF Units <sup>(1)</sup>	Unlimited	\$14.65	11,477,059	N/A	N/A
Class F SCEF Units <sup>(1)</sup>	Unlimited	\$14.65	0 <sup>(3)</sup>	N/A	N/A
Class I SCEF Units <sup>(1)</sup>	Unlimited	\$14.65	0 <sup>(4)</sup>	N/A	N/A
Special Voting Units <sup>(2)</sup>	Unlimited	\$0.00	0	0	0

Notes:

- (1) Each SCEF Unit represents an undivided beneficial interest in distributions by the Fund, whether of net income, net realized capital gains or other amounts, and, in the event of a liquidation, dissolution, winding-up or other termination of the Fund, in the net assets of the Fund remaining after satisfaction of all liabilities.
- (2) In connection with certain acquisitions, Special Voting Units may be issued by the Fund to certain vendors of such portfolios contemporaneously with the issuance of a corresponding number of Exchangeable LP Units by Skyline Clean Energy LP, as partial payment of the purchase price of the respective assets. Special Voting Units shall have no rights or entitlements in respect of distributions, whether of Distributable Income, or on a liquidation, dissolution or winding-up of the Fund or otherwise. As Exchangeable LP Units are surrendered for Class A SCEF Units in accordance with the Exchange Agreement, the corresponding Special Voting Units, if any, shall automatically be cancelled for no consideration and shall no longer be outstanding.
- (3) Class F SCEF Units were created by the Amended and Restated Declaration of Trust dated December 5, 2022 and none have been issued as of the date of this Offering Memorandum.
- (4) Class I SCEF Units were created by the Amended and Restated Declaration of Trust dated December 5, 2022 and none have been issued as of the date of this Offering Memorandum.

## 4.2 Long Term Debt

The Fund has the following long-term debt as of the date of this Offering Memorandum:

Description of long-term debt	Interest rate	Repayment terms	Amount outstanding at February 28, 2023
Secured term loan	4.058%	Payable in quarterly installments consisting of principal and interest	\$12,592,156
Secured term loan	CDOR +3.35% <sup>1</sup> CDOR +3.07% <sup>2</sup> 5.45% <sup>3</sup>	Payable in quarterly installments consisting of principal and interest	\$7,091,908
Secured term loan	CDOR + 2.625% <sup>4</sup>	Payable in semi-annual installments consisting of principal and interest	\$19,327,945
Secured term loan	3.83%	Payable in quarterly installments consisting of principal and interest	\$4,740,980
Unsecured term loan	7.00%	Payable in annual installments consisting of principal and interest	\$462,029
Secured term loan	7.9125%	Payable in monthly installments consisting of principal and interest	\$17,434,403
Revolving Line of Credit	Floating Rate based prime + 1.50%	No set terms of repayment	\$7,540,476

Notes:

- (1) This is the rate under an interest swap arrangement that applies to 4 assets included in this loan portfolio.
- (2) This is the rate under an interest swap arrangement that applies to 1 asset included in this loan portfolio.
- (3) This is the rate under an interest swap arrangement that applies to 1 asset included in this loan portfolio.
- (4) This is the rate under an interest rate swap arrangement which increases to CDOR + 2.875%

## 4.3 Prior Sales

As of the date of this Offering Memorandum, there are 11,477,059 Class A SCEF Units, 0 Class F SCEF Units, 0 Class I SCEF Units and 0 Special Voting Units of the Fund issued and outstanding. The following

table sets forth the SCEF Units issued by the Fund within the twelve months prior to the date of this Offering Memorandum.

Period of Issuance	Type of Security Issued	Number of Securities Issued	Price per Security	Total Funds Received
February 2022	SCEF Units	334,799	\$ 13.30	\$4,452,827
March 2022	SCEF Units	161,015	\$ 13.40	\$2,157,601
April 2022	SCEF Units	-	\$ 13.61	\$ -
May 2022	SCEF Units	381,681	\$ 13.61	\$5,194,678
June 2022	SCEF Units	668,544	\$ 13.61	\$9,098,884
July 2022	SCEF Units	15,864	\$ 14.12	\$ 224,000
August 2022	SCEF Units	140,479	\$ 14.12	\$1,983,563
September 2022	SCEF Units	288,231	\$ 14.12	\$4,069,822
October 2022	SCEF Units	158,806	\$ 14.41	\$2,288,394
November 2022	SCEF Units	98,961	\$ 14.41	\$1,426,028
December 2022	SCEF Units	197,696	\$ 14.41	\$2,848,799
January 2023	SCEF Units	51,157	\$ 14.65	\$ 749,450
February 2023	SCEF Units	123,321	\$ 14.65	\$1,806,653

## ITEM 5 SECURITIES OFFERED

### 5.1 Terms of Securities

The following is a description of the material terms of the SCEF Units offered pursuant to this Offering.

The Declaration of Trust provides that the beneficial interests in the Fund, other than the Initial Unit, are divided into 4 classes – “Class A SCEF Units”, “Class F SCEF Units”, “Class I SCEF Units”, and “Special Voting Units”. The number of Units of any class which the Fund may issue is unlimited. Units shall be issued only as fully paid and non-assessable. Each Unit when issued shall vest indefeasibly in the holder thereof. The issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees with the approval of the majority of the Unitholders, or as otherwise provided in the Declaration of Trust. Unitholders have the right to receive notice of, to attend and to vote at all meetings of Unitholders. Each Unit shall entitle the holder thereof to one vote at all meetings of Unitholders.

Each SCEF Unit shall represent an undivided beneficial interest in distributions by the Fund, whether of net income, net realized capital gains or other amounts, and, in the event of a liquidation, dissolution, winding-up or other termination of the Fund, in the net assets of the Fund remaining after satisfaction of all liabilities. Save and except as provided in the Declaration of Trust, no SCEF Unit shall have preference or priority over any other. The distribution entitlement of each SCEF Unit is intended to and will be derived from the same sources.

Except as described below in respect of the Monthly Limit applicable to SCEF Units tendered for redemption, no SCEF Unit shall have preference or priority over any other SCEF Unit.

#### *Purchase of SCEF Units*

The Fund is entitled to purchase for cancellation at any time the whole or from time to time any part of the outstanding SCEF Units, at a price per SCEF Unit and on a basis determined by the Trustees in compliance with all applicable securities laws.

### *Redemption/Repurchase of SCEF Units*

Pursuant to the Declaration of Trust, each SCEF Unitholder shall be entitled to require the Fund to redeem at any time or from time to time at the demand of the Unitholder all or any part of the SCEF Units registered in the name of the Unitholder at the prices determined and payable in accordance with the following conditions.

To exercise a SCEF Unitholder's right to require redemption, a duly completed and properly executed notice requiring the Fund to redeem said SCEF Units, in a form approved by the Trustees, specifying the number of SCEF Units to be so redeemed, shall be sent to the Fund at its head office.

Upon receipt by the Fund of the notice to redeem SCEF Units, the SCEF Unitholder shall thereafter cease to have any rights with respect to the SCEF Units tendered for redemption (other than to receive the redemption payment therefor) including ceasing to have the right to receive any distributions thereon which are declared payable to the Unitholders of record on a date which is subsequent to the day of receipt by the Fund of such notice. SCEF Units will be considered to be tendered for redemption on the date that the Fund has, to the satisfaction of the Trustees, received the notice, other documents and any evidence with respect to the identity, capacity or authority of the Person giving such notice as the Trustees may reasonably require.

Upon receipt by the Fund of the notice to redeem SCEF Units, in accordance with the Declaration of Trust, the holder of the SCEF Units tendered for redemption shall be entitled to receive a price per SCEF Unit (the "**Redemption Price**") equal to 100% of the most recent Market Value of a SCEF Unit. Subject to the provisions of the Declaration of Trust set out below, the Redemption Amount is payable by cheque to or to the order of the Unitholder who exercised the right of redemption, on or before the last day of the calendar month following the month in which the Unitholder tendered the SCEF Units for redemption. For the purposes of the Declaration of Trust, "**Market Value**" means the market value of the SCEF Units which will be determined by the Trustees at least quarterly or more frequently as the Trustees may determine and "**Redemption Amount**" means the Redemption Price times the number of SCEF Units that a Unitholder tenders for redemption.

The Trustees determine the Market Value of the SCEF Units at least quarterly using a Net Asset Value ("**NAV**") pricing model. This iterative calculation is driven by the fair values of the clean energy assets owned by Skyline Clean Energy LP; calculated as: (a) the value of total assets less total debt obligations; (b) divided by the total number of SCEF Units and Class B LP Units outstanding and the result of which is the NAV value per SCEF Unit.

The foregoing payment terms shall not be applicable to SCEF Units tendered for redemption by a Unitholder, if the total amount payable by the Fund in respect of such SCEF Units and all other SCEF Units tendered for redemption prior thereto in the same calendar month exceeds \$50,000 (the "**Monthly Limit**"); provided that the Trustees may, in their sole discretion, increase such Monthly Limit in respect of all SCEF Units tendered for redemption in any calendar month. Where the Monthly Limit is exceeded, the Redemption Amount to which the Unitholder would otherwise be entitled shall be paid and satisfied as follows:

- (a) a portion of the Redemption Amount equal to the Monthly Limit divided by the total number of SCEF Units tendered by all Unitholders for redemption in the month times the number of SCEF Units tendered for redemption by a Unitholder shall be paid and satisfied in cash, in accordance with the Declaration of Trust; and
- (b) subject to receipt of all necessary regulatory approvals, the remainder of the Redemption Amount will be paid and satisfied by way of the issuance to the Unitholder of a Trust Note, in accordance with the Declaration of Trust, having a principal amount equal to the Redemption Amount minus the cash paid or payable to the Unitholder pursuant to

subsection (a) above. Any such Trust Note will mature and be payable not later than ten (10) years following the date of issue, will be repayable at any time at the option of the Fund and will bear interest at the Prime Rate plus 2%. “**Prime Rate**” means at any time the rate of interest expressed as a rate per annum which the Canadian Imperial Bank of Commerce establishes from time to time at its head office in Toronto, Ontario as the reference rate of interest in order to determine the interest rate it will charge for loans in Canadian dollars to its Canadian customers and which it refers to as its prime rate.

Upon the payment by the Fund of the Redemption Amount in accordance with the Declaration of Trust, the Fund shall be discharged from all liability to the Unitholder or former Unitholder in respect of the SCEF Units so redeemed.

All SCEF Units which are redeemed pursuant to the Declaration of Trust shall be cancelled and such Units shall no longer be outstanding and shall not be reissued.

Some or all of the income of the Fund, the net realized capital gains of the Fund and the net capture income of the Fund for a year may, for purposes of computing the net income of the Fund and the net realized capital gains of the Fund under the Tax Act or other tax legislation, be treated as having been paid in the year by the fund to the Unitholders redeeming SCEF Units in such year and, to the extent of the amount thereof so treated has been designated as taxable capital gains or income to such Unitholders, the holder’s redemption proceeds will be reduced accordingly. Any such amounts will be determined at the discretion of a majority of the Trustees; however in all cases, a redeeming Unitholder will only be treated as having been paid an amount to which the Unitholders of the SCEF Units redeemed would be entitled to receive.

#### *Take-Over Bids*

If there is a take-over bid (a “**Take-over Bid**”), as defined in the *Securities Act* (Ontario), for all of the outstanding SCEF Units and, within the time limited in a Take-over Bid for its acceptance, or 120 days after the date of such Take-over Bid, whichever period is the shorter, the Take-over Bid is accepted by the holders of not less than 90% of the SCEF Units (including SCEF Units issuable upon the surrender or exchange of any securities for SCEF Units but not including any such securities held at the date of the Take-over Bid by or on behalf of the Offeror or affiliates or associates of the Offeror), other than SCEF Units held at the date of the Take-over Bid by or on behalf of the Offeror or an affiliate or associate of the Offeror, the Offeror is entitled, on complying with the Declaration of Trust, to acquire the SCEF Units held by any dissenting offerees.

#### *Meetings of Unitholders*

Unitholders have the right to receive notice of, to attend and to vote at all meetings of Unitholders. Each Unit entitles the holder thereof to one vote at all meetings of Unitholders. Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy, and a proxyholder need not be a Unitholder.

There will be an annual meeting of the Unitholders, at such time and place in Canada as the Trustees prescribe, for the purpose of electing Trustees (except for the Skyline Appointee(s)), appointing or changing the Accountants and transacting such other business as the Trustees may determine or as may properly be brought before the meeting. The annual meeting of the Unitholders will be held after delivery to the Unitholders of the information required by the Declaration of Trust and, in any event, within 180 days after the end of each Fiscal Year. The first annual meeting of Unitholders will be held in 2019.

The Trustees have the power at any time to call special meetings of the Unitholders at such time and place in Canada as the Trustees may determine. The Unitholders holding in the aggregate not less than 5% of the votes attaching to all outstanding Units (on a fully-diluted basis) may requisition the Trustees in writing to call a special meeting of the Unitholders for the purposes stated in the requisition. The requisition must state in reasonable detail the business proposed to be transacted at the meeting and must

be sent to each of the Trustees and to the principal office of the Fund. The Unitholders have the right to obtain a list of the Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the *Business Corporations Act* (Ontario).

### *Issuance of SCEF Units*

The Trustees may allot and issue SCEF Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Fund in SCEF Units) and to such Person, Persons or class of Persons as the Trustees in their sole discretion determine. The price or the value of the consideration for which SCEF Units may be issued and the terms and conditions of issuance of the SCEF Units will be determined by the Trustees in their sole discretion, generally (but not necessarily) in consultation with investment dealers or brokers who may act as underwriters in connection with offerings of SCEF Units. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Trustees allotting and issuing such Units must express the fair equivalent in money of the other consideration received. Effective January 1, 2023, the Trustees have enacted a policy outside of the provisions of the Declaration of Trust intended to limit the issuance of Class F SCEF Units and Class I SCEF Units such that no individual investment firm or institution may hold Class F SCEF Units or Class I SCEF Units that in the aggregate represent more than 14.9% of all issued SCEF Units and the aggregate number of Class F SCEF Units and Class I SCEF Units issued shall not exceed 50% of all issued SCEF Units. The Trustees reserve the right to amend or waive the application of this policy at any time in their sole discretion.

### *Limitation on Non-Resident Ownership*

Notwithstanding any provision of the Declaration of Trust to the contrary, at no time may more than 49% of the Units then outstanding be held by or for the benefit of Persons who are non-residents of Canada for purposes of the Tax Act or Partnerships, other than Canadian Partnerships, for the purposes of the Tax Act ("**Non-Resident Beneficiaries**"). The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident or declarations from holders of Units as to whether such Units are held for the benefit of Non-Resident Beneficiaries. If the Trustees become aware that more than 49% of the Units then outstanding are, or may be, held by or for the benefit of Non-Resident Beneficiaries or that such a situation is imminent, the Trustees may make a public announcement thereof and shall not accept a subscription for such Units from or issue or register a transfer of such Units to a Person unless the Person provides a declaration that the Person is not a non-resident for the purposes of the Tax Act or is a Canadian Partnership for the purposes of the Tax Act (or, in the discretion of the Trustees, that the Person is not a Non-Resident Beneficiary) and does not hold his Units for a Non-Resident Beneficiary. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units then outstanding are held by or for the benefit of Non-Resident Beneficiaries, the Trustees may send a notice to non-resident holders of Units and holders of Units, as the case may be, for Non-Resident Beneficiaries chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell or redeem their Units or a portion thereof within a specified period of not more than 60 days (unless the Canada Revenue Agency has confirmed in writing that a longer period is acceptable). If the Unitholders receiving such notice have not sold or redeemed the specified number of Units or provided the Trustees with satisfactory evidence that they are not non-residents for the purpose of the Tax Act and do not hold their Units for the benefit of Non-Resident Beneficiaries within such period, the Trustees may sell or redeem such Units on behalf of such Unitholders (and the Trustees shall have the power of attorney of such Unitholders to do so) and, in the interim, the voting and distribution rights, if any, attached to such Units shall be suspended. Upon such sale the affected holders shall cease to be holders of Units and their rights shall be limited to receiving the net proceeds of sale upon surrender of such Units. In any situation where it is unclear whether Units are held for the benefit of Non-Resident Beneficiaries, the Trustees may exercise their discretion in determining whether such Units are or are not so held, and any such exercise by them of their discretion shall be binding for the purposes of the Declaration of Trust.



## *Distribution Policy*

The Declaration of Trust provides that the Fund may distribute to Unitholders on or about each Distribution Date such amounts (“**Distributions**”) as shall be determined by the Trustees in their discretion for each calendar month or other calendar period selected by the Trustees. However, notwithstanding anything to the contrary, the Declaration of Trust provides that no amounts will be distributed to holders of Special Voting Units.

The Trustees may, in their discretion, allocate distributions among the classes of SCEF Units to adjust for Class Specific Expenses relating to each class of SCEF Unit.

Notwithstanding the foregoing, having regard to the present intention of the Trustees to allocate, distribute and make payable to Unitholders, in aggregate, the amount necessary to ensure that the Fund will not be liable to pay income tax under Part I of the Tax Act for any Taxation Year (such amount being known, in respect of any year, as the “**Taxation Distribution Amount**”), the Taxation Distribution Amount shall be deemed to be declared by the Trustees as a Distribution, and to be due and payable, on the earlier of the last Distribution Date in respect of the Taxation Year or December 31 in the year (the “**Tax Distribution Date**”), to persons who are Unitholders on the record date in respect of such Distribution. The Declaration of Trust provides that a Unitholder shall have the legal right to enforce payment of any Taxation Distribution Amount as and from the Tax Distribution Date.

Notwithstanding the foregoing, if the Trustees anticipate a cash shortfall and determine that it would be in the best interests of the Fund, they may reduce for any period the Distributions to be distributed to Unitholders.

The payment of Distributions may, at the option of the Trustees, be made in whole or in part by the issuance of additional SCEF Units or fractions of such SCEF Units, as the case may be, having a fair market value as determined by the Trustees equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution in the case of SCEF Units.

**IT IS THE CURRENT INTENTION OF THE TRUSTEES THAT, UNTIL SUCH TIME AS THE TRUSTEES DETERMINE OTHERWISE, ANY DISTRIBUTIONS RECEIVED BY THE FUND FROM SKYLINE CLEAN ENERGY LP WILL BE REINVESTED SO THAT ADDITIONAL CLEAN ENERGY ASSETS MAY BE ACQUIRED BY SKYLINE CLEAN ENERGY LP. UNITHOLDERS MAY BE TAXABLE ON NET INCOME OF THE FUND WHICH IS PAID OR PAYABLE TO THEM TO THE EXTENT THAT THE FUND DEDUCTS SUCH AMOUNTS IN COMPUTING ITS INCOME. AS A RESULT, UNITHOLDERS MAY BE REQUIRED TO PAY TAX ON SUCH AMOUNTS ALTHOUGH NO CASH WAS RECEIVED FROM THE FUND.**

### **5.2 Subscription Procedure**

In order to subscribe for SCEF Units, Subscribers must complete, execute and deliver the following to the Exempt Market Dealer at 5 Douglas Street, Suite 301, Guelph, Ontario, N1H 2S8:

1. one (1) fully completed and signed copy of the Subscription Agreement, including the schedules and all other documentation contemplated by the Subscription Agreement; and
2. a cheque, bank draft or evidence of completed wire transfer in an amount equal to the aggregate subscription price payable for the SCEF Units subscribed for by the Subscriber (as set forth in the Subscription Agreement).

The Fund has the right to accept or reject the Subscriber's subscription in whole or in part. If the subscription is rejected in whole or in part, all or a portion of the purchase price, as the case may be, will be promptly delivered to the Subscriber, without interest.

The subscription funds will be held in trust until midnight of the second business day subsequent to the date that each Subscription Agreement is signed by a Subscriber.

### *Representations of Subscribers*

Each Subscriber for SCEF Units under this Offering will be required to represent to the Fund, the Exempt Market Dealer and any dealer who sells the SCEF Units to such Subscriber that: (a) the offer and sale of SCEF Units was made exclusively through the Offering Memorandum; (b) such Subscriber has reviewed and acknowledges the terms referred to below under the section entitled "Resale Restrictions"; and (c) such Subscriber is entitled under applicable Canadian securities laws to purchase such SCEF Units without the benefit of a prospectus, because such Subscriber is an "accredited investor" as defined in NI 45-106 or the *Securities Act* (Ontario) or is purchasing the SCEF Units in reliance on another exemption from the prospectus requirement in NI 45-106.

In addition, each purchaser of SCEF Units will be required to represent to the Fund, the Exempt Market Dealer and each dealer from whom a purchase confirmation was received, that such Subscriber: (a) has been notified by the Fund (i) that the Fund is required to provide certain personal information ("**personal information**") pertaining to the Subscriber to the securities regulatory authority or regulator in each Canadian jurisdiction in which investors reside, or in circumstances where a subscription for securities is otherwise subject to such a reporting requirement under applicable securities law (including its name, residential address, telephone number, the number and value of any SCEF Units purchased and the prospectus exemption relied upon); (ii) that such personal information is collected by the securities regulatory authority or regulator under the authority granted to it under, and for the purposes of the administration and enforcement of, the securities legislation of the local jurisdiction; and (iii) of the title, business address and business telephone number of the public official in each jurisdiction of Canada who can answer questions about the securities regulatory authority or regulator's indirect collection of such information; and (b) by purchasing SCEF Units, such Subscriber has authorized the indirect collection of the personal information by securities regulatory authority or regulator. Each Subscriber will also acknowledge that while the information in the report described above is currently not expected to be placed on the public file of any Canadian securities regulatory authority or regulator, freedom of information legislation may require the securities regulatory authority or regulator to make this information available, if requested.

### *Proceeds of Crime (Money Laundering) Legislation*

In order to comply with Canadian legislation aimed at the prevention of money laundering and terrorism, the Exempt Market Dealer may require additional information concerning Canadian investors and by signing the Subscription Agreement, the Subscriber agrees to provide such information.

If as a result of any information or other matter which comes to its attention of the Exempt Market Dealer, any director, officer or employee of the Exempt Market Dealer, or its professional advisers, such person knows or suspects that a Canadian investor is engaged in money laundering or terrorism, such person is required to report such information or other matter to applicable law enforcement and securities regulatory authorities, including the Financial Transactions and Reports Analysis Centre of Canada and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by Canadian law or otherwise.

## ITEM 6 REPURCHASE REQUESTS

The following table sets forth information concerning redemption or repurchase requests received and SCEF Units redeemed or repurchased by the Fund during the periods indicated.

Period	Opening Balance of Outstanding Redemption Requests		Redemption Requests Received During Period		Redemption Requests Fulfilled During Period		Closing Balance of Outstanding Redemption Requests	
	Number of Units	Value <sup>(1)</sup> (\$)	Number of Units	Value <sup>(1)</sup> (\$)	Number of Units	Value <sup>(1)</sup> (\$)	Number of Units	Value <sup>(1)</sup> (\$)
January 1, 2021 to December 31, 2021	Nil	Nil	359,401	\$ 4,666,612	359,401	\$ 4,666,612	Nil	Nil
January 1, 2022 to December 31, 2022	Nil	Nil	689,934	\$ 9,475,001	689,934	\$ 9,475,001	Nil	Nil
January 1, 2023 to March 15, 2023	Nil	Nil	159,714	\$ 2,339,810	159,714	\$ 2,339,810	Nil	Nil

Note:

(1) Represents the aggregate Redemption Price of the SCEF Units tendered for redemption. See Item 5.1 – Terms of Securities – Redemption of REIT Units.

## ITEM 7 CERTAIN DIVIDENDS OR DISTRIBUTIONS

### 7.1 Certain Dividends and Distributions

In the two most recently completed financial years and any subsequent interim period, the Fund did not pay dividends or distributions that exceeded cash flow from operations.

## ITEM 8 INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

### 8.1 Responsibility to Consult Professional Advisers

**You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.**

### 8.2 Income Tax Considerations

Miller Thomson LLP, counsel to the Fund, is of the view that the following summary fairly presents the principal Canadian federal income tax considerations generally applicable as of the date hereof to prospective subscribers who acquire, as beneficial owners, SCEF Units pursuant to this Offering Memorandum who, for the purposes of the Tax Act, are or are deemed to be resident in Canada, deal at arm's length with, and are not affiliated with, the Fund and will hold their SCEF Units as capital property. Generally, the SCEF Units will be considered to be capital property to a SCEF Unitholder provided that the SCEF Unitholder does not hold the SCEF Units in the course of carrying on a business and has not acquired them in a transaction considered to be an adventure or concern in the nature of trade. Certain SCEF Unitholders who might not otherwise be considered to hold their SCEF Units as capital property may, in certain circumstances, be entitled to have them and all other "Canadian securities" (as defined in the Tax

Act) owned by them treated as capital property by making the irrevocable election under subsection 39(4) of the Tax Act. Such Unitholders should consult their own tax advisors regarding whether such election is desirable and available in their particular circumstances.

This summary is not applicable to (i) a SCEF Unitholder that is a “financial institution”, as defined in the Tax Act for the purposes of the mark-to-market rules, (ii) a “specified financial institution” as defined in the Tax Act, (iii) a SCEF Unitholder where an interest in such SCEF Unitholder would be a “tax shelter” or a “tax shelter investment” as defined in the Tax Act, (iv) a SCEF Unitholder that is exempt from tax under Part I of the Tax Act, (v) a SCEF Unitholder who has elected to report its Canadian tax results in a currency other than the Canadian currency in accordance with the rules in the Tax Act, or (vi) a SCEF Unitholder who enters into, or has entered into, a “derivative forward agreement” or a “synthetic disposition arrangement” with respect to the SCEF Units, as that term is defined in the Tax Act, or (vii) that is a partnership, nor does this summary address the tax consequences to a SCEF Unitholder who has borrowed funds in connection with the acquisition of SCEF Units. Such SCEF Unitholders should consult their own tax advisors with respect to an investment in the SCEF Units.

This summary is based upon the facts set out in this Offering Memorandum and a certificate of an officer of the Fund provided to Miller Thomson LLP by the Fund with respect to certain factual matters (the “**Officer’s Certificate**”). This summary assumes that the representations in the Officer’s Certificate are true and correct. This summary is based upon the current provisions of the Tax Act and the regulations thereunder, the specific proposals to amend the Tax Act and regulations thereunder, publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”), and counsel’s understanding of the current published administrative practices and assessing policies of the Canada Revenue Agency.

This summary assumes that the Fund will at all times comply with the provisions of the Declaration of Trust, and that the Fund currently qualifies as, and will at all times continue to qualify as, a mutual fund trust under the Tax Act. This summary assumes the Fund will not be a SIFT trust (as defined below) for purposes of the Tax Act. This assumption is based on upon the Officer's Certificate. If the Fund does not qualify as a mutual fund trust, the income tax considerations described below would in some respects be materially different.

**This summary is not exhaustive of all possible Canadian federal income tax consequences applicable to acquiring, holding or disposing of SCEF Units pursuant to this Offering Memorandum and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations. Moreover, the income and other tax consequences of acquiring, holding or disposing of SCEF Units pursuant to this Offering Memorandum will vary depending on the SCEF Unitholder’s particular circumstances. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any prospective SCEF Unitholder. Accordingly, prospective SCEF Unitholders should consult with their tax advisors for advice with respect to the tax consequences to them having regard to their own particular circumstances.**

**This summary does not address any Canadian federal income tax considerations applicable to non-residents and non-residents should consult their own tax advisors regarding the tax consequences of acquiring, holding, and disposing of SCEF Units. All payments to non-residents of distributions on the SCEF Units will be net of any applicable withholding taxes.**

### *SIFT Rules*

The Tax Act contains legislation relating to the federal income taxation of publicly-listed or traded trusts (such as income trusts) and partnerships (the “**SIFT Rules**”).

The SIFT Rules apply to a publicly-listed or traded trust that is a specified investment flow-through trust (a “SIFT trust”) and to its investors. Certain distributions attributable to a SIFT trust’s “non-portfolio earnings” are not deductible in computing the SIFT trust’s income and the SIFT is subject to tax on such distributions at a rate that is substantially equivalent to the combined federal and provincial general tax rate applicable to Canadian corporations. Provided that investments in the Fund are not listed or traded on a stock exchange or other public market, the Fund will not be subject to the SIFT Rules. If investments in the Fund become publicly-listed or traded, there can be no assurance that the Fund will not be subject to the SIFT Rules at that time.

### *Taxation of the Fund*

The taxation year of the Fund is the calendar year. In each taxation year the Fund will be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains and its allocated share of income made from Skyline Clean Energy LP for its fiscal period ending on or before the taxation year end of the Fund, less the portion thereof that it deducts in respect of amounts paid or payable or deemed to be paid or payable in the year to SCEF Unitholders. An amount will be considered to be payable to a SCEF Unitholder in a taxation year if it is paid to the SCEF Unitholder in the year by the Fund or if the SCEF Unitholder is entitled in that year to enforce payment of the amount. Losses incurred by the Fund cannot be allocated to SCEF Unitholders but may generally be carried forward and deducted by the Fund in computing its taxable income in future years in accordance with the detailed rules in the Tax Act.

In computing its income for the purposes of the Tax Act for a particular taxation year, the Fund must include income which is allocated to it by Skyline Clean Energy LP at the fiscal year end of the partnership which ends in such taxation year as well as any other income earned by the Fund in such taxation year. The source of Skyline Clean Energy LP’s income will retain its character in the hands of the Fund, including income from Skyline Clean Energy LP’s portfolio of clean energy assets, any taxable capital gains and any recapture of capital cost allowance arising on the disposition of clean energy assets owned by Skyline Clean Energy LP.

In computing its income for purposes of the Tax Act, the Fund may deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income, generally including a reasonable amount of interest on borrowed funds and capital cost allowance. The Fund generally may also deduct in computing its income for the year a portion of the reasonable expenses incurred by the Fund to issue SCEF Units. The portion of the issue expenses deductible by the Fund in a taxation year is 20% of the total issue expenses, pro-rated where the Fund’s taxation year is less than 365 days.

Generally, Tax Proposals released on February 4, 2022 and revised on November 3, 2022 (the “EIFEL Rules”) may have the effect of limiting the deductibility of interest and other financing expenses in certain circumstances, including the computation of income or loss of a trust for purposes of the Tax Act. If the EIFEL Rules are enacted as proposed, effective for taxation years beginning on or after October 1, 2023, the amount of interest and other financing expenses deductible by the Fund may be reduced and the amount of taxable income allocated by the Fund to SCEF Unitholders may increase.

The Declaration of Trust generally requires the Fund to claim the maximum amount of deductions available to it in computing its income for tax purposes unless the Trustees determine otherwise.

The Tax Act includes “loss restriction event” (“LRE”) rules that could potentially apply to the Fund. In general, a trust is subject to an LRE if a person (or group of persons) acquires more than 50% of the fair market value of the units of the trust. If an LRE occurs (i) a trust will be deemed to have a year-end for tax purposes immediately before the LRE occurs, (ii) unless any net income and net realized capital gains of the trust at such year-end is distributed or otherwise made payable to unitholders of the trust to the extent required for the trust not to be liable for income taxes, the trust would be subject to tax under Part I of the Tax Act, and (iii) the trust will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE.

Part XII.2 of the Tax Act imposes a special 40% tax on the designated income (which includes income from real property in Canada and income from businesses carried on in Canada) of certain trusts with respect to distributions to designated beneficiaries (which include non-resident persons and certain tax-exempt persons). Part XII.2 will not apply to the Fund in a taxation year provided that the Fund qualifies as a mutual fund trust throughout the taxation year.

### *Taxation of Skyline Clean Energy LP*

Skyline Clean Energy LP is not subject to tax under the Tax Act. Each partner of Skyline Clean Energy LP is required to include in computing the partner's income for a particular taxation year the partner's share of the income or, subject to the potential application of the "at-risk" rules (as discussed below), loss of Skyline Clean Energy LP for its year ending in, or coinciding with, the partner's taxation year, whether or not any of that income is distributed to the partner in the taxation year. For this purpose, the income or loss of Skyline Clean Energy LP will be computed for each year as if Skyline Clean Energy LP were a separate person resident in Canada. In computing the income or loss of Skyline Clean Energy LP, deductions may be claimed in respect of available capital cost allowances, reasonable administrative costs, interest and other expenses incurred by Skyline Clean Energy LP for the purpose of earning income, subject to the relevant provisions of the Tax Act.

Generally, the EIFEL Rules may have the effect of limiting the deductibility of interest and other financing expenses in certain circumstances, including with respect to such expenses of a partnership that are allocated to a partner that is a corporation or a trust. If the EIFEL Rules are enacted as proposed, effective for taxation years beginning on or after October 1, 2023, the amount of interest or other financing expenses deductible by such partners of Skyline Clean Energy LP, including the Fund, effectively may be reduced.

The income or loss of Skyline Clean Energy LP for a year will be allocated to the partners of Skyline Clean Energy LP, including the Fund, on the basis of their respective share of that income or loss as provided in Skyline Clean Energy LP Agreement for Skyline Clean Energy LP, subject to the detailed rules in the Tax Act in that regard. Generally, distributions to partners in excess of the income of Skyline Clean Energy LP for a year will result in a reduction of the adjusted cost base of the partner's units of Skyline Clean Energy LP by the amount of such excess. If, as a result, the adjusted cost base to the Skyline Clean Energy LP of its units of Skyline Clean Energy LP would otherwise be a negative amount, the Fund will be deemed to realize a capital gain equal to such negative amount, and the Fund's adjusted cost base of its units of Skyline Clean Energy LP will then be reset to zero.

### *At-Risk Rules*

The Tax Act contains rules (the "at-risk rules") which, in general, limit the amount of the losses (other than capital losses) of a limited partnership (such as Skyline Clean Energy LP) for a fiscal period that a limited partner of the partnership may deduct to an amount not greater than the partner's 'at-risk amount' in respect of the partnership at the end of the fiscal period. A limited partner's at-risk amount in respect of a limited partnership will generally be equal to the adjusted cost base to the partner of its interest in the partnership at the end of the partnership's fiscal period plus the partner's share of any income of the partnership for the fiscal period (including, for this purpose, the whole amount of any net capital gains), less any amount owing by the partner (or by a person or partnership that does not deal at arm's length with the partner for purposes of the Tax Act) to the partnership (or to a person or partnership not dealing at arm's length with the partnership for purposes of the Tax Act), and less the amount of the partner's investment in the partnership that may reasonably be regarded as protected against loss. The share of any loss of the partnership that is not deductible by a partner (other than a partner that is itself a partnership) as a result of the application of the "at-risk rules" is considered to be a 'limited partnership loss' in respect of the partnership for that year.

A limited partnership loss of the Fund in respect of Skyline Clean Energy LP may generally be carried forward and deducted by the Fund in a subsequent taxation year against income for that year to the extent

that the Fund's at-risk amount at the end of Skyline Clean Energy LP's last fiscal period ending in that year exceeds the Fund's share of any loss of Skyline Clean Energy LP for that fiscal period, subject to and in accordance with, the provisions of the Tax Act.

### *Taxation of SCEF Unitholders*

A SCEF Unitholder is required to include in computing income for tax purposes in each year the portion of the amount of net income and net taxable capital gains of the Fund, determined for the purposes of the Tax Act, paid or payable or deemed to be paid or payable to such SCEF Unitholder in the year that the Fund deducts in computing its income for tax purposes, whether such portion is received in cash, additional SCEF Units, or otherwise. Distributions which are made through the issuance of additional SCEF Units may give rise to a taxable income inclusion for the SCEF Unitholder even though no cash has been distributed to the SCEF Unitholders.

The Declaration of Trust provides that net income, including net taxable capital gains for purposes of the Tax Act, will be allocated to SCEF Unitholders in the same proportion as distributions received by SCEF Unitholders, subject to the discretion of the Trustees to adopt an allocation method which the Trustees consider to be more reasonable in the circumstances.

**IT IS THE CURRENT INTENTION OF THE TRUSTEES THAT, UNTIL SUCH TIME AS THE TRUSTEES DETERMINE OTHERWISE, ANY DISTRIBUTIONS RECEIVED BY THE FUND FROM SKYLINE CLEAN ENERGY LP WILL BE REINVESTED SO THAT ADDITIONAL CLEAN ENERGY ASSETS MAY BE ACQUIRED BY SKYLINE CLEAN ENERGY LP. SCEF UNITHOLDERS MAY BE TAXABLE ON NET INCOME OF THE FUND WHICH IS PAID OR PAYABLE TO THEM TO THE EXTENT THAT THE FUND DEDUCTS SUCH AMOUNTS IN COMPUTING ITS INCOME. AS A RESULT, UNITHOLDERS MAY BE REQUIRED TO PAY TAX ON SUCH AMOUNTS ALTHOUGH NO CASH WAS RECEIVED FROM THE FUND.**

The amount distributed to SCEF Unitholders in a year may exceed the income of the Fund for tax purposes for that year. Distributions in excess of the Fund's taxable income in a year will not be included in computing the income of the SCEF Unitholders from the Fund for tax purposes. However, a SCEF Unitholder is required to reduce the adjusted cost base of such holder's SCEF Units by the portion of any amount paid or payable to such holder by the Fund (other than the non-taxable portion of certain capital gains) that was not included in computing such holder's income. A SCEF Unitholder will realize a capital gain in the year to the extent the adjusted cost base of the holder's SCEF Units would otherwise be a negative amount. The Fund will designate to the extent permitted by the Tax Act the portion of the taxable income distributed to SCEF Unitholders as may reasonably be considered to consist of net taxable capital gains of the Fund. Any such designated amount will be deemed for tax purposes to be received by SCEF Unitholders in the year as a taxable capital gain.

To the extent that amounts are designated as having been paid to SCEF Unitholders out of taxable dividends received or deemed to have been received by the Fund on shares of taxable Canadian corporations, the normal gross-up and dividend tax credit rules, including the enhanced gross-up and dividend tax credit rules in respect of dividends designated by the corporation as "eligible dividends" will apply to SCEF Unitholders who are individuals (other than certain trusts). A SCEF Unitholder that is a corporation is required to include amounts designated as taxable dividends in computing its income for tax purposes and will generally be entitled to deduct the amount of such dividends in computing its taxable income.

A SCEF Unitholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) or a "substantive CCPC" (as contained in the Tax Proposals contained in the 2022 Canadian Federal Budget and as supplemented by Tax Proposals released August 9, 2022) may be liable to pay an additional refundable tax on its aggregate investment income (as defined in the Tax Act) for the year, including taxable capital

gains. A SCEF Unitholder that is a “Canadian-controlled private corporation” or a “substantive CCPC” should consult its own tax advisors regarding its particular circumstances.

### *Disposition of SCEF Units*

Upon the disposition or deemed disposition by a SCEF Unitholder of a SCEF Unit, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the SCEF Unit exceed (or are exceeded by) the aggregate of the adjusted cost base to the SCEF Unitholder of the SCEF Unit immediately before the disposition and any reasonable costs of the disposition. Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a SCEF Unitholder will be included in the SCEF Unitholder’s income for the year of disposition. One-half of any capital loss so realized (an “**allowable capital loss**”) may generally be deducted against taxable capital gains of the SCEF Unitholder for the year of disposition. Any excess of allowable capital losses over taxable capital gains of the SCEF Unitholder for the year of disposition may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years to the extent and in the circumstances prescribed in the Tax Act.

The adjusted cost base of a SCEF Unit to a SCEF Unitholder generally will include all amounts paid by the Unitholder for the SCEF Unit, with certain adjustments provided for under the Tax Act. SCEF Units issued to a Unitholder as a non-cash distribution of income (including net capital gains) will have a cost amount equal to the amount of such income (including the applicable non-taxable portion of net capital gains). The adjusted cost base to a SCEF Unitholder of a SCEF Unit will be determined by averaging the cost base of all SCEF Units owned by a SCEF Unitholder as capital property at a particular time.

A redemption of SCEF Units in consideration for cash or Trust Notes, as the case may be, will be a disposition of such SCEF Units for proceeds of disposition equal to such cash or the fair market value of the Trust Notes so distributed, as the case may be, less any income or capital gain realized by the Fund in connection with such redemption to the extent the Fund designates such income or capital gain to the redeeming SCEF Unitholder. SCEF Unitholders exercising the right of redemption will consequently realize a capital gain, or sustain a capital loss, to the extent that such proceeds of disposition exceed, or are exceeded by, the adjusted cost base (net of any reasonable costs of disposition) of the SCEF Units redeemed. The cost of any Trust Notes distributed by the Fund to a SCEF Unitholder upon the redemption of SCEF Units will be equal to the fair market value of that property at the time of distribution. The SCEF Unitholder will thereafter be required to include in income interest or other income derived from the Trust Notes or other property in accordance with the provisions of the Tax Act. Any amount of income (including a taxable capital gain so designated) paid or payable must be included in the income of the redeeming SCEF Unitholder and may be deductible by the Fund. However, pursuant to the Tax Act, the Fund will generally not be entitled to a deduction in computing its income in respect of amounts allocated to redeeming SCEF Unitholders to the extent of: (i) the portion of any such amount that would be paid out of the income (other than taxable capital gains) of the Fund; and (ii) the portion of any such amount in respect of a taxable capital gain allocated to a redeeming SCEF Unitholder to the extent that the amount so allocated is greater than the taxable capital gain that would otherwise have been realized by the redeeming SCEF Unitholder from the redemption of the SCEF Units. As a result, the taxable component of distributions by the Fund to non-redeeming SCEF Unitholders may be adversely affected.

Where a SCEF Unitholder that is a corporation or a trust (other than a mutual fund trust) disposes of a SCEF Unit, the SCEF Unitholder’s capital loss from the disposition generally will be reduced by the amount of any dividends previously designated by the Fund to the SCEF Unitholder, to the extent and under the circumstances prescribed in the Tax Act. Similar rules may apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of SCEF Units.

Capital gains realized by an individual or trust (other than certain specified trusts) may give rise to alternative minimum tax under the Tax Act. A SCEF Unitholder that is a Canadian-controlled private corporation (as defined in the Tax Act) or a “substantive CCPC” (as contained in the Tax Proposals



contained in the 2022 Canadian Federal Budget and as supplemented by Tax Proposals released August 9, 2022) may be liable to pay an additional refundable tax on its taxable capital gains. A SCEF Unitholder that is a “Canadian-controlled private corporation” or a “substantive CCPC” should consult its own tax advisors regarding its particular circumstances.

Since the net income of the Fund may be distributed on a monthly basis, a purchaser of a SCEF Unit may become taxable on a portion of the net income of the Fund accrued or realized by the Fund in a month before the time the SCEF Unit was purchased but which was not paid or made payable to SCEF Unitholders until the end of the month and after the time the SCEF Unit was purchased. A similar result may apply on an annual basis in respect of a portion of capital gains accrued or realized in a year before the time the SCEF Unit was purchased, but which is paid or made payable to SCEF Unitholders at year-end and after the time the SCEF Unit was purchased.

### **8.3 Eligibility for Investment**

Miller Thomson LLP, counsel to the Fund, is of the view that provided that the Fund qualifies as a “mutual fund trust” for purposes of the Tax Act at a particular time, the SCEF Units will be qualified investments for a trust governed by an RRSP, RRIF, RDSP, RESP, DPSP, TFSA or first home savings account (“FHSA”) at such time.

Notwithstanding the foregoing, if the SCEF Units are “prohibited investments” for a trust governed by an RRSP, RRIF, RDSP, RESP, TFSA or FHSA that acquired SCEF Units pursuant to this Offering Memorandum, the annuitant, holder or subscriber will be subject to a penalty tax in respect of such SCEF Units. A SCEF Unit will generally be a “prohibited investment” if the annuitant, holder or subscriber does not deal at arm’s length with the Fund for purposes of the Tax Act or has a significant interest (within the meaning of the Tax Act) in the Fund. For these purposes, an annuitant, holder or subscriber will have a significant interest in the Fund at a particular time if the annuitant, holder or subscriber, or the annuitant, holder or subscriber together with persons or partnerships with which the annuitant, holder or subscriber does not deal at arm’s length, holds at the time interests as a beneficiary under the Fund that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Fund. The SCEF Units will generally not be a “prohibited investment” if the SCEF Units are “excluded property” (as defined in the Tax Act) for trusts governed by an RRSP, RRIF, RDSP, RESP, TFSA or FHSA.

Holders, annuitants or subscribers should consult their own tax advisors with respect to whether SCEF Units would be prohibited investments in their particular circumstances, including with respect to whether the SCEF Units would be “excluded property”.

Trust Notes issued by the Fund on a redemption of SCEF Units may not be “qualified investments” for trusts governed by RRSP, RRIF, RDSP, RESP, a DPSP, TFSA or FHSA Plans and such holder, annuitant or subscriber, as the case may be, should contact their own tax advisors with regard to their own particular circumstances prior to exercising any redemption rights with respect to the SCEF Units.

## **ITEM 9 COMPENSATION PAID TO SELLERS AND FINDERS**

The Exempt Market Dealer Agreement was entered into between the Exempt Market Dealer and the Fund effective May 3, 2018, which was amended and restated effective December 12, 2022. Pursuant to the Exempt Market Dealer Agreement, the Exempt Market Dealer is responsible for acting as exempt market dealer on all offerings of Class A SCEF Units and providing other services to the Fund in respect of Class A SCEF Units. See Item 2.2 – Our Business – Management of the Fund – The Exempt Market Dealer.

In consideration for the services to be provided by the Exempt Market Dealer to the Fund, the pursuant to the Exempt Market Dealer Agreement, the Exempt Market Dealer will be entitled to a trailer fee, payable monthly, equal to 1/12 of 0.3% of the Fund’s Class A Equity Under Management (calculated as the product of the outstanding Class A SCEF Units multiplied by the then market value of one SCEF Unit).

The Exempt Market Dealer will also be entitled to an equity raise fee equal to a maximum of 1.0% on the capital raised in offerings of Class A SCEF Units. The Exempt Market Dealer may be required to repay all or a portion of the equity raise fee paid by the Fund in respect of SCEF Units tendered for redemption within two (2) years of the date of issuance.

Under the Exempt Market Dealer Agreement, the Exempt Market Dealer is responsible for employment expenses of its personnel, rent and other office expenses of the Exempt Market Dealer in connection with providing services to the Fund under the Exempt Market Dealer Agreement.

The Fund Administration Services Agreement was entered into between the Exempt Market Dealer and the Fund on December 12, 2022. Pursuant to the Fund Administration Services Agreement, the Exempt Market Dealer is responsible for acting as administrator on all offerings of Class F SCEF Units and providing other services to the Fund. See Item 2.2 – Our Business – Management of the Fund – The Exempt Market Dealer.

In consideration for the services to be provided by the Exempt Market Dealer to the Fund, pursuant to the Fund Administration Services Agreement, the Exempt Market Dealer will be entitled to a trailer fee, payable monthly, equal to 1/12 of 0.2% of the Fund’s Class F Equity Under Management calculated as the product of the outstanding Class F SCEF Units multiplied by the then market value of one SCEF Unit). The Exempt Market Dealer will also be entitled to an administration fee of 1.0% on the capital raised through the sale of Class F SCEF Units.

Under the Fund Administration Services Agreement, the Exempt Market Dealer is responsible for employment expenses of its personnel, rent and other office expenses of the Exempt Market Dealer in connection with providing services to the Fund under the Fund Administration Services Agreement.

## **ITEM 10 RISK FACTORS**

There are certain risk factors inherent in an investment in the Units and in the activities of the Fund, which subscribers should carefully consider before subscribing for the Units. If any such risks actually occur, the financial condition and results of operations of the Fund could be materially adversely affected and the financial performance of the Fund and the ability of the Fund to satisfy requests for redemptions of Units could be materially adversely affected.

### ***Energy Market Volatility***

While revenue from the majority of the Fund’s clean energy assets is currently derived from fixed-rate, long-term, contracts, the Fund may, from time to time, invest in clean energy assets that are in markets that may have exposure, either directly or indirectly, to a wholesale market price for energy. Wholesale market prices are impacted by a number of factors including: the price of fuel (e.g. natural gas) that is used to generate electricity; the distribution of electricity generation and excess generation capacity relative to load in a particular market; the cost of controlling emissions of pollution, including the cost of emitting CO<sub>2</sub> (specifically to other market participants); the structure of the electricity and renewable fuels markets; and the weather conditions that impact electrical load.

### ***Waste/Feedstock/Digestate Market Volatility***

Revenue from the Fund’s Biogas Portfolio is derived from a combination of: (i) energy sales and (ii) fees under short, medium and long term contracts from various feedstock (waste) suppliers including municipalities, commercial and industrial partners, and individual farmers and (iii) sales of digestate as fertilizer. While energy sales are primarily based on fixed price contracts, market prices for feedstock may be impacted by a number of factors including: transportation costs; access to a closer processing facility; reduced carbon intensity; competition; regulatory changes (specifically landfill diversion policies); price of

fertilizer; price of renewable fuels (renewable natural gas and electricity); cost of emitting CO<sub>2</sub> (specifically to feedstock suppliers); and the structure of the electricity and renewable fuels markets.

### ***Changing Regulation***

Assets in the clean energy market are often subject to extensive regulation by various government agencies and regulatory bodies. As legal requirements commonly change and are the subject of varying interpretation and discretion, the Fund may be unable to predict the ultimate cost of compliance with these requirements or their long-term effects on operations. Any new law, rule or regulation may require additional unforeseen expenditures to achieve or maintain compliance or could negatively impact the Fund's ability to generate and deliver energy. Also, operations that are not currently regulated may become subject to regulation which could ultimately result in additional cost to the Fund's business model.

### ***Contract Non-renewal***

The Fund proposes to hold multiple fixed and variable-rate, long-term contracts to generate and sell energy. Alongside these contracts are long-term lease agreements to the facilities on which certain clean energy assets are housed. The Fund generally expects that such contracts will be renewed; however, if the Fund is not granted such renewal rights, or if such renewal rights are subject to conditions which would result in additional costs, or would impose additional restrictions to income (e.g., a cap on energy production), the profitability and operational activity of the Fund could be negatively impacted.

### ***Equipment Failure***

The Fund's clean energy assets may not sustain continued levels of performance because of the risk of equipment failure due to, among other factors, wear and tear, design error, operator error, latent defect, or early obsolescence, all or any of which could have materially adverse effects to the Fund's financial position and operations.

### ***Infrastructure Inaccessibility***

The Fund's ability to sell electricity and renewable fuels is reliant on the availability of, and access to, the various transmission systems used to deliver power to the delivery points that will be stipulated by the Fund's energy fulfillment contracts. The absence of this availability and access to infrastructure, or the operational failure of existing transmission systems, may have a material adverse effect on the Fund's ability to deliver electricity and/or renewable fuel to its various counterparties, which could, in turn, negatively impact the Fund's financial position and operations.

### ***Future Project Acquisitions***

The acquisition of the Projects Under Consideration are not conditional upon completion of this Offering, however, there can be no assurance that the Fund will acquire any Projects Under Consideration or be able to acquire other projects with the net proceeds to the Fund of this Offering allocated for such purpose.

### ***No Assurance of Achieving Investment Objectives***

There is no assurance the Fund will be able to achieve its investment objectives or be able to preserve capital. There is no assurance that the Fund's portfolio of clean energy assets will earn any return. An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment and who can withstand the effect of distributions not being paid in any period or at all.

### *Health, Safety, Security and Environmental*

The ownership and operation of the Fund's clean energy assets carries inherent risks related to health, safety, security, and the environment, including the risk of government-imposed orders to remedy unsafe conditions. The Fund could be exposed to potential penalties and civil liability if health, safety, security, and environmental laws are contravened.

### *Asset Impairment due to Changing Technologies*

There exist other competing technologies for clean energy production, and while many of these still rely on subsidies to compete with conventional energy generation, research and development activities may aid such technologies in reducing production cost. In such an event, those technologies may compete directly or indirectly with the Fund for favourable energy fulfillment contracts, which may in turn have an adverse effect on the Fund's long-term financial position and operations.

### *Interest Rates*

It is anticipated that the market price for the SCEF Units at any given time may be affected by the level of interest rates prevailing at that time. A rise in interest rates may have a negative effect on the market price of the SCEF Units.

### *Risk of Changes to Government Incentives*

Development of new clean energy sources and the overall growth of the clean energy industry has recently been supported by provincial and/or national policies and incentives. Some of the Fund's projects may benefit from such incentives. The attractiveness of clean energy to purchasers of clean energy assets, as well as the economic return available to project sponsors, is often enhanced by such incentives. There is a risk that regulations that provide incentives for clean energy could change or expire in a manner that adversely impacts the market for renewables generally. Any such changes may impact the competitiveness of clean energy generally and the economic value of clean energy projects in particular.

In 2018, the government of the Province of Ontario passed legislation to repeal the Green Energy Act, and thereby terminate the FIT Program. Nonetheless, the Fund believes that it is unlikely that the repeal of the Green Energy Act will impact existing FIT Contracts that are operational or in advanced stages of development, referred to by IESO as having received a "Notice to Proceed". Since the Fund would only acquire clean energy assets that were at or after this stage, the Fund believes that the risk of changes resulting from the repeal of the Green Energy Act is manageable.

In addition, the Fund, in the future may be subject to the application of environmental and social governance ("ESG") legislation and/or regulation. Such ESG legislation and/or regulation may cause the Fund to incur costs to comply with same.

### *Regulatory and Political Risks*

The Fund's business activities are subject to changes in governmental regulatory requirements and the applicable governing statutes, including regulations related to the environment, unforeseen environmental effects, general economic conditions and other matters beyond the control of the Fund.

Moreover, the Fund's operations may be subject to extensive regulation by various government agencies at the municipal, provincial, state and federal levels. There is always the risk of changes being made in government policies and laws, which may result in increased rates, such as for water rentals, and for income, capital and municipal taxes.

### ***Adverse Changes to the Availability of Investment Opportunities***

The Fund's strategy for building value for its unitholders is to seek out and acquire or develop high-quality clean energy assets and businesses that generate sustainable, growing cash flows, with the objective of achieving appropriate risk-adjusted returns over the long-term. However, no certainty can be provided that the Fund will be able to find sufficient investment opportunities and complete transactions that meet the desired investment criteria. As of the date of this Offering Memorandum, the Fund's main competitor in respect to the investment in solar energy assets is Grasshopper Solar, a Canadian solar energy company focused on the acquisition, development, engineering, procurement, construction and long-term ownership of solar projects. Competition for assets may grow significantly, and competition from other well-capitalized investors or companies may significantly increase the purchase price of desired investments, which may inhibit the Fund's ability to compete for future acquisitions.

### ***Access to Capital***

The clean energy industry is highly capital intensive. The Fund will require access to capital to maintain its clean energy assets, as well as to fund its growth. There is no assurance that capital will be available when needed or on favourable terms.

### ***Unitholder Liability***

Because of uncertainties in the law relating to investment trusts, there is a risk, which is considered by counsel to be remote in the circumstance, that a Unitholder could be held personally liable for obligations of the Fund (to the extent that claims are not satisfied by the Fund) in respect of contracts which the Fund enters into and for certain liabilities arising other than out of contract including claims in tort, claims for taxes and possibly certain other statutory liabilities. The Trustees intend to cause the Fund's operations to be conducted in such a way as to minimize any such risk including by obtaining appropriate insurance and, where feasible, attempting to have every material written contract or commitment of the Fund contain an express disavowal of liability against Unitholders.

### ***Access to and Dependence on Key Personnel***

The Asset Operators and Asset Manager depend on the availability of qualified personnel and may be dependent upon the services of certain key personnel. The loss of or inability to hire qualified personnel or the loss of key personnel could have a material adverse effect on the Fund.

### ***Concentration and Composition of the Portfolio***

The Fund will primarily invest in clean energy assets, although the Fund may also hold clean energy-related investments and some cash and cash equivalents. Given the concentration of clean energy assets, the Fund will be more susceptible to adverse economic or regulatory occurrences affecting clean energy assets than investment vehicles such as investment funds that hold a diversified portfolio of securities. Investments in clean energy assets are relatively illiquid. Such illiquidity will tend to limit the Fund's ability to vary its portfolio of clean energy assets promptly in response to changing economic or investment conditions.

The investment objectives and investment restrictions of the Fund permit the Fund to invest in a broad spectrum of clean energy assets. Therefore, the composition of the Fund's asset may vary widely from time to time. As a result, the returns generated by the Fund's clean energy assets may change as the portfolio of assets changes.

### ***Competition***

The Fund will experience competition in all aspects of its business, including competition for investment opportunities, financing, personnel, and feedstock supplies. As renewable energy markets expand and mature, competition may increase and have a material adverse effect on the Fund's business, financial condition and results of operations.

### ***Litigation Risk***

The Fund or Skyline Clean Energy LP may, from time to time, become involved in legal proceedings in the course of its business. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all. The unfavourable resolution of any legal proceedings could have an adverse effect on the Fund's and its financial position and results of operations that could be material.

### ***General Economic Conditions***

There are economic trends and factors that are beyond the Fund's control. Such trends and factors include adverse changes in the conditions of the clean energy market, changes in the conditions of the broader energy market and the conditions of the domestic or global economy generally.

It is not possible for the Fund to accurately predict economic fluctuations and the impact of such fluctuations on the Fund's performance.

### ***Social Acceptance of Renewable Energy Projects***

The social acceptance by local stakeholders, including, in some cases, First Nations and other Indigenous peoples, and local communities is critical to the Fund's ability to find and develop new sites suitable for viable renewable energy projects. Failure to obtain proper social acceptance for a project may prevent the development and construction of a project and lead to the loss of all investments made in the development and the write-off of such prospective project.

### ***Impact of Climate Change, Natural Disasters and Other Events***

Various events, including climate change, natural disasters, extreme weather conditions, war and terrorism may cause a significant decline in the value of the Fund's assets, thereby having a material adverse effect on the Fund's business, financial condition and results of operations.

### ***Potential Conflicts of Interest***

The Fund may be subject to various conflicts of interest because of the fact that certain of the Trustees and senior officers of the Fund and certain senior officers of the Asset Manager and the Exempt Market Dealer are engaged in a wide range of other business activities. The Fund may become involved in transactions which conflict with the interests of the foregoing.

The Trustees may from time to time deal with persons, firms, institutions or corporations with which the Fund may be dealing, or which may be seeking investments similar to those desired by the Fund. The interests of these persons could conflict with those of the Fund. In addition, from time to time, these persons may be competing with the Fund for available investment opportunities.

The Declaration of Trust contains "conflicts of interest" provisions requiring Trustees to disclose material interests in material contracts and transactions and to refrain from voting thereon.

## *Tax Related Risks*

There can be no assurance that income tax laws and the treatment of mutual fund trusts will not be changed in a manner which adversely affects the Fund or the SCEF Unitholders.

In addition, SCEF Unitholders may become subject to provincial taxes in respect of their SCEF Units.

If the Fund fails or ceases to qualify as a mutual fund trust for purposes of the Tax Act, the tax consequences described under Item 6 "Income Tax Consequences and RRSP Eligibility" would in some respects be materially and adversely different. Such adverse differences would include that if the Fund did not qualify as a mutual fund trust throughout a taxation year, it would be subject to a special tax under Part XII.2 of the Tax Act for such taxation year to the extent that it has designated income (which includes income from real property and income from businesses carried on in Canada) to an investor which is a designated beneficiary (which includes non-resident persons and certain tax-exempt persons).

If investments in the Fund become publicly listed or traded, there can be no assurances that the Fund will not be subject to the SIFT Rules, as described under "Income Tax Consequences and RRSP Eligibility – SIFT Rules", at that time.

The Fund or its subsidiaries may be reassessed for taxes from time to time. Such reassessments together with associated interest and penalties could adversely affect the Fund.

SCEF Unitholders will be taxable on net income of the Fund which is paid or payable to them in cash or by issuance of additional SCEF Units to the extent that the Fund deducts such amounts in computing its income. As a result, SCEF Unitholders may be required to pay tax on such amounts although no cash was received from the Fund.

Since the net income of the Fund may be distributed in any given month, a purchaser of a Unit may become taxable on a portion of the net income of the Fund accrued or realized by the Fund in a month before the time the Unit was purchased but which was not paid or made payable to SCEF Unitholders until the end of the month and after the time the Unit was purchased. A similar result may apply on an annual basis in respect of a portion of capital gains accrued or realized in a year before the time the Unit was purchased, but which is paid or made payable to SCEF Unitholders at year-end and after the time the Unit was purchased.

The LRE Rules could potentially apply to the Fund if a person (or group of persons) was to acquire more than 50% of the fair market value of the Units, with the consequences described under Item 6 "Income Tax Consequences and RRSP Eligibility – Taxation of the Fund".

Tax Proposals released on February 4, 2022 and revised on November 3, 2022 relating to the EIFEL Rules are intended to limit the deductibility of certain interest and other financing expenses. Under the EIFEL Rules, effective for taxation years beginning on or after October 1, 2023, the amount of net interest and other financing expenses incurred by a corporation or trust, whether incurred directly or through a partnership (including Skyline Clean Energy LP), that may be deducted in computing its income for Canadian income tax purposes will generally be limited to no more than a fixed ratio of its "adjusted taxable income", which is intended to reflect the earnings before interest, taxes and depreciation generated by its activities in Canada. If the EIFEL Rules are enacted as proposed, the income of the Fund for Canadian income tax purposes may be increased which could have an adverse impact on the after tax return of a SCEF Unitholder and on the value of SCEF Units. The EIFEL Rules may also apply to a corporation or trust held directly or indirectly by the Fund. Further, a SCEF Unitholder who makes a leveraged investment in SCEF Units may be adversely affected. SCEF Unitholders and prospective unitholders should consult their own tax advisors in this regard.

### ***Dilution***

The number of SCEF Units that the Fund is authorized to issue is unlimited. The Trustees have the discretion to issue additional SCEF Units in other circumstances, pursuant to the Fund's various incentive plans. Any issuance of additional SCEF Units may have a dilutive effect on the holders of SCEF Units.

### ***Liquidity***

An investment in SCEF Units is an illiquid investment. There is currently no market through which SCEF Units may be sold and redemptions are subject to restrictions imposed in the Declaration of Trust and applicable securities regulation. The Fund is not a "reporting issuer" in any jurisdiction, and a prospectus has not qualified the issuance of SCEF Units. Accordingly, investors will be unable to sell their SCEF Units, subject to some limited exceptions. See Item 10 – Resale Restrictions. Consequently, holders of SCEF Units may not be able to liquidate their investment in a timely manner.

### ***Financing***

The Fund may utilize debt financing, and will be subject to the risks associated with debt financing, including the risk that the Fund may be unable to make interest or principal payments or meet loan covenants, the risk that defaults under a loan could result in cross defaults or other lender rights or remedies under other loans, and the risk that existing indebtedness may not be able to be refinanced or that the terms of such refinancing may not be as favourable as the terms of existing indebtedness.

### ***Nature of SCEF Units***

SCEF Units are not the same as shares of a corporation. As a result, SCEF Unitholders will not have the statutory rights and remedies normally associated with share ownership, such as the right to bring "oppression" or "derivative" actions.

SCEF Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, it is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

### ***Unexpected Costs or Liabilities Related to Acquisitions***

A risk associated with acquisitions is that there may be an undisclosed or unknown liability concerning an acquired asset, and the Fund may not be indemnified for some or all of these liabilities. Following an acquisition, the Fund may discover that it has acquired undisclosed liabilities, which may be material. The due diligence procedures performed by the Asset Manager are designed to address this risk. The Asset Manager will perform what it believes to be an appropriate level of investigation in connection with the acquisition of clean energy assets by the Fund and seeks through contract to ensure that risks lie with the appropriate party.

### ***Cybersecurity Risk***

The efficient operation of the Fund's business is dependent on computer hardware and software systems. Information systems are vulnerable to cybersecurity incidents. A cybersecurity incident is considered to be any material adverse event that threatens the confidentiality, integrity or availability of the Fund's information resources. A cybersecurity incident is an intentional attack or an unintentional event including, but not limited to, malicious software, attempts to gain unauthorized access to data or information systems, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. The Fund's primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage



to its reputation, the disclosure of confidential information including personally identifiable information, potential liability to third parties, loss of revenue, additional regulatory scrutiny and fines, as well as litigation and other costs and expenses. The Fund takes data privacy and protection seriously and has implemented processes, procedures and controls to help mitigate these risks. Access to personal data is controlled through physical security and IT security mechanisms. For information stored with or processed by third parties, the Fund undertakes due diligence prior to working with them and uses contractual means to ensure compliance to standards set by the Fund. Additionally, the Fund monitors and assesses risks surrounding collection, usage, storage, protection, and retention/ destruction practices of personal data. These measures, as well as its increased awareness of a risk of a cyber incident, do not guarantee that its financial results will not be negatively impacted by such an incident.

### ***Redemptions***

The entitlement of SCEF Unitholders to receive cash in respect of SCEF Units tendered for redemption is subject to a Monthly Limit. Where the Monthly Limit is exceeded, a portion of the Redemption Amount to which the Unitholder would otherwise be entitled shall be paid and satisfied in cash and, subject to receipt of all necessary regulatory approvals, the remainder shall be paid and satisfied by way of issuance to the SCEF Unitholder of a Trust Note in accordance with the Declaration of Trust. See Item 5.1 – Terms of Securities – Redemption of SCEF Units.

## **ITEM 11 REPORTING OBLIGATIONS**

Prior to each annual meeting of the Unitholders, the Fund will deliver audited consolidated financial statements (along with notice of such meeting) to Unitholders. The annual financial statements shall be audited by the Fund's auditors in accordance with IFRS.

On or before March 15 in each year, the Fund will provide to Unitholders who received distributions (including amounts treated as having been paid) from the Fund in either the prior calendar year or on or before March 15 of such year, such information regarding the Fund required by Canadian law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

## **ITEM 12 RESALE RESTRICTIONS**

### **12.1 General Statement**

*For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Quebec and Saskatchewan*

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

Persons into whose possession this Offering Memorandum may come are required by the Fund to inform themselves about and to observe any such restrictions.

### **12.2 Restricted Period**

*For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Quebec and Saskatchewan*

Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the date the Fund becomes a reporting issuer in any province or territory of Canada.

As the Fund is not currently a reporting issuer in any province or territory of Canada, and does not contemplate becoming a reporting issuer, the statutory hold period could be indefinite.

### **12.3 Manitoba Resale Restrictions**

Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

- (a) the Fund has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

### **ITEM 13 PURCHASERS' RIGHTS**

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

#### **(1) Two Day Cancellation Right -**

You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the second business day after you sign the agreement to buy the securities.

#### **(2) Statutory Rights of Action in the Event of a Misrepresentation**

Securities legislation in of the Canadian provinces and territories provides certain purchasers of securities pursuant to an offering memorandum with a right of action for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment thereto contains a "misrepresentation", as defined in the applicable securities legislation. A "misrepresentation" is generally defined in the applicable securities legislation to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. A "material fact" is a fact that would reasonably be expected to significantly affect the market price or value of the issuer's securities.

These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation.

An "offering memorandum" generally means a document, together with any amendments to that document, purporting to describe the business and affairs of an issuer that has been prepared primarily for delivery to and review by a prospective purchaser so as to assist the prospective purchaser to make an investment decision in respect of securities being sold pursuant to an exemption from the requirement to prepare and file a prospectus contained in applicable securities law, but does not include a document setting out current information about an issuer for the benefit of a prospective purchaser familiar with the issuer through prior investment or business contacts.

These rights, or notice with respect to thereto, must be exercised or delivered by the purchaser within the time limits prescribed by applicable securities legislation. Each purchaser should refer to the complete text of the relevant provisions of the applicable securities legislation for the particulars of these rights or consult with a legal advisor.

The rights of action for rescission or damages described herein are in addition to and without derogation from any other right or remedy that a purchaser may have at law.

Set out below are descriptions outlining the rights of action available to purchasers resident in Ontario, Saskatchewan, New Brunswick and Nova Scotia which are required to be disclosed and are subject to the express provisions of the securities legislation of the applicable jurisdiction.

#### *Rights for Purchasers in Ontario*

Under Ontario securities legislation, a purchaser resident in Ontario who purchases securities offered by an offering memorandum during the period of distribution will have, subject to certain limitations and statutory defences, a statutory right of action for damages or, while still the owner of the securities, for rescission against the issuer in the event that the offering memorandum contains a misrepresentation, without regard to whether the purchaser relied on the misrepresentation. An issuer is not liable for a misrepresentation in forward-looking information if certain requirements are satisfied. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first has knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the securities. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the securities. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, no person will be liable. In the case of an action for damages, the issuer will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the securities as a result of the misrepresentation relied upon.

#### *Rights for Purchasers in Saskatchewan*

Under Saskatchewan securities legislation, in the event that an offering memorandum is sent or delivered to a purchaser of securities resident in Saskatchewan and contains a misrepresentation at the time of purchase, such purchaser will have, subject to certain limitations and statutory defences and without regard to whether the purchaser relied on the misrepresentation, a statutory right of action for rescission against the issuer or for damages against: (i) the issuer; (ii) every promoter or director of the issuer at the time the offering memorandum was sent or delivered to such purchaser; (iii) every person who, or company that, sells securities on behalf of the issuer under the offering memorandum; (iv) every person who signed the offering memorandum; and (v) every person whose consent was filed in connection therewith (only in connection with statements made by that person). Similar rights are provided in respect of advertising or sales literature and verbal statements. Saskatchewan securities legislation provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities and the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if such securities are sold in Saskatchewan in contravention of Saskatchewan securities legislation or a decision of the Financial and Consumer Affairs Authority of Saskatchewan. No action to enforce a right of rescission may be commenced more than 180 days after the date of the transaction that gave rise to the cause of action and a purchaser must commence an action for damages within the earlier of (i) one year after such purchaser first had knowledge of the facts giving rise to the cause of action or (ii) six years after the date of the transaction that gave rise to the cause of action.

#### *Rights for Purchasers in New Brunswick*

Under New Brunswick securities legislation, a purchaser resident in New Brunswick who purchases securities offered by an offering memorandum will have, subject to certain limitations and statutory defences, a statutory right of action for damages against (i) the issuer, (ii) every director of the issuer, and (iii) every person who signed the offering memorandum or, while still the owner of the securities, for

rescission against the issuer in the event that the offering memorandum contains a misrepresentation at the time of purchase, without regard to whether the purchaser relied on the misrepresentation. Similar rights are provided in respect of advertising or sales literature and verbal misrepresentations. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the issuer. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, no person will be liable. No action to enforce a right of rescission may be commenced more than 180 days after the date of the transaction that gave rise to the cause of action and in the case of any action, other than an action for rescission, such action shall be commenced before the earlier of (i) one year after the purchaser first had knowledge of the facts giving rise to the cause of action and (ii) six years after the date of the transaction that gave rise to the cause of action.

#### ***Rights for Purchasers in Nova Scotia***

Under Nova Scotia securities legislation, a purchaser resident in Nova Scotia who purchases securities offered by an offering memorandum that is sent or delivered to such purchaser resident in Nova Scotia will have, subject to certain limitations and statutory defences, a statutory right of action for damages against the issuer, every person who signed the offering memorandum and every director of the issuer or, while still the owner of the securities, for rescission against the issuer, in the event that the offering memorandum contains a misrepresentation at the time of purchase, without regard to whether the purchaser relied on the misrepresentation. A similar right is provided in respect of advertising or sales literature, on which a purchaser is deemed to have relied. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, no person will be liable. No action to enforce a right of rescission may be commenced more than 180 days after the date of the transaction that gave rise to the cause of action; or in the case of any action other than an action for rescission, the earlier of (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. Notwithstanding the foregoing, no action to enforce the foregoing rights may be commenced more than 120 days after the date on which payment was made for the securities or after the date on which the initial payment for the securities was made, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

#### ***Rights for Purchasers in Manitoba, Prince Edward Island, Nunavut and Newfoundland and Labrador***

Securities legislation in Manitoba, Prince Edward Island, Nunavut and Newfoundland and Labrador provides certain purchasers with rights of action similar to those described above, a detailed description and disclosure of which is not required to be disclosed.

#### ***Contractual Rights for Purchasers in British Columbia, Alberta and Quebec***

In British Columbia, Alberta and Quebec, where there is reliance on the exemption from the prospectus requirements contained in section 2.3 of NI 45-106 (the “accredited investor exemption”) or, in British Columbia and Quebec, in section 2.10 of NI 45-106 (the “minimum amount investment exemption”), securities legislation does not provide or require an issuer to provide to purchasers resident in these jurisdictions any rights of action in circumstances where an offering memorandum contains a misrepresentation. The Fund hereby grants to such purchasers rights of action equivalent to those set forth above available to purchasers resident in Ontario.

## **ITEM 14 FINANCIAL STATEMENTS**

Included on the following pages are the audited consolidated financial statements of the Fund as at December 31, 2021 as well as unaudited consolidated financial statements of the Fund for the quarter ending September 30, 2022.

**SKYLINE CLEAN ENERGY FUND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**SKYLINE CLEAN ENERGY FUND**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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To the Unitholders of: Skyline Clean Energy Fund

### **Opinion**

We have audited the accompanying financial statements of Skyline Clean Energy Fund, which comprise the consolidated statement of financial position as at December 31, 2021 and December 31, 2020 and the consolidated statements of changes in unitholders' equity, income (loss) and comprehensive income (loss) and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Skyline Clean Energy Fund as at December 31, 2021 and December 31, 2020 and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### **Basis of 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 report. We are independent of Skyline Clean Energy Fund 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.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Skyline Clean Energy Fund's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate Skyline Clean Energy Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Skyline Clean Energy Fund's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 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 Skyline Clean Energy Fund'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 Skyline Clean Energy Fund'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 consolidated 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 Skyline Clean Energy Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.



Guelph, Ontario  
March 23, 2022

Chartered Professional Accountants  
Licensed Public Accountants

**SKYLINE CLEAN ENERGY FUND**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**  
(in thousands of Canadian dollars)

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Solar equipment and structures (notes 6, 7)	\$ 48,974	\$ 50,734
Biogas equipment (notes 6, 8)	14,577	0
Clean energy contracts (notes 6, 9)	62,143	25,305
Prepaid leases (notes 6, 10)	1,387	1,478
Right-of-use assets (notes 6, 11)	8,801	7,887
Investments in joint ventures (notes 6, 12)	8,520	4,512
Investments in associates (notes 6, 13)	1,350	0
Convertible debenture receivable (note 14)	3,249	0
Loans receivable (note 15)	788	765
Due from related party (note 24)	1,000	1,546
Inventory (note 16)	1,016	3,998
Other assets (note 17)	22,462	405
Accounts receivable (note 18)	2,756	1,260
Restricted cash (note 19)	1,287	2,738
Cash	<u>13,448</u>	<u>6,226</u>
	<u>\$ 191,758</u>	<u>\$ 106,854</u>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
Loans payable (notes 6, 20)	\$ 45,850	\$ 48,646
Note payable (note 21)	8,073	0
Interest rate swap agreements (notes 6, 22)	1,050	2,662
Lease liability (notes 6, 23)	8,551	7,796
Decommissioning liability (notes 6, 26)	914	882
Due to related parties (note 24)	2,074	3
Accounts payable and accrued liabilities (note 25)	<u>3,860</u>	<u>3,167</u>
	<u>70,372</u>	<u>63,156</u>
Unitholders' equity (page 6)	108,322	41,047
Non-controlling interests (page 6) (note 32)	<u>13,064</u>	<u>2,651</u>
	<u>121,386</u>	<u>43,698</u>
	<u>\$ 191,758</u>	<u>\$ 106,854</u>

Trustee

Trustee

**SKYLINE CLEAN ENERGY FUND**  
**CONSOLIDATED STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars)

	Unitholders' Equity	Non-Controlling Interests	Total
<b>OPENING BALANCE - January 1, 2021</b>	\$ 41,047	\$ 2,651	\$ 43,698
Proceeds from units issued (note 33)	68,889	0	68,889
Issuance costs (notes 24, 33)	(720)	0	(720)
Income and comprehensive income for the year	3,773	343	4,116
Distribution to non-controlling interest (note 32)	0	(807)	(807)
Non-controlling interests ownership of biogas assets acquired (note 32)	0	10,877	10,877
Redemptions (note 33)	<u>(4,667)</u>	<u>0</u>	<u>(4,667)</u>
<b>CLOSING BALANCE - December 31, 2021</b>	<u>\$ 108,322</u>	<u>\$ 13,064</u>	<u>\$ 121,386</u>
<b>OPENING BALANCE - January 1, 2020</b>	\$ 42,426	\$ 2,281	\$ 44,707
Proceeds from units issued (note 33)	9,838	0	9,838
Issuance costs (notes 24, 33)	(205)	0	(205)
Loss and comprehensive loss for the year	(2,140)	(59)	(2,199)
Distribution to non-controlling interest (note 32)	0	(238)	(238)
Non-controlling interests assumed (notes 6, 32)	0	667	667
Redemptions (note 33)	<u>(8,872)</u>	<u>0</u>	<u>(8,872)</u>
<b>CLOSING BALANCE - December 31, 2020</b>	<u>\$ 41,047</u>	<u>\$ 2,651</u>	<u>\$ 43,698</u>

**SKYLINE CLEAN ENERGY FUND**

**CONSOLIDATED STATEMENT OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

(in thousands of Canadian dollars)

	<b>2021</b>	<b>2020</b>
<b>INCOME</b>		
Solar income	\$ 11,336	\$ 6,324
Biogas income	4,864	0
Other income (note 6)	0	590
Battery sales (note 16)	<u>3,011</u>	<u>0</u>
	<u>19,211</u>	<u>6,914</u>
<b>DIRECT OPERATING EXPENSES</b>		
Utilities	462	119
Insurance	396	159
Amortization (notes 7, 8, 9, 10, 11, 26)	7,752	3,467
Operations and maintenance fees (note 24)	892	163
Management fees	664	72
Property tax	59	1
Royalty expense	10	11
Other direct operating expenses	1,811	93
Battery cost of sales (note 16)	<u>2,878</u>	<u>0</u>
	<u>14,924</u>	<u>4,085</u>
<b>NET OPERATING INCOME</b>	<u>4,287</u>	<u>2,829</u>
<b>OTHER EXPENSES (INCOME)</b>		
Share of net earnings from investments (notes 12, 13)	(4,033)	(240)
Financing costs (notes 24, 27)	4,064	1,972
Administrative expenses	840	345
Asset management fees (note 24)	305	135
Property management fees (note 24)	114	79
Wealth management fees (note 24)	351	185
Interest income (note 24)	<u>(476)</u>	<u>(291)</u>
	<u>1,165</u>	<u>2,185</u>
<b>INCOME BEFORE UNDERNOTED</b>	<u>3,122</u>	<u>644</u>
Fair value loss on investments (note 12)	0	(830)
Unrealized gain (loss) on swap agreements (note 22)	1,012	(2,013)
Foreign exchange gain	4	0
Loss on disposed assets	<u>(22)</u>	<u>0</u>
	<u>994</u>	<u>(2,843)</u>
<b>INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) for the year</b>	<u>\$ 4,116</u>	<u>\$ (2,199)</u>
Net income (loss) attributable to:		
Unitholders	\$ 3,773	\$ (2,140)
Non-controlling interests (note 32)	<u>343</u>	<u>(59)</u>
Net income (loss) and comprehensive income (loss)	<u>\$ 4,116</u>	<u>\$ (2,199)</u>

**SKYLINE CLEAN ENERGY FUND**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars)

	2021	2020
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Income (loss) and comprehensive income		
(loss) for the year	\$ 4,116	\$ (2,199)
Items not requiring an outlay of cash:		
Amortization (notes 7, 8, 9, 10, 11)	7,720	3,466
Amortization of financing costs (note 27)	445	31
Accretion on decommissioning liability (note 26)	32	1
Financing costs in operations (note 27)	3,619	1,941
Fair value loss on investments (note 12)	0	830
Unrealized (gain) loss on swap agreements (note 22)	(1,012)	388
Interest rate swap payments (note 22)	(600)	(74)
Loss on disposed assets	22	0
Non-controlling interests in ownership of biogas assets acquired (note 32)	10,877	0
Share of net earnings from investments (notes 12, 13)	(4,033)	(240)
	<u>21,186</u>	<u>4,144</u>
Changes in non-cash working capital		
Accounts receivable (note 18)	(1,496)	(766)
Inventory (note 16)	2,982	(3,998)
Other assets (note 17)	(22,057)	(280)
Accounts payable and accrued liabilities (note 25)	693	2,842
	<u>1,308</u>	<u>1,942</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Due to/from related parties (note 24)	2,617	12,036
Note payable proceeds	8,073	0
Loan proceeds, net of repayments (note 20)	(3,293)	24,399
Accrued interest on loan payable (note 20)	52	48
Interest rate swap agreements (note 22)	0	2,181
Interest paid on debt (note 27)	(2,064)	(1,263)
Distribution paid to general partner (note 27)	(1,144)	(464)
Lease payments made on lease liability (note 23)	(946)	(521)
Restricted cash (note 19)	1,451	(1,733)
Proceeds from units issued (page 6)	68,889	9,838
Redemptions (page 6)	(4,667)	(8,872)
Issuance costs (note 24) (page 6)	(720)	(205)
Distribution to non-controlling interest (note 32)	(807)	(238)
Non-controlling interest assumed with acquisition (note 6)	0	667
Principal payment received on loan receivable (note 15)	61	59
	<u>67,502</u>	<u>35,932</u>

**SKYLINE CLEAN ENERGY FUND**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars)

(continued)

	<b>2021</b>	<b>2020</b>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Acquired solar and biogas assets (note 6)	(54,978)	(36,913)
Additions to solar and biogas assets (notes 7, 8, 9)	(1,952)	(1,009)
Decommissioning liability (note 26)	0	881
Acquired convertible debenture (note 14)	(3,040)	0
Accrued interest on convertible debentures (note 14)	(209)	0
Purchase of Investor LP units in associate (note 13)	(1,399)	0
Acquired investments in joint ventures (note 12)	0	(2,865)
Distribution from investments in joint ventures (note 12)	74	150
Additions to investments in joint ventures (note 12)	0	(830)
Loan receivable issued (note 15)	0	(130)
Interest on loans receivable (note 15)	(84)	(84)
	<u>(61,588)</u>	<u>(40,800)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	7,222	(2,926)
<b>CASH, beginning of year</b>	<u>6,226</u>	<u>9,152</u>
<b>CASH, end of year</b>	<u>\$ 13,448</u>	<u>\$ 6,226</u>

**SKYLINE CLEAN ENERGY FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(in thousands of Canadian dollars, except per unit amounts)**

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**1. NATURE OF BUSINESS**

Skyline Clean Energy Fund ("SCEF") is an unincorporated, open ended mutual fund trust established under the laws of the Province of Ontario that was created pursuant to a Declaration of Trust dated May 3, 2018.

Skyline Clean Energy Limited Partnership ("SCELP") was created on May 3, 2018 as a limited partnership under the laws of the Province of Ontario. The general partner is Skyline Clean Energy GP Inc. and the majority limited partner is SCEF.

SCEF is domiciled in Ontario, Canada. The address of SCEF's registered office and its principal place of business is 5 Douglas Street, Suite 301, Guelph, Ontario, N1H 2S8.

**2. BASIS OF PRESENTATION**

(a) STATEMENT OF COMPLIANCE

The consolidated financial statements of SCEF for the year ended December 31, 2021 are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise judgment in applying SCEF's accounting policies.

The consolidated financial statements are presented in accordance with International Accounting Standard "IAS" 1 - Presentation of Financial Statements. SCEF has elected to present the Statement of Income and Comprehensive Income in one statement.

The consolidated financial statements for the year ended December 31, 2021 were approved for issue by the Board of Trustees on March 23, 2022.

(b) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of certain financial instruments, as set out in the relevant accounting policies.

(c) FUNCTIONAL CURRENCY AND PRESENTATION

The consolidated financial statements are presented in Canadian dollars, which is also SCEF's functional currency.

SCEF presents its consolidated statement of financial position based on the liquidity method, where all assets and liabilities are presented in the ascending order of liquidity.

**SKYLINE CLEAN ENERGY FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**2. BASIS OF PRESENTATION** (continued)

(d) USE OF ESTIMATES

The preparation of these consolidated financial statements requires SCEF to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimates are revised and the revision affects both current and future periods.

Significant estimates and assumptions include the useful life of solar equipment, structures, biogas equipment and clean energy contracts, the valuation of right-to-use assets and lease liabilities and the valuation of the decommissioning liability and accounts payable and accrued liabilities.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with IFRS and include the following significant accounting policies (and any changes thereto):

**Significant accounting policies**

(a) CLEAN ENERGY CONTRACTS

The clean energy contracts give SCEF the ability to participate in the Feed-In Tariff ("FIT") program which allows it to sell electricity generated from its solar and biogas equipment to the Local Distribution Company ("LDC"). The clean energy contracts meet the definition of an intangible asset under IAS 38 Intangible assets ("IAS 38"). The clean energy contracts are accounted for under the cost model of IAS 38 and are recorded at cost, net of accumulated amortization and/or impairment losses, if any. In accordance with IFRS 15 Revenue from contracts with customers ("IFRS 15"), amortization is recorded on a straight-line basis at rates designed to amortize the cost of clean energy contracts over the length of the contracts.

(b) PREPAID LEASES

The prepaid leases are agreements that allow SCEF to lease the land from a landlord, to build a structure upon which solar equipment and structures can be installed for the purposes of generating income. The prepaid leases are amortized straight-line over the length of the lease agreement.

(c) LEASES

Under IFRS 16, leases are recognized as a right-of-use asset with a corresponding liability at the date of which the leased asset is available for use by SCEF. Each lease payment is allocated between the lease liability and financing costs. The financing cost is charged to the Statement of Income (Loss) and Comprehensive Income (Loss) over the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each reporting period. The right-of-use asset is depreciated over the term of the lease agreement on a straight-line basis.



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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(d) DECOMMISSIONING LIABILITY

A decommissioning liability is recognized at the best estimate of the expenditure required to settle the present obligation at the statement of financial position date when the liability for a decommissioning liability is incurred and a reasonable estimate of the obligation is determinable. The best estimate of the decommissioning liability is the present value of the amount SCEF would rationally pay to settle the obligation, or transfer it to a third party, at the statement of financial position date.

When a liability is recognized, a corresponding decommissioning cost is capitalized to the carrying amount of the related asset. The decommissioning cost is amortized over the estimated useful life of the related asset.

SCEF recognizes changes to the liability due to the passage of time in operating expenses, as accretion. Changes due to passage of time are calculated by applying an interest method of allocation using the discount rate used in the original calculation of the decommissioning liability. SCEF recognizes changes to the liability arising from revisions to the timing, amount of expected undiscounted cash flows or discount rate as an increase or decrease to the carrying amounts of the decommissioning liability and the related decommissioning capitalized cost.

(e) REVENUE RECOGNITION

Under IFRS 15, solar and biogas income is recognized over time as the related electricity is delivered. SCEF's solar and biogas equipment generates electricity, which is then sold to the LDC at fixed rates as per the Ontario Power Authority ("OPA") or Independent Electricity System Operator ("IESO") contracts, on a per kilowatt basis. This solar or biogas income is recognized at the fixed rate paid by the LDC at the time the electricity is transferred to the LDC.

Each of SCEF's clean energy contracts contain a distinct performance obligation for the delivery of electricity. Determining what goods or services promised to the customer constitute a distinct performance obligation requires significant judgment. SCEF considered all goods and services promised in its clean energy contracts and determined that, while certain promises do have stand-alone value to the customer, they are not distinct in the context of the contract. SCEF views each kilowatt hour (kWh) of electricity delivered to be a series of distinct goods that are substantially the same and have the same pattern of transfer to the customer as measured using an output method. The amount that SCEF has a right to bill the customer reflects the pattern of transfer and value of the completed performance to the customer. As a result, SCEF applies the "right to invoice" practical expedient under IFRS 15 to measure and recognize revenue.

Biogas income is also recognized as tipping fees upon the receipt or pick up of organic waste from the customer. Biogas income is recognized as the service is performed.

Battery sales are recognized as the batteries are delivered and SCEF no longer controls the assets.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(f) SOLAR AND BIOGAS EQUIPMENT

Solar and biogas equipment is utilized to earn solar and biogas income, respectively, and is accounted for using the cost model as prescribed under IAS 16 – Property, Plant and Equipment (“IAS 16”). The equipment is recorded at cost, net of accumulated amortization and/or impairment losses, if any. The cost of solar and biogas equipment includes the cost of replacing part of the solar or biogas equipment and borrowing costs for long term construction projects, if the recognition criteria are met.

Amortization is recorded on a straight-line basis at rates designed to amortize the cost of solar and biogas equipment over its estimated useful life.

(g) STRUCTURES

Structures are used to mount and house the solar equipment that are utilized to generate solar income. The structures are accounted for using the cost model as prescribed under IAS 16. The structures are recorded at cost, net of accumulated depreciation and/or impairment losses, if any. The cost of the structures includes the cost of replacing part of the solar equipment and borrowing costs for long term construction projects, if the recognition criteria are met.

Amortization is recorded on a straight-line basis at rates designed to amortize the cost of the structures over their estimated useful lives.

(h) FINANCIAL INSTRUMENTS

SCEF's financial instruments and their respective classification and measurement characteristics, are as follows:

<u>Asset/Liability</u>	<u>Classification/Measurement</u>
Cash	Amortized cost
Restricted cash	Amortized cost
Accounts receivable	Amortized cost
Loans receivable	Amortized cost
Convertible debenture receivable	Amortized cost
Due from related party	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Note payable	Amortized cost
Interest rate swap agreements	FVTPL
Due to related parties	Amortized cost

Financial Assets

Financial assets are classified at initial recognition, as either financial assets at fair value through profit or loss (“FVTPL”) or amortized cost. Financial assets that give rise to specified payments of principal and interest are carried at amortized cost when they are held to collect contractual cash flows. All other financial assets are carried at FVTPL. When financial assets are recognized initially, they are measured at fair value, plus directly attributable transaction costs for those financial assets not subsequently measured at fair value.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(h) FINANCIAL INSTRUMENTS (continued)

Financial Assets (continued)

SCEF's financial assets are derecognized only when the contractual rights to the cash flows from the financial asset expire or substantially the entity loses control of all or part of the assets.

SCEF's financial assets that are classified as amortized cost include cash, restricted cash, accounts receivable, loans receivable, convertible debenture receivable and due to related party. They are initially recognized at fair value and subsequently measured at amortized cost less provision for impairment.

Provision for impairment is made based on the simplified expected credit loss ("ECL") model. Under the simplified ECL model, SCEF estimates lifetime expected losses for its receivables at each statement of financial position date based on available information. To measure the expected losses, amounts receivable are grouped based on days past due. The results of the simplified ECL model are used to reduce the carrying amount of the financial asset through an allowance account, and the changes in the measurement of the allowance account are recognized through the profit and loss. Bad debt write-offs occur when SCEF determines collection is not possible. If, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring in the subsequent period, the impairment loss is reversed to no more than its previous carrying amount by adjusting the allowance. The reversal is recognized through profit and loss. Impaired receivables are derecognized when they become uncollectible.

Financial Liabilities

Financial liabilities are classified at initial recognition as either financial liabilities at fair value through profit and loss or amortized cost, as appropriate. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

SCEF's financial liabilities classified as amortized cost include accounts payable and accrued liabilities, loans payable, note payable and due to related parties. These financial liabilities are measured initially at fair value and subsequently at amortized cost. The fair value of a non-interest bearing liability is its discounted payment amount. If the due date of the liability is less than one year, discounting is omitted.

(i) INCOME TAXES

SCEF qualifies as a mutual fund trust pursuant to the Income Tax Act. Under current legislation, a mutual fund trust is entitled to deduct distributions of taxable income such that it is not liable to pay income taxes provided its taxable income is fully distributed to unitholders. SCEF intends to continue to qualify as a mutual fund trust and to make distributions not less than the amount necessary to ensure that SCEF will not be liable to pay income taxes. Accordingly, no provision for income taxes has been made.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(j) FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. In estimating the fair value of an asset or a liability, SCEF considers the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

Assets and liabilities measured at fair value in the statement of financial position are categorized by level according to the significance of the inputs used in making the measurements. The levels of inputs are defined as follows:

Level 1 inputs

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs

Inputs other than quoted prices (included within Level 1) that are observable for the asset or the liability, either directly or indirectly.

Level 3 inputs

Unobservable inputs for the asset or liability.

SCEF's policy is to recognize transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

(k) JOINT ARRANGEMENTS

In accordance with IFRS 11 – Joint Arrangements (“IFRS 11”), SCEF has investments over which SCEF has joint control and whereby the parties that share joint control have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in joint ventures are accounted using the equity method. Under the equity method, the investment is carried on the consolidated statement of financial position at cost, adjusted for SCEF's proportionate share of post-acquisition profits and losses and for post-acquisition changes in excess of SCEF's carrying amount of its investment over the net assets of the equity accounted investments, less any identified impairment loss. SCEF's share of profits and losses is recognized in the consolidated statement of income (loss) and comprehensive income (loss).

(l) INVENTORY

Inventory includes energy storage systems that are held for sale by SCEF and are carried at the lesser of cost and net realizable value.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(m) INVESTMENTS IN ASSOCIATES

In accordance with IAS 28 - Investments in Associates ("IAS 28"), SCEF has investments over which SCEF has significant influence. Generally, SCEF is considered to exert significant influence when it holds more than a 20% interest in an entity or partnership. However, determining significant influence is a matter of judgment and specific circumstances. The financial results of SCEF's investments in associates are included in SCEF's consolidated financial statements using the equity method, whereby the investment is carried on the consolidated statement of financial position at cost, adjusted for SCEF's proportionate share of post-acquisition profits and losses and for post-acquisition changes in excess of SCEF's carrying amount of its investment over the net assets of the equity accounted investments, less any identified impairment loss. SCEF's share of profits and losses is recognized in the consolidated statement of income (loss) and comprehensive income (loss).

**4. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of SCEF's consolidated financial statements are disclosed below. SCEF intends to adopt these standards, if applicable, when they become effective.

IAS 1 - In January 2020, the IASB issued an amendment to IAS 1 - Presentation of financial statements which will be effective for years beginning on or after January 1, 2023. The amended standard will update the definition of a liability and the classification of liabilities between current and non-current.

IAS 1 - In February 2021, the IASB issued an amendment to IAS 1 - Presentation of financial statements which will be effective for years beginning on or after January 1, 2023. The amended standard will update the definition of accounting policy information.

IAS 8 - In February 2021, the IASB issued an amendment to IAS 8 - Accounting policies, changes in accounting estimates and errors which will be effective for years beginning on or after January 1, 2023. The amended standard clarifies the difference between an accounting estimate and an accounting policy.

IAS 16 - In May 2020, the IASB issued an amendment to IAS 16 - Property, Plant and Equipment which will be effective for years beginning on or after January 1, 2022. The amended standard will update the elements of the cost of property, plant and equipment as it refers to the costs of testing whether the asset is functioning properly and disclosures surrounding this.

IAS 28 - In May 2020, the IASB issued an amendment to IAS 28 - Investments in Associates and Joint Ventures. The amended standard will update the equity method procedures for recognizing the sale or contribution of assets between an investor and its associate or joint venture. The effective date has been deferred indefinitely.

IAS 37 - In May 2020, the IASB issued an amendment to IAS 37 - Provisions, contingent liabilities and contingent assets which will be effective for years beginning on or after January 1, 2022. The amended standard will be updated to include a definition of the costs associated with fulfilling the obligations of an onerous contract.

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**4. STANDARDS ISSUED BUT NOT YET EFFECTIVE** (continued)

IFRS 9 - In May 2020, the IASB issued an amendment to IFRS 9 - Financial Instruments which will be effective for years beginning on or after January 1, 2022. The amended standard will update the definition of what constitutes substantially different when referring to the exchange of debt instruments.

SCEF does not expect any significant impact as a result of these amendments.

**5. PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements comprise the consolidated financial statements of Skyline Clean Energy Fund and its subsidiary, SCELFP.

Subsidiaries are entities over which Skyline Clean Energy Fund has control, where control is defined as the power to govern financial and operating policies of an entity so as to obtain benefit from its activities. Subsidiaries are fully consolidated from the date control is transferred to Skyline Clean Energy Fund, and are de-consolidated from the date control ceases. Intercompany transactions between subsidiaries are eliminated on consolidation. All subsidiaries have a reporting date of December 31.

**6. ACQUISITIONS**

The following assets were acquired during the year. The results of the acquisitions are included in these consolidated financial statements from the date of acquisition:

SBE Limited Partnership Acquisition - On August 24, 2021, SCEF acquired LP units in SBE Limited Partnership. SBE Limited Partnership owns one biogas asset comprised of biogas equipment, a right-of-use asset and a biogas contract. A minority interest holds units in SBE Limited Partnership, therefore a portion of the total identifiable net assets acquired from SBE Limited Partnership has been allocated to the respective non-controlling interest. See note 32.

SC&G Acquisition - On September 10, 2021, SCEF acquired the beneficial interest in four solar assets. The solar assets consist of solar equipment, solar contracts and right-of-use assets.

Blue Circle Acquisition - On September 21, 2021 SCEF acquired 1,040,000 investor LP units of Blue Circle Energy Fund 1 LP.

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**6. ACQUISITIONS** (continued)

The following table contains details of SCEF's 2021 and 2020 acquisitions:

	<b>2021</b>	<b>2020</b>
Net assets acquired:		
Solar equipment	\$ 1,099	\$ 28,174
Biogas equipment	14,913	0
Clean energy contracts	38,966	8,739
Right-of-use assets	1,290	4,852
Investor LP units	1,333	0
Class A units	0	2,862
Common shares	0	3
Debt assumed:		
Loan payable	0	(28,061)
Deferred financing costs	0	2,048
Interest rate swap agreements	0	(2,181)
Decommissioning liability	0	(881)
Due to related parties	0	(421)
Non-controlling interests assumed	0	(667)
Net working capital:	<u>755</u>	<u>4,645</u>
Total identifiable net assets	<u>\$ 58,356</u>	<u>\$ 19,112</u>
Consideration paid, funded by:		
Lease liability	\$ 1,290	\$ 4,852
Tax holdback	0	1,496
Non-controlling interest	10,877	0
Cash on hand	<u>46,189</u>	<u>12,764</u>
Total consideration paid	<u>\$ 58,356</u>	<u>\$ 19,112</u>

**7. SOLAR EQUIPMENT AND STRUCTURES**

Changes to the carrying amounts of the solar equipment and structures presented in the statement of financial position are summarized as follows:

	<b>2021</b>	<b>2020</b>
Opening balance	\$ 50,734	\$ 24,032
Additions through purchase of assets (note 6)	1,099	28,174
Additions through capital expenditures	635	335
Amortization	<u>(3,494)</u>	<u>(1,807)</u>
Closing balance	<u>\$ 48,974</u>	<u>\$ 50,734</u>

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**8. BIOGAS EQUIPMENT**

Changes to the carrying amounts of the biogas equipment presented in the statement of financial position are summarized as follows:

	<b>2021</b>	<b>2020</b>
Opening balance	\$ 0	\$ 0
Additions through purchase of assets (note 6)	14,913	0
Additions through capital expenditures	187	0
Disposal of assets	(22)	0
Amortization	<u>(501)</u>	<u>0</u>
Closing balance	<u>\$ 14,577</u>	<u>\$ 0</u>

**9. CLEAN ENERGY CONTRACTS**

Changes to the carrying amounts of the solar contracts presented in the statement of financial position are summarized as follows:

	<b>2021</b>	<b>2020</b>
Opening balance	\$ 25,305	\$ 17,233
Additions through purchase of assets (note 6)	38,966	8,739
Additions through capital expenditures	1,130	674
Amortization	<u>(3,258)</u>	<u>(1,341)</u>
Closing balance	<u>\$ 62,143</u>	<u>\$ 25,305</u>

**10. PREPAID LEASES**

Changes to the carrying amounts of the prepaid leases presented in the statement of financial position are summarized as follows:

	<b>2021</b>	<b>2020</b>
Opening balance	\$ 1,478	\$ 1,570
Amortization	<u>(91)</u>	<u>(92)</u>
Closing balance	<u>\$ 1,387</u>	<u>\$ 1,478</u>

**11. RIGHT-OF-USE ASSETS**

Changes to the carrying amounts of the right-of-use assets presented in the statement of financial position are summarized as follows:

	<b>2021</b>	<b>2020</b>
Opening balance	\$ 7,887	\$ 3,261
Additions through purchase of assets (note 6)	1,290	4,852
Amortization	<u>(376)</u>	<u>(226)</u>
Closing balance	<u>\$ 8,801</u>	<u>\$ 7,887</u>



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**12. INVESTMENTS IN JOINT VENTURES**

On December 31, 2021, SCEF has invested in 50% ownership of three joint ventures (2020 - three) which hold solar assets.

Changes to the aggregate carrying value of SCEF's investment is summarized as follows:

	<b>2021</b>	<b>2020</b>
Opening balance	\$ 4,512	\$ 1,557
Additions through purchase of Class A units (note 6)	0	2,862
Additions through purchase of common shares (note 6)	0	3
Additions through transaction costs expenditures	0	830
Share of net earnings	4,082	240
Distributions	(74)	(150)
Fair value loss	0	(830)
Closing balance	<u>\$ 8,520</u>	<u>\$ 4,512</u>

The following details SCEF's share of the limited partnership's aggregated assets, liabilities, and results of operations accounted for under the equity method

**As at December 31, 2021:**

	SunE Sky First Light LP	SunE Sky 13th Sideroad LP	SunE Sky Ryerse LP	Total
Solar equipment	\$ 13,354	\$ 11,251	\$ 10,974	\$ 35,579
Current assets	<u>957</u>	<u>2,906</u>	<u>2,823</u>	<u>6,686</u>
<b>Total assets</b>	14,311	14,157	13,797	42,265
Non-current liabilities	7,763	9,843	9,768	27,374
Current liabilities	<u>3,784</u>	<u>1,303</u>	<u>1,284</u>	<u>6,371</u>
<b>Net equity</b>	<u>\$ 2,764</u>	<u>\$ 3,011</u>	<u>\$ 2,745</u>	<u>\$ 8,520</u>

**For the year ended December 31, 2021:**

	SunE Sky First Light LP	SunE Sky 13th Sideroad LP	SunE Sky Ryerse LP	Total
Solar revenue	\$ 1,883	\$ 2,176	\$ 2,091	\$ 6,150
Operating expenses	<u>1,186</u>	<u>1,069</u>	<u>1,059</u>	<u>3,314</u>
<b>Net operating income</b>	697	1,107	1,032	2,836
Other income	<u>417</u>	<u>403</u>	<u>426</u>	<u>1,246</u>
<b>Net income</b>	<u>\$ 1,114</u>	<u>\$ 1,510</u>	<u>\$ 1,458</u>	<u>\$ 4,082</u>

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**12. INVESTMENT IN JOINT VENTURES (continued)**

**As at December 31, 2020:**

	SunE Sky First Light LP	SunE Sky 13th Sideroad LP	SunE Sky Ryerse LP	Total
Solar equipment	\$ 14,056	\$ 11,833	\$ 11,545	\$ 37,434
Current assets	<u>732</u>	<u>2,625</u>	<u>2,638</u>	<u>5,995</u>
<b>Total assets</b>	14,788	14,458	14,183	43,429
Non-current liabilities	9,358	11,627	11,536	32,521
Current liabilities	<u>3,781</u>	<u>1,330</u>	<u>1,285</u>	<u>6,396</u>
<b>Net equity</b>	<u>\$ 1,649</u>	<u>\$ 1,501</u>	<u>\$ 1,362</u>	<u>\$ 4,512</u>

**For the year ended December 31, 2020:**

	SunE Sky First Light LP	SunE Sky 13th Sideroad LP	SunE Sky Ryerse LP	Total
Solar revenue	\$ 1,887	\$ 513	\$ 484	\$ 2,884
Operating expenses	<u>1,234</u>	<u>429</u>	<u>426</u>	<u>2,089</u>
<b>Net operating income</b>	653	84	58	795
Other income (expense)	<u>(562)</u>	<u>3</u>	<u>4</u>	<u>(555)</u>
<b>Net income</b>	<u>\$ 91</u>	<u>\$ 87</u>	<u>\$ 62</u>	<u>\$ 240</u>

**13. INVESTMENTS IN ASSOCIATES**

On December 31, 2021, SCEF has significant influence over one associate (2020 - none).

Changes to the aggregate carrying value of SCEF's investment is summarized as follows:

	<b>2021</b>	<b>2020</b>
Opening balance	\$ 0	\$ 0
Additions through purchase of LP units (note 6)	1,333	0
Additions through transaction costs expenditures	66	0
Share of net loss	<u>(49)</u>	<u>0</u>
Closing balance	<u>\$ 1,350</u>	<u>\$ 0</u>

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**13. INVESTMENTS IN ASSOCIATES** (continued)

The following details SCEF's share of the associate's aggregated assets, liabilities, and results of operations accounted for under the equity method

**As at December 31, 2021:**

	Blue Circle Energy Fund I LP
Non-current assets	\$ 1,367
Current assets	<u>9</u>
<b>Total assets</b>	1,376
Non-current liabilities	0
Current liabilities	<u>26</u>
<b>Net equity</b>	<u><u>\$ 1,350</u></u>

**For the year ended December 31, 2021:**

	Blue Circle Energy Fund I LP
Revenue	\$ 0
Operating expenses	<u>51</u>
<b>Net operating loss</b>	(51)
Other income	<u>2</u>
<b>Net loss</b>	<u><u>\$ (49)</u></u>

**14. CONVERTIBLE DEBENTURE RECEIVABLE**

During the year ended December 31, 2021, SCEF paid \$3,040 to purchase convertible debentures. These debentures are convertible anytime after September 1, 2021 but before May 1, 2023 at a conversion price of \$10.00 per Class A share, being the ratio of 100 Class A shares per \$1,000 of principal amount of debentures. The debenture bears interest at an annual rate of 9% and has a maturity date of June 30, 2036. The balance as at December 31, 2021 is \$3,249 (2020 - \$nil).

**15. LOANS RECEIVABLE**

On June 12, 2020, SCEF issued a \$130 loan receivable to a third party to provide financial assistance to replace a prior loan. The loan bears interest at an annual rate of 4% and is due on demand.

On August 20, 2018, SCEF assumed a \$535 loan receivable from the non-controlling interest of 601 Canarctic Solar LP (note 32). The non-controlling interest is required to make annual blended payments of \$91 to SCEF starting in 2019, with interest charged at 15.54%. The loan will be fully repaid by 2035.

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**15. LOANS RECEIVABLE (continued)**

Changes to the carrying amount of the loan receivable presented in the consolidated statement of financial position can be summarized as follows:

	<b>2021</b>	<b>2020</b>
Opening balance	\$ 765	\$ 610
Issued in connection with acquisition	0	130
Interest receivable	84	84
Distribution payable to non-controlling interest, applied to principal balance of loan receivable (note 32)	<u>(61)</u>	<u>(59)</u>
Closing balance	<u>\$ 788</u>	<u>\$ 765</u>

**16. INVENTORY**

As at December 31, 2021 SCEF owned one energy storage system (2020 - six), the total historical cost of which is \$1,016 (2020 - \$3,998). The amount of inventory expensed in 2021 was \$2,878 (2020 - \$nil).

**17. OTHER ASSETS**

The components of other assets are as follows:

	<b>2021</b>	<b>2020</b>
Prepaid expenses	\$ 1,920	\$ 161
Deposits on potential acquisitions	320	0
Deposit on bonding contract	20,000	0
Pre-acquisition costs	18	2
Capital reserve	<u>204</u>	<u>242</u>
Balance at the end of the year	<u>\$ 22,462</u>	<u>\$ 405</u>

**18. ACCOUNTS RECEIVABLE**

The components of accounts receivable are as follows:

	<b>2021</b>	<b>2020</b>
Solar income receivable	\$ 703	\$ 605
Biogas income receivable	1,421	0
HST receivable	346	353
Other receivable	<u>286</u>	<u>302</u>
Balance at the end of the year	<u>\$ 2,756</u>	<u>\$ 1,260</u>

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**19. RESTRICTED CASH**

On December 4, 2020, in connection with the Vine Fresh Equitable Bank Loan financing (note 20), SCEF established two reserve accounts. The debt service reserve acts as additional assurance to the lender that all quarterly repayments will be made in accordance with the credit agreement, as the lender can direct withdrawals for any debt payment shortfalls from the debt service reserve account. Similarly, the lender can direct withdrawals from the major maintenance reserve to be applied towards rehabilitation, replacement, maintenance or repairs to the secured solar assets.

On December 14, 2020 in connection with the NSNW Acquisition (note 6), SCEF held back a portion of the NSNW Acquisition purchase price as security for the purposes of satisfying the vendors' indemnification obligations regarding the potential Canada Revenue Agency ("CRA") requirement to remit withholding tax. In the event that a remittance is required, SCEF will utilize the tax holdback to remit any amounts owing to the CRA. This was paid back during the year ended December 31, 2021.

On December 23, 2020, in connection with the Ozz Acquisition (note 6) and PNC Loan financing (note 20), SCEF assumed six debt reserve accounts. The debt service reserve acts as additional assurance to the lender that all quarterly repayments will be made in accordance with the credit agreement, as the lender can direct withdrawals for any debt payment shortfalls from the debt service reserve account.

On August 23, 2019, in connection with the Equitable Bank Loan financing (note 20), SCEF established two reserve accounts. The debt service reserve acts as additional assurance to the lender that all quarterly repayments will be made in accordance with the credit agreement, as the lender can direct withdrawals for any debt payment shortfalls from the debt service reserve account. Similarly, the lender can direct withdrawals from the major maintenance reserve to be applied towards rehabilitation, replacement, maintenance or repairs to the secured solar assets.

The components of restricted cash are as follows:

	<b>2021</b>	<b>2020</b>
Debt service reserve	\$ 1,026	\$ 1,024
Major maintenance reserve	261	218
Tax holdback	<u>0</u>	<u>1,496</u>
Balance at the end of the year	<u>\$ 1,287</u>	<u>\$ 2,738</u>

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**20. LOANS PAYABLE**

On June 1, 2020, as part of the Vine Fresh acquisition (note 6), SCEF assumed a \$5,270 loan payable to the Royal Bank of Canada that is secured by one solar asset (the "RBC Loan"). On December 4, 2020, SCEF refinanced its existing RBC Loan with a \$5,594 loan payable to Equitable Bank that is secured by one solar asset (the "Vine Fresh Equitable Bank Loan"). The loan bears an interest rate of 3.827% and matures on March 4, 2033. The agreement with Equitable Bank requires that SCEF maintain a debt service coverage ratio of 1.68:1. SCEF is in compliance with this covenant as at December 31, 2021.

On December 14, 2020, in connection with the NSNW Acquisition (note 6), SCEF assumed a loan payable to Rabobank of \$22,791 that is secured by twenty-two solar assets (the "NSNW Loan"). The NSNW Loan matures in 2026 and bears interest at the Canadian Dollar Offered Rate ("CDOR") plus 2.375% per annum, repayable in blended semi-annual payments. The NSNW Loan requires a debt service reserve, which is funded by a debt service reserve line of credit. This line of credit is undrawn as at December 31, 2021 and the annual interest of 2.625% is charged on the unused balance.

On August 23, 2019, SCEF obtained a \$14,933 loan payable to Equitable Bank that is secured by eighteen solar assets (the "Equitable Bank Loan"). The loan bears an interest rate of 4.058% and matures in September 2036. The agreement with Equitable Bank requires that SCEF maintain a debt service coverage ratio of 1.35:1. SCEF is in compliance with this covenant as at December 31, 2021.

On December 23, 2019, in connection with the Ozz Acquisition, SCEF assumed six loans payable to PNC Bank. These loans total \$9,221 and are secured by six solar assets (the "PNC Bank Loan"). Four loans have interest rate swap agreements (note 22) and bear interest at the CDOR plus 3.07%. One loan has an interest rate swap agreement (note 22) and bears interest at the CDOR plus 3.35%. One loan has a fixed interest at rate of 5.45%. All six loans mature in 2030.

On August 20, 2018, as part of the MPI Acquisition, SCEF assumed a \$245 loan payable to the general partner of the non-controlling interest of SPN LP 2 (note 32) through its ownership of SPN LP 2 (the "SFN loan"). No payments are due until 2022, with interest accruing at 15% annually. Commencing in 2022, SCEF is required to make annual blended payments of \$47, with interest charged at 7% annually, to the general partner of the non-controlling interest.

Future minimum principal payments on these debt obligations are as follows:

2022	\$	2,904
2023		3,016
2024		3,113
2025		3,223
2026		3,684
Thereafter		<u>29,910</u>
	\$	<u><u>45,850</u></u>

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**20. LOANS PAYABLE** (continued)

Changes to the carrying amount of the loan payable presented in the consolidated statement of financial position can be summarized as follows:

	<b>2021</b>	<b>2020</b>
Balance at the beginning of the year	\$ <u>48,646</u>	\$ <u>24,168</u>
Proceeds from new debt	0	33,655
Repayment of existing debt	(3,240)	(6,630)
Change in deferred financing costs	<u>(53)</u>	<u>(2,626)</u>
Total changes from financing cash flows	<u>(3,293)</u>	<u>24,399</u>
Amortization of financing costs (note 27)	445	31
Interest expense included in operations (note 27)	1,833	1,240
Interest and financing costs paid	<u>(1,781)</u>	<u>(1,192)</u>
Total liability-related charges	<u>497</u>	<u>79</u>
Balance at end of the year	\$ <u><u>45,850</u></u>	\$ <u><u>48,646</u></u>

**21. NOTE PAYABLE**

The note payable is due to a minority partner of SBE Limited Partnership. This note payable bears interest at 9% with no set terms of repayment.

**22. INTEREST RATE SWAP AGREEMENTS**

SCEF has entered into various interest rate swap agreements to limit its interest rate exposure from floating to fixed for the terms of certain mortgages. The interest rate swap agreements expire co-terminously upon the maturity of the corresponding mortgages. The notional principal amount of the outstanding interest rate swap agreements at December 31, 2021 was \$26,884 (2020 - \$28,712). The fair value of the interest rate swap agreements as determined by the financial institution is reflected on the consolidated statement of financial position.

	<b>2021</b>	<b>2020</b>
Balance at the beginning of the year	\$ 2,662	\$ 167
Additions (note 6)	0	2,181
Change in fair value of interest rate swap agreements	<u>(1,612)</u>	<u>314</u>
Balance at end of the year	\$ <u><u>1,050</u></u>	\$ <u><u>2,662</u></u>

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**22. INTEREST RATE SWAP AGREEMENTS** (continued)

During the year ended December 31, 2021, the (gain) loss on the interest rate swap agreements was comprised of the following:

	<b>2021</b>	<b>2020</b>
Interest rate swap payments	\$ 600	\$ 74
Unrealized loss on interest rate swap agreement acquired in connection with the NSNW Acquisition (note 6)	0	1,625
Change in fair value of interest rate swap agreements	<u>(1,612)</u>	<u>314</u>
Balance at end of the year	<u>\$ (1,012)</u>	<u>\$ 2,013</u>

**23. LEASE LIABILITY**

Changes to the carrying amount of the lease liability presented in the consolidated statement of financial position can be summarized as follows:

	<b>2021</b>	<b>2020</b>
Balance at the beginning of the year	\$ 7,796	\$ 3,251
Additions (note 6)	1,290	4,852
Interest expense (note 27)	411	214
Lease payments	<u>(946)</u>	<u>(521)</u>
Balance at end of the year	<u>\$ 8,551</u>	<u>\$ 7,796</u>

SCEF incurs lease payments related to agreements that allow SCEF to lease the land from a landlord, to build a structure upon which solar equipment and structures can be installed for the purposes of generating income. SCEF has recognized a lease liability in relation to all lease agreements measured at the present value of the remaining lease payments.

The following table details the undiscounted cash flows and contractual maturities of SCEF's lease liability as at December 31, 2021:

2022	\$ 1,011
2023	1,011
2024	1,011
2025	1,006
2026	1,002
Thereafter	<u>9,109</u>
Balance at end of the year	<u>\$ 14,150</u>



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**24. RELATED PARTY TRANSACTIONS**

Due from related party

Amounts due from related parties are all entities controlled by a person or persons that qualify as a related person under IAS 24 - Related Party Disclosures ("IAS 24").

During the year ended December 31, 2020, SCEF issued a promissory note to Anvil Crawler Development Corp ("ACDC"). This promissory note bears 9% interest and is payable on demand. This was repaid in 2021. Interest earned on related party loans during 2021 was \$178 (2020 - \$202)

During the year ended December 31, 2021, SCEF had subscriptions receivable from Skyline Wealth Management Inc. ("SWMI"), These funds bear no interest and are due on demand.

The balance at year end consists of the following:

	<b>2021</b>	<b>2020</b>
Subscriptions due from SWMI	\$ 1,000	\$ 0
Promissory note issued	0	1,500
Accrued interest on promissory note	<u>0</u>	<u>46</u>
Balance at end of the year	<u>\$ 1,000</u>	<u>\$ 1,546</u>

Due to related parties

Amounts due to related parties are unsecured, non-interest bearing and have no set terms of repayment except for the balance due to Skyline Retail Real Estate Investment Trust ("Skyline Retail REIT"). The balance due to Skyline Retail REIT bears interest at 7% with no set terms of repayment. All of these entities qualify as a related entity under IAS 24. Interest paid on related party loans during 2021 was \$116 (2020 - \$nil) The balance consists of the following:

	<b>2021</b>	<b>2020</b>
Due to Skyline Clean Energy Asset Management Inc.	\$ 0	\$ 3
Due to Skyline Asset Management Inc.	451	0
Due to SWMI	138	0
Due to Skyline Clean Energy General Partner Inc.	1,143	0
Due to Skyline Retail REIT	<u>342</u>	<u>0</u>
Balance at the end of the year	<u>\$ 2,074</u>	<u>\$ 3</u>

Asset management fees

SCEF has an asset management agreement with Skyline Clean Energy Asset Management Inc. ("SCEAMI"), an entity that is controlled by a person or persons that qualify as a related person under IAS 24. Fees payable under the asset management agreement are 2% of gross revenue, a property management fee that varies from \$2 per kW DC to \$5 per kW DC, plus an annual flat fee of \$1 to \$3 per asset, and an acquisition fee calculated as up to 1% of the asset value acquired. For the year ended December 31, 2021, SCEF incurred \$305 in asset management fees (2020 - \$135), \$114 in property management fees (2020 - \$79) and \$486 in acquisition fees (2020 - \$360).

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**24. RELATED PARTY TRANSACTIONS (continued)**

Wealth management fees

SCEF has a wealth management agreement with Skyline Wealth Management Inc. ("SWMI"), an entity that is controlled by a person or persons that qualify as a related person under IAS 24. Fees payable under the wealth management agreement include wealth management fees of 0.3% of unitholders' equity, and equity raise fees ranging from 0.5% to 1% (2020 - 2%) of proceeds on units issued and redeemed during the year. For the year ended December 31, 2021, SCEF incurred \$351 in wealth management fees and \$715 in equity raise fees (2020 - \$185 and \$203 respectively).

Legal and administrative fees

SCEF has an agreement with Skyline Asset Management Inc. ("SAMI"), an entity that is controlled by a person or persons that qualify as a related person under IAS 24, to provide legal and administrative services. For the year ended December 31, 2021, SCEF incurred \$588 in legal and administrative fees (2020 - \$253).

Operations and maintenance fees

SCEF has an agreement with Anvil Crawler Development Corp., an entity that is controlled by a person or persons that qualify as a related person under IAS 24, to provide operations and maintenance services for the solar assets. For the year ended December 31, 2021, SCEF incurred \$892 in operations and maintenance fees (2020 - \$163)

Distribution to partners

Skyline Clean Energy General Partner Incorporated ("SCEGPI") is the general partner of SCEF and is entitled to distributions under the limited partnership agreement. This occurs when SCEF's net income, excluding depreciation and unrealized gain or loss, for a fiscal year is greater than 7.5% of the weighted average retained earnings for such fiscal year. This surplus is shared at a ratio of 20% to the general partner and 80% to the limited partner. A provision for the future distributions payable to SCEGPI has not been recorded since the timing and amount of the distributions payable cannot be reasonably estimated. For the year ended December 31, 2021, there were distributions payable of \$1,144 owing to SCEGPI (2020 - \$nil)

Purchase from related party

During the year, solar assets were purchased from Skyline Commercial Real Estate Limited Partnership, an entity that is controlled by a person or persons that qualify as a related person under IAS 24, at the exchange amount for \$1,350.

**25. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The components of accounts payable and accrued liabilities are as follows:

	<b>2021</b>	<b>2020</b>
Tax holdback (note 19)	\$ 0	\$ 1,496
Operating accruals	2,186	1,182
Interest accruals	441	0
Distribution payable to non-controlling interest (note 32)	949	179
Other	<u>284</u>	<u>310</u>
Balance at the end of the year	<u>\$ 3,860</u>	<u>\$ 3,167</u>

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**26. DECOMMISSIONING LIABILITY**

SCEF is contractually obligated to dismantle and remove the twenty-two solar assets acquired in connection with the NSNW Acquisition at the end of the 20-year FIT contracts. Upon initial recognition of the decommissioning liability, a corresponding amount was capitalized as a decommissioning cost and added to the carrying value of solar equipment.

The components of the decommissioning liability are as follows:

	<b>2021</b>	<b>2020</b>
Balance at the beginning of the year	\$ 882	\$ 0
Decommissioning liability acquired (note 6)	0	881
Accretion	<u>32</u>	<u>1</u>
Balance at the end of the year	<u>\$ 914</u>	<u>\$ 882</u>

**27. FINANCING COSTS**

During the year ended December 31, 2021 and December 31, 2020, SCEF paid the following financing costs:

	<b>2021</b>	<b>2020</b>
Interest on loans payable (note 20)	\$ 1,833	\$ 1,240
Interest on lease liability (note 23)	411	214
Interest to related parties (note 24)	116	0
Amortization of deferred financing costs (note 20)	445	31
Distribution to general partner (note 24)	1,144	464
Other interest	<u>115</u>	<u>23</u>
	<u>\$ 4,064</u>	<u>\$ 1,972</u>

**28. FAIR VALUE MEASUREMENT**

Assets and liabilities measured at fair value

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis in the statement of financial position is as follows:

<b>As at</b>	<b>December 31, 2021</b>			<b>December 31, 2020</b>		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Liabilities</b>						
Interest rate swap agreements	\$ <u>0</u>	\$ <u>1,050</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>2,662</u>	\$ <u>0</u>

Transfers between levels in the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. For liabilities measured at fair value there were no transfers between Level 1, Level 2 and Level 3 liabilities.

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**28. FAIR VALUE MEASUREMENT (continued)**

Financial assets and liabilities carried at amortized cost

The fair values of SCEF's cash, restricted cash, accounts receivable, loans receivable, due from related party, convertible debenture receivable, note payable, accounts payable and accrued liabilities and due to related parties approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments.

The fair value of loans payable have been determined by discounting the cash flows of these financial obligations using year end market rates for debt of similar terms and credit risks. The fair value of the loans payable approximate their carrying amounts.

**29. FINANCIAL RISK MANAGEMENT**

Financial risks are risks arising from the financial instruments to which SCEF is exposed during or at the end of the reporting period. Financial risk comprises market risk, credit risk and liquidity risk.

Risk management is carried out by Management and the Board of Trustees of SCEF. Management identifies and evaluates financial risks and the Board provides oversight on overall risk management, including specific areas such as interest rate risk, liquidity and investing policies.

Key financial risk management reports are produced on a monthly basis and key indicators are reviewed by Management and the Board of Trustees of SCEF.

- i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. SCEF's market risks arise from open positions in interest bearing assets and liabilities, to the extent that these are exposed to market fluctuations.

  - a. Interest rate risk

SCEF is exposed to interest rate risk arising from its fixed rate loans payable. As fixed rate debt matures, SCEF will be further exposed to cash flow risk.
  - b. Price risk

SCEF has no significant exposure to price risk with respect to financial instruments as it does not hold any equity securities or commodities.
  - c. Foreign exchange risk

SCEF is exposed to foreign exchange risk on the investments in associates.
- ii) Liquidity risk

Liquidity risk management entails maintaining sufficient cash and credit facilities available to close out market positions. SCEF ensures flexibility in funding by keeping committed credit lines available, and raising capital from partners when needed. SCEF's liquidity position is monitored on a regular basis by Management.

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**29. FINANCIAL RISK MANAGEMENT (continued)**

ii) Liquidity risk (continued)

Financial liabilities and their maturities are as follows:

<b>December 31, 2021</b>	On demand	Less than one year	One to five years	More than five years	<b>Total</b>
Loans payable	\$ 0	\$ 0	\$ 0	\$ 45,850	\$ 45,850
Note payable	8,073	0	0	0	8,073
Interest rate swap agreements	0	0	0	1,050	1,050
Due to related parties	2,074	0	0	0	2,074
Decommissioning liability	0	0	0	914	914
Accounts payable and accrued liabilities	0	3,860	0	0	3,860
	<u>\$ 10,147</u>	<u>\$ 3,860</u>	<u>\$ 0</u>	<u>\$ 47,814</u>	<u>\$ 61,821</u>
<b>December 31, 2020</b>	On demand	Less than one year	One to five years	More than five years	<b>Total</b>
Loans payable	\$ 0	\$ 0	\$ 0	\$ 48,646	\$ 48,646
Interest rate swap agreements	0	0	0	2,662	2,662
Due to related parties	3	0	0	0	3
Decommissioning liability	0	0	0	882	882
Accounts payable and accrued liabilities	0	3,167	0	0	3,167
	<u>\$ 3</u>	<u>\$ 3,167</u>	<u>\$ 0</u>	<u>\$ 52,190</u>	<u>\$ 55,360</u>

**30. CAPITAL RISK MANAGEMENT**

SCEF's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to provide returns for partners, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, SCEF has the ability to adjust the amount of distributions paid to partners, return capital to partners, issue additional units, refinance existing debt or sell investment property to reduce debt.

SCEF monitors capital primarily using a loan to value ratio, which is calculated as the amount of outstanding debt divided by the valuation of the assets within the portfolio. As of December 31, 2021, the loan to value ratio was 41% (2020 - 69%).

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**31. SEGMENTED DISCLOSURE**

For the year ended December 31, 2021, the operating results of the Canadian solar assets and the Canadian biogas assets are reviewed regularly by SCEF's management to make decisions about resources to be allocated to the segment and to assess its performance. SCEF's management has chosen to identify the reportable segments based on differences in how energy is generated.

**For the year ended December 31, 2021:**

	Canadian Solar	Canadian Biogas	Total
Income from energy production	\$ 11,336	\$ 4,864	\$ 16,200
Battery sales	<u>3,011</u>	<u>0</u>	<u>3,011</u>
Total income	14,347	4,864	19,211
Amortization expense	5,928	1,824	7,752
Other operating expenses	<u>3,999</u>	<u>3,173</u>	<u>7,172</u>
<b>Net operating income (loss)</b>	4,420	(133)	4,287
Income from joint ventures and investments in associates	(4,033)	0	(4,033)
Other income and expenses	<u>3,776</u>	<u>428</u>	<u>4,204</u>
<b>Net income (loss)</b>	<u>\$ 4,677</u>	<u>\$ (561)</u>	<u>\$ 4,116</u>

**Selected Statement of Financial Position Information for the year ended December 31, 2021:**

	Canadian Solar	Canadian Biogas	Total
Biogas equipment	\$ 0	\$ 14,577	\$ 14,577
Clean energy contracts	23,638	38,505	62,143
Right-of-use assets	7,807	994	8,801
Other assets	746	21,716	22,462
Accounts receivable	1,158	1,598	2,756
Cash	<u>12,882</u>	<u>566</u>	<u>13,448</u>
	<u>\$ 46,231</u>	<u>\$ 77,956</u>	<u>\$ 124,187</u>
Lease liability	\$ 7,557	\$ 994	\$ 8,551
Note payable	0	8,073	8,073
Accounts payable and accrued liabilities	<u>2,188</u>	<u>1,672</u>	<u>3,860</u>
	<u>\$ 9,745</u>	<u>\$ 10,739</u>	<u>\$ 20,484</u>

For the year ended December 31, 2021, for all assets and liabilities not otherwise disclosed separately, relate to Canadian solar assets.

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**31. SEGMENTED DISCLOSURE (continued)**

**Additions to non-current assets for the year ended December 31, 2021:**

	Canadian Solar	Canadian Biogas	Total
Solar equipment and structures	\$ 1,099	\$ 0	\$ 1,099
Biogas equipment	0	14,913	14,913
Clean energy contracts	251	38,715	38,966
Right-of-use assets	275	1,015	1,290

For the year ended December 31, 2020, all of SCEF's assets and liabilities are in, and its revenues are derived from, Canadian solar assets. SCEF's solar assets are, therefore, considered by Management to have similar economic characteristics. Thus, SCEF has one reportable segment for disclosure purposes.

**32. NON-CONTROLLING INTERESTS**

The components of non-controlling interests are as follows:

	2021	2020
Balance at the beginning of the year	\$ 2,651	\$ 2,281
80% of SBE LP net identifiable assets acquired (note 6)	10,877	0
50.9% of N&G LP net identifiable assets acquired (note 6)	0	566
15% of Nautilus Eagle Lake Solar I LP net identifiable assets acquired (note 6)	0	101
Total net identifiable assets allocated to non-controlling interests	<u>13,528</u>	<u>2,948</u>
14.9985% of SPN LP 2 net loss	(74)	(64)
50.9% of 601 Canarctic Solar LP net income	19	23
50.1% of CK Solar Projects LP net (loss) income	(31)	8
50.9% of N&G LP net income (loss)	522	(31)
15% of Nautilus Eagle Lake Solar I LP net income	24	5
20% of SBE LP net loss	(117)	0
Total net income (loss) allocated to non-controlling interest	<u>343</u>	<u>(59)</u>
Distribution to 601 Canarctic Solar LP non-controlling interest	(61)	(59)
Distribution to CK Solar Projects LP non-controlling interest	(162)	(179)
Distribution to N&G LP non-controlling interest	(592)	0
Distribution to Nautilus Eagle Lake I LP non-controlling interest	8	0
	<u>(807)</u>	<u>(238)</u>
Balance at the end of the year	<u>\$ 13,064</u>	<u>\$ 2,651</u>

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**33. UNITHOLDERS' EQUITY**

SCEF is authorized to issue an unlimited number of units. Each unit represents an undivided beneficial interest in the distributions of SCEF, whether of net income, net realized capital gains or other amounts, and in the event of a liquidation, dissolution, winding-up or other termination of SCEF, in the net assets of SCEF remaining after satisfaction of all liabilities. As at December 31, 2021 the price per unit for newly issued units and units to be redeemed was \$13.15 (December 31, 2020 - \$12.14). The units issued and outstanding are as follows:

	<b>2021</b>	<b>2020</b>
Units outstanding, beginning of year	4,380,323	4,291,679
Units issued	5,436,481	842,731
Redemptions during the year	<u>(359,401)</u>	<u>(754,087)</u>
Units outstanding, end of year	<u><u>9,457,403</u></u>	<u><u>4,380,323</u></u>

**34. IMPACT OF COVID-19**

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 was a global pandemic which has resulted in the federal and provincial governments enacting a series of public health and emergency measures to combat the spread of the virus thus impacting business operations both nationally and internationally. While some uncertainty still exists around the future impact of COVID-19 on the timing and amounts of realizable cash flows and assets, the impact of COVID-19 has largely been immaterial for the years ended December 31, 2021 and December 31, 2020.

**35. SUBSEQUENT EVENTS**

The following unit price changes occurred subsequent to December 31, 2021:

<u>Effective Date</u>	<u>Unit Price</u>
January 1, 2022	\$13.24
February 1, 2022	\$13.30
March 1, 2022	\$13.40



**SKYLINE CLEAN ENERGY FUND**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

These condensed consolidated interim financial statements of Skyline Clean Energy Fund (the "Fund" or "SCEF") have been prepared by and are the responsibility of management and have not been reviewed by the Fund's auditors.

# SKYLINE CLEAN ENERGY FUND

## INDEX TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

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**SKYLINE CLEAN ENERGY FUND**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2022**  
(in thousands of Canadian dollars)

	SEP 30, 2022	DEC 31, 2021
<b>ASSETS</b>		
Solar equipment and structures (notes 5, 6)	\$ 49,864	\$ 48,974
Biogas equipment and structures (notes 5, 7)	39,121	14,577
Clean energy contracts (notes 5, 8)	109,222	62,143
Intellectual property (notes 5, 10)	4,930	-
Land (note 5)	4,469	-
Prepaid leases	1,319	1,387
Right-of-use assets (notes 5, 9)	8,212	8,801
Investments in joint ventures (note 11)	12,002	8,520
Investment in associate (notes 5, 12)	1,671	1,350
Interest rate swap agreements (notes 22, 27)	1,617	-
Convertible debenture receivable (note 18)	3,595	3,249
Loans receivable (note 13)	808	788
Due from related party (note 24)	20,709	1,000
Inventory (note 14)	-	1,016
Other assets (note 15)	3,548	22,462
Accounts receivable (note 16)	7,565	2,756
Restricted cash (note 17)	1,755	1,287
Cash	<u>12,219</u>	<u>13,448</u>
	<u>\$ 282,626</u>	<u>\$ 191,758</u>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
Loans payable (note 19)	\$ 60,910	\$ 45,850
Note payable (note 21)	4,514	8,073
Interest rate swap agreements (notes 22, 27)	-	1,050
Lease liability (notes 5, 23)	7,836	8,551
Government grants (note 20)	7,062	-
Decommissioning liability	938	914
Due to related parties (note 24)	35,374	2,074
Accounts payable and accrued liabilities (note 25)	<u>5,278</u>	<u>3,860</u>
	<u>121,912</u>	<u>70,372</u>
Unitholders' equity (page 4)	136,000	108,322
Non-controlling interests (page 4) (notes 5, 31)	<u>24,714</u>	<u>13,064</u>
	<u>160,714</u>	<u>121,386</u>
	<u>\$ 282,626</u>	<u>\$ 191,758</u>

Trustee

Trustee

**SKYLINE CLEAN ENERGY FUND**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

(in thousands of Canadian dollars)

	Unitholders Equity	Non-Controlling Interests	Total
<b>OPENING BALANCE - January 1, 2022</b>	\$ 108,322	\$ 13,064	\$ 121,386
Proceeds from units issued (note 32)	30,475	-	30,475
Issuance costs (notes 24, 32)	(246)	-	(246)
Income and comprehensive income for the period	4,749	280	5,029
Distribution to non-controlling interest (note 31)	-	(185)	(185)
Non-controlling interests ownership of assets acquired (note 31)	-	11,555	11,555
Redemptions (note 32)	<u>(7,300)</u>	<u>-</u>	<u>(7,300)</u>
<b>CLOSING BALANCE – September 30, 2022</b>	<u>\$ 136,000</u>	<u>\$ 24,714</u>	<u>\$ 160,714</u>
<b>OPENING BALANCE - January 1, 2021</b>	\$ 41,047	\$ 2,651	\$ 43,698
Proceeds from units issued (note 32)	50,261	-	50,261
Issuance costs (notes 24, 32)	(543)	-	(543)
Income and comprehensive income for the period	5,890	736	6,626
Distribution to non-controlling interest (note 31)	-	(184)	(184)
Non-controlling interests ownership of assets acquired (note 31)	-	10,877	10,877
Redemptions (note 32)	<u>(1,345)</u>	<u>-</u>	<u>(1,345)</u>
<b>CLOSING BALANCE – September 30, 2021</b>	<u>\$ 95,310</u>	<u>\$ 14,080</u>	<u>\$ 109,390</u>

**SKYLINE CLEAN ENERGY FUND**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME AND COMPREHENSIVE INCOME**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

(in thousands of Canadian dollars)

	Three Months Ended Sep 30,		Nine Months Ended Sep 30,	
	2022	2021	2022	2021
<b>INCOME</b>				
Solar income	\$ 4,744	\$ 3,896	\$ 10,524	\$ 9,906
Biogas income	6,111	-	10,765	-
Interest income	102	64	286	221
Other income (loss)	22	543	1,226	322
	<u>10,979</u>	<u>4,503</u>	<u>22,801</u>	<u>10,449</u>
<b>EXPENSES</b>				
Utilities	692	34	1,053	143
Insurance	330	40	585	190
Amortization (notes 6, 7, 8, 9, 10)	4,248	1,421	9,267	4,260
Operations and maintenance fees (note 24)	264	78	897	225
Management fees	297	31	872	49
Royalty expense	3	3	14	8
Property taxes	95	-	153	4
Wages and benefits	445	-	445	-
Other direct operating expenses	1,787	13	4,517	41
	<u>8,161</u>	<u>1,620</u>	<u>17,803</u>	<u>4,920</u>
<b>NET OPERATING INCOME</b>	<u>2,818</u>	<u>2,883</u>	<u>4,999</u>	<u>5,529</u>
Less:				
Share of net earnings from investments (note 11)	(967)	(1,191)	(3,714)	(2,684)
Financing costs (note 26)	2,057	603	4,120	1,855
Administrative expenses	357	228	582	314
Asset management fees (note 24)	168	69	359	187
Property management fees (note 24)	52	27	116	82
Wealth management fees (note 24)	131	88	360	216
	<u>1,798</u>	<u>(176)</u>	<u>1,823</u>	<u>(30)</u>
<b>INCOME BEFORE UNDERNOTED</b>	<u>1,020</u>	<u>3,059</u>	<u>3,175</u>	<u>5,559</u>
Unrealized gain (loss) on swap agreement (note 22)	100	449	2,283	1,067
Foreign exchange loss	(2)	-	(2)	-
Loss on disposal of assets	(324)	-	(324)	-
Corporate tax provision	-	-	(103)	-
	<u>(226)</u>	<u>449</u>	<u>1,854</u>	<u>1,067</u>
<b>INCOME AND COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>794</u>	<u>3,508</u>	<u>5,029</u>	<u>6,626</u>
Net income attributable to:				
Unitholders	821	3,162	4,749	5,890
Non-controlling interests (note 31)	(27)	346	280	736
Net income and comprehensive income	<u>\$ 794</u>	<u>\$ 3,508</u>	<u>\$ 5,029</u>	<u>\$ 6,626</u>

**SKYLINE CLEAN ENERGY FUND**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**  
(in thousands of Canadian dollars)

	2022	2021
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Income and comprehensive income for the period	\$ 5,029	\$ 6,626
Items not requiring an outlay of cash:		
Amortization (notes 6, 7, 8, 9)	9,243	4,260
Amortization of financing costs (note 26)	341	233
Accretion on decommissioning liability	24	-
Government contributions recognized (note 20)	(362)	-
Financing costs in operations (note 26)	3,779	1,622
Unrealized gain on swap agreements (note 22)	(2,283)	(1,067)
Interest rate swap payments (note 22)	(384)	(562)
Share of net earnings from joint ventures (note 11)	<u>(3,714)</u>	<u>(2,684)</u>
	11,673	8,428
Changes in non-cash working capital		
Accounts receivable (note 16)	(4,809)	(1,348)
Inventory (note 14)	1,016	2,982
Other assets (note 15)	18,914	(1,255)
Accounts payable and accrued liabilities (note 25)	<u>1,418</u>	<u>(408)</u>
	<u>28,212</u>	<u>8,399</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Due to/from related parties (note 24)	13,591	1,612
Note payable (note 21)	(3,559)	-
Loan proceeds, net of repayments (note 19)	15,038	(2,719)
Accrued interest on loan payable (note 19)	(319)	(223)
Interest paid on debt (note 26)	(3,446)	(1,330)
Lease payments made on lease liability (note 23)	(768)	(460)
Restricted cash (note 17)	(468)	(33)
Proceeds from units issued (page 4)	30,475	50,261
Redemptions (page 4)	(7,300)	(1,345)
Issuance costs (note 24) (page 4)	(246)	(543)
Distribution to non-controlling interest (note 31) (page 4)	(185)	(184)
Government contributions assumed on acquisition (note 20)	7,424	-
Contributions from non-controlling interest (note 31)	11,555	10,877
Loans receivable advanced	-	56
Principal payment received on loan receivable (note 13)	<u>43</u>	<u>-</u>
	<u>61,835</u>	<u>55,969</u>

**SKYLINE CLEAN ENERGY FUND**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**  
(in thousands of Canadian dollars)

	<b>2022</b>	<b>2021</b>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Net solar and biogas assets acquired (notes 6, 7, 8)	(77,809)	(55,350)
Acquired land	(4,469)	-
Acquired intellectual property (note 10)	(5,188)	-
Additions to solar and biogas assets (note 6, 7, 8)	(3,312)	(187)
Additions to investments in joint ventures (note 11)	(18)	-
Acquisition of investment in associate (note 12)	(321)	(1,026)
Distribution from investment (note 11)	250	224
Acquired convertible debenture (note 18)	(135)	(3,175)
Accrued interest on convertible debentures (note 18)	(211)	-
Interest on loans receivable (note 13)	(63)	(43)
	<u>(91,276)</u>	<u>(59,557)</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	(1,229)	4,811
<b>CASH, beginning of period</b>	<u>13,448</u>	<u>6,226</u>
<b>CASH, end of period</b>	<u>\$ 12,219</u>	<u>\$ 11,037</u>

## SKYLINE CLEAN ENERGY FUND

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(in thousands of Canadian dollars, except per unit amounts)

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#### 1. NATURE OF BUSINESS

Skyline Clean Energy Fund ("SCEF") is an unincorporated, open ended mutual fund trust established under the laws of the Province of Ontario that was created pursuant to a Declaration of Trust dated May 3, 2018.

Skyline Clean Energy Limited Partnership ("SCELP") was created on May 3, 2018, as a limited partnership under the laws of the Province of Ontario. The general partner is Skyline Clean Energy GP Inc. and the majority limited partner is SCEF.

SCEF is domiciled in Ontario, Canada. The address of SCEF's registered office and its principal place of business is 5 Douglas Street, Suite 301, Guelph, Ontario, N1H 2S8.

#### 2. BASIS OF PRESENTATION

##### (a) STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements of the Fund have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Fund since the last annual consolidated financial statement as at and for the year ended December 31, 2021. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Fund's audited annual consolidated statements for the year ended December 31, 2021.

##### (b) BASIS OF MEASUREMENT

The condensed consolidated interim financial statements have been prepared on a historical cost basis, as modified by the revaluation of certain financial instruments, as set out in the relevant accounting policies.

##### (c) FUNCTIONAL CURRENCY AND PRESENTATION

The condensed consolidated interim financial statements are presented in Canadian dollars, which is also SCEF's functional currency.

SCEF presents its consolidated statement of financial position based on the liquidity method, where all assets and liabilities are presented in the ascending order of liquidity.

##### (d) USE OF ESTIMATES

The preparation of these condensed consolidated interim financial statements requires SCEF to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of revenue and expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed consolidated interim financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the condensed consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimates are revised, and the revision affects both current and future periods.



## SKYLINE CLEAN ENERGY FUND

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(in thousands of Canadian dollars, except per unit amounts)

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#### 2. BASIS OF PRESENTATION (continued)

##### (d) USE OF ESTIMATES (continued)

Significant estimates and assumptions include the useful life of solar equipment, structures, biogas equipment and clean energy contracts, the valuation of right-of-use assets and lease liabilities and the valuation of the decommissioning liability and accounts payable and accrued liabilities.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Fund in these unaudited condensed consolidated interim financial statements are the same as those applied by the Fund in its consolidated financial statements for the year ended December 31, 2021.

#### 4. PRINCIPLES OF CONSOLIDATION

The condensed consolidated interim financial statements comprise the financial statements of Skyline Clean Energy Fund and its subsidiary, SCELP.

Subsidiaries are entities over which Skyline Clean Energy Fund has control, where control is defined as the power to govern financial and operating policies of an entity so as to obtain benefit from its activities. Subsidiaries are fully consolidated from the date control is transferred to Skyline Clean Energy Fund and are de-consolidated from the date control ceases. Intercompany transactions between subsidiaries are eliminated on consolidation. All subsidiaries have a reporting date of December 31 except for Lethbridge Biogas LP, which has a reporting date of January 31.

## SKYLINE CLEAN ENERGY FUND

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(in thousands of Canadian dollars, except per unit amounts)

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#### 5. ACQUISITIONS

The following assets were acquired during the nine months ended September 30, 2022. The results of the acquisitions are included in these condensed consolidated interim financial statements from the date of acquisition:

St. Regis Acquisition – On May 3, 2022, SCEF acquired 3 common shares of St. Regis Solar Power Corporation. St. Regis Solar Power Corporation owns one solar asset, which is comprised of solar equipment, a solar contract and a right-of-use asset.

Lethbridge Biogas Acquisition – On May 31, 2022, SCEF acquired Class A Units and Class B Units of Lethbridge Biogas LP. Lethbridge Biogas LP owns one biogas asset, which is comprised of biogas equipment and structures, a biogas contract, intellectual property and land. A minority interest indirectly holds units in Lethbridge Biogas LP, therefore a portion of the identifiable net assets acquired from Lethbridge Biogas LP has been allocated to the respective non-controlling interest. See note 31.

Marbro Land Acquisition – On May 31, 2022, SCEF acquired the land that the SBE Limited Partnership biogas asset sits on. A minority interest holds units in SBE Limited Partnership, therefore a portion of the acquired land has been allocated to the respective non-controlling interest. See note 31.

Sky Solar Acquisition – On July 29, 2022, SCEF acquired three solar assets. The solar assets consist of solar equipment, solar contracts, and a right-of-use asset.

Real-Flex Acquisition – On August 26, 2022, SCEF acquired three solar assets. The solar assets consist of solar equipment, solar contracts, and right-of-use assets.

The following assets were acquired during the year ended December 31, 2021. The results of the acquisitions are included in these condensed consolidated interim financial statements from the date of acquisition:

SBE Acquisition – On August 24, 2021, SCEF acquired LP Units of SBE Limited Partnership. SBE Limited Partnership owns one biogas asset, which is comprised of biogas equipment, a right-of-use asset and a biogas contract. A minority interest holds units in SBE Limited Partnership, therefore a portion of the identifiable net assets acquired from SBE Limited Partnership has been allocated to the respective non-controlling interest. See note 31.

SC&G Acquisition – On September 10, 2021, SCEF acquired the beneficial interest in four solar assets. The solar assets consist of solar equipment, solar contracts and right-of-use assets.

Blue Circle Acquisition – On September 21, 2021, SCEF acquired 1,040,000 investor LP units of Blue Circle Energy Fund 1 LP.

**SKYLINE CLEAN ENERGY FUND****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022****(in thousands of Canadian dollars, except per unit amounts)****5. ACQUISITIONS** (continued)

The following table contains details of SCEF's acquisitions:

	<b>2022</b>	<b>2021</b>
Net assets acquired:		
Solar equipment	\$ 3,562	\$ 1,099
Biogas equipment	26,785	14,913
Clean energy contracts	49,215	38,966
Right-of-use assets	691	1,290
Land	4,469	-
Intellectual property	5,191	-
Investor LP units	-	1,333
Debt assumed:		
Loan payable	(17,979)	-
Government grants	(7,424)	-
Net working capital:	<u>2,896</u>	<u>755</u>
Total identifiable net assets	<u>\$ 67,406</u>	<u>\$ 58,356</u>
Consideration paid, funded by:		
Lease liability	\$ 691	\$ 1,290
Non-controlling interest	11,455	10,877
Non-cash consideration	1,200	-
Cash on hand	<u>54,060</u>	<u>46,189</u>
Total consideration paid	<u>\$ 67,406</u>	<u>\$ 58,356</u>

**6. SOLAR EQUIPMENT AND STRUCTURES**

Changes to the carrying amounts of the solar equipment and structures presented in the condensed consolidated interim statement of financial position are summarized as follows:

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Opening balance	\$ 48,974	\$ 50,734
Additions through purchase of assets (note 5)	3,562	1,099
Additions through capital expenditures	64	635
Amortization	<u>(2,736)</u>	<u>(3,494)</u>
Closing balance	<u>\$ 49,864</u>	<u>\$ 48,974</u>

**SKYLINE CLEAN ENERGY FUND****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022****(in thousands of Canadian dollars, except per unit amounts)****7. BIOGAS EQUIPMENT**

Changes to the carrying amounts of the biogas equipment presented in the condensed consolidated interim statement of financial position are summarized as follows:

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Opening balance	\$ 14,577	\$ -
Additions through purchase of assets (note 5)	25,363	14,913
Additions through capital expenditures	1,542	187
Disposal of assets	(331)	(22)
Amortization	<u>(2,030)</u>	<u>(501)</u>
Closing balance	<u>\$ 39,121</u>	<u>\$ 14,577</u>

**8. CLEAN ENERGY CONTRACTS**

Changes to the carrying amounts of the clean energy contracts presented in the condensed consolidated interim statement of financial position are summarized as follows:

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Opening balance	\$ 62,143	\$ 25,305
Additions through purchase of assets (note 5)	49,215	38,966
Additions through capital expenditures	1,706	1,130
Amortization	<u>(3,842)</u>	<u>(3,258)</u>
Closing balance	<u>\$109,222</u>	<u>\$ 62,143</u>

**9. RIGHT-OF-USE ASSETS**

Changes to the carrying amounts of the right-of-use assets presented in the condensed consolidated interim statement of financial position are summarized as follows:

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Opening balance	\$ 8,801	\$ 7,887
Additions through purchase of assets (note 5)	691	1,290
Derecognition of assets	(971)	-
Amortization	<u>(309)</u>	<u>(376)</u>
Closing balance	<u>\$ 8,212</u>	<u>\$ 8,801</u>

**SKYLINE CLEAN ENERGY FUND****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

(in thousands of Canadian dollars, except per unit amounts)

**10. INTELLECTUAL PROPERTY**

Changes to the carrying amounts of the intellectual property presented in the condensed consolidated interim statement of financial position are summarized as follows:

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Opening balance	\$ -	\$ -
Additions through purchase of assets (note 5)	5,188	-
Amortization	<u>(258)</u>	<u>-</u>
Closing balance	<u>\$ 4,930</u>	<u>\$ -</u>

**11. INVESTMENTS IN JOINT VENTURES**

As at September 30, 2022, SCEF has invested in 50% ownership of three joint ventures (2021 - three) which hold solar assets.

Changes to the aggregate carrying value of SCEF's investment is summarized as follows:

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Opening balance	\$ 8,520	\$ 4,512
Share of net earnings	3,714	4,082
Additions through capital expenditures	18	-
Distributions	<u>(250)</u>	<u>(74)</u>
Closing balance	<u>\$ 12,002</u>	<u>\$ 8,520</u>

The following details SCEF's share of the limited partnerships aggregated assets, liabilities, and results of operations accounted for under the equity method.

**As at September 30, 2022:**

	SunE Sky First First LP	SunE Sky 13 <sup>th</sup> Sideroad LP	SunE Sky Ryerse LP	Total
Solar equipment	\$ 12,940	\$ 10,913	\$ 10,632	\$ 34,485
Current assets	<u>1,252</u>	<u>3,322</u>	<u>3,254</u>	<u>7,828</u>
<b>Total assets</b>	14,192	14,235	13,886	42,313
Non-current liabilities	6,583	8,433	8,367	23,383
Current liabilities	<u>3,922</u>	<u>1,490</u>	<u>1,516</u>	<u>6,928</u>
<b>Net Equity</b>	<u>\$ 3,687</u>	<u>\$ 4,312</u>	<u>\$ 4,003</u>	<u>\$ 12,002</u>

**SKYLINE CLEAN ENERGY FUND**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

(in thousands of Canadian dollars, except per unit amounts)

**11. INVESTMENTS IN JOINT VENTURES (continued)**

**For the nine month period ended September 30, 2022:**

	SunE Sky First First LP	SunE Sky 13 <sup>th</sup> Sideroad LP	SunE Sky Ryerse LP	Total
Solar revenue	\$ 1,557	\$ 1,549	\$ 1,553	\$ 4,659
Operating expenses	<u>1,027</u>	<u>1,015</u>	<u>1,053</u>	<u>3,095</u>
<b>Net operating income</b>	530	534	500	1,564
Other income	<u>634</u>	<u>762</u>	<u>754</u>	<u>2,150</u>
<b>Net income</b>	<u>\$ 1,164</u>	<u>\$ 1,296</u>	<u>\$ 1,254</u>	<u>\$ 3,714</u>

**As at December 31, 2021:**

	SunE Sky First First LP	SunE Sky 13 <sup>th</sup> Sideroad LP	SunE Sky Ryerse LP	Total
Solar equipment	\$ 13,354	\$ 11,251	\$ 10,974	\$ 35,579
Current assets	<u>957</u>	<u>2,906</u>	<u>2,823</u>	<u>6,686</u>
<b>Total assets</b>	14,311	14,157	13,797	42,265
Non-current liabilities	7,763	9,843	9,768	27,374
Current liabilities	<u>3,784</u>	<u>1,303</u>	<u>1,284</u>	<u>6,371</u>
<b>Net Equity</b>	<u>\$ 2,764</u>	<u>\$ 3,011</u>	<u>\$ 2,745</u>	<u>\$ 8,520</u>

**For the nine month period ended September 30, 2021:**

	SunE Sky First First LP	SunE Sky 13 <sup>th</sup> Sideroad LP	SunE Sky Ryerse LP	Total
Solar revenue	\$ 1,619	\$ 1,759	\$ 1,706	\$ 5,084
Operating expenses	<u>850</u>	<u>774</u>	<u>775</u>	<u>2,399</u>
<b>Net operating income</b>	769	985	931	2,685
Other expense	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
<b>Net income</b>	<u>\$ 768</u>	<u>\$ 985</u>	<u>\$ 931</u>	<u>\$ 2,684</u>

## SKYLINE CLEAN ENERGY FUND

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(in thousands of Canadian dollars, except per unit amounts)

#### 12. INVESTMENT IN ASSOCIATE

As at September 30, 2022, SCEF has invested in 80% ownership of one associate (2021 - one) which develops solar assets.

Changes to the aggregate carrying value of SCEF's investment in associate is summarized as follows:

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Opening balance	\$ 1,350	\$ -
Additions through purchase of LP units (note 5)	314	1,333
Additions through transaction costs expenditures	7	66
Share of net loss	<u>-</u>	<u>(49)</u>
Closing balance	<u>\$ 1,671</u>	<u>\$ 1,350</u>

#### 13. LOANS RECEIVABLE

On June 12, 2020, SCEF issued a \$130 loan receivable to a third party to provide financial assistance to replace a prior loan. The loan bears interest at an annual rate of 4% and is due on demand.

On August 20, 2018, SCEF assumed a \$353 loan receivable from the non-controlling interest of 601 Canarctic Solar LP (note 31). The non-controlling interest is required to make annual blended payments of \$91 to SCEF starting in 2019, with interest charged at 15.54%. The loan will be fully repaid by 2035.

Changes to the carrying amount of the loan receivable presented in the condensed consolidated interim statement of financial position can be summarized as follow:

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Opening balance	\$ 788	\$ 765
Interest receivable	63	84
Distribution payable to non-controlling interest, applied to principal balance of loan receivable	<u>(43)</u>	<u>(61)</u>
Closing balance	<u>\$ 808</u>	<u>\$ 788</u>

#### 14. INVENTORY

As at September 30, 2022, SCEF owned nil (December 2021 – one) energy storage systems. During the nine months ended September 30, 2022, SCEF disposed of one (2021 – nil) energy storage systems for consideration of \$1,180, the total historical cost of which was \$1,109 (December 2021 - \$1,109).

**SKYLINE CLEAN ENERGY FUND****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022****(in thousands of Canadian dollars, except per unit amounts)****15. OTHER ASSETS**

The components of other assets are as follows:

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Prepaid expenses	\$ 1,969	\$ 1,920
Deposits on potential acquisitions	395	320
Deposit on bonding contract	-	20,000
Pre-acquisition costs	296	18
Capital reserve	<u>888</u>	<u>204</u>
Balance at the end of the period	<u>\$ 3,548</u>	<u>\$ 22,462</u>

**16. ACCOUNTS RECEIVABLE**

The components of accounts receivable are as follows:

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Solar income receivable	\$ 2,815	\$ 703
Biogas income receivable	4,007	1,421
HST receivable	-	346
Other receivable	<u>743</u>	<u>286</u>
Balance at the end of the period	<u>\$ 7,565</u>	<u>\$ 2,756</u>

**17. RESTRICTED CASH**

On December 4, 2020, in connection with the Vine Fresh Equitable Bank Loan financing (note 19), SCEF established two reserve accounts. The debt service reserve acts as additional assurance to the lender that all quarterly repayments will be made in accordance with the credit agreement, as the lender can direct withdrawals for any debt payment shortfalls from the debt service reserve account. Similarly, the lender can direct withdrawals from the major maintenance reserve to be applied towards rehabilitation, replacement, maintenance or repairs to the secured solar assets.

On December 14, 2020, in connection with the NSNW Acquisition, SCEF held back a portion of the NSNW Acquisition purchase price as security for the purposes of satisfying the vendors' indemnification obligations regarding the potential Canada Revenue Agency ("CRA") requirement to remit withholding tax. In the event that a remittance is required, SCEF will utilize the tax holdback to remit any amounts owing to the CRA. This was paid back during the year ended December 31, 2021.

On December 23, 2019, in connection with the Ozz Acquisition and PNC Loan financing (note 19), SCEF assumed six debt reserve accounts. The debt service reserve acts as additional assurance to the lender that all quarterly repayments will be made in accordance with the credit agreement, as the lender can direct withdrawals for any debt payment shortfalls from the debt service reserve account.



**SKYLINE CLEAN ENERGY FUND****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022****(in thousands of Canadian dollars, except per unit amounts)****17. RESTRICTED CASH (continued)**

On August 23, 2019, in connection with the Equitable Bank Loan financing (note 19), SCEF established two reserve accounts. The debt service reserve acts as additional assurance to the lender that all quarterly repayments will be made in accordance with the credit agreement, as the lender can direct withdrawals for any debt payment shortfalls from the debt service reserve account. Similarly, the lender can direct withdrawals from the major maintenance reserve to be applied towards rehabilitation, replacement, maintenance, or repairs to the secured solar assets.

The components of restricted cash are as follows:

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Debt service reserve	\$ 1,333	\$ 1,026
Major maintenance reserve	<u>422</u>	<u>261</u>
Balance at the end of the period	<u>\$ 1,755</u>	<u>\$ 1,287</u>

**18. CONVERTIBLE DEBENTURE RECEIVABLE**

During the period ended September 30, 2022, SCEF paid \$135 (December 31, 2021 - \$3,040) to purchase convertible debentures. These debentures are convertible any time after September 1, 2021 but before May 1, 2023 at a conversion price of \$10.00 per Class A share, being the ratio of 100 Class A shares per \$1,000 of principal amount of debentures. The debentures bear interest at 9.00% per annum and has a maturity date of June 30, 2036. The balance as at September 30, 2022 is \$3,595 (December 31, 2021 - \$3,249).

**19. LOANS PAYABLE**

Future minimum principal payments on these debt obligations are as follows:

2022	\$ 603
2023	4,061
2024	4,219
2025	4,410
2026	4,641
Thereafter	<u>42,976</u>
	<u>\$ 60,910</u>

**SKYLINE CLEAN ENERGY FUND****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022****(in thousands of Canadian dollars, except per unit amounts)****19. LOANS PAYABLE (continued)**

Changes to the carrying amount of the loan payable presented in the condensed consolidated interim statement of financial position can be summarized as follows:

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Balance at the beginning of the period	\$ 45,850	\$ 48,646
Proceeds from new debt (note 5)	17,979	-
Repayment of existing debt	(3,177)	(3,240)
Change in deferred financing costs	236	(53)
Total changes from financing cash flows	<u>15,038</u>	<u>(3,293)</u>
Amortization of financing costs (note 26)	341	445
Interest expense included in operations (note 26)	3,369	1,833
Interest and financing costs paid	<u>(3,688)</u>	<u>(1,781)</u>
Total liability-related charges	<u>22</u>	<u>497</u>
Balance at end of the period	<u>\$ 60,910</u>	<u>\$ 45,850</u>

**20. GOVERNMENT GRANTS**

Changes to the carrying amounts of the government grants presented in the condensed consolidated interim statement of financial position are summarized as follows:

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Opening balance	\$ -	\$ -
Assumption through acquisition (note 5)	7,424	-
Government assistance recognized as revenue	<u>(362)</u>	<u>-</u>
Balance at end of the period	<u>\$ 7,062</u>	<u>\$ -</u>

**21. NOTE PAYABLE**

The note payable is due to a minority partner of SBE Limited Partnership. This note payable bears interest at 9% with no set terms of repayment.

**SKYLINE CLEAN ENERGY FUND****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022****(in thousands of Canadian dollars, except per unit amounts)****22. INTEREST RATE SWAP AGREEMENTS**

SCEF has entered into various interest rate swap agreements to limit its interest rate exposure from floating to fixed for the terms of certain mortgages. The interest rate swap agreements expire co-terminously upon the maturity of the corresponding mortgages. The notional principal amount of the outstanding interest rate swap agreements at September 30, 2022 was \$24,641 (2021 - \$26,884). The fair value of the interest rate swap agreements as determined by the financial institution is reflected on the condensed consolidated interim statement of financial position.

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Balance at the beginning of the period	\$ 1,050	\$ 2,662
Change in fair value of interest rate swap agreements	<u>(2,667)</u>	<u>(1,612)</u>
Balance at end of the period	<u>\$ (1,617)</u>	<u>\$ 1,050</u>

During the nine months ended September 30, 2022, the gain on the interest rate swap agreements was comprised of the following:

	<b>SEP 30, 2022</b>	<b>SEP 30, 2021</b>
Interest rate swap payments	\$ (384)	\$ (562)
Change in fair value of interest rate swap agreements	<u>2,667</u>	<u>1,629</u>
Balance at end of the period	<u>\$ 2,283</u>	<u>\$ 1,067</u>

**23. LEASE LIABILITY**

Changes to the carrying amount of the lease liability presented in the condensed consolidated interim statement of financial position can be summarized as follows:

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Balance at the beginning of the period	\$ 8,551	\$ 7,796
Additions (note 5)	690	1,290
Derecognition of lease	(971)	-
Interest expense (note 26)	334	411
Lease payments	<u>(768)</u>	<u>(946)</u>
Balance at end of the period	<u>\$ 7,836</u>	<u>\$ 8,551</u>

SCEF incurs lease payments related to agreements that allow SCEF to lease the land from a landlord, to build a structure upon which solar equipment and structures can be installed for the purposes of generating income. SCEF has recognized a lease liability in relation to all lease agreements measured at the present value of the remaining lease payments.

**SKYLINE CLEAN ENERGY FUND**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

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**23. LEASE LIABILITY (continued)**

The following table details the undiscounted cash flows and contractual maturities of SCEF's lease liability as at September 30, 2022:

2022	\$	339
2023		999
2024		999
2025		994
2026		990
Thereafter		<u>8,513</u>
Balance at year-end	\$	<u>12,834</u>

**24. RELATED PARTY TRANSACTIONS**

Due from related parties

Amounts due from related parties are all entities controlled by a person or persons that qualify as a related person under IAS 24 - Related Party Disclosures ("IAS 24").

The balance consists of the following:

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Subscription due from SWMI	\$ -	\$ 1,000
Due from Skyline Apartment REIT	20,709	-

Due to related parties

Amounts due to related parties are unsecured, non-interest bearing and have no set terms of repayment except for the balance due to Skyline Transfer Funds Inc ("STFI"). The balance to SPICI bears interest at 9% with the entire balance due in 2022. All of these entities are controlled by a person or persons that qualify as a related person under IAS 24. The balance consists of the following:

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Due to Skyline Clean Energy Asset Management Inc.	\$ 173	\$ -
Due to Skyline Transfer Funds Inc.	34,671	-
Due to Skyline Asset Management Inc.	23	451
Due to Skyline Retail REIT	35	342
Due to Skyline Clean Energy General Partner Inc.	364	1,143
Due to Skyline Wealth Management Inc.	93	138
Due to Skyline Commercial REIT	<u>15</u>	<u>-</u>
Balance at the end of the period	<u>\$ 35,374</u>	<u>\$ 2,074</u>

Asset management fees

SCEF has an asset management agreement with Skyline Clean Energy Asset Management Inc. ("SCEAMI"), an entity that is controlled by a person or persons that qualify as a related person under IAS 24. Fees payable under the asset management agreement are 2% of gross revenue, a property management fee that varies from \$2 per kW DC to \$5 per kW DC, plus an annual flat fee of \$1 to \$3 per asset, and an acquisition fee calculated as up to 1% of the asset value acquired. For the nine months ended September 30, 2022, SCEF incurred \$359 in asset management fees (2021 - \$187), \$116 in property management fees (2021 - \$82) and \$671 in acquisition fees (2021 - \$nil).

## SKYLINE CLEAN ENERGY FUND

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

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#### 24. RELATED PARTY TRANSACTIONS (continued)

##### Wealth management fees

SCEF has a wealth management agreement with Skyline Wealth Management Inc. ("SWMI"), an entity that is controlled by a person or persons that qualify as a related person under IAS 24. Fees payable under the wealth management agreement include wealth management fees of 0.3% of unitholders' equity, and equity raise fees ranging from 0.5% to 1% of proceeds on units issued and redeemed during the period. For the nine months ended September 30, 2022, SCEF incurred \$360 in wealth management fees and \$246 in equity raise fees (2021 - \$216 and \$498 respectively).

##### Legal and administrative fees

The Fund had an agreement with Skyline Asset Management Inc. ("SAMI"), an entity that is controlled by a person or persons that qualify as a related person under IAS 24, to provide legal and administrative services until February 2022. For the nine months ended September 30, 2022, the Fund incurred \$76 in legal and administrative fees (2021 - \$190).

In March 2022, the Fund entered into an agreement with Skyline Private Investment Capital Inc. ("SPICI"), an entity that is controlled by a person or persons that qualify as a related person under IAS 24, to provide legal and administrative services. For the nine months ended September 30, 2022, the Fund incurred \$265 in legal and administrative fees (2021 - \$nil).

##### Operations and maintenance fees

SCEF has an agreement with Anvil Crawler Development Corp., an entity that is controlled by a person or persons that qualify as a related person under IAS 24, to provide operations and maintenance services for the solar assets. For the nine months ended September 30, 2022, SCEF incurred \$189 of the \$897 in operations and maintenance fees (2021 - \$225) in relation to the agreement with Anvil Crawler Development Corp.

##### Distribution to partners

Skyline Clean Energy General Partner Incorporated ("SCEGPI") is the general partner of SCEF and is entitled to distributions under the limited partnership agreement. This occurs when the Fund's net income, excluding depreciation, for a fiscal year is greater than 5% of the weighted average retained earnings for such fiscal year. This surplus is shared at a ratio of 20% to the general partner and 80% to the limited partner. A provision for the future distributions payable to SCEGPI has not been recorded since the timing and amount of the distributions payable cannot be reasonably estimated. For the nine months ended September 30, 2022, there were distributions payable to SCEGPI of \$364 (2021 - \$nil).

#### 25. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The components of accounts payable and accrued liabilities are as follows:

	SEP 30, 2022	DEC 31, 2021
Interest accruals	\$ 216	\$ 441
Operating accruals	3,872	2,186
HST payable	289	-
Distribution payable to non-controlling interest (note 31)	866	949
Other	35	284
	<u>5,278</u>	<u>3,860</u>
Balance at the end of the period	\$ 5,278	\$ 3,860

**SKYLINE CLEAN ENERGY FUND**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

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**26. FINANCING COSTS**

During the nine months ended September 30, 2022, SCEF paid the following financing costs:

	<b>2022</b>	<b>2021</b>
Interest on loans payable (note 19)	\$ 3,369	\$ 1,257
Interest on lease liability (note 23)	334	292
Amortization of deferred financing costs (note 19)	341	233
Other interest	<u>76</u>	<u>73</u>
	<u>\$ 4,120</u>	<u>\$ 1,855</u>

**27. FAIR VALUE MEASUREMENT**

Assets and liabilities measured at fair value

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis in the condensed consolidated interim statement of financial position is as follows:

<b>As at</b>	<b>September 30, 2022</b>			<b>December 31, 2021</b>		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
Interest rate swap agreements	\$ 0	\$ 1,617	\$ 0	\$ 0	\$ 0	\$ 0
<b>Liabilities</b>						
Interest rate swap agreements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,050	\$ 0

Transfers between levels in the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. For interest rate swap agreements measured at fair value as at September 30, 2022 and December 31, 2021, there were no transfers between Level 1, Level 2 and Level 3 assets.

Financial assets and liabilities carried at amortized cost

The fair values of SCEF's cash, restricted cash, accounts receivable, due from related party, loans receivable, convertible debenture receivable, note payable, due to related parties, and accounts payable and accrued liabilities approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments.

The fair value of loans payable, lease liability and decommissioning liability have been determined by discounting the cash flows of these financial obligations using year end market rates for debt of similar terms and credit risks. The fair value of the loans payable, lease liability and decommissioning liability approximate their carrying amounts.

## SKYLINE CLEAN ENERGY FUND

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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#### 28. FINANCIAL RISK MANAGEMENT

In the normal course of business, the Fund is exposed to a number of risks that can affect its operating performance. These risks and the actions taken to manage them are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2021.

#### 29. CAPITAL RISK MANAGEMENT

The Fund's capital management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2021.

The Fund was in compliance with all financial covenants as at September 30, 2022.

#### 30. SEGMENTED DISCLOSURE

The operating results of the Canadian solar assets and the Canadian biogas assets are reviewed regularly by SCEF's management to make decisions about resources to be allocated to the segment and to assess its performance. SCEF's management has chosen to identify the reportable segments based on differences in how energy is generated.

For the period ended September 30, 2022:

	Canadian Solar	Canadian Biogas	Total
Income from energy production	\$ 12,034	\$ 10,765	\$ 22,799
Amortization expense	4,648	4,619	9,267
Other operating expenses	<u>1,830</u>	<u>6,704</u>	<u>8,534</u>
<b>Net operating income (loss)</b>	5,556	(558)	4,998
Income from joint ventures and investment in associates	(3,714)	-	(3,714)
Other income and expenses	<u>1,967</u>	<u>1,716</u>	<u>3,683</u>
<b>Net income (loss)</b>	<u>\$ 7,303</u>	<u>\$ (2,274)</u>	<u>\$ 5,029</u>

**SKYLINE CLEAN ENERGY FUND**

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**30. SEGMENTED DISCLOSURE (continued)**

**Selected Condensed Consolidated Interim Statement  
of Financial Position Information for the period ended September 30, 2022:**

	Canadian Solar	Canadian Biogas	Total
Biogas equipment and structures	\$ -	\$ 39,121	\$ 39,121
Clean energy contracts	30,078	79,144	109,222
Right-of-use assets	8,212	-	8,212
Intellectual property	-	4,930	4,930
Land	-	4,469	4,469
Other assets	1,771	1,777	3,548
Accounts receivable	3,383	3,950	7,333
Cash	<u>8,229</u>	<u>3,990</u>	<u>12,219</u>
	<u>\$ 51,672</u>	<u>\$ 137,382</u>	<u>\$ 189,054</u>
Loans payable	\$ 43,064	\$ 17,846	\$ 60,910
Note payable	4,073	441	4,514
Government grants	-	7,062	7,062
Accounts payable and accrued liabilities	<u>1,777</u>	<u>3,501</u>	<u>5,278</u>
	<u>\$ 56,750</u>	<u>\$ 28,850</u>	<u>\$ 85,600</u>

For the period ended September 30, 2022, for all assets and liabilities not otherwise disclosed separately, relate to Canadian solar assets.

**Additions to non-current assets for the period ended September 30, 2022:**

	Canadian Solar	Canadian Biogas	Total
Solar equipment and structures	\$ 3,626	\$ -	\$ 3,626
Biogas equipment and structures	-	26,785	26,785
Clean energy contracts	6,336	44,585	50,921
Intellectual property	-	5,191	5,191
Land	-	4,469	4,469

For the nine month period ended September 30, 2021, all of SCEF's revenues and expenses are derived from Canadian solar assets. SCEF's solar assets are, therefore, considered by Management to have similar economic characteristics. Thus, SCEF has one reportable segment for disclosure purposes.



**SKYLINE CLEAN ENERGY FUND**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**30. SEGMENTED DISCLOSURE (continued)**

**Selected Condensed Consolidated Interim Statement  
of Financial Position Information for the period ended December 31, 2021:**

	Canadian Solar	Canadian Biogas	Total
Biogas equipment and structures	\$ -	\$ 14,577	\$ 14,577
Clean energy contracts	23,638	38,505	62,143
Right-of-use assets	7,807	994	8,801
Other assets	746	21,716	22,462
Accounts receivable	1,158	1,598	2,756
Cash	<u>12,882</u>	<u>566</u>	<u>13,448</u>
	<u>\$ 46,231</u>	<u>\$ 77,956</u>	<u>\$ 124,187</u>
Lease liability	\$ 7,557	\$ 994	\$ 8,551
Note payable	-	8,073	8,073
Accounts payable and accrued liabilities	<u>2,188</u>	<u>1,672</u>	<u>3,860</u>
	<u>\$ 9,745</u>	<u>\$ 10,739</u>	<u>\$ 20,484</u>

For the year ended December 31, 2021, for all assets and liabilities not otherwise disclosed separately, relate to Canadian solar assets.

**Additions to non-current assets for the period ended December 31, 2021:**

	Canadian Solar	Canadian Biogas	Total
Solar equipment and structures	\$ 1,099	\$ -	\$ 1,099
Biogas equipment	-	14,913	14,913
Clean energy contracts	251	38,715	38,966
Right-of-use assets	275	1,015	1,290

**SKYLINE CLEAN ENERGY FUND**

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**31. NON-CONTROLLING INTERESTS**

The components of non-controlling interests are as follows:

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Balance at the beginning of the period	\$ 13,064	\$ 2,651
20% of Lethbridge Biogas LP net identifiable assets acquired (note 5)	10,805	-
20% of SBE LP net identifiable assets acquired (note 5)	<u>750</u>	<u>10,877</u>
Total net identifiable assets allocated to non-controlling interests	<u>24,619</u>	<u>13,528</u>
14.9985% of SPN LP 2 net loss	(50)	(74)
50.9% of 601 Canarctic Solar LP net income	14	19
50.1% of CK Solar Projects LP net loss	-	(31)
50.9% of N&G LP net income	787	522
15% of Nautilus Eagle Lake Solar I LP net income	48	24
20% of SBE LP net loss	<u>(469)</u>	<u>(117)</u>
Total net income allocated to non-controlling interest	<u>330</u>	<u>343</u>
Distribution to 601 Canarctic Solar LP non-controlling interest	(43)	(61)
Distribution to CK Solar Projects LP non-controlling interest	(142)	(162)
Distribution adjustment to N&G LP non-controlling interest	-	(592)
Distribution adjustment to SBE LP non-controlling interest	<u>-</u>	<u>8</u>
	<u>(185)</u>	<u>(807)</u>
Balance at the end of the period	<u>\$ 24,764</u>	<u>\$ 13,064</u>

**32. UNITHOLDERS' EQUITY**

SCEF is authorized to issue an unlimited number of units. Each unit represents an undivided beneficial interest in the distributions of SCEF, whether of net income, net realized capital gains or other amounts, and in the event of a liquidation, dissolution, winding-up or other termination of SCEF, in the net assets of SCEF remaining after satisfaction of all liabilities. As at September 30, 2022 the price per unit for newly issued units and units to be redeemed was \$14.12 (December 31, 2021 - \$13.15). The units issued and outstanding are as follows:

	<b>SEP 30, 2022</b>	<b>DEC 31, 2021</b>
Units outstanding, beginning of period	9,457,403	4,380,323
Units issued	2,239,363	5,436,481
Redemptions during the period	<u>(538,991)</u>	<u>(359,401)</u>
Units outstanding, end of period	<u>11,157,775</u>	<u>9,457,403</u>

## SKYLINE CLEAN ENERGY FUND

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

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#### 33. IMPACT OF COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 was a global pandemic which has resulted in the federal and provincial governments enacting a series of public health and emergency measures to combat the spread of the virus thus impacting business operations both nationally and internationally. While some uncertainty still exists around the future impact of COVID-19 on the timing and amounts of realizable cash flows and assets, the impact of COVID-19 has largely been immaterial for the period ended June 30, 2022 and December 31, 2021.

#### 34. SUBSEQUENT EVENTS

On October 5, 2022, SCEF repaid STFI \$8,264 for its short-term loan.

On October 27, 2022, SCEF acquired the outstanding shares of 2289994 Alberta Inc. for \$684. 2289994 Alberta Inc. is a special purpose vehicle for a development project that once completed will be a 12 MW DC ground mount solar project located outside Bassano, Alberta.

On October 28, 2022, SCEF acquired the land that the 2289994 Alberta Inc. project is being developed on for \$670.

On October 31, 2022, SCEF acquired the LP units of Balsam Lake Limited Partnership and the shares of 2426628 Ontario Inc. for \$20,000. Balsam Lake Limited Partnership owns one ground mount solar asset with a size of 5,995 kW DC located near Coboconk in the City of Kawartha Lakes. 2426628 Ontario Inc. owns the land where the asset is situated.

The following unit price change occurred subsequent to September 30, 2022:

<u>Effective Date</u>	<u>Unit Price</u>
October 1, 2022	\$14.41

**ITEM 15 DATE AND CERTIFICATE**

**Dated:** March 15, 2023

**THIS OFFERING MEMORANDUM DOES NOT CONTAIN A MISREPRESENTATION.**

**SKYLINE CLEAN ENERGY FUND**

*"Jason Castellan"*

**JASON CASTELLAN**  
Chief Executive Officer

*"Wayne Byrd"*

**WAYNE BYRD**  
Chief Financial Officer

*"Jason Castellan"*

**JASON CASTELLAN**  
Trustee

*"Deborah Whale"*

**DEBORAH WHALE**  
Trustee

*"Wayne Byrd"*

**WAYNE BYRD**  
Trustee



**SKYLINE CLEAN ENERGY FUND**