SKYLINE
CLEAN ENERGY FUND

It starts here.

INVESTING IN CANADA'S FUTURE

2024

ANNUAL REPORT

601 Canarctic Drive, North York, Ontario

SKYLINE CLEAN ENERGY FUND
ANNUAL REPORT 2024

Contents

SKYLINE CLEAN ENERGY FUND

Highlights

[1] A kWh (kilowatt hour) is equal to 1,000 kilowatts of electricity used continuously for one hour. This figure is expressed in accordance with the Fund's ownership percentage of the Lethbridge and Elmira biogas facilities (80%) and solar assets (85-100%).

[2] The Fund Loan to Value is the ratio between the total debt outstanding in the portfolio and the enterprise value of the Fund calculated as the market value of equity plus the total debt outstanding.

[3] Gigajoule (GJ) is a metric energy measurement used for Renewable Natural Gas (RNG). One GJ of natural gas has the same amount of energy as 27 litres of fuel oil, 39 litres of propane, 26 litres of gasoline or 277 kilowatt hours of electricity. This figure is expressed in accordance with the Fund's ownership percentage of the Lethbridge biogas facility (80%). Source: https://www.nrcan.gc.ca.

$384.6 MM
Total Assets Under Management (As at January 1, 2025)

$17.65
Current Unit Value (As at January 1, 2025)

93,761 kW DC
Total Fund Size in Kilowatts Direct Current (kW DC) (As at January 1, 2025)

9.46%
1-Year Return (As at January 1, 2025)

9.17 YEARS
Average Remaining Term on Energy Offtake Contracts (As at January 1, 2025)

83.73%
Expected Revenue Under Long-Term Fixed Price Contracts (As at January 1, 2025)

42.92%
Fund Loan to Value[2] (As at January 1, 2025)

FOR THE YEAR ENDED DECEMBER 31, 2024:

114,308,641
kWh[1] of Electricity Generated

$38.9 MM
Earnings Before Interest, Tax, Depreciation & Amortization

29.26%
Net Operating Margin

181,522
Gigajoules (GJ)[3] of Renewable Natural Gas (RNG) Produced

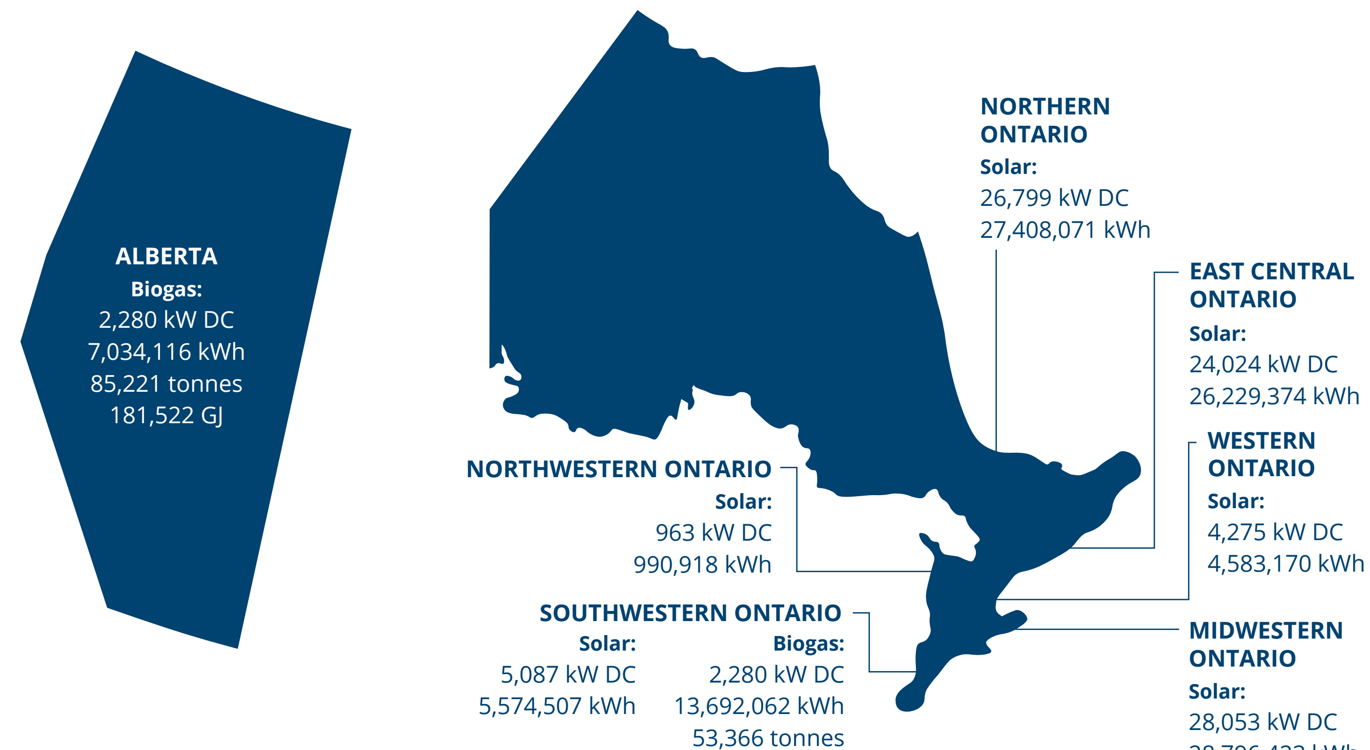
138,587
Tonnes of Waste Processed

SBE Limited Partnership
50 Martins Lane, Elmira, Ontario

DEVELOPMENT HIGHLIGHTS AND Clean Energy portfolio overview

Skyline Clean Energy Fund ("**SCEF**" or the "**Fund**") is a private investment fund available to eligible investors, offering a portfolio of renewable infrastructure assets across Canada. As an equity growth investment, the Fund aims to deliver long-term capital appreciation by primarily investing in operational solar and biogas facilities, as well as select development opportunities. The Fund is also structured to provide tax-efficient investment benefits for investors.

SCEF generates revenue by producing clean, renewable power, which is purchased by the provincial government and municipalities, and backed by long-term contracts with the government and other creditworthy counterparties. SCEF investors have enjoyed stable returns since the Fund's inception in 2018.



DEVELOPMENT HIGHLIGHTS

Lethbridge Biogas
4456 8th Avenue North, Lethbridge, Alberta
(depack expansion)

Our Purpose

To provide meaningful value and an exceptional experience for each of our stakeholders, while developing strong, supportive, and sustainable communities.

Our Mission

We bring passion, energy, and determination to make a positive impact with every interaction.

Our P.R.I.D.E. Values

PROFESSIONALISM
We take pride in the quality of service we provide to our customers and peers.

RESPECT
We value and consider the opinions, feelings, needs, and ideas of others.

INTEGRITY
We are reliable and hold ourselves accountable for our decisions.

DRIVE
We strive for constant improvement and tackle our tasks with passion.

EFFICIENCY
We are results-oriented and look for practical solutions.

Looking back, moving forward

CEO ADDRESS TO UNITHOLDERS

You learn a lot when you build something brick by brick. You learn patience. You learn discipline. And you learn that the real wins come not from dramatic leaps and bounds, but from showing up every day and doing the right things, over and over again. That's how we've built Skyline over the past 26 years, and that's how we will continue to grow for the future.

This past year wasn't about bold pivots or headline-making moves. It was about staying the course, executing on the fundamentals, and doing what we've always done: delivering strong, stable returns through disciplined, real-world investing. In a market that offered no shortage of noise and distraction from the long game, we remained grounded in what works—and the results speak for themselves.

We're not just acquiring assets; we're shaping communities. We're not just offering apartment suites; we're providing homes. We're developing spaces where people and businesses can thrive, industries can expand, and where retailers can serve the needs of growing communities. Across eight provinces, we're building something that lasts and creates value beyond financial statements.

From residential neighborhoods to industrial hubs and vibrant retail centers, every asset we invest in strengthens the communities we serve and the economy that supports them.

RECONNECTING AND REINVENTING

If 2024 had a theme, it was "getting back to what works." And we know what works: meeting people face to face. We spent the year on the road, hosting over 20 investor events and connecting with nearly 3,000 investors across Canada—no screens, no emails, just honest conversations. We shook hands, answered questions, and reinforced the personal relationships that drive this business. At the end of the day, that is how trust is built – in person.

While we doubled down on in-person engagement, we also embraced technology. The launch of the Skyline GO! app marked a new era for us, giving investors, tenants, and business partners an easy way to explore our fund portfolios, access key information about our assets, and streamline leasing. It was ambitious, yes, but a strategic move to expand our reach and enhance the experience for everyone who interacts with Skyline.

Of course, we've also continued doing what we do best: creating opportunities. As we innovate new products and attract more capital, we're not just growing Skyline; we're also helping our investors build generational wealth. That's what truly drives us.

WHAT'S NEXT?

I've always believed that success isn't a matter of luck—it's a matter of choice. From day one, we've chosen to be disciplined, to execute with precision, and to stick to our principles. As a result, Skyline's investment strategy has remained strong across all our funds:the Apartment REIT, Industrial REIT, Retail REIT, and Clean Energy Fund. Growing a successful business is not about chance, but instead about discipline, execution, and a long-term vision. By carefully selecting assets, managing them with precision, and focusing on sustainable growth, we've built a track record of resilience and reliability—no matter the market cycle.

So, as we look ahead, don't expect us to reinvent the wheel. Our playbook remains simple: acquire and manage high-performing properties, recruit the best talent, and execute relentlessly with a constant focus on the fundamentals. There are no gimmicks or shortcuts, just a clear, sensible approach that delivers results.

Skyline has always been built for the long haul—resilient, dependable, and ready for whatever comes next. The future is full of opportunity, and we're stepping into it with the same confidence and conviction that brought us here.

So, stay tuned. Big things are on the horizon.

Jason Castellan
Co-Founder & CEO,
Skyline Group of Companies

Our performance

CFO ADDRESS TO UNITHOLDERS

Canada's commitment to renewable energy remained strong in 2024, even as policy uncertainty and proposed tariffs emerged in the energy landscape. Amid this shifting environment, Skyline Clean Energy Fund (SCEF) delivered another standout year of returns, further reinforcing the strength of Management's strategy and the resilience of its portfolio. With continued support from federal climate policy and growing energy demands, the Fund is strongly positioned for sustained growth.

2024 saw a year of continued success for SCEF, driven by the successful integration of a major solar acquisition completed at the end of 2023. These assets resulted in a significant boost in financial performance and brought tangible value to our unitholders.

Taking a further look into SCEF's financial performance for the year – we saw total income come in at $59.35 million—representing a 66.62% increase year-over year – while Net Operating Income (NOI) jumped 488.81%. This growth was matched by improved operating efficiency, with NOI margin reaching 29.3%, representing a 2,100 basis point improvement over the previous year. These results signal not only an increase in scale, but also profitability of the portfolio. The Fund ended the year with its largest cash balance on record at just over $14 million, further enhancing Management's strategy to invest in its existing portfolio by upgrading it's asset technology and increasing returns through higher output.

On the leverage side, SCEF remains in a strong financial position. Liability to Assets (LTA), the total amount of debt relative to assets, finished the year at 55.52%, a decrease from 60.46%. With a healthy balance sheet and interest rates showing signs of easing, the Fund retains significant borrowing capacity to continue scaling its portfolio.

Looking ahead, we further anticipate seeing performance improvements in key metrics on the biogas side. The Fund is anticipating an increase in tonnes of organic waste processed at both the Elmira, Ontario and Lethbridge, Alberta facilities in 2025, as new contracts procured in 2024 continue to come online. The Fund continues to work closely with the Canadian Biogas Association to advance policy initiatives, including the expansion of the government's Investment Tax Credit to include biogas infrastructure.

As Canada continues to work towards a net-zero economy, we see vast opportunities begin to arise for cutting-edge technologies, disruptive business models, and accelerated innovation. Skyline Clean Energy Fund is at the forefront of innovation by acquiring and efficiently operating high-quality renewable energy assets that generate stable, long-term cash flows.

Thank you for your continued confidence in Skyline Clean Energy Fund. Since our inception in 2018, we've taken great pride in the Fund's consistent performance. As one of Canada's few renewable energy funds, we're proud to see our original vision delivering meaningful results by creating long-term value for our unitholders while advancing environmental progress. We look forward to building on this momentum together for years to come.

Wayne Byrd, CPA, CMA
CFO,
Skyline Group of Companies

"Skyline Clean Energy Fund is at the forefront of innovation by acquiring and efficiently operating high-quality renewable energy assets that generate stable, long-term cash flows."

SKYLINE CLEAN ENERGY FUND'S

President's address

When Skyline Clean Energy Fund (SCEF) launched in 2018, we did so with a clear mission: to deliver long-term value for our Unitholders by investing in sustainable infrastructure. Guided by a strong belief in the future of renewable energy and confidence in our business model, we built the Fund to seize the opportunities of a growing sector. Nearly seven years later, this vision is being realized—reflected in consistent returns and tangible contributions to Canada's renewable energy landscape. As we look back on 2024, I'm pleased to share important highlights from a year marked by strong financial performance, strategic growth, and forward momentum.

YEAR IN REVIEW

In 2024, the Fund once again outperformed its 7.5% benchmark, supported by four unit value increases and closing the year at $17.20 per unit. Effective January 1, 2025, the unit value was further increased to $17.65—underscoring our confidence in the Fund's continued growth. Since inception, Class A Units have delivered strong annualized returns of 9.46% (1-year), 10.05% (3-year), 9.22% (5-year), and 9.00% since inception.

A $50,000 investment made at inception (May 3, 2018) is now worth nearly $90,000—and, if past performance is any guide, could approach $120,000 by mid-2028.

We also made strategic portfolio refinements this year, including the disposition of a solar asset to enhance operational efficiency and consolidate partner relationships. Our Lethbridge biogas facility increased throughput by 7.56%, with several new contracts expected to come online in 2025.

Despite a slight net reduction in solar assets, we achieved significant revenue growth. In 2024, total solar revenue reached $40.74 million, up from $14.71 million in 2023—a 176.95% increase. This growth was driven by the acquisition of four utility-scale, ground-mounted solar projects and full ownership of three joint ventures—our largest acquisition to date. As a result, Net Operating Income (NOI) increased by 1,020.65%, from $1.55 million in 2023 to $17.37 million in 2024.

REVENUE AND NOI PROGRESSION, FULL YEAR SINCE INCEPTION

Year	Revenue ($)	YoY Change (%)	Net Operating Income ($)	YoY Change (%)
2019	3.89 MM	1st FY in operation	1.69 MM	1st FY in operation
2020	6.91 MM	77.63	2.83 MM	67.75
2021	19.21 MM	178.00	4.29 MM	51.59
2022	31.52 MM	64.08	3.68 MM	(14.22)
2023	33.84 MM	7.36	1.55 MM	(57.88)
2024	59.35 MM	75.38	17.37 MM	1,020.65

These new assets are now fully integrated into our portfolio and are expected to continue generating consistent revenue into 2025 and beyond. Looking ahead, we are exploring ways to further increase productivity by adopting more efficient technology and expanding generating capacity.

Our biogas expansion in Elmira, Ontario is progressing well. We continue to work alongside the Canadian Biogas Association to advocate for extending the Investment Tax Credit to biogas projects. A successful outcome could result in 20–30% cost savings for the Elmira expansion and future developments.

DEBT SERVICING

SCEF continues to take advantage of strategic financing opportunities to optimize levered returns. Overall, our long-term debt is fixed and aligned with Feed-in Tariff (FIT) contract durations, which helps minimize refinancing risk and interest rate exposure.

Additionally, our weighted average interest rate declined from 4.87% in Q1 to 4.82% in Q4 with our average term to maturity also shortening slightly, from 9.35 to 8.89 years. These cost efficiencies support the potential for future unit value growth and allow us to pursue new opportunities in a more favorable lending environment.

UNITHOLDER OUTLOOK

Canada's renewable energy landscape is evolving rapidly. According to the IESO's October 2024 forecast, electricity demand in Ontario alone is expected to increase by 75% by 2050. With government incentives like the Clean Technology and Clean Electricity Investment Tax Credits, the renewable energy sector is set to expand significantly.

SCEF is well positioned to capitalize on this long-term transition. Our diversified portfolio of solar and biogas assets, combined with a strong performance track record and a robust pipeline of investment opportunities, ensures that we can continue creating value for unitholders while contributing to Canada's clean energy future.

On behalf of the Board of Trustees and the entire Skyline Clean Energy Fund team, I want to thank you—our valued unitholders—for your ongoing trust and support. We remain focused on delivering stable, attractive returns while advancing the transition to a more sustainable energy system. Together, we're not just participating in the clean energy transition—we're helping to power it.

Rob Stein
President,
Skyline Clean Energy Fund

At Skyline Clean Energy Fund, we set ourselves apart from our peers by maintaining sustainable relationships with our investors, our employees, the environment, and the communities in which we proudly do business.

SENIOR MANAGEMENT

Back row from left to right: **Andy Coutts**, EVP; **Matt Kennedy**, Director, Skyline Clean Energy Asset Management Inc.; **Mandi Sweiger**, EVP; **Krish Vadivale**, EVP.

Front row from left to right: **Jason Ashdown,** Co-Founder & CSO; **Jason Castellan,** Co-Founder & CEO; **Rob Stein**, President, Skyline Clean Energy Fund; **Martin Castellan,** Co-Founder & CAO; **Wayne Byrd,** CFO.

SKYLINE CLEAN ENERGY FUND'S

Board of Trustees

JASON CASTELLAN

Chief Executive Officer of Skyline. 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. Since 1999, Mr. Castellan has been an officer and director of 15 corporations which owned properties managed by Skyline Incorporated. He is active in the acquisition and finance portion of the portfolio. Mr. Castellan holds degrees from both the University of Guelph and York University.

WAYNE BYRD

Chief Financial Officer of Skyline. 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).

INDEPENDENT TRUSTEE

DEBORAH WHALE

Independent Trustee and Director for various non-related entities. 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, Ms. Whale has also been designated an Honorary Professional Agrologist (2011) by the Ontario Institute of Agrology, and an Honorary Doctor of Laws (2017) by the University of Guelph.

INDEPENDENT TRUSTEE

BRENNAN CARSON

Brennan Carson is a partner and portfolio manager at Equate Asset Management and the head of their wealth division, Solution Wealth. Equate is an independent investment management firm based in Oakville. Brennan manages the strategic direction for the firm, leads the client management team, and sets investment policy for both individual and institutional portfolios.

Brennan has 25 years of experience in the investment industry spanning both public and private markets, and has always embraced his fiduciary role, independent and objective, helping deliver customized solutions for his clients. He speaks regularly on the topics of investment democratization and integrating sustainability and responsibility into wealth management – his passion for which led him to getting involved with the Skyline Clean Energy Fund.

2024 Sustainability

1,705
hours volunteered by employees giving back to causes of their choice in our communities

$615,000
donated through our major fundraisers and charitable initiatives

181,522 GJ
of renewable natural gas (RNG) produced at our Lethbridge, Alberta biogas facility[1]

114,308,641 kWh
of renewable electricity produced at our Elmira, Ontario and Lethbridge, Alberta biogas facilities and Skyline Clean Energy Fund solar assets[2]

13
awards received from our peers, communities, and industries for operational and employee excellence

32
courses and workshops offered to support recognized observances such as Black History Month, International Women's Day, Pride Month, and the National Day for Truth and Reconciliation

183
residential tenancies saved through the R.I.S.E. program

3,256
trees planted across Canada in partnership with Tree Canada

104,000
lbs. of food collected for Food Banks Canada and food banks in our communities

[1] Gigajoule (GJ) is a metric energy measurement used for Renewable Natural Gas (RNG). One GJ of natural gas has the same amount of energy as 27 litres of fuel oil, 39 litres of propane, 26 litres of gasoline or 277 kilowatt hours of electricity. This figure is expressed in accordance with the fund's ownership percentage of the Lethbridge biogas facility (80%). Source: https://www.nrcan.gc.ca.
[2] A kWh (kilowatt hour) is equal to 1,000 kilowatts of electricity used continuously for one hour. This figure is expressed in accordance with the Fund's ownership percentage of the Lethbridge and Elmira biogas facilities (80%) and solar assets (85-100%).

2025 Sustainability

1 NO POVERTY

- Continue to encourage employees to use their paid volunteer day to give back to causes of their choice.
- Facilitate youth financial literacy sessions by leveraging our in-house expertise and collaborating with youth development programs.
- Exceed our 2024 fundraising total for our community partners through the Coldest Night of the Year, Spring Food Drive, and Annual Charity Golf Classic fundraisers.
- Implement a donation program providing used IT equipment to community groups to support equitable access to technology.
- Continue to support our tenants in need with grocery gift cards, financial assistance, in-house payment plans, and resources outreach through our R.I.S.E. program, helping find long-term solutions to maintain housing.

3 GOOD HEALTH AND WELL-BEING

- Promote sustainable practices for employees to reduce strain and improve physical wellness while working at a desk.
- Organize activities for employees that promote physical and mental well-being, such as meditation and fitness classes and stress reduction workshops.
- Incorporate indoor and outdoor amenity spaces in new residential developments to support community well-being.

7 AFFORDABLE AND CLEAN ENERGY

- Implement rooftop solar panels at our Industrial REIT properties to reduce their energy use.

8 DECENT WORK AND ECONOMIC GROWTH

- Enhance our cybersecurity training to equip employees with practical knowledge of privacy and cybersecurity, ensuring they understand the critical role these topics play in their daily work.

SUSTAINABILITY AT SKYLINE

2025 Sustainability

10 REDUCED INEQUALITIES

- Enhance our field staff's work environment by establishing a dedicated Field Training Hub, designed to provide equitable access to essential training resources, professional development, and skill-building opportunities. This initiative ensures that all field employees, regardless of their location or prior experience, receive standardized, high-quality training that empowers them to perform their roles effectively and confidently.

11 SUSTAINABLE CITIES AND COMMUNITIES

- Continue to increase the number of community gardens at our apartment properties.
- Continue to design sustainable developments that include indoor and outdoor community spaces, provisions for solar panels, EV chargers, and compost disposal, e-waste and battery disposal space, and energy models.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Continue to promote sustainable procurement practices by increasing current vendor response to the sustainable procurement survey and mandating completion by new vendors.
- Reduce our office waste by ordering supplies and other items in bulk and prioritizing sustainable vendors for office lunches.

13 CLIMATE ACTION

- Increase our tree planting program's national presence by hosting one event in each province our apartment properties are in.
- Recognize lease renewal milestones for commercial tenants through honorary tree planting.
- Use social media platforms to advocate for sustainability issues, engaging followers with challenges and tips that promote eco-conscious behaviours and attract investment.

SKYLINE

Awards

BEST MANAGED COMPANIES

Platinum Member — Skyline

Skyline has retained its Best Managed Companies status for 10 years. Platinum Member winners demonstrate exceptional leadership in strategy, capabilities and innovation, culture and commitment, and financials.

CANADIAN PROPERTY MANAGEMENT MAGAZINE 2024 "WHO'S WHO" RANKING

Top 10 Apartment Owners & Managers (#7)—Skyline Apartment REIT

Skyline Apartment REIT ranked among Canada's Top 10 owners and managers of apartment real estate, based on total square footage within its portfolio.

CANADIAN PROPERTY MANAGEMENT MAGAZINE 2024 "WHO'S WHO" RANKING

Top 10 Industrial Owners & Managers (#8)—Skyline Industrial REIT

Skyline Industrial REIT ranked among Canada's Top 10 owners and managers of industrial real estate, based on total square footage within its portfolio.

CONNECT CRE 2024 NEXT GENERATION AWARD

Winner—Fay Yachetti, Director, Sustainability

The Next Generation Award recognizes commercial real estate's most talented young professionals across Canada.

GUELPH CHAMBER OF COMMERCE 2024 AWARDS OF EXCELLENCE

Winner, Young Professional of the Year—Fay Yachetti, Director, Sustainability

The Young Professional of the Year recognizes individuals in the Guelph community who have tackled the challenges of entrepreneurship and/or have demonstrated leadership or professional growth in their field.

GUELPH CHAMBER OF COMMERCE 2024 AWARDS OF EXCELLENCE

Winner, Not-Profit of the Year—The Shelldale Partnership (Skyline, Kindle Communities, The Guelph Community Health Centre, and Stonehenge Therapeutic)

The Not-Profit of the Year Award celebrates a local not-for-profit that demonstrates thoughtful and innovative leadership. Skyline was recognized as part of the Shelldale Partnership for the 10 Shelldale Crescent Permanent Supportive Housing project.

IPOANS 2024 INNOVATION & EXCELLENCE AWARDS

Winner, Industry Leadership Award—BJ Santavy, Vice President, Skyline Living

The Industry Leadership Award celebrates industry professionals who exemplify outstanding leadership qualities within their organization and the larger community.

REPORT ON BUSINESS 2024 CANADA'S TOP GROWING COMPANIES

Winner (ranked #391)—Skyline

Canada's Top Growing Companies showcases the emerging leaders transforming business today, with winners selected for their ideas, accomplishments, and impact.

RHB MAGAZINE 2024 "THE ANNUAL" EDITION

Canada's Top 10 REITs List (#5)—Skyline Apartment REIT

Skyline Apartment REIT ranked #5 in Canada, based on the number of apartment suites owned and managed within its portfolio.

RHB MAGAZINE 2024 "THE ANNUAL" REGIONAL EDITIONS

Top 10 REITs in Kitchener-Cambridge-Waterloo (#10)—Skyline Apartment REIT

Skyline Apartment REIT ranked among Waterloo region's Top 10 owners, managers, and REITs, based on the number of apartment suites owned and managed within its portfolio.

RHB MAGAZINE 2024 "THE ANNUAL" REGIONAL EDITIONS

Top 10 REITs in London (#7)—Skyline Apartment REIT

Skyline Apartment REIT ranked among London's Top 10 owners, managers, and REITs, based on the number of apartment suites owned and managed within its portfolio.

SOUTHWESTERN ONTARIO TOP EMPLOYERS 2024

Skyline was recognized as a Southwestern Ontario Top employer for the second year in a row. Winners are evaluated on eight criteria, including performance management, training and skills development, communications and community involvement.

WEALTH PROFESSIONAL AWARDS

Winner, Franklin Templeton Award for Advisory Team of the Year (10 Staff or more), Skyline Wealth Management

The Franklin Templeton Award recognizes an advisory team or office that has displayed excellence over the last 12 months.

WEALTH PROFESSIONAL'S TOP 40 UNDER 40 RISING STARS

Winner (Mustafa Bukhari, National Team Lead, Skyline Wealth Management)

Wealth Professional's Top 40 Under 40 Rising Stars recognizes up-and-coming professionals who are making their mark in the Canadian financial services industry.

WATERLOO AREA TOP EMPLOYERS 2024

Skyline was recognized as one of Waterloo Area's Top Employers for the fourth year in a row. Winners are evaluated on eight criteria, including performance management, training and skills development, communications and community involvement.

SKYLINE CLEAN ENERGY FUND

2024 Financial Reporting

FORWARD-LOOKING DISCLAIMER

The following Management's Discussion and Analysis ("**MD&A**") of the results of operations and conditions for the year ended December 31, 2024, should be read in conjunction with Skyline Clean Energy Fund's audited consolidated financial statements. Certain statements in this MD&A could be considered forward-looking information within the meaning of applicable securities legislation. Forward-looking information is based on several assumptions and is subject to various risks and uncertainties, many of which are beyond the Fund's control, which could cause actual results to differ materially from those disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, general and local economic and business conditions, energy market volatility, changing regulations, our ability to refinance maturing debt, our ability to source and complete accretive acquisitions, and interest rates.

The information in this MD&A is based on information available to Management as of April 30, 2025, except where otherwise noted. The Fund does not undertake to update any such forward-looking information whether because of new information, future events or otherwise.

In some instances, forward-looking information can be identified by terms such as "may", "should", "expect", "will", "anticipate", "believe", "intend", "estimate", "predict", "potentially", "starting", "beginning", "begun", "moving", "continue", or other similar expressions concerning matters that are not historical facts. Forward-looking statements in this MD&A include, but are not limited to, statements related to acquisitions or dispositions, development activities, future maintenance expenditures, and financing and the availability of financing.

NON-IFRS MEASURES

The Fund releases audited consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**"). In this MD&A, as a complement to results provided in accordance with IFRS, the Fund also discloses and discusses certain financial measures not recognized under IFRS and that do not have standard meanings prescribed by IFRS. These include, but are not limited to, adjusted earnings before interest, income taxes, depreciation and amortization ("**adjusted EBITDA**") and applicable per unit amounts (collectively, the "**Non-IFRS Measures**").

These Non-IFRS Measures are further defined and discussed in the "Key Performance Indicators" section of this MD&A. Since EBITDA and per Unit amounts are not measures recognized under IFRS, they may not be comparable to similarly titled measures reported by other issuers. The Fund has presented the Non-IFRS Measures because Management believes these Non-IFRS Measures are relevant measures of the Fund's ability to earn revenue and to evaluate the Fund's performance. A reconciliation of the Non-IFRS Measures is provided in the "EBITDA" section. The Non-IFRS Measures should not be construed as alternatives to net income (loss) or cash flows from operating activities determined in accordance with IFRS as indicators of the Fund's performance.

MD&A OVERVIEW

This MD&A focuses on key areas from the audited consolidated financial statements and pertains to major known risks and uncertainties relating to the renewable infrastructure industry, in general, and the Fund's business, in particular. This discussion should not be considered all-inclusive as it excludes changes that may occur in general economic, political, and environmental conditions. Additionally, other elements may or may not occur, which could affect the organization in the future. To ensure that the reader is obtaining the best overall perspective, this discussion should be read in conjunction with material contained in the audited consolidated financial statements for the year ended December 31, 2024, along with all other information regarding the Fund publicly posted by the Fund or its affiliates. It is not our intent to reproduce information located in these other reported documents, but rather to highlight some of the key points and refer you to these documents for more detailed information.

BUSINESS OVERVIEW

The Fund is an unincorporated, open-ended 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**" or "**DOT**") and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Fund earns income from investments in a diversified portfolio of renewable infrastructure assets, located in Canada.

SBE Limited Partnership
50 Martins Lane, Elmira, Ontario

MANAGEMENT STRATEGY

As Manager of the Fund, Skyline Clean Energy Asset Management Inc. (the "**Asset Manager**") implements its unique values and proprietary strategies as it fulfills its responsibilities. The Fund's mandate is clear and focused on the following strategies:

- **Enhancement of the Fund's Clean Energy Asset Portfolio:** The Asset Manager will focus its acquisition strategy on good quality renewable infrastructure assets in strong markets across North America 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 renewable infrastructure portfolio, enhancing overall portfolio incomes by diversifying the asset-type and geography of the assets purchased.

- **Growth Potential:** The Asset Manager believes that renewable infrastructure assets offer an attractive investment opportunity with significant growth potential. The ability to acquire good quality, well located assets will allow the Asset Manager to potentially enhance the underlying portfolio's cash flow and investor returns. The Asset Manager will also look to acquire renewable infrastructure assets in markets where it already operates and can build off of existing market relationships to capitalize on local economies of scale. As the Fund grows through the acquisition of new renewable infrastructure assets and the issuance of additional units, the Fund will likely increase the stability of its income stream.

- **Maintenance and Repair Programs:** Management is fundamentally driven by efficiencies and cost-effective programs that are accretive to the Fund's short-term and long-term value proposition. Management has positioned the Fund to take advantage of efficiency programs and capital investments that will enhance the overall value of the portfolio. Furthermore, the Asset Manager oversees and manages the operations and maintenance activities of the Fund. The Asset Manager is responsible for providing routine preventative and corrective maintenance for SCEF's solar assets so that the solar assets are operating efficiently aiming to reach their full production capacity.

- **Detailed Financial Reporting:** Management utilizes sophisticated financial tools to maximize the Fund's income and to measure the effectiveness of cost control and other efficiency programs. Management distributes in-depth financial reporting to those involved and who have a direct impact on the financial success and control of those particular incomes and expenses.

- **Strategic Debt Management:** The Asset Manager works diligently to seek out financing opportunities to optimize the Fund's leveraged returns. Attention to longer-term loan maturities with natural staggering due to financing terms being tied to revenue contract lengths, within maximum leverage amounts set out in the DOT, with the objective that the Fund's exposure to fluctuating interest rates over the short and long term are both minimized and utilized to the greatest benefit.

- **Communications:** Skyline Wealth Management Inc. (the "**Wealth Manager**") delivers current and relevant information to prospective and existing Unitholders to keep them informed and engaged. Ongoing communications occur through regular mass email updates, online postings to the website and quarterly newsletters. The Wealth Manager communications cover relevant topics as they relate to the Fund, including new acquisitions and dispositions, major capital expenditure projects, special investor events and general corporate news.

SKYLINE CLEAN ENERGY FUND
Key Performance Indicators

To meet its objectives and to evaluate the success of its strategies, the Fund uses several key operating and performance indicators:

- **Net Operating Income ("NOI"):** This is defined as operating revenues less direct operating expenses and is a key Non-IFRS Measure of the operating performance of the Fund. For the year ended December 31, 2024, the Fund's NOI margin was 29.3% (2023 – 4.6%).
- **Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"):** This is calculated as the Fund's net income (loss) in accordance with IFRS adjusted for non-cash items, including the depreciation and amortization of solar and biogas equipment and prepaid leases, net finance costs, unrealized gain on swap agreements and other adjustments as appropriate. Management believes adjusted EBITDA is a meaningful measure of SCEF's operating performance because it excludes certain items included in the calculation of net income (loss) that may not be appropriate determinants of long-term operating performance. For the year ended December 31, 2024, the Fund's EBITDA was $38.9 million (2023 - $19.5 million).
- **Total Assets Under Management ("TAUM"):** Total assets under management is calculated as the total assets on the Fund's statement of financial position, with joint venture assets otherwise reported on a net asset basis by way of International Financial Reporting Standard 11 – Joint Arrangements ("**IFRS 11**"), being instead reflected as if the proportionately owned assets and liabilities were consolidated into the Fund's total assets and total liabilities separately rather than on a net basis (i.e. accounted for if "joint control" was established under IFRS 11). As at December 31, 2024, the Fund is invested in zero (2023 – one) joint ventures.
- **Active Portfolio Management:** Management targets both stabilized and distressed renewable infrastructure assets offering accretive returns generated through stable cash flows in strong energy markets. The Asset Manager aims to implement margin enhancement initiatives, manage system performance and improve system optimization to increase cash flows. By maximizing performance, each asset increases in value leading to equity growth and the acquisitions of new assets.
- **Financing:** Management continually manages and plans its financing strategies for the portfolio. This ensures the portfolio is well-positioned to mitigate interest rate uncertainty.
- **Liability to Asset ("LTA"):** The Portfolio is regularly evaluated based upon key leverage ratios, including but not limited to total liabilities against total assets. The DOT requires the total liabilities against total assets ratio not exceed 85%, and at the close of 2024, that ratio was 55.13% (2023 – 60.46%).

GOALS AND OBJECTIVES OF THE FUND

In accordance with the DOT, the goals and objectives of the Fund are:

1. to provide Unitholders with a growing investment opportunity in a diversified portfolio of income-producing renewable infrastructure assets located in North America;
2. to enhance operating income; and
3. to maximize Unit value through the ongoing management of the Fund's assets, through the future acquisition, optimization and disposition of assets.

SKYLINE CLEAN ENERGY FUND
2024 Highlights

2024 HIGHLIGHTS

- The Fund raised $35.2 million in investor equity during 2024, while growing the value per SCEF unit to $17.65 as at January 1, 2025, which resulted in a 1-year annual return of 9.46%.
- The Fund increased annual electricity production by 70% during the year ended December 31, 2024, by generating 46,917,188 more kilowatt hours compared to 2023; increasing solar income by $26.0 million.
- Excluding non-controlling interests, SCEF generated $2.96 in EBITDA Per unit.
- On December 29, 2023, the Fund acquired the remaining 50% interest in three of its joint ventures. The 2024 results include the gross solar income and operating expenses of the three joint ventures rather than on a net basis. The transaction also included acquiring ownership in four new assets.

Financial Highlights ($ thousands, except where noted)	2024	2023
Income	$59,352	$33,837
Direct operating expenses	$41,985	$32,291
NOI	**$17,367**	**$1,546**
Net loss	**$(315)**	**$(23,233)**
Earnings before interest, tax, depreciation and amortization ("EBITDA")	**$38,938**	**$19,496**
Weighted average units outstanding	**13,163,360**	**12,143,958**
Per Unit:		
EBITDA attributable to unitholders	**$2.96**	**$1.61**

SCEF'S UNIT VALUE GROWTH

SOLAR AND BIOGAS PORTFOLIO

At December 31, 2024, through active portfolio management the portfolio consisted of 80 solar assets and one biogas asset located throughout Ontario, as well as one biogas asset located in Alberta. With a total portfolio size of 93,761 kW DC, the Fund's Ontario-based solar and biogas assets are expected to generate up to 111,372,094 kWh annually and process up to 71,900 tonnes of organic material annually, while the Alberta-based biogas asset is expected to generate up to 234,766 GJ of RNG annually and process up to 114,390 tonnes of waste annually.

The Fund continues to look at further expanding and enhancing the portfolio in markets across Canada. Through its active asset management strategies and proactive capital investment programs, the Fund strives to achieve the highest possible solar income in accordance with the weather conditions.

Management also strives, through a focused, hands-on approach to its business, to generate the highest profit per tonne of feedstock from tipping fees and hydro and RNG generation production as the Fund's output is constrained by its system size.

Lethbridge Biogas
4456 8th Avenue North, Lethbridge, Alberta
Receiving Bays and Digestor at Lethbridge Biogas

SOLAR AND BIOGAS PORTFOLIO CONT.

Regional Solar Energy Production		2024 Solar Generation				2023 Solar Generation		
City	Region	Asset Size (kW DC)[1]	Solar Generation (kWh)[1]	Solar Income ($ thousands)	Increase (Decrease) in Solar Income ($ thousands)[1]	Asset Size (kW DC)[1]	Solar Generation (in kWh)[1]	Solar Income ($ thousands)
Acton	West Ontario	1,200	1,324,264	525	55	1,200	1,095,844	470
Ajax	Central East Ontario	214	233,159	125	3	214	201,510	122
Belle River	South West Ontario	298	376,047	124	3	298	366,885	121
Brampton	West Ontario	685	676,044	442	49	685	619,979	393
Brantford	Mid West Ontario	784	769,168	486	(46)	784	472,336	532
Brockville	East Ontario	298	331,071	109	11	298	297,157	98
Cache Bay	North Ontario	298	332,479	109	12	298	294,008	97
Cambridge	Mid West Ontario	1,099	1,195,531	268	12	1,099	1,165,449	256
Chatham	South West Ontario	1,003	1,099,680	422	30	1,003	1,078,138	392
City of Kawartha Lakes	North Ontario	5,995	5,385,817	2,386	(45)	5,995	5,491,731	2,431
Cramahe	Central East Ontario	419	479,238	342	(4)	419	460,824	346
Dundalk	North West Ontario	299	336,723	111	3	299	329,417	108
Earlton	East Ontario	298	298,141	99	6	298	281,738	93
Ingersoll	Mid West Ontario	600	691,310	148	6	600	670,840	142
Kearney	North Ontario	298	262,006	86	8	298	238,486	78
Leamington	South West Ontario	153	163,470	103	(6)	153	166,008	109
Listowel	North West Ontario	536	514,664	169	3	536	504,394	166
London	Mid West Ontario	2,640	2,733,250	1,473	91	2,640	2,265,593	1,382

(table continued on next page)
(footnotes on next page)

		2024 Solar Generation				2023 Solar Generation		
City	Region	Asset Size (kW DC)[1]	Solar Generation (kWh)[1]	Solar Income ($ thousands)	Increase (Decrease) in Solar Income ($ thousands)[1]	Asset Size (kW DC)[1]	Solar Generation (kWh)[1]	Solar Income ($ thousands)
Loyalist	Central East Ontario	299	315,818	140	11	299	308,943	129
Markham	West Ontario	120	129,275	31	6	120	126,271	25
McDonalds Corners	East Ontario	298	309,847	102	5	298	293,935	97
Mississauga	West Ontario	137	134,678	107	33	137	119,394	74
Murillo	North Ontario	298	263,967	87	(14)	298	305,899	101
Newburgh	Central East Ontario	298	318,109	105	6	298	303,162	99
Napanee[2,3]	Central East Ontario	19,608	21,547,835	9,049	9,049	19,608	4,404,118	N/A
North York	West Ontario	490	507,754	326	1	490	507,576	325
Oldcastle	South West Ontario	299	352,257	116	4	299	362,239	112
Ottawa	East Ontario	896	876,266	288	22	896	805,606	266
Pontypool	Central East Ontario	298	327,329	108	8	298	304,323	100
Renfrew	East Ontario	299	324,878	107	14	299	281,175	93
Scarbor-ough	West Ontario	141	143,354	102	(6)	141	137,239	108
Simcoe[2]	Mid West Ontario	18,512	19,107,652	8,025	8,025	18,512	8,653,001	N/A
St. Clair	South West Ontario	412	456,590	325	(13)	412	457,990	338
Strathroy	Mid West Ontario	2,372	2,252,074	1,213	(18)	2,372	2,284,478	1,231
Sturgeon Falls	North Ontario	298	271,689	89	1	298	267,750	88
Tecumseh	South West Ontario	299	358,947	119	(1)	299	339,243	120
Teeswater	North West Ontario	128	139,531	100	5	128	135,945	95

(table continued on next page)

SOLAR AND BIOGAS PORTFOLIO CONT.

		2024 Solar Generation				2023 Solar Generation		
City	Region	Asset Size (kW DC)[1]	Solar Generation (kWh)[1]	Solar Income ($ thousands)	Increase (Decrease) in Solar Income ($ thousands)[1]	Asset Size (kW DC)[1]	Solar Generation (kWh)[1]	Solar Income ($ thousands)
Thomasburg	Central East Ontario	298	325,347	107	5	298	308,606	102
Thunder Bay[3]	North Ontario	19,314	20,563,641	8,639	8,639	19,314	-	-
Tilbury	South West Ontario	600	692,155	219	14	600	644,846	205
Tillsonburg	Mid West Ontario	1,449	1,346,612	897	69	1,449	1,233,924	828
Vaughan	West Ontario	1,502	1,667,801	1,103	32	1,502	2,078,216	1,071
Wallaceburg	South West Ontario	995	1,102,667	349	14	995	1,059,454	335
Waterford	Mid West Ontario	597	700,826	231	-	597	700,488	231
Watford	South West Ontario	419	460,583	329	(15)	419	436,179	344
West Nipissing	North Ontario	298	328,472	109	2	298	324,237	107
Whitby	Central East Ontario	501	542,336	345	(12)	501	428,243	357
Windsor	South West Ontario	609	512,111	341	(49)	609	551,739	390
Total - solar assets		**89,201**	**93,582,463**	**$40,735**	**$26,028**	**89,201**	**44,164,556**	**$14,707**
Ridgetown[4]	South West Ontario	-	-	N/A	N/A	4,651	-	N/A
Total - solar portfolio		**89,201**	**93,582,463**	**$40,735**	**$26,028**	**93,852**	**44,164,556**	**$14,707**

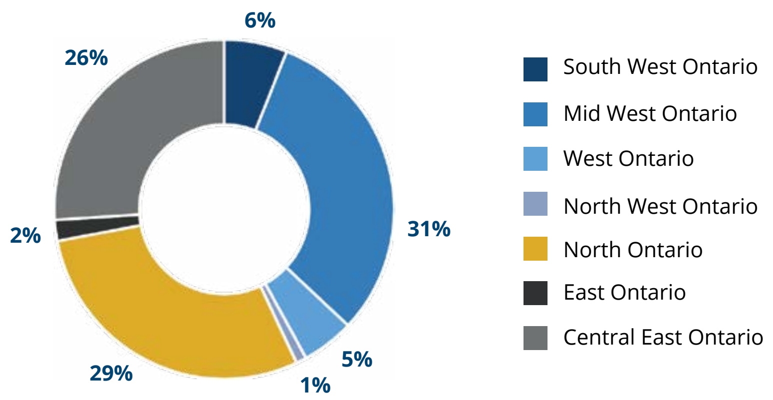
[1] These values are adjusted for the Fund's economic ownership in the assets.

[2] The Fund held a 50% interest in SunE Sky First Light LP, which owns a solar asset located in Napanee, Ontario, up until December 29, 2023 when it acquired the remaining 50% interest. It also held a 50% interest in both SunE Sky 13th Sideroad LP and SunE Sky Ryerse LP, which each own a solar asset located in Simcoe, Ontario, up until December 29, 2023 when it acquired the remaining 50% interests. In 2023, these 50% interests were all accounted for as investments in joint ventures and therefore, the Fund recorded its share of net earnings from SunE Sky First Light LP, SunE Sky 13th Sideroad LP, and SunE Sky Ryerse LP, rather than the gross solar income and operating expenses. In 2023, the above generation amounts have been reported at 50% of each limited partnerships' total generation to reflect the Fund's 50% ownership for most of the fiscal year. The 2023 asset size is reported at 100% of each limited partnerships' total solar asset size to reflect the Fund's 100% ownership as of year end.

[3] On December 29, 2023, the Fund acquired a 100% interest in First Light 2 LP, which owns a solar asset located in Napanee, Ontario. On December 29, 2023, the Fund also acquired a 100% interest in Thunder Bay Solar 1 LP and Thunder Bay Solar 2 LP, which each own a solar asset located in Thunder Bay, Ontario.

[4] On December 29, 2023, the Fund acquired a 50% interest in SunE Sky Erie Ridge LP, which owns a solar asset located in Ridgetown, Ontario. This 50% interest is accounted for as an investment in joint ventures and therefore the Fund records its share of net earnings from SunE Sky Erie Ridge LP, rather than the gross solar income and operating expenses. The above asset size and generation amounts have been reported at 50% of the limited partnerships' total solar asset size and generation to reflect the Fund's 50% ownership. On June 24, 2024, the Fund sold its 50% interest in SunE Sky Erie Ridge LP.

Regional Solar Production during the year ended December 31, 2024



Regional Biogas Production		2024 Biogas Hydro Generation				2023 Biogas Hydro Generation		
City	Region	Asset Size (kW DC)[1]	Hydro Generation (kWh)[1]	Hydro Revenue ($ thousands)	Increase (Decrease) in Hydro Revenue ($ thousands)	Asset Size (kW DC)[1]	Hydro Generation (kWh)[1]	Hydro Revenue ($ thousands)
Elmira	South West Ontario	2,280	13,692,062	3,174	(270)	2,280	15,049,174	3,444
Lethbridge	Alberta	2,280	7,034,116	658	(886)	2,280	8,177,723	1,544
Total - biogas assets		**4,560**	**20,726,178**	**$3,832**	**$(1,156)**	**4,560**	**23,226,897**	**$4,988**

Regional Biogas Production		2024 Biogas Waste Processed				2023 Biogas Waste Processed		
City	Region	Asset Size (Tonnes of Organic Waste Processing Capacity)[1]	Waste Processed (tonnes)[1]	Tipping Fees Revenue ($ thousands)	Increase (Decrease) in Tipping Fees Revenue ($ thousands)	Asset Size (Tonnes of Organic Waste Processing Capacity)[1]	Waste Processed (tonnes)[1]	Tipping Fees Revenue ($ thousands)
Elmira	South West Ontario	71,900	53,366	5,561	(194)	88,000	61,132	5,755
Lethbridge	Alberta	114,390	85,221	1,385	(337)	96,000	79,231	1,722
Total - biogas assets		**186,290**	**138,587**	**$6,946**	**$(531)**	**184,000**	**140,363**	**$7,477**

Regional Biogas Production		2024 Biogas RNG Production				2023 Biogas RNG Production		
City	Region	Asset Size (GJ)[1]	RNG Production (GJ)[1]	RNG Revenue ($ thousands)	Increase (Decrease) in RNG Revenue ($ thousands)	Asset Size (GJ)[1]	RNG Production (GJ)[1]	RNG Revenue($ thousands)
Elmira	South West Ontario	-	-	-	-	-	-	-
Lethbridge	Alberta	234,766	181,522	6,062	47	224,000	191,002	6,015
Total - biogas assets		**234,766**	**181,522**	**$6,062**	**$47**	**224,000**	**191,002**	**$6,015**

[1] These values are adjusted for the Fund's economic ownership in the assets.

SBE Limited Partnership
50 Martins Lane, Elmira, Ontario

SKYLINE CLEAN ENERGY FUND

2024 Operating Highlights

Operational Highlights **($ thousands, except where noted)**	**2024 ($)**	**% [1]**	**2023 ($)**	**% [1]**
Income				
Solar income	40,735	68.6	14,707	43.5
Biogas income	16,920	28.5	18,603	55.0
Other income	1,697	2.9	527	1.6
Total income	**$59,352**	**100.0%**	**$33,837**	**100.0%**
Direct operating expenses				
Utilities	2,602	4.4	2,362	7.0
Insurance	1,551	2.6	1,166	3.4
Amortization	25,181	42.4	17,694	52.3
Operations and maintenance fees	1,009	1.7	300	0.9
Management fees	341	0.6	587	1.7
Property tax	485	0.8	313	0.9
Royalty expense	11	0.0	10	0.0
Other direct operating expenses	10,805	18.2	9,859	29.1
Total direct operating expenses	**$41,985**	**70.7%**	**$32,291**	**95.4%**
NOI	**$17,367**	**29.3%**	**$1,546**	**4.6%**

[1] As a percentage of total income

2024 OPERATING HIGHLIGHTS CONT.

Regional Location of Solar and Biogas Assets **($ thousands, except where noted)**	**2024**		**2023**	
	EBITDA ($)	**%**	**EBITDA ($)**	**%**
South West Ontario[1]	2,132	5	2,218	12
Mid West Ontario[1]	11,740	30	4,089	22
West Ontario[1]	2,388	6	2,172	12
North West Ontario[1]	305	1	278	1
North Ontario[1]	10,155	26	2,510	13
East Ontario[1]	559	1	490	3
Central East Ontario[1]	9,461	24	1,123	6
Elmira, Ontario (Biogas)	1,338	3	1,582	8
Lethbridge, Alberta (Biogas)	1,059	3	2,982	23
Total EBITDA generated from solar and biogas assets	**$39,137**	**100%**	**$17,444**	**100%**
Corporate-level activity and EBITDA adjustments	**$(199)**		**$2,052**	
Total consolidated EBITDA	**$38,938**		**$19,496**	

[1] The municipalities included in each solar region can be found in the Regional Solar Energy Production table on pages 31-33.

FINANCIAL RESULTS

A reconciliation of IFRS comprehensive income to EBITDA is as follows:

($ thousands, except where noted)	2024 ($)	2023 ($)
Profit & Loss		
Income	59,352	33,837
Direct operating expenses	(41,985)	(32,291)
NOI	**$17,367**	**$1,546**
Share of net earnings from investments	726	1,250
Financing costs	(16,696)	(7,303)
Administrative expenses	(3,195)	(2,975)
Asset management fees	(1,214)	(770)
Property management fees	(507)	(224)
Wealth management fees	(716)	(604)
Interest income	1,122	496
Income tax provision	(176)	(542)
Unrealized gain on swap agreements	376	537
Foreign exchange loss	(11)	(17)
Loss on disposed assets	-	(6,030)
Loss on extinguishment of debt	-	(1,210)
Impairment loss	-	(4,642)
Loss on remeasurement of equity in joint ventures	(94)	(4,148)
Loss on sale of investment in joint venture	(3)	-
Remeasurement gain of carbon offset and CFR credits	3,505	1,403
FortisBC metering adjustment	(799)	-
Loss and comprehensive loss for the year	**$(315)**	**$(23,233)**

(table continued on next page)

FINANCIAL RESULTS CONT.

($ thousands, except where noted)	2024 ($)	2023 ($)
Net loss attributable to:		
Unitholders	669	(20,133)
Non-controlling interests	(984)	(3,100)
Loss and comprehensive loss for the year	**$(315)**	**$(23,233)**
Non-cash add-backs:		
Amortization	25,181	17,694
Unrealized gain on swap agreements	(376)	(537)
Financing costs	16,696	7,303
Income tax provision	176	542
Loss on disposed assets	-	6,030
Loss on extinguishment of debt	-	1,210
Impairment loss	-	4,642
Loss on remeasurement of equity in joint ventures	94	4,148
Loss on sale of investment in joint venture	3	-
Remeasurement gain of carbon offset and CFR credits	(3,505)	(1,403)
Elimination of non-controlling interests	984	3,100
Earnings before interest, tax, depreciation and amortization	**$38,938**	**$19,496**

Changes in SCEF's financial position are summarized as follows:

($ thousands, except where noted)	December 31, 2024 ($)	December 31, 2023 ($)
Assets		
Solar equipment and structures	148,138	156,221
Biogas equipment	34,079	31,369
Clean energy contracts	124,165	136,519
Prepaid leases	1,115	1,206
Right-of-use assets	8,086	8,427
Land	10,106	10,057
Investments in joint ventures	-	2,433
Investments in associates	2,104	1,780
Convertible debenture receivable	4,248	3,958
Interest rate swap agreements	957	1,882
Loans receivable	6,699	3,896
Inventory	7,839	4,290
Other assets	7,478	8,937
Accounts receivable	5,338	6,101
Short term investments	32	2,397
Restricted cash	10,160	9,813
Cash	14,081	12,138
Total assets	**$384,625**	**$401,424**

(table continued on next page)

($ thousands, except where noted)	December 31, 2024 ($)	December 31, 2023 ($)
Liabilities and Unitholders' equity		
Loans payable	182,356	201,625
Note payable	2,418	13,284
Lease liability	7,404	7,892
Decommissioning liability	1,265	1,219
Unamortized government assistance	5,556	6,140
Due to related parties	5,969	5,045
Accounts payable and accrued liabilities	7,075	7,491
Total liabilities	**$212,043**	**$242,696**
Unitholders' equity	151,808	136,578
Non-controlling interests	20,774	22,150
Total equity	**$172,582**	**$158,728**
Total liabilities and Unitholders' equity	**$384,625**	**$401,424**

SOLAR AND BIOGAS ASSETS

The Fund's solar and biogas assets are comprised of solar equipment and structures, biogas equipment, clean energy contracts, prepaid leases, right-of-use assets (with corresponding lease liabilities) and land as disclosed in SCEF's audited consolidated financial statements for the year ended December 31, 2024.

Under IFRS, the solar equipment and structures, biogas equipment and land are accounted for under the cost model as prescribed by International Accounting Standard ("**IAS**") 16 – Property, Plant and Equipment ("**IAS 16**"). The solar equipment and structures and biogas equipment are recorded at cost, net of accumulated depreciation. The land is recorded at cost.

Under IFRS, the clean energy contracts are accounted for under the cost model as prescribed by International Accounting Standard 38 – Intangible Assets ("**IAS 38**"). These assets are recorded at cost, net of accumulated depreciation.

The Fund's prepaid leases and right-of-use assets are accounted for under IFRS 16 – Leases ("**IFRS 16**") and are amortized on a straight-line basis over the length of the related lease agreements. Right-of-use assets are recorded with a corresponding lease liability at the date that the leased asset is available for the Fund.

Changes in the carrying amounts of the solar assets are summarized as follows:

($ thousands, except where noted)	Opening balance at January 1, 2024 ($)	Additions through capital expenditures ($)	Amortization ($)	Reclassification ($)	Lease term extension ($)	Interest expense and lease payments ($)	Closing balance at December 31, 2024 ($)
Solar equipment and structures	156,221	365	(8,448)	-	-	-	148,138
Biogas equipment	31,369	6,503	(3,793)	-	-	-	34,079
Clean energy contracts	136,519	-	(12,258)	(96)	-	-	124,165
Prepaid leases	1,206	-	(91)	-	-	-	1,115
Right-of-use assets	8,427	-	(545)	-	204	-	8,086
Land[1]	10,057	49	-	-	-	-	10,106
Lease liabilities	(7,892)	-	-	-	(204)	692	(7,404)
Total	**$335,907**	**$6,917**	**$(25,135)**	**$(96)**	**$-**	**$692**	**$318,285**

(table continued on next page)

SOLAR AND BIOGAS ASSETS CONT.

($ thousands, except where noted)	Opening balance at January 1, 2023 ($)	Additions through purchase of assets ($)	Additions through capital expenditures ($)	Amortization ($)	Reclassifi-cation ($)	Disposals of assets ($)	Impairment loss ($)	Interest expense and lease payments ($)	Closing balance at December 31, 2023 ($)
Solar equipment and structures	60,827	103,539	161	(4,808)	-	(3,498)	-	-	156,221
Biogas equipment	36,637	-	1,454	(3,775)	(72)	(2,875)	-	-	31,369
Clean energy contracts	111,567	32,558	813	(8,419)	-	-	-	-	136,519
Prepaid leases	1,296	-	-	(90)	-	-	-	-	1,206
Right-of-use assets[2]	12,970	657	-	(558)	-	-	(4,642)	-	8,427
Land[1,3]	5,984	4,001	-	-	72	-	-	-	10,057
Lease liabilities	(7,832)	(657)	-	-	-	-	-	597	(7,892)
Total	**$221,449**	**$140,098**	**$2,428**	**$(17,650)**	**$-**	**$(6,373)**	**$(4,642)**	**$597**	**$335,907**

[1] Land is owned as part of the SBE biogas asset, Lethbridge biogas asset, Balsam Lake solar asset, Bassano solar development project, 13th Sideroad solar asset, Ryerse solar asset, First Light 1 solar asset and First Light 2 solar asset.

[2] Included in right-of-use assets are $4.7MM of intellectual property and licenses acquired in 2022 as part of the Lethbridge Biogas acquisition. This was written off in 2023 when the related revenue stream was decommissioned.

[3] Not included in land is the land owned in the Fund's investments in joint ventures. The Fund's 50% share is valued at $0.3MM.

CAPITAL EXPENDITURES

In general, the Fund is committed to increasing the value of these assets by investing in capital expenditure initiatives and other programs to improve the overall quality of the portfolio and ultimately to sustain and expand the portfolio's future clean energy income-producing potential over its expected life span.

In correlation with industry peers, the Fund has two types of capital expenditures: maintenance capital expenditures and stabilizing and value-enhancing capital expenditures. The main difference between these two types of capital expenditures is whether the costs incurred are to maintain existing cash flows, or to achieve the longer-term goal of producing enhanced cash flows and Unitholder returns.

Stabilizing and value-enhancing capital expenditures are made with the intention of increasing the productivity of the portfolio. They improve the economic life span and value of the assets and are mainly long-term in nature. The timing of these expenditures varies according to Management's capital plans and they are funded with construction financings, refinancing, equity issuances, and cash flow from existing assets.

During 2024, capital expenditures were minimal as Management focused primarily on acquiring and assessing its initial solar and biogas asset portfolios. Management is committed to the ongoing future maintenance and enhancement of the Fund's portfolio and a 2025 capital budget is in place for the upcoming fiscal year.

CAPITAL STRUCTURE

"**Capital**" is defined as the aggregate of debt and Unitholders' equity. Management's objectives with respect to capital is to maintain its ongoing ability to meet its debt repayment obligations, and to ensure there are sufficient funds available to meet the capital requirements of the portfolio.

The DOT permits the maximum amount of total liabilities to be 85% of the Fund's total assets. Under IFRS reporting, Management still continues to evaluate LTA ratios on both a market value basis and a traditional historical cost basis, whereby historical cost is defined as the acquisition cost of the properties plus the capital improvements expended thereon.

The total capital of the Fund as at December 31, 2024 is summarized in the following chart:

As at December 31, 2024 **($ thousands, except where noted)**	**2024 ($)**	**2023 ($)**
Total assets	**$384,625**	**$401,424**
Total liabilities	**$212,043**	**$242,696**
Unitholders' equity	151,808	136,578
Non-controlling interests	20,774	22,150
Total capital	**$384,625**	**$401,424**
Total liabilities to total assets	**55.13%**	**60.46%**

CAPITAL STRUCTURE CONT.

Loans Payable **($ thousands, except where noted)**	**Future Minimum Principal Payments ($)**	**% of Total Loans ($)**
2025	38,943	21.4
2026	21,140	11.6
2027	21,986	12.1
2028	22,815	12.5
2029	21,474	11.8
Thereafter	55,998	30.7
Total loans payable as at December 31, 2024	**$182,356**	**100.0%**

Investment Summary

During the year ended December 31, 2024, the Fund received net proceeds of $15.2 million through new investments, net of redemptions.

During the year ended December 31, 2024, Management purchased $20.0 million of Units for redemption at 100% of unit market value.

SCEF Unitholders - Investment Activity **($ thousands, except where noted)**	**2024**		**2023**	
	Number of Units	**Amount ($)**	**Number of Units**	**Amount ($)**
SCEF units outstanding, beginning of year	**12,864,018**	**$201,065**	**11,462,295**	**$165,158**
Proceeds from units issued - Class A	1,774,033	29,578	1,999,492	30,642
Proceeds from units issued - Class F	334,300	5,628	259,226	3,980
Redemption of units - Class A	(1,201,781)	(19,767)	(856,995)	(13,098)
Redemption of units - Class F	(13,223)	(224)	-	-
Change in fair value	-	20,347	-	14,382
SCEF units outstanding, end of year	**13,757,347**	**$236,626**	**12,864,018**	**$201,065**
Weighted average SCEF units outstanding	**13,163,360**		**12,143,958**	

(table continued on next page)

CAPITAL STRUCTURE CONT.

	Number of Investors	Amount ($)	Number of Investors	Amount ($)
Number of new investors - Class A	**180**	**$18,605**	**148**	**$18,751**
Number of repeat investors - Class A	**114**	**$10,973**	**78**	**$11,891**
Number of redemptions - Class A	**115**	**$(19,767)**	**60**	**$(13,098)**
Number of new investors - Class F	**180**	**$5,628**	**58**	**$3,560**
Number of repeat investors - Class F	**-**	**$-**	**2**	**$420**
Number of redemptions - Class F	**260**	**$(224)**	**-**	**$-**
New investment average ($) - Class A		103		127
Repeat investment average ($) - Class A		96		152
Redemption average ($) - Class A		(172)		(218)
New investment average ($) - Class F		31		61
Repeat investment average ($) - Class F		-		210
Redemption average ($) - Class F		(1)		-

CAPITAL STRUCTURE CONT.

NON-CONTROLLING INTERESTS

During the year ended December 31, 2024, the balance of non-controlling interests consisted of:

($ thousands, except where noted)	2024 ($)	2023 ($)
Opening balance at beginning of year	**$22,150**	**$24,256**
Contributions paid by non-controlling interests	-	175
Net loss attributable to non-controlling interests	(984)	(3,100)
(Distribution to) recovery of distribution to non-controlling interests	(392)	819
Closing balance at end of year	**$20,774**	**$22,150**

UNITHOLDER TAXATION

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. The distribution entitlement of each SCEF unit is intended to and will be derived from the same sources.

The DOT provides that the Fund may distribute to Unitholders as determined by the Trustees in their discretion for each calendar month or other calendar period selected by the Trustees.

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 Limited Partnership ("**SCELP**") will be reinvested so that additional renewable infrastructure assets may be acquired by SCELP. Unitholders may be taxed 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.

During the year ended December 31, 2024, there were no distributions paid to Class A Unitholders, no distributions paid to Class F Unitholders, $31,940 of additional SCEF units distributed to Class F Unitholders and no net income was paid or payable. Therefore, there was no tax impact to SCEF Unitholders for fiscal 2024.

RELATED PARTY TRANSACTIONS

The executive officers of the Fund do not receive direct salary compensation from the Fund. Rather, Skyline Clean Energy General Partner Inc. ("**SCEGPI**"), as General Partner of SCELP, is entitled to distributions under the SCELP limited partnership agreement ("**GP Sharing**"). Additionally, the executive officers receive compensation from the related management companies that service the Fund and SCELP ("**Management Services**").

GP SHARING

Distributions accrued as at December 31, 2024 are as follows:

($ thousands, except where noted)	2024 ($)	2023 ($)
General Partner sharing on income	3,484	-
Total General Partner distribution payable	**$3,484**	**$-**

Distributions under the GP Sharing arrangement occur 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 variance is shared at a ratio of 20% to SCEGPI and 80% to SCELP. 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. During December 31, 2024, SCEGPI earned distributions of $3.5 million (2023 - $0 million).

MANAGEMENT SERVICES

Fees incurred for the year ended December 31, 2024 are as follows:

($ thousands, except where noted)	2024 ($)	2023 ($)
Asset management fees	1,214	770
Property management fees	507	224
Acquisition fees	29	1,648
Wealth management and equity raise fees	1,158	880
Legal and administrative fees	300	435
Operations and maintenance fees	290	234
Repairs and maintenance expenses	318	112
Capital improvement costs	262	58
Advertising and promotion fees	5	179
Accounting and finance fees	688	442
Total management fees	**$4,771**	**$4,982**

RELATED PARTY TRANSACTIONS CONT.

SCEF has an asset management agreement with the Asset Manager, which provides for the payment of an annual asset management fee to the Asset Manager during the term in an amount equal to 2% of the gross revenues of the solar and biogas assets which will be calculated and payable monthly, a property management fee that varies from $2 per kW DC to $5 per kW DC, plus an annual flat fee of $1,000 to $2,500 per asset, and an acquisition fee equal to a maximum of 1% of the total deal value acquired, 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. Under the asset management agreement, the Asset Manager is responsible for employment expenses of its personnel, rent, and other office expenses of the Asset Manager.

SCEF has a wealth management agreement with the Wealth Manager that provides for the payment of a wealth management 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) plus 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), and equity raise fees equal to a maximum of 1.5% on the capital raised in offerings of the Fund's Class A and F units plus a maximum of 1.0% on distribution reinvestment plan ("**DRIP**") contributions during the period. Under the Wealth Management Agreement, the Wealth Manager is responsible for employment expenses of its personnel, rent and other office expenses of the Wealth Manager in connection with providing services to the Fund under the Wealth Management Agreement.

SCEF paid fees to Skyline Private Investment Capital Inc. (the "**Professional Services Provider**") for access to legal and administrative services. Subject to the receipt of the applicable fees, the Professional Services Provider is responsible for employment expenses of its personnel, rent and other office expenses.

SCEF has an agreement with the Asset Manager, which provides for the payment of operations and maintenance and repairs and maintenance services for the solar assets. Under this agreement, the Asset Manager is responsible for employment expenses of its personnel, rent, and other office expenses of the Asset Manager.

SCEF paid fees to Anvil Crawler Development Corp. ("**ACDC**") for access to operations and maintenance, repairs and maintenance and capital improvement services for the solar assets. Subject to the receipt of the applicable fees, ACDC is responsible for employment expenses of its personnel, rent and other office expenses.

SCEF paid fees to the Professional Services Provider for access to accounting and finance services. Subject to the receipt of the applicable fees, the Professional Services Provider is responsible for employment expenses of its personnel, rent and other office expenses.

There are certain risk factors inherent in an investment in the SCEF units and in the activities of the Fund, which subscribers should carefully consider before subscribing for SCEF 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. The following is a summary only of the risk factors involved in an investment in the SCEF units. Prospective purchasers should review the risks with their financial, legal and tax advisors.

(I) INVESTMENT RISKS

No Guarantee that Investment will be Successful

All investments in securities involve risk of the loss of all or part of the investor's original capital, including any investment in SCEF units. There is no guarantee that purchasers will not realize losses from an investment in SCEF units and there can be no assurance that the Fund's objectives will be achieved. You may lose all of your investment. The success of the Fund depends to a certain extent on the efforts and abilities of the management of the Fund and the Asset Manager, and on external factors which are out of the Fund's control. A return on investment for a purchaser of SCEF units depends upon the ability of SCELP to pay distributions to the Fund. As a result, there is no guarantee that the Fund, and correspondingly, the Unitholders will earn a return on their investment.

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 DOT 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. Consequently, holders of SCEF units may not be able to liquidate their investment in a timely manner.

Tax Related Risks

There can be no assurance that income tax laws and the administrative policies and assessing practices of the Canada Revenue Agency respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the Fund or the SCEF Unitholders.

If the Fund fails or ceases to qualify as a mutual fund trust for purposes of the Tax Act, the tax consequences for the Fund would in some respects be materially and adversely different. For instance, in such a case, the SCEF units will cease to be qualified investments for Registered Plans at that time. Further, the Fund may be subject to alternative minimum tax under section 127.5 of the Tax Act and to tax under Part XII.2 of the Tax Act for such taxation year. Part XII.2 tax would apply to the extent that designated income (which includes income from real property) is distributed to a designated beneficiary (which includes non-resident persons and certain tax-exempt persons). In addition, Unitholders may become subject to provincial taxes, such as Ontario Land Transfer Tax, in respect of their SCEF units.

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 at that time. If this was to occur, the application of the SIFT Rules may reduce the amount of cash available for distribution to Unitholders and may adversely affect the after-tax return to certain investors on their SCEF units.

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. As a result, SCEF Unitholders may receive allocations of income without receiving cash distributions from the Fund in the year

sufficient to satisfy the SCEF Unitholder's tax liability for the year arising from its status as a SCEF Unitholder.

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.

If the Fund experiences a "loss restriction event" ("**LRE**") (as defined in the Tax Act) (i) it 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 at such year end is distributed or otherwise made payable to SCEF Unitholders to the extent required for the Fund not to be liable for income taxes, it would be subject to tax under Part I of the Tax Act, and (iii) the Fund will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE. In general, a trust will be subject to an LRE if a person becomes a "majority-interest beneficiary" or a group of persons becomes a "majority-interest group of beneficiaries", of the trust, as those terms are defined in the Tax Act. Generally, a majority-interest beneficiary of a trust is a beneficiary in the income or capital, as the case may be, of the trust whose beneficial interests, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, have a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the trust.

Dilution

The number of SCEF units that the Fund is authorized to issue is unlimited. Any issuance of additional SCEF units may have a dilutive effect on the holders of SCEF units.

No Independent Counsel for Unitholders

Legal counsel that assisted in preparing the documentation in connection with the MD&A acted as legal counsel for the Fund. No independent counsel was retained on behalf of the Unitholders. There has been no review by independent counsel on behalf of the Unitholders of this MD&A, the DOT or any other documentation in relation to the MD&A. No due diligence has been conducted on behalf of Unitholders by counsel. Each prospective purchaser should consult his or her own legal, tax and financial advisors regarding the desirability of purchasing the SCEF units and the suitability of investing in the Fund.

Unitholder Liability

Because of uncertainties in the law relating to investment trusts, there is a risk, 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.

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.

The 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.

Potential Conflicts of Interest

The Fund may be subject to various conflicts of interest because of the fact that certain Trustees and Senior Officers of the Fund and certain senior officers of the Asset Manager and the Wealth Manager 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. Certain of the Trustees are also directors and/or officers of certain parties related to the Fund, such as the Asset Manager, the Wealth Manager, the Professional Services Provider, and ACDC, respectively.

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

Disclosure of Personal Information

Purchasers are advised that their names and other specified information, including the number and aggregate value of the SCEF units owned: (a) will be disclosed to the relevant Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable securities and freedom of information laws and the investor consents to the disclosure of such information; (b) is being collected indirectly by the applicable Canadian securities regulatory authority under the authority granted to it in securities legislation; (c) is being collected for the purposes of the administration and enforcement of the applicable Canadian securities legislation; and (d) is disclosed to the Asset Manager and the Wealth Manager.

(II) ISSUER RISKS

No Review of Offering Memorandum by Regulatory Authorities

Purchasers will not have the benefit of a prior review of this MD&A, the DOT, the SCELP agreement, the Asset Manager agreements, or any other documents in relation to the MD&A by any regulatory authorities.

Disclosure Obligations

The Fund is not a reporting issuer and does not have any continuous disclosure obligations. The Fund will make annual audited financial statements reasonably available to Unitholders. In addition, the Fund will make reasonably available to Unitholders such other information as required by applicable securities laws for a non-reporting issuer that distributes securities using the "offering memorandum" exemption under NI 45-106, including audited annual financial statements, annual notices of use of proceeds and notices of certain key events, if any, and when applicable.

Equipment Failure

The Fund's renewable infrastructure 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.

Financing

There is no minimum offering size. There can be no assurance that any particular level of subscription by investors or any level of proceeds will be reached. The proceeds raised may not be sufficient to accomplish all or any of the Fund's objectives and there is no assurance that alternative financing to pay for such objectives will be available.

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.

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 (subject to the discretion of the Trustees), 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 DOT.

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 renewable infrastructure 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.

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 renewable infrastructure assets are housed. There is risk the Fund is not granted such renewal rights, or 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).

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. The Fund will require a continued high level of investment in research and development, expansion and sales and marketing.

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 renewable infrastructure 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 MD&A, the Fund's main competitor in respect to the investment in solar energy assets is Potentia Renewables, 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.

Management Risk

The Fund's future success depends on its ability and any potential portfolio companies to retain their key executives and to attract, retain and motivate qualified personnel. The Fund may acquire businesses or products, or form strategic alliances, in the future, and the Fund may not realize the benefits of such acquisitions. The Fund's success depends on its ability to effectively manage its growth.

Access to and Dependence on Key Personnel

The Asset Manager depends 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 renewable infrastructure assets, although the Fund may also hold renewable infrastructure-related investments and some cash and cash equivalents. Given the concentration of renewable infrastructure assets, the Fund will be more susceptible to adverse economic or regulatory occurrences affecting renewable infrastructure assets than investment vehicles such as investment funds that hold a diversified portfolio of securities. Investments in renewable infrastructure assets are relatively illiquid. Such illiquidity will tend to limit the Fund's ability to vary its portfolio of renewable infrastructure 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 renewable infrastructure 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 renewable infrastructure assets may change as the portfolio of assets changes.

Failure to Obtain or Maintain Regulatory Clearances or Approvals

The Fund's acquisitions and investments will be operating businesses that may involve the development of new and innovative technologies. Consequently, the testing of the products may yield negative results, requiring reengineering of the products. If these businesses are unable to address the negative tests, they will be unable to obtain regulatory approval and generate sales. Furthermore, if these businesses are unable to obtain clearances or approvals needed to market existing or new products, or obtain such clearances or approvals in a timely fashion, their business would be significantly disrupted, and their sales and profitability could be materially and adversely affected, which could in turn affect the Fund's profitability.

Access to Capital

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

Employee Errors or Misconduct

Notwithstanding the measures the Fund intends to take to deter and prevent employee error and misconduct, there remains a risk that such actions could occur. Employee misconduct may involve binding the Fund to transactions beyond authorized limits or present unacceptable risks, or concealing unauthorized or unsuccessful activities, potentially leading to unmanaged risks or losses. Employee misconduct could also involve the improper use of confidential information, which could result in regulatory sanctions and serious reputational harm. The Fund is also susceptible to loss as a result of employee error. It is not always possible to deter employee misconduct or prevent employee error and the precautions taken to prevent and detect this activity may not be effective in all cases, which could materially adversely affect the Fund.

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 renewable infrastructure assets by the Fund and seeks through contract or insurance to mitigate risks.

Future Project Acquisitions

The acquisition of projects under consideration are not conditional upon completion of this MD&A.

Insurance Coverage

The Fund requires insurance coverage for a number of risks, including business interruption, environmental matters and contamination, personal injury, property damage and other civil and regulatory claims, and also obtains representation and warranty insurance in connection with certain purchase and sale transactions. Although the Fund believes that the events and amounts of liability covered by its insurance policies will be reasonable, taking into account the risks relevant to its business, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Fund may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Fund's financial resources, results of operations and prospects could be adversely affected. The Fund will endeavour to maintain insurance at levels that it believes are reasonable and that are typical for its industry's insurance coverage. However, the Fund cannot give any assurances that its insurance coverage is adequate for any given risk or liability, that such insurance will continue to be available on commercially reasonable terms or at all, that all events that could give rise to a loss or liability are insured or reasonably insurable or that its insurers would be capable of honouring their commitments if an unusually high number of claims were made against their policies. Certain losses are not covered by insurance. If the Fund incurs losses not covered or not fully covered by its insurance policies, such losses may adversely affect its business, results of operations, financial condition and prospects.

Litigation Risk

The Fund or SCELP 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 financial position and results of operations that could be material.

Protection of Intellectual Property

The business of SCELP is partly dependent on its intellectual property and that of any potential portfolio companies. In order to protect its intellectual property rights, SCELP or any potential portfolio companies, may be required to spend significant resources to monitor and protect these rights. Any future patent applications may not result in a patent being issued with the scope of SCELP 's initial claims or at all. In some cases, trade secret protection and confidentiality agreements will be entered into in order to safeguard SCELP's interests and business. Litigation brought to protect and enforce SCELP's intellectual property rights (by application and/or acquisition) could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of its intellectual property. Furthermore, efforts to enforce its intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of its intellectual property rights. Failure to secure, protect and enforce its intellectual property rights could seriously harm its brand and adversely affect business of SCELP and any potential portfolio companies.

To date, SCELP has not been a party to any litigation alleging the possible infringement of patents, copyrights, trademarks, trade secrets or other intellectual property rights claimed by third parties. There can be no assurance, however, that such litigation would not ensue in the future against one or more of them. Because of the competitive nature of the technology and the industry, litigation alleging infringement of intellectual property rights of others is not uncommon. The defense of suits or bringing suits against others alleging infringement of intellectual property rights would incur significant costs, irrespective of the validity or the successful assertion of such claims. Claims of this nature could have a material adverse impact on SCELP, results of operation and financial condition.

Controls over Financial Reporting

The Fund maintains information systems, procedures, and controls to ensure all information disclosed externally is as complete, reliable, and timely as possible. Such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

Because of the inherent limitations in all control systems, including well-designed and operated systems, no control system can provide complete assurance that the objectives of the control system will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, will be detected or prevented. These inherent limitations include the possibility that management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances and the impact of isolated errors.

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions.

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.

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.

Health, Safety, Security and Environmental

The ownership and operation of the Fund's renewable infrastructure 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.

Relationship Management

Some of the Fund's assets are held in partnerships with parties who are not related parties. A breakdown in the relationship between the Fund, or its key officers, and a partner could result in adverse impacts on such partnership including reduced operating efficiency, buyouts and related cash flow issues, or dispositions of partnership interests at a reduced value.

Changes in Investment Strategy

The Asset Manager may change the Fund's investment strategies and restrictions, without prior approval of Unitholders, to adapt to changing circumstances and to help achieve the Fund's fundamental investment objectives; however, a change to the Fund's fundamental investment objective itself requires prior Unitholder approval.

(III) INDUSTRY RISKS

Risk of Changes to Government Incentives

Development of new clean energy sources and the overall growth of the renewable infrastructure industry has recently been supported by provincial and/or national policies and incentives. Some of the Fund's projects may benefit from such policies and incentives. The attractiveness of clean energy to purchasers of renewable infrastructure assets, as well as the economic return available to project sponsors, is often enhanced by such policies and incentives. There is a risk that policies and 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 renewable infrastructure 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 renewable infrastructure 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.

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.

In addition, the Fund, in the future may be subject to the application of ESG legislation and/or regulation. Such ESG legislation and/or regulation may cause the Fund to incur costs to comply with same. Reporting requirements may also result in additional time and costs dedicated to mandatory reporting of climate change and sustainability standards, as may be required in the future pending the expansion of Canadian Sustainability Disclosure Standards.

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_2 (specifically to feedstock suppliers); and the structure of the electricity and renewable fuels markets.

Energy Market Volatility

While revenue from the majority of the Fund's renewable infrastructure assets is currently derived from fixed-rate, long-term, contracts, the Fund may, from time to time, invest in renewable infrastructure assets that are in markets that may have exposure, either directly or indirectly, to a wholesale market price for energy. Additionally when renewable infrastructure assets with fixed-rate, long-term, contracts reach the end of those contracts they 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_2 (specifically to other market participants); the structure of the electricity and renewable fuels markets; and the weather conditions that impact electrical load.

Competition in solar markets globally and across the solar value chain is intense, and could remain that way for an extended period of time. An increased global supply of photovoltaic (PV) modules has caused and may continue to cause structural imbalances in which global photovoltaic (PV) module supply exceeds demand, which could have a material adverse effect on the Solar Portfolio and the Fund's overall performance.

Any modification in government subsidies, economic incentives, tax incentives, renewable energy targets, and other support for on-grid solar electricity applications, or other adverse public policies, such as tariffs or other trade remedies imposed on solar cells and modules, could negatively impact demand and/or price levels for the Fund's solar modules and systems and limit the Fund's growth or lead to a reduction in the Fund's net sales, thereby adversely impacting the Fund's operating results.

Assets of the solar portfolio may now or in the future use perovskite technology. Operating perovskite technology will be a subject of several federal, state, local and international laws and regulations linked with the environment and health protection, including those related with (i) the discharge of the pollutants into the air and water, (ii) the use and management of identified hazardous materials and wastes, (iii) the treatment of contaminated site and (iv) occupational health and safety.

Existing regulations and policies, changes thereto, and new regulations and policies may present technical, regulatory, and economic barriers to the purchase and use of photovoltaic (PV) products or systems, which may significantly reduce demand for certain modules and services provided by Fund assets.

Interest Rates

It is anticipated that the market value 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 value of the SCEF units.

Changing Regulation

Assets in the renewable infrastructure 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.

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 renewable infrastructure market, the broader energy market and the domestic or global economy in general. Economic slowdown and downturn of global capital markets would make raising capital through equity or debt

RISKS AND UNCERTAINTIES CONT.

financing more difficult. The Fund is subject to liquidity risks in meeting developmental and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Fund's ability to raise equity or obtain loans and other credit facilities in the future on terms favourable to the Fund and its management.

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

Impact of Climate Change, Natural Disasters, Geopolitical Risks, 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.

Unexpected and unpredictable events such as war, a widespread health crisis or global pandemic, terrorism, and related geopolitical risks may lead to increased market volatility in the short term and may have adverse more general long-term effects on world economies and markets, including Canadian and other economies and securities markets. For instance, the spread of coronavirus disease (COVID-19) caused volatility in the global financial markets, led to major disruptions of global business activity and exposed the global economy to a potential slowdown. The impact of a pandemic such as COVID-19 may be limited to the short term or it may last for an extended period and could have a negative impact on the Fund. The effects of similarly unexpected disruptive events could impact world economies and securities markets in ways that cannot presently be anticipated, aggravate other existing risks, and cause substantial market volatility, resulting in significant adverse effects on issuers. Such impacts could also affect a Fund's performance and significantly reduce the value of your investment in the Fund.

There are risks of geopolitical instability, for example, from factors such as political conflict, sanctions, tariffs, protectionist trade policies (such as the incentives for onshoring manufacturing in the U.S. and other countries), income inequality, refugee migration, terrorism, armed conflict, the potential break-up of countries or political-economic unions, and political corruption. For example, the U.S. has expressed its intention to implement significant tariff increases on imported goods and other trade restrictions, potentially straining international trade relations and prompting retaliatory tariffs from foreign governments. Certain inputs essential for constructing and/or operating infrastructure that affects the Fund's performance may originate from jurisdictions subject to such tariffs. The imposition of these tariffs or the inability to obtain such inputs from an alternative source may have an adverse effect on the Fund's business, assets, investments, operations and/or its financial results.

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.

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.

CRITICAL ACCOUNTING ESTIMATES

Preparing the audited consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the audited consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Actual outcomes could differ from these estimates. These audited consolidated financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the audited 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 and structures, biogas equipment and clean energy contracts, the valuation of right-to-use assets and lease liabilities, the valuation of interest rate swap agreements, the valuation of the decommissioning liability, the valuation of carbon offset credits and CFR credits and accounts payable and accrued liabilities.

Additional information on the significant estimates, judgments and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 3 in the audited consolidated financial statements for the period ended December 31, 2024.

SUBSEQUENT EVENTS

Subsequent to December 31, 2024, SCEF issued 344,400 Class A units for an aggregate value of $6,078,667 issued 77,050 Class F units for an aggregate value of $1,359,931 redeemed 141,748 Class A units for an aggregate value of $2,503,744 and redeemed 2,197 Class F units for an aggregate value of $38,489.

The following unit price changes occurred subsequent to year end:

Effective Date	Unit Price
January 1, 2025	$17.65
April 1, 2025	$17.99

SCEF Unitholders - 2025 Investment Activity (to date) ($ thousands, except where noted)	January 1, 2025 to March 31, 2025	
	Number of Units	Amount ($)
SCEF units outstanding, January 1, 2025	**13,757,347**	**$236,626**
Proceeds from units issued - Class A	341,297	6,024
Proceeds from EUPP	3,103	55
Proceeds from units issued - Class F	77,050	1,360
Redemption of units - Class A	(141,748)	(2,504)
Redemption of units - Class F	(2,197)	(38)
Change in fair value	-	6,192
SCEF units outstanding, March 31, 2025	**14,034,853**	**$247,715**

On January 22, 2025, SCEF issued a $287,320 promissory note to the entity in which it holds the convertible debentures.

On February 25, 2025, SCEF paid off the note payable to the minority interest in SkyMar Biogas Holdings Limited Partnership.

SKYLINE CLEAN ENERGY FUND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

SKYLINE CLEAN ENERGY FUND

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

Chartered
Professional
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of: Skyline Clean Energy Fund

Opinion

We have audited the accompanying consolidated financial statements of Skyline Clean Energy Fund, which comprise the consolidated statement of financial position as at December 31, 2024 and December 31, 2023 and the consolidated statements of changes in unitholders' equity, loss and comprehensive loss and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of material 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, 2024 and December 31, 2023 and the consolidated 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 consolidated 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.

GUELPH OFFICE 103-197 HANLON CREEK BLVD, GUELPH, ON • TEL: 519-822-9933 • FAX: 519-822-9212 • RLB.CA

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.

RLB LLP

Guelph, Ontario
March 25, 2025

Chartered Professional Accountants
Licensed Public Accountants

SKYLINE CLEAN ENERGY FUND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

(in thousands of Canadian dollars)

	2024	2023 (note 37)
ASSETS		
Solar equipment and structures (notes 6, 7)	$ 148,138	$ 156,221
Biogas equipment (note 8)	34,079	31,369
Clean energy contracts (notes 6, 9)	124,165	136,519
Prepaid leases (note 10)	1,115	1,206
Right-of-use assets (notes 6, 11)	8,086	8,427
Land (notes 6, 12)	10,106	10,057
Investments in joint ventures (notes 6, 13)	0	2,433
Investments in associates (note 14)	2,104	1,780
Convertible debenture receivable (note 15)	4,248	3,958
Interest rate swap agreements (notes 6, 24)	957	1,882
Loans receivable (note 16)	6,699	3,896
Inventories (note 17)	7,839	4,290
Other assets (note 18)	7,478	8,937
Accounts receivable (note 19)	5,338	6,101
Short term investments	32	2,397
Restricted cash (note 21)	10,160	9,813
Cash	14,081	12,138
	$ 384,625	$ 401,424
LIABILITIES AND UNITHOLDERS' EQUITY		
Loans payable (notes 6, 22)	$ 182,356	$ 201,625
Notes payable (notes 6, 23)	2,418	13,284
Lease liabilities (notes 6, 25)	7,404	7,892
Decommissioning liability (note 28)	1,265	1,219
Unamortized government assistance (note 29)	5,556	6,140
Due to related parties (note 26)	5,969	5,045
Accounts payable and accrued liabilities (note 27)	7,075	7,491
	212,043	242,696
Unitholders' equity (page 6)	151,808	136,578
Non-controlling interests (page 6) (note 35)	20,774	22,150
	172,582	158,728
	$ 384,625	$ 401,424

Trustee

Trustee

See notes to the consolidated financial statements

SKYLINE CLEAN ENERGY FUND

CONSOLIDATED STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of Canadian dollars)

	Unitholders' Equity	Non-Controlling Interests	Total
OPENING BALANCE - January 1, 2024	$ 136,578	$ 22,150	$ 158,728
Proceeds from units issued (note 36)	35,205	0	35,205
Units issued through distribution reinvestment plan (note 36)	32	0	32
Issuance costs (notes 26, 36)	(653)	0	(653)
Income (loss) and comprehensive income (loss) for the year	669	(984)	(315)
Distribution to non-controlling interest (note 35)	0	(392)	(392)
Redemptions (note 36)	(19,991)	0	(19,991)
Distributions paid	(32)	0	(32)
CLOSING BALANCE - December 31, 2024	$ 151,808	$ 20,774	$ 172,582
OPENING BALANCE - January 1, 2023	$ 135,481	$ 24,256	$ 159,737
Proceeds from units issued (note 36)	34,622	0	34,622
Units issued through distribution reinvestment plan (note 36)	25	0	25
Issuance costs (notes 26, 36)	(306)	0	(306)
Loss and comprehensive loss for the year	(20,133)	(3,100)	(23,233)
Recovery of distribution to non-controlling interest (note 35)	0	819	819
Non-controlling interests ownership of biogas assets acquired (note 35)	0	175	175
Redemptions (note 36)	(13,085)	0	(13,085)
Distributions paid	(26)	0	(26)
CLOSING BALANCE - December 31, 2023	$ 136,578	$ 22,150	$ 158,728

See notes to the consolidated financial statements

SKYLINE CLEAN ENERGY FUND

CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of Canadian dollars)

	2024	2023 (note 37)
INCOME		
Solar income	$ 40,735	$ 14,707
Biogas income	16,920	18,603
Other income	1,697	527
	59,352	33,837
DIRECT OPERATING EXPENSES		
Utilities	2,602	2,362
Insurance	1,551	1,166
Amortization (notes 7, 8, 9, 10, 11, 28)	25,181	17,694
Operations and maintenance fees (note 26)	1,009	300
Management fees	341	587
Property tax	485	313
Royalty expense	11	10
Other direct operating expenses (note 26)	10,805	9,859
	41,985	32,291
NET OPERATING INCOME	17,367	1,546
OTHER EXPENSES (INCOME)		
Share of net earnings from investments (notes 13, 14)	(726)	(1,250)
Financing costs (notes 26, 30)	16,696	7,303
Administrative expenses (note 26)	3,195	2,975
Asset management fees (note 26)	1,214	770
Property management fees (note 26)	507	224
Wealth management fees (note 26)	716	604
Interest income	(1,122)	(496)
	20,480	10,130
LOSS BEFORE UNDERNOTED	(3,113)	(8,584)
Income tax provision	(176)	(542)
Unrealized gain on swap agreements (note 24)	376	537
Foreign exchange loss	(11)	(17)
Loss on disposed assets	0	(6,030)
Loss on extinguishment of debt	0	(1,210)
Impairment loss (note 11)	0	(4,642)
Loss on remeasurement of equity in joint ventures	(94)	(4,148)
Loss on sale of investment in joint venture (note 13)	(3)	0
Remeasurement gain of carbon offset and CFR credits	3,505	1,403
FortisBC metering adjustment	(799)	0
	2,798	(14,649)
LOSS AND COMPREHENSIVE LOSS for the year	$ (315)	$ (23,233)
Net loss attributable to:		
Unitholders	$ 669	$ (20,133)
Non-controlling interests (note 35)	(984)	(3,100)
Net loss and comprehensive loss	$ (315)	$ (23,233)

See notes to the consolidated financial statements

SKYLINE CLEAN ENERGY FUND

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of Canadian dollars)

	2024	2023 (note 37)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Loss and comprehensive loss for the year	$ (315)	$ (23,233)
Items not requiring an outlay of cash:		
Amortization (notes 7, 8, 9, 10, 11)	25,135	17,650
Amortization of financing costs (note 30)	692	342
Accretion on decommissioning liability (note 28)	46	44
Financing costs in operations (note 30)	16,004	6,961
Loss on extinguishment of debt	0	1,210
Impairment loss	0	4,642
Loss on remeasurement of equity in joint ventures	94	4,148
Loss on sale of investment in joint venture	3	0
Unrealized gain on swap agreements (note 24)	(376)	(537)
Interest rate swap payments (note 24)	1,301	333
Loss on disposed assets	0	6,030
Remeasurement gain of carbon offset and CFR credits	(3,505)	(1,403)
Share of net earnings from investments (notes 13, 14)	(726)	(1,250)
Unamortized government assistance recognized in income (note 29)	(584)	(644)
	37,769	14,293
Changes in non-cash working capital		
Short term investments (note 20)	2,365	(2,397)
Accounts receivable (note 19)	763	(2,674)
Inventories (note 17)	(44)	513
Other assets (note 18)	1,459	(6,208)
Accounts payable and accrued liabilities (note 27)	(416)	3,851
	41,896	7,378
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Due to related parties (note 26)	924	(14,765)
Notes payable proceeds, net of repayments (note 23)	(10,866)	8,500
Loans payable proceeds, net of repayments (note 22)	(19,959)	139,733
Revolving credit facility advances (note 32)	0	(6,418)
Interest paid on debt (note 30)	(12,080)	(6,145)
Distribution to general partner (note 30)	(3,484)	0
Lease payments made on lease liabilities (note 25)	(1,132)	(1,030)
Restricted cash (note 21)	(347)	(8,038)
Proceeds from units issued (page 6)	35,205	34,622
Redemptions (page 6)	(19,991)	(13,085)
Issuance costs (note 26) (page 6)	(653)	(306)
(Distribution to) recovery of distribution from non-controlling interest (note 35)	(392)	819
Distributions paid (net of distribution reinvestment plan)	0	(1)
	(32,775)	133,886

See notes to the consolidated financial statements

SKYLINE CLEAN ENERGY FUND

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of Canadian dollars)

	2024	**2023**
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Acquired solar assets, biogas assets and clean energy contracts (note 6)	0	(127,703)
Net additions to solar and biogas assets (notes 7, 8, 9)	(6,868)	(2,219)
Proceeds on disposal of assets	0	134
Acquired interest rate swap agreements (note 24)	0	(1,742)
Disposal of interest rate swap agreements (note 24)	0	1,790
Additions to land (note 12)	(49)	0
Accrued interest on convertible debentures (note 15)	(290)	(290)
Purchase of LP units in joint venture (note 13)	0	(2,433)
Investment in associate (note 14)	0	(580)
Proceeds on disposal of investment in joint venture (note 13)	2,832	0
Acquired land (note 12)	0	(4,001)
Distribution from investments in joint ventures (note 13)	0	850
Loans receivable advanced (note 16)	(2,958)	(3,150)
Interest on loans receivable (note 16)	(328)	(93)
Principal payment received on loan receivable (note 16)	483	217
	(7,178)	(139,220)
NET INCREASE IN CASH	1,943	2,044
CASH, beginning of year	12,138	10,094
CASH, end of year	$ 14,081	$ 12,138

See notes to the consolidated financial statements

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, 2024 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 consolidated statement of income and comprehensive income in one statement.

The consolidated financial statements for the year ended December 31, 2024 were approved for issue by the Board of Trustees on March 25, 2025.

(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.

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 and structures, biogas equipment and clean energy contracts, the valuation of right-to-use assets and lease liabilities, the valuation of interest rate swap agreements, the valuation of the decommissioning liability, the valuation of carbon offset credits and CFR credits and accounts payable and accrued liabilities.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

Accounting standards implemented in 2024

On January 1, 2024, SCEF adopted the following amendment to IAS 1 - Presentation of financial statements. The amended standard updated the definition of a liability and the classification of liabilities between current and non-current. There is no material impact from the adoption of this amendment.

On January 1, 2024, SCEF adopted the following amendment to IAS 1 - Presentation of financial statements. The amended standard updated the criteria for classifying liabilities with covenants as current or non-current. There is no material impact from the adoption of this amendment.

On January 1, 2024, SCEF adopted the following amendment to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments. The amended standard requires the entity to disclose information about its supplier finance arrangements that enables users of the financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. Furthermore, the amended standard requires disclosures on concentrations of risk in relation to the amended IAS 7 - Statement of Cash Flows. There is no material impact from the adoption of this amendment.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Material 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 ("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 consolidated statement of loss and comprehensive 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.

(d) DECOMMISSIONING LIABILITY

A decommissioning liability is recognized at the best estimate of the expenditure required to settle the present obligation at the consolidated 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 consolidated 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(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 either sold to the LDC at fixed rates (or initially fixed rates, indexed to inflation), or through the open market in the case of the Lethbridge Biogas facility. The fixed rates are determined by the Independent Electricity System Operator ("IESO") contracts, on a per kilowatt basis. This solar or biogas income is recognized 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.

Revenue from tipping fees is captured in biogas income and is recognized upon the receipt or pick up of organic waste from the customer.

Revenue from the sale of renewable natural gas ("RNG") is captured in biogas income and is recognized over time as the RNG is delivered. SCEF's biogas equipment generates RNG, which is then sold to the customer at an initially fixed rate, indexed to inflation. The fixed rate is based on the contract with the customer, on a per gigajoule basis.

Revenue from sale of electricity, carbon offsets, clean fuel regulation credits ("CFR credits"), generator credits, bioenergy producer credits, disposal of organic material, operator contract, renewable natural gas and income from parts and labour is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

In accordance with IAS 20 - Accounting for government grants and disclosure of government assistance, government assistance is deferred and is amortized into revenue at the same basis as the related fixed assets.

3. SUMMARY OF MATERIAL 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 equipment over its estimated useful life. Biogas equipment is amortized on a straight-line basis over its useful life with the exception of the RNG system and processing equipment which use a 20% declining balance method, an anaerobic digester which uses a 9% declining balance method and buildings which use a 5% declining balance method.

(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:

Asset/Liability	Classification/Measurement
Cash	Amortized cost
Short term investments	Amortized cost
Restricted cash	Amortized cost
Accounts receivable	Amortized cost
Loans receivable	Amortized cost
Convertible debenture receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Notes payable	Amortized cost
Interest rate swap agreements	Fair value through profit or loss
Decommissioning liability	Amortized cost
Due to related parties	Amortized cost

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(h) FINANCIAL INSTRUMENTS (continued)

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.

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, short term investments, restricted cash, accounts receivable, loans receivable and convertible debenture receivable. 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 consolidated 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, notes payable, decommissioning liability 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(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.

(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 consolidated 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 loss and comprehensive loss.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(l) INVENTORIES

Inventory includes supplies that are to be used in the production of solar and biogas income and are held at the lower of cost and net realizable value. Carbon offset credits and CFR credits are held at the net realizable value.

(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 loss and comprehensive loss.

(n) LAND

In accordance with IAS 16, land is recorded at cost.

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.

IFRS 9 and 7 - In May 2024, the IASB issued amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures. The amendments clarify the timing of recognition and derecognition for a financial asset or financial liability, including clarifying that a financial liability is derecognized on the settlement date. Further, the amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. The amendments also require additional disclosures for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income. These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments related to the classification of financial assets.

IFRS 9 and 7 - In December 2024, the IASB issued amendments to IFRS 9: Financial Instruments and IFRS 7 - Financial Instruments: Disclosures. The amendments have updated the disclosure for purchasers of electricity under power purchase agreements ("PPAs") and hedge accounting requirements for entities that hedge their purchases or sales of electricity using PPAs. These amendments are effective for annual reporting periods beginning on or after January 1, 2026.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 18 - In April 2024, the IASB issued a new standard, IFRS 18 - Presentation and Disclosure in Financial Statements which will be effective for years beginning on or after January 1, 2027. This new standard will replace IAS 1 - Presentation of Financial Statements, introducing new requirements that are intended to help achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. The recognition and measurement of items in the financial statements will not be impacted by this new standard, but its impact on presentation and disclosure could be pervasive.

IAS 28 - In May 2014, 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.

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

5. PRINCIPLES OF CONSOLIDATION

The consolidated 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.

6. ACQUISITIONS

The results of the 2023 acquisitions are included in these consolidated financial statements from the date of acquisition:

SkyPower Acquisition - On December 29, 2023, SCEF acquired all of the outstanding units of SkyPower RESOP Holdings LP and all of the outstanding shares of SkyPower RESOP Holdings GP Inc. SkyPower RESOP Holdings LP indirectly owns six solar assets, which are comprised of solar equipment, clean energy contracts, right-of-use assets and land. In addition, as part of this acquisition an investment in joint venture was also purchased.

(in thousands of Canadian dollars, except per unit amounts)

6. ACQUISITIONS (continued)

The following table contains details of SCEF's 2024 and 2023 acquisitions:

	2024	2023
Net assets acquired:		
Solar equipment	$ 0	$ 103,539
Clean energy contracts	0	32,558
Right-of-use assets	0	657
Land	0	4,001
Interest rate swap agreements	0	1,742
Investment in joint venture	0	2,433
Debt assumed:		
Loan payable	0	(111,637)
Net working capital:	0	6,798
Total identifiable net assets	$ 0	$ 40,091
Consideration paid, funded by:		
Lease liabilities	$ 0	$ 657
Investments in joint ventures	0	6,519
Gain on bargain purchase	0	1,874
Promissory note payable	0	8,500
Cash on hand	0	22,541
Total consideration paid	$ 0	$ 40,091

7. SOLAR EQUIPMENT AND STRUCTURES

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

	2024	2023
Opening balance	$ 156,221	$ 60,827
Additions through purchase of assets (note 6)	0	103,539
Additions through capital expenditures	365	161
Disposals	0	(3,498)
Amortization	(8,448)	(4,808)
Closing balance	$ 148,138	$ 156,221

(in thousands of Canadian dollars, except per unit amounts)

8. BIOGAS EQUIPMENT

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

	2024	2023
Opening balance	$ 31,369	$ 36,637
Reclassification of land transfer tax to land	0	(72)
Additions through capital expenditures	6,503	1,454
Disposal of assets	0	(2,875)
Amortization	(3,793)	(3,775)
Closing balance	$ 34,079	$ 31,369

9. CLEAN ENERGY CONTRACTS

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

	2024	2023
Opening balance	$ 136,519	$ 111,567
Additions through purchase of assets (note 6)	0	32,558
Additions through capital expenditures	0	813
Disposals and remeasurements	(96)	0
Amortization	(12,258)	(8,419)
Closing balance	$ 124,165	$ 136,519

10. PREPAID LEASES

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

	2024	2023
Opening balance	$ 1,206	$ 1,296
Amortization	(91)	(90)
Closing balance	$ 1,115	$ 1,206

11. RIGHT-OF-USE ASSETS

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

	2024	2023
Opening balance	$ 8,427	$ 12,970
Additions through purchase of assets (note 6)	0	657
Adjustment due to lease term extension	204	0
Impairment loss	0	(4,642)
Amortization	(545)	(558)
Closing balance	$ 8,086	$ 8,427

(in thousands of Canadian dollars, except per unit amounts)

12. LAND

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

	2024	**2023**
Opening balance	$ 10,057	$ 5,984
Reclassification of land transfer tax from biogas equipment	0	72
Additions through purchase of assets (note 6)	0	4,001
Additions through capital expenditures	49	0
Closing balance	$ 10,106	$ 10,057

13. INVESTMENTS IN JOINT VENTURES

As of December 31, 2024, SCEF has invested in 50% ownership of zero (2023 - one) joint ventures which holds solar assets.

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

	2024	**2023**
Opening balance	$ 2,433	$ 11,892
Additions through purchase of units (note 6)	0	2,433
Derecognition of investment in joint venture (note 6)	0	(6,519)
Proceeds (net of selling costs) on disposition of investment in joint venture	(2,832)	0
Loss on revaluation of equity interest	0	(6,023)
Loss on sale of investment in joint venture	(3)	0
Share of net earnings	402	1,500
Distributions	0	(850)
Closing balance	$ 0	$ 2,433

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

For the year ended December 31, 2024:

	SunE Sky Erie Ridge LP
Solar revenue	$ 1,050
Operating expenses	401
Net operating income	649
Other expenses	(247)
Net income	$ 402

(in thousands of Canadian dollars, except per unit amounts)

13. INVESTMENT IN JOINT VENTURES (continued)

As at December 31, 2023:

	SunE Sky Erie Ridge LP
Solar equipment	$ 12,464
Land	300
Current assets	1,385
Total assets	14,149
Non-current liabilities	9,812
Current liabilities	1,904
Net equity	$ 2,433

For the year ended December 31, 2023:

	SunE Sky Erie Ridge LP	SunE Sky First Light LP	SunE Sky 13th Sideroad LP	SunE Sky Ryerse LP	Total
Solar revenue	$ 0	$ 1,840	$ 1,660	$ 1,969	$ 5,469
Operating expenses	0	1,411	1,623	1,634	4,668
Net operating income	0	429	37	335	801
Other income	0	209	272	218	699
Net income	$ 0	$ 638	$ 309	$ 553	$ 1,500

14. INVESTMENTS IN ASSOCIATES

As of December 31, 2024, SCEF has significant influence over one associate.

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

	2024	**2023**
Opening balance	$ 1,780	$ 1,450
Additions through capital contribution	0	580
Share of net income (loss)	324	(250)
Closing balance	$ 2,104	$ 1,780

(in thousands of Canadian dollars, except per unit amounts)

14. 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:

	2024	2023 (note 37)
Non-current assets	$ 199	$ 183
Current assets	1,913	1,622
Total assets	2,112	1,805
Non-current liabilities	0	0
Current liabilities	8	25
Net equity	$ 2,104	$ 1,780

	2024	2023
Revenue	$ 537	$ 0
Operating expenses	2	5
Net operating income (loss)	535	(5)
Other expenses	(211)	(245)
Net income (loss)	$ 324	$ (250)

15. CONVERTIBLE DEBENTURE RECEIVABLE

During the year ended December 31, 2021, SCEF paid $3,040 to purchase convertible debentures. During the year ended December 31, 2022, SCEF purchased an additional $135 of the same debentures. These debentures are convertible anytime after September 1, 2021 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. Any time following May 1, 2025, SCEF may demand immediate repayment of the loan on any date to be specified in a demand note. Changes to the aggregate carrying value of SCEF’s convertible debenture receivable is summarized as follows:

	2024	2023 (note 37)
Opening balance	$ 3,958	$ 3,715
Reclassification to loans receivable (note 16)	0	(47)
Accrued interest	290	290
Closing balance	$ 4,248	$ 3,958

(in thousands of Canadian dollars, except per unit amounts)

16. LOANS RECEIVABLE

On September 3, 2024, October 22, 2024 and December 12, 2024, SCEF issued promissory notes to the entity that it holds the convertible debentures in (for $150, $389 and $213 respectively). The promissory notes bear interest at 9%. The promissory notes have no set terms of repayment. The balance outstanding on these loans as at December 31, 2024 is $798 (2023 - $0).

On April 11, 2024, SCEF issued a $2,000 loan receivable to a third party. This loan bears interest at 15% and matures April 2026. The balance outstanding on this loan as at December 31, 2024 is $2,378 (2023 - $0).

On August 14, 2023 SCEF issued a $288 loan receivable to an entity under the indirect control of the non-controlling interest of SkyMar Biogas Holdings LP in order to provide financial assistance to replace a prior letter of credit. The balance outstanding on this loan as at December 31, 2024 is $288 (2023 - $288).

On June 8, 2023, July 10, 2023 and August 24, 2023, SCEF issued promissory notes to the entity that it holds the convertible debentures in (for $100, $108 and $117 respectively). The promissory notes bear interest at an annual rate of 9%. The promissory notes have no set terms of repayment. The balance outstanding on these loans as at December 31, 2024 is $371 (2023 - $340).

On May 2, 2023, SCEF issued a $2,500 non-interest bearing promissory note to the N&G LP non-controlling interest (note 35) with all distributions to the non-controlling interest to be applied against the principal balance of the promissory note. The balance outstanding on this loan as at December 31, 2024 is $2,143 (2023 - $2,535).

In addition to the loans receivable noted above, SCEF has three additional loans receivable issued prior to 2023 of $155, $519 and $47 (2023 - $149, $537 and $47 respectively). One of the loans bears interest at 4% and is due on demand. The other loan bears interest at 15.54% and requires annual blended payments of $91 to SCEF starting in 2019. This loan will be repaid in 2035. The third loan bears interest at an annual rate of 9% with no set terms of repayment.

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

	2024	**2023** (note 37)
Opening balance	$ 3,896	$ 823
Loans advanced	2,752	3,150
Capitalized professional fees	206	0
Reclassification from convertible debenture receivable (note 15)	0	47
Interest receivable	328	93
Loan repayment	(91)	(454)
Distribution payable to non-controlling interest, applied to principal balance of loan receivable (note 35)	(392)	237
Closing balance	$ 6,699	$ 3,896

(in thousands of Canadian dollars, except per unit amounts)

17. INVENTORIES

The components of inventories presented in the consolidated statement of financial position are as follows:

		2024		2023 (note 37)
Parts inventories	$	3,073	$	3,067
Carbon offset credits inventories		1,443		1,223
CFR credits inventories		3,323		0
Balance at the end of the year	$	7,839	$	4,290

The amount of inventories expensed in 2024 was $1,544 (2023 - $955).

18. OTHER ASSETS

The components of other assets presented in the consolidated statement of financial position are as follows:

		2024		2023
Prepaid expenses	$	679	$	954
Deposits on potential acquisitions		491		355
Operating deposits		639		967
Pre-acquisition costs		111		60
Development costs		5,558		6,601
Balance at the end of the year	$	7,478	$	8,937

19. ACCOUNTS RECEIVABLE

The components of accounts receivable presented in the consolidated statement of financial position are as follows:

		2024		2023 (note 37)
Solar income receivable	$	1,421	$	1,534
Biogas income receivable		2,913		3,043
HST receivable		347		339
Other receivable		657		1,185
Balance at the end of the year	$	5,338	$	6,101

20. SHORT TERM INVESTMENTS

SCEF has one guaranteed investment certificate ("GIC") outstanding as at December 31, 2024 (2023 - eighteen). The carrying value of this investment is $32 (2023 - $2,397). The rate on this GIC is 5.44% (2023 - range from 4.75% to 5.54%) and matures February 2025 (2023 - maturities ranging from January 2024 to December 2024).

(in thousands of Canadian dollars, except per unit amounts)

21. RESTRICTED CASH

On December 29, 2023, in connection with the Skypower Acquisition and Nomura loan financing (note 22), SCEF assumed three debt service reserve accounts and seven major maintenance reserve accounts. The debt service reserve acts as additional assurance to the lender that all 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 July 25, 2023, in connection with the issuance of senior secured bonds to Computershare Trust Company of Canada (note 22). SCEF established two reserve accounts. The debt service reserve acts as additional assurance to the trustee that all quarterly repayments will be made in accordance with the trust indenture, as the trustee can direct withdrawals for any debt payment shortfalls from the debt service reserve account. Similarly, the trustee can direct withdrawals from the O&M reserve to be applied towards rehabilitation, replacement, maintenance or repairs to the secured solar assets.

In addition to the accounts noted above, SCEF has ten debt service reserve accounts in connection with the PNC bank loan, the Vine Fresh Equitable bank loan and the Hay Solar Equitable bank loan (note 22) issued prior to 2023. The debt service reserves act as additional assurance to the lender that all quarterly repayments will be made in accordance with the credit agreements, as the lender can direct withdrawals for any debt payment shortfalls from the debt service reserve accounts. 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 presented in the consolidated statement of financial position are as follows:

	2024	2023
Debt service reserve (note 22)	$ 4,610	$ 4,568
Major maintenance reserve (note 22)	5,127	4,822
Operations and maintenance reserve	423	423
Balance at the end of the year	$ 10,160	$ 9,813

22. LOANS PAYABLE

SCEF has the following loans outstanding:

(a) 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, 2024.

(b) Loan payable to Equitable Bank that is secured by eighteen solar assets (the "Hay Solar 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. As at December 31, 2024, SCEF's debt service coverage ratio is 1.28:1. As a result of not meeting the ratio of 1.35:1 in 2022, SCEF paid additional funds into the debt service reserve account during 2022.

22. LOANS PAYABLE (continued)

(c) Six loans payable to PNC Bank. These loans are secured by six solar assets (the "PNC Bank Loan"). Four loans have interest rate swap agreements (note 24) and bear interest at the CORRA plus 3.36%. One loan has an interest rate swap agreement (note 24) and bears interest at the CORRA plus 3.64%. One loan has a fixed interest at rate of 5.45%. All six loans mature in 2030.

(d) Loan payable to the general partner of the non-controlling interest of SPN LP 2 (note 35) through its ownership of SPN LP 2 (the "SFN loan"). 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.

(e) Non-revolving demand loan payable to ATB Financial (formerly Alberta Treasury Branch). The loan payable is secured by property, land, a guarantee from Lethbridge Biogas General Partner Inc. and an assignment of claims from SBE LP. The loan payable is repayable in one month instalments. The interest rate is reset at the end of the applicable period at the prevailing CORRA plus 3.30%. The agreement with the Alberta Treasury Branch requires SCEF to maintain a debt service coverage ratio of 1.30:1 and an adjusted working capital ratio of 1.10:1. SCEF is in compliance with both of these covenants as at December 31, 2024.

(f) Senior secured bonds payable to Computershare Trust Company of Canada (the "Computershare Bonds"). The Computershare Bonds are secured by forty-eight solar assets, bear an interest rate of 5.664%, and mature in December 2037. The Computershare Bonds require that SCEF maintain a debt service coverage ratio of 1.15:1. SCEF is in compliance with this covenant as at December 31, 2024.

(g) Loan payable to Daimler Truck Financial Services Canada Corporation that is secured by a vehicle. The loan bears an interest rate of 7.65% and matures in 2028. SCEF is required to make monthly blended payments of $5.

(h) Loan payable to the non-controlling interest of 601 Canarctic Solar LP. (note 35) SCEF is required to make annual blended payments of $91 to the non-controlling interest of 601 Canarctic Solar LP starting in 2019, with interest charged at 15.54%. The loan matures in 2035.

(in thousands of Canadian dollars, except per unit amounts)

22. LOANS PAYABLE (continued)

(i) Four loans payable to Nomura Corp Funding Americas, LLC (the "Nomura bank loan") were assumed as part of the SkyPower Acquisition. These loans are secured by six solar assets. Two loans have interest rate swap agreements (note 24), bear interest at the CORRA plus 2.04% and mature in March 2029 and June 2030. One loan has an interest rate swap agreement (note 24), bears interest at the CORRA plus 1.915% and matures in May 2030. One loan has a fixed interest at rate of 4.22% and matures in May 2032. In addition to the four term facilities, there are four letter of credit facilities (“LC facilities”) in the amount of $10,150 (2023 - $10,150) assumed by SCEF to fund the debt service reserve accounts. These facilities have maturities ranging between February 2025 and December 2025. Under the term facilities, SCEF is, subject to certain conditions, permitted to make semi-annual cash distributions to partners provided that, as of specified calculation dates of June 30 and December 31, the debt service coverage ratio for the immediately preceding 12-month period and the projected debt service coverage ratio for the 12-month period following the calculation date is equal to or greater than 1.15:1.00. As at December 31, 2024, the debt service coverage ratio requirement was met for three of the four of the LC facilities. For the three LC facilities where the debt service coverage ratio is met, SCEF is eligible to declare and pay distributions in accordance with the term facility. For the fourth LC facility, SCEF is not eligible to declare and pay distributions in accordance with the term facility.

Future minimum principal payments on these loans payable are as follows:

2025	$ 38,943
2026	21,140
2027	21,986
2028	22,815
2029	21,474
Thereafter	55,998
	$ 182,356

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

	2024	2023
Balance at the beginning of the year	$ 201,625	$ 60,311
Proceeds from new debt	3,530	167,618
Repayment of existing debt	(23,328)	(24,961)
Change in deferred financing costs	(161)	(1,714)
Total changes from financing cash flows	(19,959)	140,943
Amortization of financing costs (note 30)	692	342
Interest expense included in operations (note 30)	11,433	5,415
Interest and financing costs paid	(11,435)	(5,386)
Total liability-related charges	690	371
Balance at end of the year	$ 182,356	$ 201,625

(in thousands of Canadian dollars, except per unit amounts)

23. NOTES PAYABLE

At December 31, 2024, SCEF had one note payable (2023 - two). One of the notes payable is due to a minority partner of Skymar Biogas Holdings Limited Partnership. This note payable bears interest at 9% with no set terms of repayment. The carrying amount of this note payable is $2,418 (2023 - $4,784). The other note payable bears interest at 7.5% and was paid on on its maturity, June 2024. The carrying amount of this note payable is $0 (2023 - $8,500).

24. 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, 2024 was $43,840 (2023 - $51,809). The fair value of the interest rate swap agreements as determined by the financial institution is reflected on the consolidated statement of financial position.

	2024	2023
Balance at the beginning of the year	$ 1,882	$ 1,726
Additions (note 6)	0	1,742
Disposals	0	(1,790)
Change in fair value of interest rate swap agreements	(925)	204
Balance at end of the year	$ 957	$ 1,882

During the year ended December 31, 2024, the gain on the interest rate swap agreements was comprised of the following:

	2024	2023
Interest rate swap payments	$ 1,301	$ 333
Change in fair value of interest rate swap agreements	(925)	204
Balance for the year	$ 376	$ 537

25. LEASE LIABILITIES

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

	2024	2023
Balance at the beginning of the year	$ 7,892	$ 7,832
Additions due to purchase of assets (note 6)	0	657
Adjustment due to lease term extension	204	0
Interest expense (note 30)	440	433
Lease payments	(1,132)	(1,030)
Balance at end of the year	$ 7,404	$ 7,892

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 liabilities in relation to all lease agreements measured at the present value of the remaining lease payments.

(in thousands of Canadian dollars, except per unit amounts)

25. LEASE LIABILITIES (continued)

The following table details the undiscounted cash flows and contractual maturities of SCEF's lease liabilities as at December 31, 2024:

2025	$	1,225
2026		1,220
2027		1,207
2028		1,188
2029		1,188
Thereafter		6,835
Balance at end of the year	$	12,863

26. RELATED PARTY TRANSACTIONS

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"). This balance was paid in 2023. All of these entities qualify as a related entity under IAS 24. Interest paid on related party loans during 2024 was $nil (2023 - $1,113) The balance consists of the following:

		2024		**2023**
Due to Skyline Clean Energy Asset Management Inc.		902		2,910
Due to Skyline Wealth Management Inc.		80		100
Due to Skyline Private Investment Capital Inc.		0		417
Due to Skyline Clean Energy General Partner Inc.		4,987		1,618
Balance at the end of the year	$	5,969	$	5,045

Asset management fees, property management fees and acquisition 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, 2024, SCEF incurred $1,214 in asset management fees (2023 - $770), $507 in property management fees (2023 - $224) and $29 in acquisition fees (2023 - $1,648).

26. 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, payable monthly, equal to 1/12 of 0.3% of SCEF'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) plus 1/12 of 0.2% of SCEF's Class F equity under management (calculated as the product of the outstanding Class F units multiplied by the then market value of one SCEF unit), and equity raise fees equal to a maximum of 1.5% on the capital raised in offerings of SCEF's Class A and F units plus 1.0% on the distribution reinvestment plan ("DRIP") contributions during the period. SWMI may be required to repay all, or a portion of the equity raise fees paid by SCEF in respect of the SCEF units tendered for redemption within two years of the date of issuance. For the year ended December 31, 2024, SCEF incurred $716 in wealth management fees and $442 in equity raise fees (2023 - $604 and $276, respectively).

Legal and administrative fees

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, provided legal and administrative services. For the year ended December 31, 2024, SCEF incurred $300 in legal and administrative fees (2023 - $435).

Operations and maintenance fees

SCEF had an agreement with Anvil Crawler Development Corp. ("ACDC"), 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 until April 2023. For the year ended December 31, 2024, SCEF incurred $152 in operations and maintenance fees (2023 - $108).

Starting in May 2023, SCEF entered an agreement with SCEAMI to provide operations and maintenance services for the solar assets. For the year ended December 31, 2024, SCEF incurred $138 in operations and maintenance fees (2023 - $126).

Other direct operating expenses and capital improvements

ACDC performs repairs and maintenance and capital improvements on the assets of SCEF. For the year ended December 31, 2024, SCEF incurred $139 in repairs and maintenance expenses and $262 in capital improvements costs (2023 - $112 and $58, respectively).

Starting in May 2023, SCEF entered an agreement with SCEAMI to provide repairs and maintenance services for the solar assets. For the year ended December 31, 2024, SCEF incurred $179 in repairs and maintenance expenses (2023 - $nil).

Administrative expenses

SWMI provides advertising and promotion services to SCEF. For the year ended December 31, 2024, SCEF incurred $5 in advertising and promotion fees (2023 - $179).SCEF also incurred $47 (2023 - $35) in software cost expenses provided by SWMI.

SPICI provides accounting and finance services to SCEF. For the year ended December 31, 2024, SCEF incurred $513 in accounting and finance fees (2023 - $442).

SCEAMI provides human resources and payroll services and accounting and finance services to SCEF. For the year ended December 31, 2024, SCEF incurred $77 in human resources and payroll service fees and $175 in accounting and finance services (2023 - $nil and $nil respectively).

(in thousands of Canadian dollars, except per unit amounts)

26. RELATED PARTY TRANSACTIONS (continued)

Administrative expenses (continued)
For the year ended December 31, 2024, SCEF incurred $24 (2023 - $24) in rent expense to ACDC and $8 (2023 - $nil) in rent expense to SCEAMI.

For the year ended December 31, 2024, SCEF incurred $nil (2023 - $18) in environmental, social and governance fees to Skyline Enterprises Management Inc., an entity that is controlled by a person or persons that qualify as a related person under IAS 24.

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. At December 31, 2024, there were distributions payable of $4,987 owing to SCEGPI (2023 - $1,618) which is included in due to related parties. The distributions accrued in 2024 are $3,484 (2023 - $nil).

27. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The components of accounts payable and accrued liabilities presented in the consolidated statement of financial position are as follows:

	2024	2023
Operating accruals	$ 5,437	$ 5,912
Interest accruals	1,446	1,393
Other	192	186
Balance at the end of the year	$ 7,075	$ 7,491

28. 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. In 2022, in connection with the Balsam Lake acquisition, SCEF is contractually obligated to dismantle and remove the solar asset at the end of its FIT contract. 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 presented in the consolidated statement of financial position are as follows:

	2024	2023
Balance at the beginning of the year	$ 1,219	$ 1,175
Accretion	46	44
Balance at the end of the year	$ 1,265	$ 1,219

(in thousands of Canadian dollars, except per unit amounts)

29. UNAMORTIZED GOVERNMENT ASSISTANCE

The components of the unamortized government assistance presented in the consolidated statement of financial position are as follows:

	2024	2023
Balance at the beginning of the year	$ 6,140	$ 6,784
Recognized in other income	(584)	(644)
Balance at the end of the year	$ 5,556	$ 6,140

30. FINANCING COSTS

During the years ended December 31, 2024 and December 31, 2023, SCEF paid the following financing costs:

	2024	2023
Interest on loans and notes payable	$ 12,080	$ 5,415
Interest on lease liability (note 25)	440	433
Interest to related parties (note 26)	0	1,113
Amortization of deferred financing costs (note 22)	692	342
Distribution to general partner (note 26)	3,484	0
	$ 16,696	$ 7,303

31. 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 consolidated statement of financial position is as follows:

As at	**December 31, 2024**			**December 31, 2023**		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Interest rate swap agreements	$ 0	$ 957	$ 0	$ 0	$ 1,882	$ 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 liabilities measured at fair value there were no transfers between Level 1, Level 2 and Level 3 liabilities.

Financial assets and liabilities carried at amortized cost

The fair values of SCEF's cash, short term investments, restricted cash, accounts receivable, loans receivable, convertible debenture receivable, notes 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.

31. FAIR VALUE MEASUREMENT (continued)

Financial assets and liabilities carried at amortized cost (continued)

The fair value of loans payable and the 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 approximate their carrying amounts.

32. 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 and variable rate loans payable. As fixed and variable 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.

(in thousands of Canadian dollars, except per unit amounts)

32. FINANCIAL RISK MANAGEMENT (continued)

ii) Liquidity risk (continued)

Financial liabilities and their maturities are as follows:

December 31, 2024	On demand	Less than one year	One to five years	More than five years	**Total**
Loans payable	$ 18,597	$ 0	$ 179	$ 163,580	$ 182,356
Notes payable	2,418	0	0	0	2,418
Due to related parties	5,969	0	0	0	5,969
Decommissioning liability	0	0	0	1,265	1,265
Accounts payable and accrued liabilities	0	7,075	0	0	7,075
	$ 26,984	$ 7,075	$ 179	$ 164,845	$ 199,083

December 31, 2023	On demand	Less than one year	One to five years	More than five years	**Total**
Loans payable	$ 18,222	$ 0	$ 223	$ 183,180	$ 201,625
Notes payable	4,784	8,500	0	0	13,284
Due to related parties	5,104	0	0	0	5,104
Decommissioning liability	0	0	0	1,219	1,219
Accounts payable and accrued liabilities	0	7,491	0	0	7,491
	$ 28,110	$ 15,991	$ 223	$ 184,399	$ 228,723

33. 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 unitholders, 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 unitholders, return capital to unitholders, issue additional units, refinance existing debt or sell investment property to reduce debt.

SCEF monitors capital primarily using a liabilities-to-assets ratio, which is calculated as the amount of outstanding debt divided by the valuation of the assets within the portfolio. As of December 31, 2024, the liabilities-to-assets ratio was 55% (2023 - 60%).

34. SEGMENTED DISCLOSURE

For the year ended December 31, 2024, 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.

(in thousands of Canadian dollars, except per unit amounts)

34. SEGMENTED DISCLOSURE (continued)

For the year ended December 31, 2024:

	Canadian Solar	Canadian Biogas	Total
Income from energy production	$ 40,735	$ 16,920	$ 57,655
Other income	982	715	1,697
Total income	41,717	17,635	59,352
Amortization expense	15,989	9,192	25,181
Other direct operating expenses	4,319	12,485	16,804
	20,308	21,677	41,985
Net operating income (loss)	21,409	(4,042)	17,367
Income from joint ventures and investments in associates	(726)	0	(726)
Financing costs	15,028	1,668	16,696
Other income and expenses	2,447	(735)	1,712
Net income (loss)	$ 4,660	$ (4,975)	$ (315)

Selected consolidated statement of financial position information for the year ended December 31, 2024:

	Canadian Solar	Canadian Biogas	Total
Biogas equipment	$ 0	$ 34,079	$ 34,079
Clean energy contracts	57,873	66,292	124,165
Right-of-use assets	8,023	63	8,086
Land	5,570	4,536	10,106
Loans receivable	6,411	288	6,699
Inventories	928	6,911	7,839
Other assets	3,634	3,844	7,478
Accounts receivable	2,385	2,953	5,338
Cash	12,859	1,222	14,081
	$ 97,683	$ 120,188	$ 217,871
Loans payable	$ 163,630	$ 18,726	$ 182,356
Lease liabilities	7,327	77	7,404
Notes payable	2,000	418	2,418
Unamortized government assistance	0	5,556	5,556
Due to related parties	4,857	1,112	5,969
Accounts payable and accrued liabilities	2,458	4,617	7,075
	$ 180,272	$ 30,506	$ 210,778

For the year ended December 31, 2024, all assets and liabilities not otherwise disclosed separately, relate to Canadian solar assets.

(in thousands of Canadian dollars, except per unit amounts)

34. SEGMENTED DISCLOSURE (continued)

For the year ended December 31, 2023:

	Canadian Solar	Canadian Biogas	Total
Income from energy production	$ 14,707	$ 18,603	$ 33,310
Other income	24	503	527
Total income	14,731	19,106	33,837
Amortization expense	8,360	9,334	17,694
Other direct operating expenses	1,583	13,014	14,597
	9,943	22,348	32,291
Net operating income (loss)	4,788	(3,242)	1,546
Income from joint ventures and investments in associates	(1,250)	0	(1,250)
Financing costs	5,808	1,495	7,303
Other income and expenses	11,124	7,602	18,726
Net loss	$ (10,894)	$ (12,339)	$ (23,233)

Selected consolidated statement of financial position information for the year ended December 31, 2023:

	Canadian Solar	Canadian Biogas	Total
Biogas equipment	$ 0	$ 31,369	$ 31,369
Clean energy contracts	64,855	71,664	136,519
Right-of-use assets	8,337	90	8,427
Land	5,521	4,536	10,057
Loans receivable	3,608	288	3,896
Inventories	934	3,356	4,290
Other assets	3,767	5,170	8,937
Accounts receivable	3,098	3,003	6,101
Cash	8,470	3,668	12,138
	$ 98,590	$ 123,144	$ 221,734
Loans payable	$ 183,179	$ 18,446	$ 201,625
Lease liabilities	7,788	104	7,892
Notes payable	12,843	441	13,284
Unamortized government assistance	0	6,140	6,140
Accounts payable and accrued liabilities	4,034	3,457	7,491
	$ 207,844	$ 28,588	$ 236,432

For the year ended December 31, 2023, all assets and liabilities not otherwise disclosed separately, relate to Canadian solar assets. All acquisitions to non-current assets in 2023 relate to solar assets.

(in thousands of Canadian dollars, except per unit amounts)

35. NON-CONTROLLING INTERESTS

In May 2023, SCEF acquired the remaining 50.9% economic interest of N&G LP from the non-controlling interest. The N&G LP non-controlling interest remains a 50.9% owner and is entitled to distributions, which are to be applied against the principal balance of the promissory note to SCEF (note 16).

The components of non-controlling interests presented in the consolidated statement of financial position are as follows:

	2024	2023
Balance at the beginning of the year	$ 22,150	$ 24,256
Contribution paid by SCELP on behalf of non-controlling interest of SkyMar Biogas Holdings LP	0	175
	22,150	24,431
14.9985% of SPN LP 2 net loss	(12)	(38)
50.9% of 601 Canarctic Solar LP net loss	(58)	(315)
50.1% of CK Solar Projects LP net loss	(65)	(58)
50.9% of N&G LP net income (loss)	146	(213)
15% of Nautilus Eagle Lake Solar I LP net loss	(2)	(8)
20% of SkyMar Biogas Holdings LP net loss	(993)	(2,468)
Total net loss allocated to non-controlling interest	(984)	(3,100)
Recovery of distribution to 601 Canarctic Solar LP non-controlling interest	0	237
Recovery of distribution to CK Solar Projects LP non-controlling interest	0	499
(Distribution to) Recovery of distribution to N&G LP non-controlling interest	(392)	68
Recovery of distribution to Nautilus Eagle Lake I LP non-controlling interest	0	15
	(392)	819
Balance at the end of the year	$ 20,774	$ 22,150

(in thousands of Canadian dollars, except per unit amounts)

36. UNITHOLDERS' EQUITY

SCEF is authorized to issue an unlimited number of Class A and Class F 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, 2024 the price per unit for newly issued units and units to be redeemed was $17.20 (2023 - $15.63). The units issued and outstanding are as follows:

Class A Units	**2024 Units**	**2023 Units**
Units outstanding, beginning of year	11,139,691	11,462,295
Units issued	1,774,033	1,999,492
Units converted to Class F units	(4,031)	(1,465,101)
Redemptions during the year	(1,201,781)	(856,995)
Units outstanding, end of year	11,707,912	11,139,691

Class F Units	**2024 Units**	**2023 Units**
Units outstanding, beginning of year	1,724,326	0
Units issued	332,443	257,624
Distribution reinvestment plan	1,857	1,601
Units converted from Class A units	4,031	1,465,101
Redemptions during the year	(13,223)	0
Units outstanding, end of year	2,049,434	1,724,326

37. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform to the current year's presentation.

38. SUBSEQUENT EVENTS

Effective January 1, 2025, the price at which SCEF units are subscribed and redeemed, increased to $17.65 from $17.20.

On January 22, 2025, SCEF issued a $287 promissory note to the entity in which it holds the convertible debentures.

On February 25, 2025, SCEF paid off the note payable to the minority interest in Skymar Biogas Holdings Limited Partnership.

SKYLINE

Guelph
5 Douglas Street, Suite 301,
Guelph, Ontario, N1H 2S8

Oakville
2275 Upper Middle Road E, Suite 202,
Oakville, Ontario, L6H 0C3

skylineenergy.ca

1 (519) 826-0439

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