



Investment Subscription Agreement

(Individuals resident in the Province of Ontario)
Updated June 15, 2016

A completed and signed copy of this Subscription Agreement, including all applicable schedules hereto, along with payment of \$1,000 must be delivered either as a hard copy with cheque payable to "Community Energy Development Co-operative Ltd." enclosed, or electronically with an e-transfer of funds to:

Community Energy Development Co-operative Ltd., Attention: Investments
1633 Snyder's Road East P.O. Box 67
Petersburg, Ontario N0B 2H0

invest@cedco-op.com
(email a scanned copy of your Subscription Agreement, and request details about sending us your e-transfer)

TO: COMMUNITY ENERGY DEVELOPMENT CO-OPERATIVE LTD. (the "Co-operative")

The undersigned, (the "**Purchaser**") subscribes for and agrees to purchase the Bonds Series N1-5 of the Co-operative (the "**Bonds**") in the amount of **\$ 1,000.00 [One Thousand Dollars]** (the "**Purchase Price**") upon the terms and conditions attached.

The Bonds will be issued on the terms set out in the form of Bond Certificate attached as Schedule A.

Minimum Individual Member Subscription:	\$	1,000.00*
Maximum Individual Member Subscription:	\$	1,000.00 per Calendar Year*
Maximum Aggregate Subscription:	\$	800,000.00

* Individual Subscription not to exceed an aggregate value of \$10,000 per member including all previous subscriptions for debt obligations of the Co-operative purchased under Offering Statement exemption 12.6.2 as described in Ontario R.R.O. 1990, Reg. 178: GENERAL

Note: The above subscription amount is separate and distinct from the \$10.00 membership share purchase.

DATED this _____ day of _____, 201_____

Name of Purchaser - please print

Authorized Signature of Purchaser

ACCEPTANCE - FOR OFFICE USE ONLY

The foregoing is acknowledged, accepted and agreed to

DATED this _____ day of _____, 201_____

COMMUNITY ENERGY DEVELOPMENT CO-OPERATIVE LTD._____
Name and title of CED Co-op Representative (please print)_____
Signature of CED Co-op Representative**PAYMENT RECEIPT - FOR OFFICE USE ONLY**

Date Payment Received _____

Method of Payment

- Cash
 Cheque
 E-Transfer

Payment Amount _____

TERMS AND CONDITIONS OF SUBSCRIPTION

The Purchaser's Bond forms part of a larger offering (the "**Offering**") of an aggregate principal amount of \$800,000 of Bonds being made to Co-op Members. To the extent that the aggregate principal amount of Bonds subscribed for exceeds \$800,000, the allocation of such principal amount of Bonds to the Purchaser and other subscribers shall be on such basis as determined by the Co-operative in its sole discretion. The Purchaser acknowledges that there is no minimum aggregate principal amount of Bonds required as a condition of accepting the Purchaser's subscription.

1. **Definitions.** In this Subscription Agreement, unless the context otherwise requires:
 - "**Business Day**" means any day except Saturday, Sunday or a statutory holiday in Toronto, Ontario;
 - "**CCA**" means Co-operative Corporations Act, R.S.O. 1990, c. C.35, and the regulations made thereunder;
 - "**Closing**" means the completion of the issue and sale by the Co-operative and the purchase by the Purchaser of Bonds pursuant to the provisions of this Subscription Agreement;
 - "**FSCO**" means Financial Services Commission of Ontario;
 - "**Member**" means the holder of a Membership Share duly issued by the Co-operative;
2. **Purchaser's Acknowledgements.** The Purchaser acknowledges and agrees that:
 - (a) it has obtained a copy of the articles of incorporation and by-laws of the Co-operative or has been given the opportunity to obtain a copy of the articles of incorporation and by-laws of the Co-operative and decided not to obtain a copy;
 - (b)
 - (i) no agency, securities commission, governmental authority, regulatory body, stock exchange or other entity has reviewed or passed on, made any finding or determination as to the merit for investment of, nor have any such agencies, securities commissions or governmental authorities made any recommendation or endorsement with respect to the Bonds or the Offering; and
 - (ii) there is no government or other insurance covering the Bonds;
 - (c) there are risks associated with the purchase of the Bonds, including without limitation:
 - (i) the Bonds being offered are speculative and involve a high degree of risk. The Purchaser may lose its entire investment;
 - (ii) the Government of Ontario can suspend or terminate the Feed-In Tariff ("**FIT**") program or any other procurement program (a "**Procurement Program**") at any time. It is assumed, but cannot be guaranteed, that any contract for a project under a Procurement Program signed prior to suspension will be honoured. The Independent Electricity System Operator ("**IESO**") is required under the *Green Energy and Green Economy Act (Ontario)* to review and amend Procurement Program rates periodically to reflect changes in renewable energy equipment costs. The Co-operative is making assumptions on how the Government of Ontario and the IESO will proceed with its Procurement Program, but rates and contracts are ultimately beyond the control of the Co-operative. Assumptions that ultimately prove to be incorrect may have a material adverse effect on the Co-operative's operations, profitability and financial condition;
 - (iii) the FIT contract contains a number of clauses which generally favour the IESO over the supplier. The FIT contract also specifies a large number of factors (in the FIT contract, the "events of default") that may be outside of the Co-operative's control such as a reduction in the number of members. Any event of default that could not be remedied according to the terms of the FIT contract could result in the early termination of the FIT contract at the option of the IESO, which would have a detrimental impact on the Co-operative's financial position. The Co-operative is aware of these grounds for termination and intends to carefully monitor its membership numbers and other factors to ensure ongoing compliance with the FIT contract;
 - (iv) there is presently no market for the Bonds nor is a market expected to develop. The Purchaser may not be able to resell the Bonds purchased pursuant to this Offering;

- (v) the viability of the renewable energy industry in Ontario and Canada is dependent upon tax policies, government programs and environmental and other rules and regulations. There can be no assurances the federal, provincial and/or municipal governments will implement measures and regulation to ensure the viability, growth and profitability of the renewable energy industry in Canada;
- (vi) the Co-operative has prepared income projections for its projects which are based upon assumptions and hypotheses which the Board of Directors of the Co-operative believes to be reasonable. There can be no assurance that these forecasts and projections will actually be achieved. Actual results will vary, perhaps in a materially negative way, from these forecasts and projections. The assumptions upon which these forecasts and projections are based may change, whether due to circumstances beyond the control of the Co-operative or otherwise. The Purchaser has not received nor relied upon such projections;
- (vii) the Co-operative anticipates facing cash flow constraints during its development phase, which is estimated to be the next 12 months, but could conceivably be longer. Investing in the Co-operative is not suitable for investors who require immediate and regular returns on their investment. Purchases of the Bonds should be considered long term investments that will not be suitable for investors who may need to sell their Bonds quickly in order to raise money. It is recommended that Purchasers who are looking for short term returns from their investments should not subscribe for the Bonds;
- (viii) the Co-operative's financial performance is to some degree dependent upon the performance of its joint venture partners and collaborating developers. It is possible that the unprofitability and/or insolvency of joint venture partners and/or collaborating developers will negatively impact upon the Co-operative and its financial results. It is also possible that joint venture partners and collaborating developers may be unable to meet their financial obligations toward the projects, which could put the projects at risk;
- (ix) there is no certainty that the Co-operative will be profitable and solvent. In addition, there can be no guarantee the Co-operative will be able to meet the solvency test mandated by the CCA when a request is made by a shareholder to redeem its shares or when membership ceases;
- (x) should equipment fail or be unreliable, there will be a loss of electricity production and revenue while a failure occurs. This loss of production and revenue may not be covered by warranty or insurance, which will negatively impact revenue for the Co-operative's projects and could negatively impact upon the operations, profitability and financial condition of the Co-operative;
- (xi) there can be no assurances given that the Province of Ontario and/or its regulatory agencies will not review or change the environmental or regulatory requirements of the Procurement Program. Such review or changes could have a negative impact upon the operations, profitability and financial condition of the Co-operative;
- (xii) opposition by the general public to renewable energy projects could result in delays and modifications to the project contemplated. The foregoing may have a negative effect on the Co-operative's operations, profitability and financial condition;
- (xiii) the timeline for the renewable energy projects is subject to the Co-operative being able to negotiate and receive the necessary power purchase contracts. There may be a negative impact on the operations, profitability and financial condition of the Co-operative if these contracts are not signed in the time contemplated;
- (xiv) there may be environmental issues encountered by the Co-operative. These environmental issues could have a negative impact upon the Co-operative's operations, profitability and financial condition;
- (xv) the Co-operative may also be subject to other unknown risk factors which could potentially affect its operations, profitability and financial condition. Some of these risk factors could include, but not be limited to, failure to comply with or changes to governing statutes, increased competition and regulation and changes in weather and climate. While the Board of the Co-operative does

not view these risk factors as an immediate concern, any adverse unforeseen risk factors that materialize may negatively affect the Co-operative's operations, profitability and financial condition; and

- (xvi) this Subscription Agreement constitutes the only agreement between the Co-operative and Subscriber with respect to the subscription for Bonds by the Purchaser and shall supersede any and all prior negotiations and understandings. The Purchaser does not rely upon or regard as material any other documents received from the Co-operative regarding the Co-operative and the Bonds and there are no other representations, warranties, covenants or other agreements being relied on by the Purchaser herein with respect to its subscription for the Bonds.
- (d) no offering statement or other offering document has been filed by the Co-operative with FSCO in connection with the issuance of the Bonds, and such issuances are exempt from the offering statement requirements otherwise applicable under the provisions of the CCA and, as a result, in connection with its purchase of the Purchaser's Securities hereunder, as applicable:
 - (i) the Co-operative has advised the Purchaser that the Co-operative is relying on an exemption from the requirements under the CCA to provide the Purchaser with an offering statement;
 - (ii) the common law may not provide investors with an adequate remedy in the event that they suffer investment losses in connection with securities acquired in a private placement;
 - (iii) the Purchaser will not receive information that may otherwise be required to be provided to the Purchaser under the CCA or contained in an offering statement prepared in accordance with the CCA; and
 - (iv) the Co-operative is relieved from certain obligations that would otherwise apply under the CCA;
- (e) if the Purchaser is not a member of the Co-operative, the Purchaser acknowledges that he or she will be required to become a member of the Co-operative prior to Closing by completing the necessary application forms. No transfer of membership shares is permitted unless made by sale under execution or under the decree, order or judgment of a court of competent jurisdiction or by transmission to the personal representative of a member, or is valid for any purpose unless (i) the transfer has been authorized by resolution of the directors of the Co-operative or by a person authorized by such a resolution to approve such transfers, as considered appropriate in the circumstances having regard to the policies and by-laws of the Co-operative and applicable law; (ii) the transferee is admitted to membership in the Co-operative as required by its articles and by-laws; and (iii) the entry thereof has been duly made in the register of transfers of the Co-operative or in a branch register of transfers;
- (f) all costs and expenses incurred by the Purchaser (including any fees and disbursements of legal counsel retained by the Purchaser) relating to the purchase of the Purchaser's Securities shall be borne solely by the Purchaser;
- (g) in purchasing the Purchaser's Securities, the Purchaser has relied solely upon this Subscription Agreement and not upon any other document or verbal or written representation as to any fact or otherwise made by or on behalf of the Co-operative or any employee, agent or affiliate thereof or any other person associated therewith. The Co-operative assumes no responsibility or liability of any nature whatsoever for the accuracy or adequacy of the information upon which the Purchaser's investment decision has been made. The Co-operative's counsel, Iler Campbell LLC, is entitled to the benefit of this subsection;
- (h) no person has made any written or oral representations: (i) that any person will resell or repurchase the Purchaser's Securities; (ii) that any person will refund the Purchase Price; or (iii) as to the future price or value of the Bonds;
- (i) the Purchaser (and, if applicable, others for whom it is contracting hereunder) is solely responsible for obtaining such legal advice, tax advice and other advice as it considers appropriate in connection with the execution, delivery and performance by it of this Subscription Agreement and the completion of the transactions contemplated hereby;
- (j) the Co-operative may complete additional financings following completion of the Offering and thereafter,

in order to develop the business of the Co-operative and fund its ongoing development, and such future financings may have a dilutive effect on current security holders of the Co-operative, including the Purchaser, and there is no assurance that any such financings will be available, on reasonable terms or at all, and if not available, the Co-operative may be unable to fund its ongoing development;

- (k) Iler Campbell LLP is acting solely as counsel to the Co-operative and not as counsel to the Purchaser;
- (l) in purchasing the Purchaser's Securities, the Purchaser is not relying upon the Co-operative to conduct any due diligence investigation on behalf of the Purchaser concerning the Offering, the Purchaser's Securities, or the Co-operative's business, management, financial position, condition or prospects; and
- (m) the Purchaser (and, if applicable, others for whom it is contracting hereunder), by virtue of holding the Bonds will not be a shareholder of the Co-operative and will not be entitled to any right or interest in respect thereof (including voting rights or right to notice of meetings of shareholders) except as provided herein and in the Bond certificate.

3. **Electronic Deliveries and Counterparts.** The Co-operative shall be entitled to rely on delivery by facsimile machine or other electronic means of an executed copy of this Subscription Agreement, and acceptance by the Co-operative of such facsimile copy shall be legally effective to create a valid and binding agreement between the Purchaser and the Co-operative in accordance with the terms hereof. This Subscription Agreement may be executed in any number of counterparts, each of which when delivered, either in original or electronic form, shall be deemed to be an original and all of which together shall constitute one and the same document.
4. **No Revocation.** The Purchaser agrees that this Subscription Agreement is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Purchaser without the consent of the Co-operative.

Date of Issue (YYYY-MM-DD)

<<Date>>

Amount

<<Amount>>

Bonds Series N1-5

Community Energy Development Co-operative Ltd.
(Incorporated under the Ontario Co-operative Corporations Act)



This is to certify that

<<Name>>

is the registered owner of Bonds Series N1-5 of
Community Energy Development Co-operative Ltd.

In witness whereof the co-operative has caused this certificate to be signed by its duly authorized officers.

Authorized:

President: Brian Unrau

Secretary: Dale Brubacher-Cressman

The class or series of securities represented by this certificate has preferences, rights, conditions, restrictions, limitations or prohibitions attached to it that are detailed in the Offering Statement received March 28, 2015. A full copy of the text of those preferences, rights, conditions, restrictions, limitations and prohibitions will be furnished to the shareholder upon demand and without charge. The transfer of these securities is restricted such that no transfer shall be recorded unless the transfer has been authorized by the directors of the co-operative or by a person authorized to approve such transfer.

BONDS SERIES N1-5

Offering: Total Minimum Offering: None
Total Maximum Offering: \$800,000
Minimum Individual Purchase: \$1,000*
Maximum Individual Purchase: \$1,000 per calendar year*

* Individual subscription not to exceed an aggregate value of \$10,000 per member including all previous subscriptions for debt obligations of the Co-operative purchased under Offering Statement exemption 12.6.2 as described in Ontario R.R.O., 1990, Reg. 178: GENERAL
Issue: All purchases are subject to approval by the Board of Directors.

Closing Date: The initial closing of the sale of the Bonds Series N1-5 will occur as soon as possible once all subscription documents have been received and approved by the Co-operative, effective the date payment is received for the subscription.

Interest and Maturity: The investment into the Bonds N1-5 will be divided across five Bonds that can be described as stripped Bonds or zero coupon Bonds meaning that the interest is not paid out semi-annually or annually. The interest rate is different for each Bond with the average interest across the Bonds N1-5 being a rate of 6.13%. Interest will accrue annually on each of the Bonds and be compounded rather than paid out to the Bondholder with payment of principal and all accrued interest at maturity as follows:

Bond	Allocation	Yield	Maturity	Initial Price	Face Value (Payout at Maturity)
M1	24%	5.50%	1 year	\$ 240	\$ 253
M2	22%	5.75%	2 years	\$ 220	\$ 246
M3	20%	6.00%	3 years	\$ 200	\$ 238
M4	18%	6.25%	4 years	\$ 180	\$ 229
M5	16%	6.50%	5 years	\$ 160	\$ 219
Totals	100%	6.13%		\$ 1,000	\$ 1,186

Security: The Bonds Series N1-5 are unsecured obligations.

Amendment of Bond Provisions: The rights of the holders of the Bonds Series N1-5 may be modified or waived in accordance with the terms of the Bonds Series N1-5, which will make binding on all holders of Bonds Series N1-5 resolutions passed at meetings of the holders of Bonds Series N1-5 (which may be called by the Co-operative or a holder of Bonds Series N1-5 upon not less than 21 days' notice) by votes cast thereat by holders of at least two-thirds of the aggregate principal amount of the Bonds Series N1-5 present at the meeting, provided that a quorum for all meetings of holders of Bonds Series N1-5 (other than meetings following an adjournment due to failure to achieve quorum) will be at least 25% of the principal amount of outstanding Bonds Series N1-5 represented in person, or rendered by instruments in writing signed by the holders of at least two-thirds of the aggregate principal amount of the Bonds Series N1-5 then outstanding.

Redemption by the Co-operative: The Co-operative may at any time, and from time to time, redeem, without the consent of the Bondholders, the whole or any part of the issued and outstanding Bonds Series N1-5 upon payment of the principal, together with any accrued interest, in this section, the "Redemption Price".

Notice of Redemption: Unless all the holders of the Bonds Series N1-5 to be redeemed shall have waived notice of such redemption, the Co-operative shall give not less than thirty (30) days' notice in writing of such redemption to each person, who at the date of mailing is a registered holder of the Bonds Series N1-5 to be redeemed, a notice in writing of the intention of the Cooperative to redeem such Bonds Series N1-5. Such notice shall be mailed in a prepaid envelope addressed to each Bondholder at his or her address as it appears on the books of the Co-operative or, in the event of the address of any such Bondholder not so appearing, then to the last known address of such Bondholder, provided however, that accidental failure or omission to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Price of the Bonds to be redeemed and the date on which redemption is to take place and, if part only of the Bonds Series N1-5 held by the person to whom notice is given are to be redeemed, the amount of the Bonds to be redeemed.

Redemption Procedure: On or after the date so specified for redemption in such notice, the Cooperative shall pay or cause to be paid to, or to the order of, the registered holders of the Bond Series N1-5 to be redeemed, the Redemption Price of such Bonds on presentation and surrender, at the registered office of the Co-operative or any other place designated in such notice, of the certificates representing the Bonds so called for redemption. Such payment shall be made by cheque payable at any branch in Canada of one of the Co-operative's bankers at that time, or such methods as mutually agreed upon by the Purchaser and the Co-operative.

Partial Redemption: In case a part only of the Bond Series N1-5 are at any time to be redeemed, the Bonds so to be redeemed shall be redeemed as nearly as may be in proportion to the amount of Bond Series N1-5 that are registered in the name of each holder of Bond Series N1-5 or in such other manner as the Board of Directors shall determine with the consent of the holders of the Bond Series N1-5 in accordance with the Co-op Act.

Redemption by the Purchaser: The Bonds Series N1-5 are not redeemable by the Purchaser on demand. The Co-operative may, from time to time before maturity, and upon written notice of request for early redemption by the Purchaser, offer to repay all or a portion of the principal outstanding. This is subject to approval by the Board and an early redemption fee of \$75. In the event that a written notice of request for early redemption by the Cooperative and the Co-operative is unable or unwilling to comply with the request, the Co-operative will endeavor to maintain a list of parties that are interested in buying the Securities, and will work towards facilitating a transfer of the Securities on a best efforts basis. There is no guarantee that a willing buyer of the Bonds Series N1-5 will exist at the time the request is made, or that a buyer will exist in the future.

Events of Default: The occurrence of any of the following events shall constitute an event of default;

- If default occurs in the performance of any material covenant or obligation of the Co-operative in favour of the Holder under the Unsecured Convertible Debenture certificate and such default is not waived in writing by the Holder, or by Holders holding, in the aggregate, a majority of the aggregate principal amount outstanding of Convertible Debentures or, to the extent such default may be remedied, such default remains unremedied for a period of 30 consecutive days;
- If an event of default occurs in payment or performance of any obligation in favour of any Person from whom the Co-operative has borrowed money in excess of \$100,000, and such default is not waived in writing or remains unremedied for a period of 30 consecutive days;
- The Co-operative (i) becomes insolvent or generally not able to pay its debts as they become due, (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors; (iii) institutes or has instituted against it any proceeding seeking (X) to adjudicate it a bankrupt or insolvent, (Y) dissolution, liquidation, winding-up, reorganization, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or (Z) the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its properties and assets, and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or (iv) takes any corporate action to authorize any of the above actions;
- If any judgment or order for the payment of money in excess of \$100,000 shall be rendered against the Co-operative and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order, or (ii) there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or
- If any act, matter or thing is done, or any action or proceeding is launched or taken, to terminate the corporate existence of the Cooperative, whether by dissolution, winding-up, liquidation or otherwise.

No Redemption of Bonds upon Withdrawal from Membership: Holders of Bonds Series N1-5 are not entitled to demand the redemption of such Bonds upon their withdrawal from membership in the Co-operative, and the Cooperative is not under any obligation to redeem such Bonds upon a member's withdrawal from membership.

Voting: The Bonds have no voting rights.

Rank: Junior, with respect to the payment of interest and principal on secured debt obligations. Pari Passu, to the payment of interest and principal on Bonds M1-5. Senior, to the payment of dividends on the Class A Preference Shares, Class B Preference Shares and Class C Preference Shares. Senior, to the Class A Preference Shares, Class B Preference Shares and Membership Shares upon dissolution.

Transfer: Subject to a \$75 administration fee, the consent of the Board and to the provisions of the Co-op Act regarding the transfer of Debt Obligations. Such approval shall not unreasonably be withheld.

Dissolution: In the event of the liquidation, dissolution, or winding-up of the Cooperative, whether voluntary or involuntary, the holders of Bonds Series N1-5 shall be entitled to receive, after the retirement of the Term Loans, the amount of principal outstanding, plus any interest earned but unpaid. Upon payment of such amount, the holders of Bonds Series N1-5 shall not be entitled to any further share in the distribution of the property or assets of the Co-operative.