Leveraging Canada’s Social Impact Funds

Implementing the recommendations of the Social Innovation and Social Finance Strategy for Canada

National Impact Investment Practitioners Table

October 2018

Table of Contents

Executive Summary

The National Impact Investment Practitioners Table (NIIPT) is a pan-Canadian, mission-driven, multilingual, mutually supportive and practitioner-led community of practice. The NIIPT currently represents 7 provinces and 20 social finance funds valued at $522 million. The NIIPT also includes seven new funds under development estimated at $1.2 billion.

Over the past several years NIIPT members have provided consultation and recommendations to the government of Canada (GOC) on approaches for using government capital to leverage institutional and private capital, and how best to leverage retail capital to support social finance intermediaries.

The NIIPT strongly supports the recommendations of the Social Innovation and Social Finance Strategy for Canada. In particular, we support the implementation of Recommendation 6 calling on the government of Canada to create a social finance fund (the Fund).

Government of Canada investments of $500 million will catalyze the growth of the social finance sector by mobilizing private and institutional capital. We believe this is best accomplished by segmenting these interventions in two related stages, resulting in a more robust marketplace as larger capital assemblies seek products and intermediaries:

- Stage 1: leverage the growth of existing Canadian social finance funds
- Stage 2: leverage the growth of new Canadian social finance funds

Recent engagement with and analysis of the NIIPT shows that a Government of Canada capital investment of $150 million in existing social impact funds will leverage 3x the existing funds' capital base, with a potential to build these funds beyond the $450 million in existing active capital. Additionally, a government of Canada capital investment of $350 million in funds under development and other new funds will leverage at least $1.05 billion of new private and institutional capital over the next five years.

Context

Enterprises that put shared prosperity first have long thrived in Canada. Provincial and local policy has strengthened those enterprises. Québec's investments, tax credits and regulatory changes have created a vibrant social economy. Nova Scotia's community economic development tax credit has encouraged the proliferation of dozens of vibrant community investment funds. Edmonton and Montreal have invested millions in local funds while Manitoba and Ontario have created hundreds of jobs through enterprises committed to triple-bottom line sustainability.

While we recognize the efforts that the current government of Canada has put forward around social innovation and social finance, countries like the UK, France and the US have leapt ahead in harnessing business and finance for public good. In those countries, it is a strong relationship with federal governments that has allowed these multi-sector efforts to flourish and we feel Canada has fallen behind and historically been largely absent. Together, we have left untapped the potential, fostered by a long history of co-operative and community enterprise, and by rapidly expanding interest among investors, to simultaneously achieve social, environmental and financial goals.

The good news is that **Canada still has the potential to leapfrog the leaders**. The members of the National Impact Investment Practitioners Table have never raised more capital or invested in more high social impact projects than we are now. A robust network of impact investors will welcome a pan-Canadian strategy on social finance that includes investment support for existing funds and funds under development. The growth of social impact investment opportunities will attract new investors to this space, strengthening an ecosystem of intermediaries and entrepreneurs currently managing funds, and working to develop new social impact investment opportunities. These new business models create jobs and serve the needs of communities.

Members of the pan-Canadian National Impact Investment Practitioners Table alone have raised 20 funds worth $520 million that have already invested $330 million into Canadian communities. Our network includes 7 additional funds the pipeline, and a diversity of investors in social finance funds from Nunavut to British Columbia to Nova Scotia.

Recommendation

We recommend that the government of Canada create a social finance Fund as recommended (#6) in the Social Innovation and Social Finance Strategy for Canada. With substantive government of Canada investment, more private capital can be raised by impact funds and entrepreneurs and drive more resources into capable hands. Impact investment supports building affordable housing, reducing carbon footprints and supporting the employment of vulnerable people. These are key elements of an economy that works for everyone. With effective federal engagement, Canada could demonstrate to the world how an inclusive economy works – mobilizing both its strong foundations and very good fortune to become the first country to declare it has met the Sustainable Development Goals.

As detailed below, the government of Canada should commit $500 million in support of the Fund. The GOC investment can be made in two stages – first to leverage existing social impact funds and to allow these funds to strengthen and grow, and the second to assist in accelerating the development and deployment of new social impact funds. The GOC has made comparable investments in the Venture Capital Action Plan (VCAP) with positive results.

The VCAP was successful in attracting private capital to the Canadian venture capital sector – $400 million of government capital leveraged over $900 million of private capital. A $500 million investment in the Fund will leverage investments of $1.5 billion, based on current modeling as outlined below.

The Fund would be used to assist in the capitalization of new funds and the growth of the sector. It would be mostly simply structured with the GOC as the sole investor, directly leveraging the capital of other investors in each specific fund and potentially indirectly leveraging additional capital at the deal or project level. It is also possible to structure the Fund using alternative delivery models. These structures will be more complex and longer in implementation.

The Fund can be structured similarly to the VCAP program in terms of the type and degree of subordination by Canada. The one notable piece missing for the Fund is an existing set of social finance fund intermediaries as exists for venture capital. This gap would need to be filled on a basis that is satisfactory to the GOC, the underlying funds and consideration of the need for regional diversification.[1]

[1] If structured to accept other investors with Canada in the Fund it should be noted that, unless restricted, this may cannibalize efforts by the underlying funds themselves to find investors. One potential option that would currently result in only a very small amount of cannibalization, would be to encourage publicly traded mutual funds to participate at the fund of funds level. This could leverage retail capital via existing mutual funds contributing less than 10% of their fund assets to the fund of funds. New Market Funds has made direct partnerships of this nature with Ocean Rock, via its Meritas Funds, into two of its fund offerings. We think this is an excellent way of allowing existing retail investors to support the social finance fund in Canada but by leveraging existing liquid mutual funds that also have their own distribution channels. We have had some early conversations with mutual funds on this concept and, while very early, have generally found a positive reception. It should be noted that this would add a significant level of additional complexity, time and risk to the Fund. One approach might be to stage the Fund with the first deployment by Canada only, and a second deployment that would consider public mutual fund participation as well.

Segmented Interventions

In order to manage and accelerate capital in the social finance ecosystem, we believe making a two-stage GOC investment will result in immediate impact in attracting and supporting the pioneering impact investors, and in the longer term create a more robust market as larger capital assemblies seek products and intermediaries.

The first stage would leverage the growth of existing social finance funds in Canada – the Social Finance Accelerator Fund (Accelerator Fund). The Accelerator Fund will leverage existing social finance funds to increase the scale of the sector. To avoid impacting existing investor capital, we recommend that Canada invest in these funds on a fully subordinated basis. We estimate that this investment of $150 million will leverage 3x the existing ecosystem of existing funds, raising the potential capital deployed by these funds to more than $600 million.

The second phase would leverage the growth of new social finance funds in Canada – the Social Finance Launch Fund (Launch Fund). The Launch Fund builds on the fund growth that will be supported by the Accelerator Fund by establishing a fund of funds with increased scale and scope, all while leveraging the previous work and approach used by Canada under the Venture Capital Action Plan ("VCAP").[2] The Launch Fund will support the social impact funds currently under development and funds that will be developed in the near future.

Catalyzing Private Capital

In structuring the Fund, the intention is to utilize the key elements of the VCAP, while acknowledging the differences in the social finance marketplace and among social investment ecosystem participants when compared to the Canadian venture market and its funds. The Fund, in its two components, can operate in a manner similar to that of VCAP, including:

- Government funds 90% until all its capital is called;
- Private investors receive 90% of all distributions until their original capital is returned together with a preferred return of 8%; then
- Government receives 90% of all distributions until its original capital is returned together with a preferred return of 8%; and then
- Private investors receive 90% of all distributions and the GP receives 10% for direct investments, subject only to a home run clause.

The key benefits to private investors of this approach are:

- Enhanced upside
- Limited downside
- Far lower average invested capital
- Ability to invest at scale

[2] With the possible added benefit of including a channel for mutual funds to invest in the fund of funds, it could allow retail investors to also indirectly participate in the Fund.

Leveraging Government Capital

Key Principles

There is a need for a diversity of interventions to accelerate investment in the social finance sector. New Market Funds, together with other NIIPT members, developed 10 key principles to guide a "Made in Canada" set of solutions for accelerating social finance in Canada. These principles were shared with the Social Innovation and Social Finance Advisory Committee:

1. The robust and continuous engagement of civil society, and active mobilization of non-government capital to create a diverse and strong social finance system;
2. A focus on asset-mapping and the energetic leveraging of the expertise, capacity, relationships and scale of existing intermediaries – appreciating the array of current strengths as well as persistent gaps among ecosystem stakeholders;
3. Build on the lessons, successes and promise of Canadian models for attracting capital for impact outcomes – Fiducie Chantier, Resilient Capital, Social Capital Partners, Social Enterprise Fund, New Market Funds, Sarona, Venture Capital Action Plan, CEDIFs, Canadian Co-operative Investment Fund, etc.;
4. Respect for the regional, thematic and structural diversity of the ecosystem, the current provincial and territorial infrastructure and the need to allow for local responsibility and multisector partnerships in allocating investment capital, capacity-building resources and support for social finance intermediaries;
5. Vigorous knowledge sharing among regions, sectors and initiatives to identify what works, what has been learned and what is needed;
6. A catalytic as well as de-risking role for government investment, designed to attract additional investment at the fund level and deal level – recognizing a continuum among the range of investment products from low leverage and high social return, to high leverage with support needed across the continuum in order to effectively meet the needs of communities and generate social innovation;
7. Community-informed capacity-building investment by the Government of Canada on the demand side, directed by leading intermediaries, as a necessary requirement for growing the social finance marketplace, again recognizing a continuum of capacity needs from fairly limited (social infrastructure) to quite extensive (social enterprise);
8. Sufficient capital resources to meet the current market demand, intentionally designed for scaling to meet future demand;
9. Thoughtful attention to international examples, particularly those from decentralized federal models; and
10. Relevant, rigorous, consistent and transparent impact reporting by capital recipients.

GOC Investment Risk

An analysis has been conducted to determine the projected risk to the GOC of an investment in existing funds and funds under development. The study was conducted to understand and quantify this risk, based on current experience. Details of the study are presented in the subsequent sections of this report.

Risk Assessment Methodology

The analysis includes existing data provided by NIPPT funds and related funds (existing funds) and funds under development (developing funds).

The data used in the analysis was voluntarily self-reported to New Market Funds Society (NMFS) by members of the NIIPT and others. All participants were informed of the purposes and intentions for the data collection. NMFS worked to ensure consistent format and reporting of data.

Inclusion Criteria

All members of the NIIPT were invited to provide data for this report. Two additional participants, InvestEco and CoPower, not currently members of the NIIPT, were invited to participate in the analysis. These entities operate funds that are similar to those of NIPPT members, and consistent with the intent of social impact investments. Criteria for being a member of the NIIPT are included in Appendix I and a list of full NIIPT fund mandates are included in Appendix II.

Sample Size

The analysis includes 16 fund managers and sponsors responsible for 20 existing funds and 7 new funds under development. For the analysis, NMFS did not seek to more broadly canvass other entities not affiliated or known to NIPPT.

IRR Methodology

The IRR for the existing NIIPT funds is calculated on a weighted-average basis using the total fund size and each fund’s IRR, which is a blended amount of the actual returns received to date and the estimated returns on deployed and undeployed capital.

The IRR for the developing funds is calculated on the same basis as above, however is weighted using projected fund size and projected fund IRRs.

Loan Loss Methodology

The method used in estimating loss rate of the existing 20 NIIPT funds was to first segment them into funds that are still open to make new investment and funds that are not. The weighted-average estimated loss rate (“ELR”) for open funds was found by taking each fund’s size and multiplying by its estimated loss rate. The weighted-average ELR for the open funds is 4.48% and was chosen for the purposes of estimating the loss provisions on GOC funds. For all NIIPT funds, the weighted-average ELR is 3.35%.

To find the ELR for the developing funds, the existing funds were segmented three ways and the ELR found for each segment:

1. funds in which 100% of the investments will be backed or secured by real assets or contracts; investments covered by other asset or revenue source commitments and therefore where there is low risk to investors)[3]
2. funds in which the portion of the backed or secured investments is less than 100%
3. funds in which there will be no backed or secured investments

The loss rates for each category are then assigned to the relevant developing funds resulting in a weighted-average ELR of 1.90%.

It should be noted that for both the existing funds and developing funds, the current and targeted fund-level loss reserves, which would absorb losses ahead of a GOC investment, were ignored. Thus, the ELRs as calculated above result in the worst-case scenario loss provisions for a GOC investment.

For the purposes of the ELR calculations the Federal investment has been structured as a 100% subordinated investment. It is possible to structure this investment as a partial first loss provision (no return assigned to the first loss provision) and a portion with normal fund returns – this latter portion will attract a return and in part offset any potential losses in the investment that is used for loss purposes.

It is also possible to structure the investment as a subordinated loan, with a low interest rate and bullet principal repayment at the end of the fund life. The rate of interest on the loan will be sufficient to compensate for projected capital losses. These returns can be deferred to a point of maturation of the fund or to a pre-determined investment horizon for evergreen funds. Where these loses are not realized by the fund, the income can either be paid to the GOC or returned to the fund on reimbursement of the initial GOC investment. In this way the GOC has a hedge against losses in the fund, without significant impairment of the leverage value of the GOC investment or causing a drag on fund returns that will deter private investment in the funds.

[3] There are different forms of security that can be provided to provide an assurance of repayment for an investment – these include the pledge of real estate, other capital assets, cash flows, and revenues gained through existing contracts.

Results

The results are divided into two categories – existing NIPPT funds and related funds (existing funds) and funds under development (developing funds). The detailed analysis can be found in Appendix III. Within the existing funds category, there are funds which are currently accepting new investments (open funds) and those that are capped or closed to new investments (closed funds).

	Existing NIIPT Funds	New NIIPT Funds*
Total Assets under Management (CAD)	$522 million	$1.24 billion
Percentage of Funds Committed[4]	77.7%	0%
Percentage of Funds Backed/Secured by Assets	79.4%	87.7%
Realized Loss Rate on Backed/Secured Funds	2.7%	N/A
Estimated Life of Funds Loss Rate	3.4%	1.9%[5]
Percentage of Funds held as Reserves	16.7%	0.14%
Target Gross IRR[6]	7.2%	4.15%

**New NIIPT Funds data are based on targets and projections*

Internal Rates of Return (IRRs)

Existing, Open NIIPT Funds

- Weighted-Average IRR (target): 7.20%
- Weighting by: Fund size
- Range: 3.5 – 20%
- Sample Size: 16 funds
- The IRR is skewed to the lower end by a fund 1.7x larger than the next largest.

NIIPT Funds in development

- Weighted-Average IRR: 4.15% (target)
- Weighting by: Target fund size
- IRR Range: 2.0 - 20%
- Sample Size: 7 funds
- The IRR is skewed to the lower end by a fund targeted to be 10x larger than the next largest.

Estimated Loss Rates

The weighted-average Estimated Loss Rate (ELR) for all existing funds is 3.35%. The ELR for the open funds is 4.48%. The weighted-average ELR for the developing NIIPT funds is 1.90%. The higher value was chosen for the purposes of estimating the loss provisions on a GOC investment.

[4] Committed here describes the amount of fund capital committed to investments.

[5] The self-reported estimated life of funds loss rate for new NIIPT funds was 0.0%. Our ELR calculations estimate it is 1.9%.

[6] 7.2% IRR using only open funds; 9.62% IRR for all funds.

Next steps

The government of Canada has before it the recommendations of the Social Innovation and Social Finance Strategy for Canada. We strongly believe that these recommendations should be acted upon, and in particular Recommendation #6 calling for the creation of a fund of funds.

To give effect to this recommendation the GOC should, through the federal budget 2019:

- Implement a **Social Finance Capital Action Plan**
- Create a **Social Finance Accelerator Fund** and allocate **$150 million** for investment in existing social finance funds on a leveraged basis of 3:1 (funds/GOC investment)
- Create a **Social Finance Launch Fund** and allocate **$350 million** for investment in the support of developing and new social finance funds
- **Adopt the principles for leveraging GOC capital investments** as outlined in this report

Appendix I – About the NIIP Table

Definition

The National Impact Investment Practitioners Table ("NIIPT" or the "Table") was established in Spring 2014. It is a pan-Canadian, mission-driven, bilingual and practitioner-led community of practice. The NIIPT defines an impact investment practitioner as someone who represents an entity that:

- Is Canadian-based and Canadian-owned;
- Has an established capital base;
- Provides capital to generate market-based or concessionary financial returns, as well as measurable social and/or environmental enterprises;
- Invests primarily in non-publicly traded Canadian enterprises; and
- Provides publicly accessible reports on its activities.

NIIPT Mandate

The Table brings together a wide range of Canadian expertise and works collaboratively to share best practices, identify shared policy priorities and speak as a single voice in shaping a strong, enabling environment for social finance in Canada and around the world. The Table meets regularly by phone and annually in person.

Fund Mandates

The NIIPT represents a wide range of sectors and objectives in its collective set of fund mandates, including creating more affordable housing; renovating existing affordable housing; providing flexible financing for co-operative and non-profit enterprises; building the non-profit sector's development capacity; supporting new social enterprises and entrepreneurs; providing low-interest loans for to newcomers to Canada; investing in renewable energy products; and supporting high-growth food and agriculture companies. A summary of fund mandates can be found in Appendix II and complete fund profiles are included in Appendix IV.

Collective Experience

In collaboration with Employment and Social Development Canada (ESDC), early NIIPT members came together to publish *Eight Tracks: Impact Investing in Canadian Communities*. This resource summarized lessons learned and best practice across 8 social finance funds in Canada. The 8 case studies illustrate a diverse set of fund models and have helped to inform the development of many more social finance funds to date.

Current Scale

The NIIPT currently represents 20 social finance funds valued at $522 million. Individual funds range in size from $300,000 to $140 million with a median fund size of $17.3 million. The Table also includes 7 new funds under development valued at $1.2 billion.

Geographic Diversity

As illustrated in the map below, the current NIIPT represents 11 regions and 7 provinces.

Appendix II – NIIPT Fund Mandates

Existing Funds

Canadian Co-operative Investment Fund LP: Serve the capital needs of the co-operative sector through the provision of loans, quasi-equity and equity that are tailored to the specific co-operative model.

Chantier de l'économie sociale Trust: Stimulate the expansion and development of collectively run enterprises by improving their access to financing and by enhancing the capitalization of social economy enterprises. The trust also grows the social economy by creating additional investment funds with other partners to respond to specific needs.

Community Forward Fund: Provide access to financing for Canadian non-profits and charities with positive social and community impacts.

Community Housing Renovation Fund: Provide funds for cooperative and not-for-profit housing organization, with the goal of financing significant renovation projects without affecting the rent paid by tenants and providing groups with more maneuvering room to cope with the challenges of the end of the federal operating agreement.

CoPower Green Bonds: Senior debt financing to portfolios of distributed renewable energy generating and energy efficiency projects (geothermal, LED retrofits, solar).

InvestEco Sustainable Food Fund LP: The Fund's mandate is to invest primarily into high-growth private food and agriculture related companies that have a strategic advantage in the market by virtue of their brand, distribution channels, supply chains, processing capabilities, or proprietary technologies.

InvestEco Sustainable Food Fund II LP: The Fund's mandate is to invest primarily into high-growth private food and agriculture related companies that have a strategic advantage in the market by virtue of their brand, distribution channels, supply chains, processing capabilities, or proprietary technologies.

MaRS Catalyst Fund: To invest in early-stage, Canadian companies following impact business models. Invests in companies in health, education and clean technology.

New Commons Development I LP: Capitalize a non-profit real estate developer in order to maintain and increase the current stock of community-owned assets and build the non-profit sector's development capacity.

New Market Funds Affordable Rental Housing Fund I LP: Stabilized, new built and substantially-renovated affordable multi-family housing, in partnership with strong existing non-profit, coop, and municipal housing providers.

Nova Scotia Co-op Council: Provide Financing to Nova Scotia small businesses, co-operatives, social enterprises, resource sectors, community development and immigrant businesses.

Renewal2: A mission venture capital fund investing in early-growth stage companies in Canada and the U.S. that deliver meaningful environmental or social impact.

Renewal3: A mission venture capital fund investing in early-growth stage companies in Canada and the U.S. that deliver meaningful environmental or social impact.

Rhiza Capital: Impact investing into Canadian social ventures, co-ops and community initiatives, currently focused on investors and impact ventures in BC.

RISQ: To contribute, with our expertise, to the development of social economy enterprises in Québec by accessible financial tools adapted to their specific characteristics and phases of development.

Social Enterprise Fund: To provide access to financing to Alberta's social enterprises and social entrepreneurs of any corporate structure.

St. John Community Loan Fund: Previous was micro-loans for self-employment and employment/ now includes social enterprise and housing development loans and will pilot a couple of equity investments.

Supporting Economic & Economic Development (SEED): Provide low-interest, flexible loans for newcomers seeking qualification or credential recognition.

Vancity: A Fund of Funds which is in the process of investing the Fund in diversified impact focused investment funds across Canada. Approximately 10% of the Fund will be invested in fixed income funds.

VERGE: Partnership with the SVX and local investors with funding from Government of Ontario, the VERGE Breakthrough Fund offers loans to social enterprises, affordable housing projects and impact real estate. We connect with regional partners in southwestern Ontario to build strong local social enterprise and social finance ecosystems.

New Funds Under Development

Alliance des propriétaires et gestionnaires développeurs d'habitation sans but lucratif du grand Montréal: New built affordable multi-family housing, in partnership with strong existing non-profit, coop, and municipal housing providers.

CoPower Green Infrastructure Fund LP: The funds will be used to provide equity, quasi-equity or royalty-linked financing for the installation and/or construction, as well as the operation of clean energy, energy efficiency and other carbon reducing infrastructure projects in Canada.

InvestEco Sustainable Food Fund III LP: The Fund's mandate is to invest primarily into high-growth private food and agriculture related companies that have a strategic advantage in the market by virtue of their brand, distribution channels, supply chains, processing capabilities, or proprietary technologies.

New Market Funds Affordable Rental Housing Fund II LP: Stabilized, new built and substantially-renovated affordable multi-family housing, in partnership with strong existing non-profit, coop, and municipal housing providers.

Renewal 4: A mission venture capital fund investing in early-growth stage companies in Canada and the U.S. that deliver meaningful environmental or social impact.

St. John Loan Fund: Purchase and renovate buildings; and or invest in new builds of a medium size; and leverage social enterprise contractor construction.

Student Housing Investment Fund: Provide funds to accelerate and systematize new initiative emerging from social economy student housing groups.

Appendix III – Loan Loss Analysis

Objective

The objective of the review of the loan loss ratios from the NIIPT funds is to estimate the required loss provision against the GOCs investment in a Social Finance Fund, depending on the level of subordination the GOC accepts.

Assumptions

It is assumed that any new Social Finance Fund launched by the GOC would consist of two parts:

1) A portion of the GOC funds will be directed to re-leverage existing NIIPT funds that are open for investment.
2) The second portion of the GOC funds will be used to leverage new NIIPT Funds.

These assumptions are necessary as, in the case of the existing open funds, it is expected that the GOC may need to accept 100% subordination due to the fact that these funds will already have their partnership and other investment agreements signed. In partnering with the NIIPT on their new funds, the GOC will have more discretion on the amount of subordination accepted. It is also assumed that the GOC will aim to leverage NIIPT funds 3:1 on average.

Re-Leveraging Existing NIIPT Funds

The method used in finding the estimated loss rate (ELR) of the existing 20 NIIPT funds was to first segment them by the funds that are still open for new investment, as the remaining funds would be unable to leverage new capital from the GOC. Once segmented, the weighted-average estimated loss rate (all open funds) is found by taking each fund’s size and multiplying by its estimated loss rate.

Given that the open funds have already signed partnership and other investment agreements, it has been assumed that the GOC would accept 100% subordination for any funds invested alongside the NIIPTs open funds. On that basis, we have estimated 1) the potential losses for the GOC and 2) the capital put to work in Canadian communities by accepting said losses, under varying ELRs.

Estimated Loss Provisions for Existing NIIPT Funds

The total capital committed to open funds is $384.96 million at this time and the additional estimated GOC investment is $128.32 million. The weighted-average estimated loss rate for the open funds is 4.48%.

The actual losses are likely to be lower than those projected above. This can also be mitigated if the GOC does not invest all of its capital as subordinated capital in the Social Finance Launch Fund and would therefore be the beneficiary of earnings on that portion of its investment. These earning will serve to partially offset any losses in the Fund.

Estimated Loss Provisions and Funds Leveraged @ 100% Subordination		
Estimated Loss Rate *	Loss Provision Required	Funds Leveraged
4.48%	$23.00 M	16.7x
5.00%	$25.66 M	15.0x
6.00%	$30.80 M	12.5x
7.00%	$35.93 M	10.7x
8.00%	$41.06 M	9.4x

** Worst-case scenario ELRs, as existing fund-level loss reserves are ignored*

It is also possible to structure the investment as a subordinated loan, with a low interest rate and bullet principal repayment at the end of the fund life. The rate of interest on the loan will be sufficient to compensate for projected capital losses. These returns can be deferred to a point of maturation of the Fund or to a pre-determined investment horizon for evergreen funds. Where these loses are not realized by the Fund the income can either be paid to the GOC or returned to the Fund on reimbursement of the initial GOC investment. In this way the GOC has a hedge against losses in the Fund, without significant impairment of the leverage value of the GOC investment or causing a drag on fund returns that will deter private investment in the Fund.

Leveraging the New NIIPT Funds

The first step in estimating the GOC loss provisions is finding the ELRs for each new fund. This was done by finding the loss rates of the existing funds, segmented three ways:

1) funds in which all investments are backed or secured (100% backed or secured)
2) funds in which less than all investments are backed or secured (<100% backed or secured)
3) funds in which no investments are backed or secured (0% backed or secured)

The loss rates for each of those categories are then assigned to the new funds, based on which category the new fund is expected to fall into.

The weighted-average ELR can then be found by multiplying each fund's target capital amount by the assigned ELR.

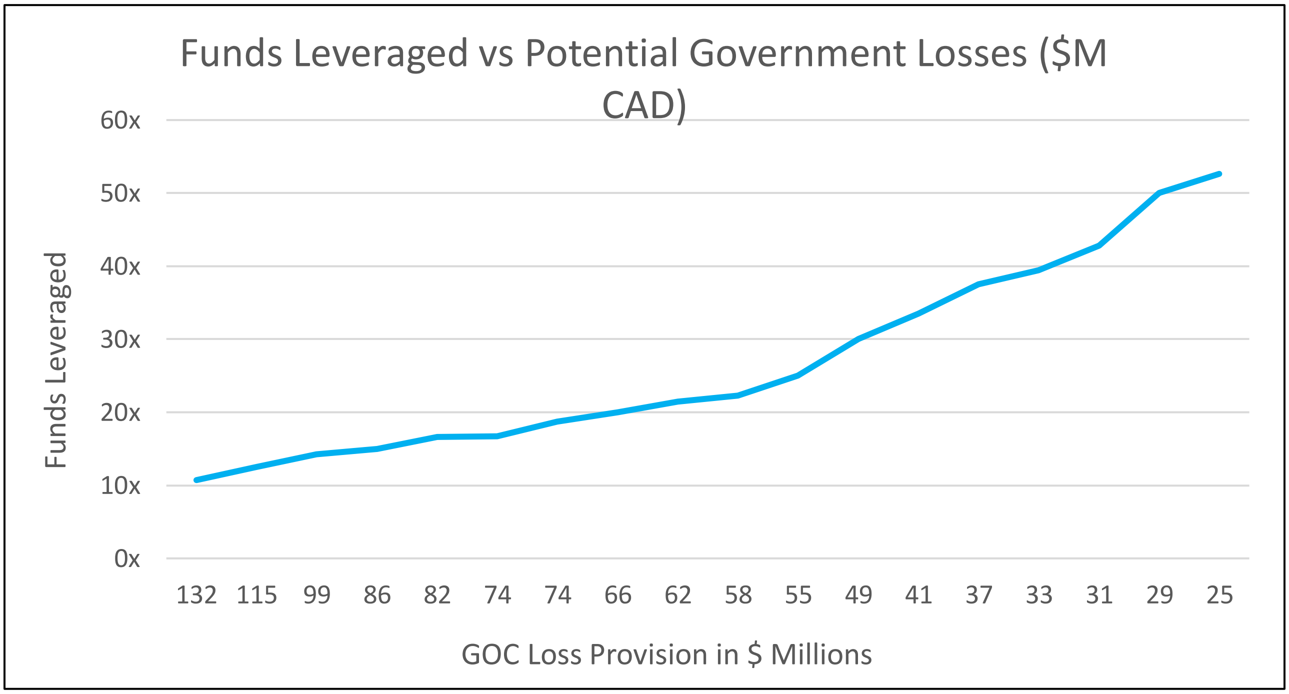
Estimated Loss Provisions for New NIIPT Funds

The current targeted capital amount for the new funds is $1.235 billion and the additional estimated GOC investment is $411.67 million, for total funds of $1.647 billion. The weighted-average ELR for the new funds is 1.90% which, though significantly different from the ELR of the existing funds, is driven by the assumption of the NIIPT that the majority of the new funds' underlying investments will be backed or secured. Therefore, most losses can be absorbed at the deal level ahead of the GOC loss back stop.

The loss provisions are the amounts that could be set aside, or called upon, should the losses be realized. The mechanism for this set aside or access to the loss-provision capital will vary depending on the structure selected for providing against this loss. The provision can be held at the fund of funds level or at the fund investment level.

Loss Provisions Across Subordination Amounts and ELRs ($M)					
Estimated Loss Rate *	Amount of GOC Subordination				
	100%	75%	50%	25%	0%
1.90%	$31.28	$23.46	$15.64	$7.82	$7.82
4.48%	$73.77	$55.33	$36.89	$18.44	$18.44
5.00%	$82.33	$61.75	$41.17	$20.58	$20.58
6.00%	$98.80	$74.10	$49.40	$24.70	$24.70
7.00%	$115.27	$86.45	$57.63	$28.82	$28.82
8.00%	$131.73	$98.80	$65.87	$32.93	$32.93

** Worst-case scenario ELRs, as existing fund-level loss reserves are ignored*



APPENDIX lV – NIIPT MEMBER PROFILES

WHY

Flexible financing

In 2012 more than 74% of co-operatives surveyed reported that access to capital was a key challenge, and 1 in 5 reported that this was a barrier to growth. This is a particularly critical issue as co-operative enterprises are more than twice as likely to have expansion plans as compared to other small- and medium-sized enterprises.

HOW

Patient capital & Impact investing

The Canadian Co-operative Investment Fund (CCIF) is the result of years of work among co-operative organizations and financial institutions. **CCIF serves the capital needs of the co-operative sector** through the provision of loans, quasi-equity and equity that are tailored to the specific co-operative model. The current $25 million Fund has approved over $1.5 million in initial investments across 3 provinces in the first 3 months of operations.

WHAT

Community impact

The Canadian Co-operative Investment Fund has approved loans to 6 co-operative enterprises in 3 provinces. These enterprises are providing new affordable housing, renovating existing affordable housing, supporting micro-lending programs for co-operatives, expanding a fair trade coffee business and expanding a co-operative grocery store.

WHO

In partnership

CCIF partners with values-aligned co-operative and institutional investors to create flexible pools of capital that serve the financing needs of the co-operative sector.

Values-aligned investors

Affinity Credit Union
ConnectFirst Credit Union
Co-op Arctic Co-operatives Limited
Co-operative Housing Federation of Canada
Money doing more. Assiniboine Credit Union
Co-operatives and mutuals Canada
Desjardins
Credit Unions Atlantic Canada
Freedonia
Caisse Populaire Alliance
Kindred Credit Union
the co-operators
Servus credit union
CWCF FCCT
Vancity
Concentra

WHERE

Nationwide

The Canadian Co-operative Investment Fund lends to co-operative enterprises across Canada.

WE CAN LEVERAGE MORE IMPACT WITH CANADA'S SUPPORT

Patient capital from the government of Canada would help to leverage the existing capital that CCIF has raised and the impact it has created. CCIF has a strong pipeline of over $6 million co-operative opportunities that would creating long-term, positive impact in their communities. With $25 million in new patient capital from the government of Canada, CCIF could **manage additional investment risk, attract additional Fund investors, leverage even more community impact and continue to build and grow Canada's co-operative sector.**

OPPORTUNITY

Current Pipeline

CCIF has over $6 million in financing opportunities in the pipeline. These opportunities span over seven provinces and include organizations promoting affordable housing, sustainable agriculture, renewable energy, and local food and beverage.

First Approved Investment

Kootenay Country Store Co-op - Nelson, BC

- Member-owned co-operative established in 1975 to provide the community with access to high quality, local, sustainable and organic products at a reasonable price
- Largest non-government employer in the Nelson region employing over 175 people
- 13,000 members in a community of 10,000 people; 100 to 150 new members added each month.
- Financing from CCIF will help the co-op build an outdoor weatherized patio to expand its seating area which is otherwise at maximum capacity

> "Our move into our new store in December 2016 added a new food services department and seating area, which rapidly became the community hub we hoped for. Thanks to the loan from CCIF, we are now able to expand our seating area through the addition of an exterior patio area."
>
> *- Allan Broom, General Manager, Kootenay Country Store Co-operative*

RECAPITALISATION OF THE CHANTIER DE L'ÉCONOMIE SOCIALE TRUST

WHY

To be able to continue to offer patient capital to social economy enterprises across Quebec. The Chantier de l'économie Trust offers long term capital to allow cooperatives and enterprising non-profits to create and expand their social enterprises in a wide variety of sectors. Over the past 10 years, the Trust has made 57M$ in investments in 176 collective enterprises across Quebec. These investments have generated 411M$ in overall invesment and created or consolidated 3300 jobs and 759 workplace training positions.

WHAT

Social and environmental impact

The Chantier de l'économie sociale Trust provides loans with a 15-year capital repayment moratorium. Patient capital financing helps to support start-up and expansion projects and real estate investments by social enterprises. Local community involvement and support is a requirement for these enterprises that all have social, environmental or cultural missions. This community based approach has produced results: the loss rate is much lower than in the traditional private sector.

WHO

In partnership

Two major pension funds and Investment Quebec have already committeed to recapitalising the fund with investments of 30M$. They were the initial investors after the the federal government, through the social economy initiative in 2004-05, offered start up capital to create new investment tools for the social economy. A contribution by the federal government to this final round of funding will allow the Trust to maintain its level of investment in future years without any more need for capitalisation, as initial investments will be repaid and the money reinvested.

WHERE

Across Quebec

The Trust invests in all Quebec regions, including investments in First Nations' communities.

WE CAN LEVERAGE MORE IMPACT WITH CANADA'S SUPPORT

The Trust will be able to respond to a constantly increasing demand for patient capital from cooperative and non-profit ventures across Quebec. The federal government contribution will complete a financial structure which will allow the Trust to continue to invest without further contributions in the future, as the original investments will begin to be paid back in a lump sum in 5 years..

OPPORTUNITY

A few examples of investments to Date

- Guyenne Greenhouses: in the Abitibi region of Quebec, support for this thriving cooperative in this rural northern region of Quebec to buy new equipment:for its greenhouses and its tomato production. Investment of 350,000$ i
- Coopérative de solidarité Wabak: Allowed the Anishnabe community to open a grocery and hardward store on the reserve as the closest store was 37 km away. Investment of 250,000$
- La Maison d'Haiti: Community centre purchased by the Haitien community in Montréal Nord. Investment of 1,500,000$
- Cinéma Beaubien: a Montreal neighbourhood mobilisation has allowed the community to continue to benefit from a local cinema with high level programming through an enterprising non-profit Investment of 780,000M$
- Coopérative de musician Le St-Phonic allowing musiciens to share space for creation and other activities. Investment of 275,000
- CHGA FM a community radio in rural Ouataouais. Investment of 240,000$
- Part du Chef: an enterprising non-profit offering catering services and food products for the elderly while training the long term unemployed in a process of labour force integration
- Alimentation Port Cartier: a food cooperative on Quebec's North Shore allows access to quality products and lower prices for local residents. Investment of 275,000$

A UNITED WAY (CENTRAIDE) COALITION TO BUILD A FUND FOR COMMUNITY ORGANISATIONS IN THE MONTREAL REGION

WHY

Community organizations offering essential services to local communities, and particularly those living in poverty and social exclusion, are being forced to put more and more of their budget into simply paying rent. This is putting pressure on funders to increase contributions, but the end result is not more community services. In order to break the cycle, United Way of Montréal (Centraide) is leading a process to create an investment fund that would allow community groups to become owners of community real estate.

HOW

Patient capital

Based on the model of patient capital developed by the Chantier de l'économie sociale Trust, the project is to create an investment fund offering low rates to community- based non-profits by combining private investment with an expectation of reasonable return and non-refundable contributions by government. Private investors including pension funds, foundations and the City of Montreal are interested in investing in such a tool. To reach its objective, the fund would require new public money in this could be done by transforming money put aside as grants for social infrastructure to capitalize an intermediary, thus assuring maximum leverage of federal dollars and bringing the interest rates to a low enough level for community groups to use.

WHAT

Community impact

This initiative will have short, medium and long-term impact. It will strengthen the community sector and individual community organizations by stabilizing their infrastructure costs and helping them build an asset base for the future. Initiatives in community real estate will also play a role in revitalizing poor communities in the city.

WHO

The initiative is supported presently by: Chagnon Foundation. Béati Foundation, Fondation Dollar d'Argent, Saputo Foundation, McConnell Foundation, Caisse d'économie solidaire, Caisse de dépôt et de placement, Investissement Québec. Fonds de solidarité Fondaction, City of Montréal, Coalition montréalaise des tables de quartier, Chantier de l'économie sociale Fiducie du Chantier de l'économie sociale. United Way (Centraide) plays a coordinating role. ,

COMMUNITY FORWARD FUND | FONDS DE PROGRÈS COMMUNAUTAIRE

WHY

Flexible financing

In Canada, few traditional lenders feel comfortable evaluating the ability of non-profits and charities to accept loans and therefore only offer financing in restrictive and often costly circumstances. While grants will always be important for these organizations, there is a need for new forms of financing and access to priced capital for growth and development of new infrastructure.

HOW

Patient capital & Impact investing

Community Forward Fund (CFF) helps non-profit and charitable organizations by **filling the financing gap** and providing interest-bearing loans that are tailored to the organizations' specific needs. Loans can be tailored to the specific needs and financial circumstances of borrowers, and rates reflect an understanding of the real risks related to the project and organization. The current $11.08 million Fund has advanced $13 million in loans across 6 provinces.

WHAT

Community impact

Community Forward Fund has provided loans to over 38 charities, non-profits or social enterprises across Canada. These organizations are providing safe and affordable housing for families and Indigenous communities; creating spaces for communities to appreciate and practice the arts; preserving land and reducing greenhouse gas emissions; providing improved access to healthy, local products; and so much more.

WHO

In partnership

Community Forward Fund partners with values-aligned foundation and institutional investors to create flexible pools of capital that serve the financing needs of the non-profit sector.

Values-aligned investors

Hamilton Community Foundation | Inspirit Foundation / Fondation Inspirit | La Fondation McConnell Foundation | Jamscor Inc. | The Kitchener and Waterloo Community Foundation | Lawson Foundation | Lyle S. Hallman Foundation | Niagara Community Foundation | Ottawa Community Foundation

WHERE

Nationwide

Community Forward Fund lends to non-profit and charitable organizations across Canada.

WE CAN LEVERAGE MORE IMPACT WITH CANADA'S SUPPORT

Patient capital from the government of Canada will help to leverage the existing capital that Community Forward Fund has raised and the impact it has created. It will also be catalytic in attracting new capital to the Fund. CFF has a strong pipeline of organizations that are creating long-term, positive impact in their communities. Patient capital would not only increase the number of organizations that CFF can finance, it could also **drop the cost of financing for our borrowers** and, as a result, leverage even more projects. **With $10 million in new patient capital from the government of Canada, CFF can leverage $10 million of additional investment at the fund level to finance over $25 million in the community.**

#90-425 Carrall Street, Vancouver, BC V6B 6E3
#400-119 Spadina Avenue, Toronto, ON M5V 2L1
info@communityforwardfund.ca
www.communityforwardfund.ca

OPPORTUNITY

Current Pipeline

Community Forward Fund has over $6.5 million in financing opportunities in the pipeline. These opportunities span over five provinces and include organizations promoting environmental stewardship, theatre and arts, health services, affordable housing and services for highly vulnerable populations, education, recreation and renewable energy. CFF is also being asked to respond to demand for capital from Indigenous financial intermediaries investing in economic development initiatives.

Selected Existing Investments

- A revolving loan to Ulnooweg, a **non-profit Aboriginal Financial Institution supporting Atlantic Canada**, to help fund loan demand from its community
- Development of **five affordable supported housing units** for Blood Ties Four Directions Society in Whitehorse, Yukon
- Purchase of **solar panels** for the Tucker House in Ottawa
- A 33-unit **affordable housing building** for Four Feathers' Housing Co-operative's Indigenous seniors
- Creation of a **community-owned non-profit grocery store** in Hamilton called the Mustard Seed Co-operative Grocery
- A **bridge loan** for the B.A.A.N.N. Theatre Centre in Toronto

COPOWER

WHY

Underserved Distributed Clean Energy Market

Traditional energy infrastructure consists of highly centralized, large, often dirty power production. The decarbonized energy system of the future is made up of smaller, more distributed, clean energy projects. Proven technologies can help our buildings and communities operate more efficiently and generate their own clean power, today -- but lack of available financing remains a barrier to deployment, as mainstream infrastructure investors are typically set up to undertake larger transactions. Meanwhile, most Canadians have limited access to opportunities to invest in clean energy infrastructure. CoPower was founded to bridge this gap. Our mission is to unlock capital for climate solutions by empowering Canadians to participate in, and profit from, our low carbon transition.

HOW

Niche Expertise and Mission-aligned Capital

CoPower partners with developers and engineering firms to provide debt, equity and quasi-equity financing solutions for projects that generate steady, ongoing revenues from the sale of clean power or from efficiency services. We package these loans and investments into financial products: green bonds and funds that are easily accessible to investors, from foundations, to financial institutions, to individual Canadian retail investors.
To date, CoPower has deployed $25M to over 800 projects. Technologies financed include solar PV, geo-exchange, and a variety of building efficiency retrofits. Our future investment pipeline also includes frontier technology markets, such as renewable natural gas and battery storage.

WHAT

Carbon Avoidance; Market Building; Democratization of Impact Investing

CoPower-financed projects result in nearly 7,000 tonnes of CO_2 avoided annually -- a figure that is growing steadily as we grow our portfolio of loans and investments. Our impact scales directly with capital invested, which enables the development of new distributed clean energy projects, and accelerates markets by helping project partners scale pioneering business models, such as geothermal-as-a-service. As a registered exempt market dealer with a proprietary online investment platform, we make it easy for Canadian investors of all sizes to align their portfolio with their values by investing in simple, diversified financial products backed by clean energy infrastructure.

WHO

Investment Partners

Mission-aligned Shareholders: RBC, good&well, FONDACTION Donner du sens à l'argent.

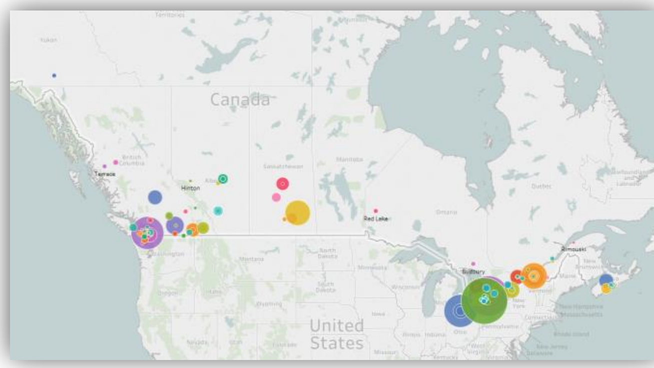
Green Bond & Fund investors: INSPIRIT FOUNDATION / FONDATION INSPIRIT, Vancity, Bealight Foundation, HAMILTON COMMUNITY FOUNDATION, IVEY foundation, McConnell, gsc green shield canada

Retail Green Bond Investors: 500+ individuals across 7 provinces

WHERE

Coast-to-Coast

CoPower finances clean energy infrastructure across Canada. Our current portfolio includes projects in Alberta, British Columbia, Quebec and Ontario. CoPower's investor base spans seven provinces, from Whitehorse to Halifax.



LEVERAGING IMPACT WITH CANADA'S SUPPORT

Patient capital from the government of Canada would help to scale CoPower's model, close the financing gap for distributed clean energy, deploy integral GHG-technologies, expand energy-as-a-service business models, and help more Canadians invest in our low carbon economy. With $10 million in new patient capital from the government of Canada, CoPower can leverage an additional $50M of private investment in our funds and bonds over two years, resulting in an additional 20,000 tonnes of CO_2 avoided annually for 10+ years

50 Wellington St. E, Suite 400
Toronto, ON, M5E 1C7

trish.nixon@copower.me
copower.me

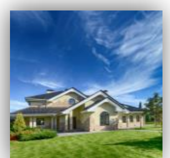
OPPORTUNITY

Loan and Investment Opportunities in CoPower's Near-term Pipeline

Top Projects in the Pipeline

Borrower	*Stage*	*Technology*	*Location*	*Capital Type*	*Size*	*Timing*
Counterparty 1	8. Due Diligence	Solar PV	ON	Equity	$1,023,066	15-Oct-18
Counterparty 2	8. Due Diligence	RNG	ON	Equity	$1,100,000	15-Oct-18
Counterparty 3	7. Term Sheet Out	Solar PV	ON	Green Bond Debt	$11,700,000	15-Oct-18
Counterparty 4	7. Term Sheet Out	GeoExchange	ON	Green Bond Debt	$850,000	01-Oct-18
Counterparty 5	7. Term Sheet Out	Solar PV	ON	Green Bond Debt	$1,320,000	31-Dec-18
Counterparty 6	7. Term Sheet Out	Energy Efficiency	ON	Green Bond Debt	$560,000	15-Nov-18
Counterparty 7	7. Term Sheet Out	Solar PV	ON	Green Bond Debt	$9,300,000	01-Nov-18
Counterparty 8	6. IC Memo & TS Drafting	Solar PV	ON	Green Bond Debt	$7,000,000	25-Oct-18
Counterparty 9	6. IC Memo & TS Drafting	Storage	ON	Institutional Debt	$9,000,000	31-Dec-18
Counterparty 10	6. IC Memo & TS Drafting	Energy Efficiency	ON	Green Bond Debt	$400,000	01-Oct-18
Counterparty 11	6. IC Memo & TS Drafting	Solar PV	ON	Green Bond Debt	$3,000,000	31-Dec-18
Counterparty 12	6. IC Memo & TS Drafting	Solar PV	ON	Green Bond Debt	$1,360,000	01-Nov-18
Counterparty 13	6. IC Memo & TS Drafting	GeoExchange	ON	Equity	$4,000,000	01-Dec-18

Recently Completed Transactions



Residential Geothermal (BC) – Jul 2018

Capital Deployed: $6.3M

Projects: 417 operating geothermal projects in residential buildings in the Kelowna, BC region

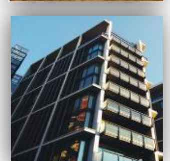
Annual Impact: 2,413 Tonnes of CO_2 avoided // essential heating and cooling service

Renfrew Community Solar (ON) – Jun 2018

Capital Deployed: $2.5M

Projects: 599 kW DC community solar project near Ottawa, ON

Annual Impact: 32 Tonnes CO_2 avoided // 1,004 MWh of emissions-free electricity



LED Retrofits (AB, BC, ON) – Sep 2016 – Aug 2018

Capital Deployed: $11.2M

Projects: 327 Condo Buildings, 57,000+ Units in three provinces

Impact: 4,378 Tonnes CO_2 avoided // strong reductions in electricity consumption

Residential Geothermal (QC) – Feb 2018

Capital Deployed: $0.6M

Projects: 56 residential homes in the Montreal, QC region

Annual Impact: 121 Tonnes CO_2 avoided // essential heating and cooling service

Solar (ON) – Jan 2018

Capital Deployed: $0.9M

Projects: 420kW DC from 3 operating projects in the Hamilton / Dundas, ON region

Annual Impact: 15 Tonnes CO_2 avoided // 508 MWh of emissions-free electricity

Contact: Andrew Heintzman
Tel: 416-304-1750, ext. 398
Email: aheintzman@InvestEco.com
Toronto, Ontario; http://investeco.com/

Fund Profile

- Name: InvestEco Sustainable Food Fund III
- Expected First Close: Q4, 2018
- Type: Expansion/growth stage private equity
- Sector: Sustainable Food and Agriculture
- Target Size: +$50M
- Manager: InvestEco Capital Corp.
- GP Contribution: 1.5% of committed capital
- Average Investment: $1.5 – 5 million
- Deal Profile: $1 – 30 million in revenues; near-medium term profitability; 20%+ growth
- Management Fee: 2% of committed capital in active period, dropping to 1.75% of net invested capital thereafter
- Carried Interest: 20% carried interest with a 8% net hurdle rate
- GIIRS: Will be registered as a GIIRS Fund

** includes related parties & individuals*

Track Record & Team

- As at June 30, 2018 the InvestEco Sustainable Food Fund has achieved an Annual Net IRR of 21.67% since inception in 2012
- Core Team has been together for over 10 years

InvestEco's Advisors and Partners include:

- **Philip Donne,** past President, Campbell's Canada
- **Craig Miller**, former Vice President, Pineridge Foods Group
- **Llewellyn Smith**, former CEO, E.D. Smith & Sons Limited
- **Marty Thrasher**, past President, ConAgra Foods
- **Ian Walker**, CEO of Left Coast Naturals

InvestEco
Building companies that matter

InvestEco Sustainable Food Fund III (the "Fund") is planning a first close in the 4th quarter of 2018. The Fund will be a successor fund to the InvestEco Sustainable Food Fund I & II. Like those earlier funds, this fund will invest in expansion and growth stage companies that promote health and sustainability in the food and agriculture sector. The management company, InvestEco Capital Corp. (the "Manager"), has been active in this space for over 15 years and has been involved in growing leading North American sustainable food brands, including **Vital Farms**, **Organic Meadow**, **Maple Hill Creamery**, **100km Foods, NadaMoo!, Mama Earth Organics** and **Horizon Distributors**. Based in Toronto, the Manager has unparalleled deal flow in the sector. The Fund's strategy is to invest primarily into high-growth private food and agriculture-related companies that have a strategic advantage in the market by virtue of their brand, distribution channels, supply chains, processing capabilities, or proprietary technologies. The Manager is a "hands-on" investor that gets actively involved in building strong management teams in order to establish and closely monitor effective strategies for growth.

Fast Growing Sectors

There is growing evidence that consumers are turning to healthier and more sustainable food choices. While the North American food industry overall is growing at less than 1% per year, the healthy and sustainable food sector has seen double-digit growth as consumers are increasingly turning toward food options that they can feel better about, both in terms of their healthiness and their impact on the planet.

Deal Flow Pipeline

InvestEco has access to proprietary deal flow through our long history in the sector and our broad network of advisors, investors and co-investors.

Senior Management Team includes:

Andrew Heintzman, Co-founder and President; Director of Vital Farms, Maple Hill Creamery, 100km Foods, Mama Earth Organics and NadaMoo!; former Chair of the Province of Ontario Premier's Climate Change Advisory Panel.

Alex Chamberlain, Managing Partner, MBA, LLB, CFA; former lawyer at a prominent Toronto-based law firm; also worked at PricewaterhouseCoopers in Investment Banking; extensive board experience and expertise in legal and financial matters.

MaRS Capital

MaRS Catalyst Fund

WHY

Opportunities for new solutions

Carbon pollution in Canada and around the world continues to rise. Health systems are managing aging populations while schools are training students for an uncertain future. In these challenges lie opportunities to offer new solutions that fuse business models and deep impact.

HOW

Impact venture capital

MaRS Catalyst Fund makes equity investments in early-stage, Canadian companies with impact business models. The Fund works closely with entrepreneurs to realize the dual goal of a thriving business and a measurable impact. The $5 million Fund aims to deliver market-rate venture capital returns to its investors.

WHAT

Social and environmental impact

Investors sometimes discount companies driven by a social or environmental mission. MaRS Catalyst Fund is not only investing in leading-edge companies, but it is demonstrating the potential to combine return and purpose. It is helping to lay the groundwork to shift more capital into companies tackling social and environmental challenges.

WHO

In partnership

Virgin Unite, the Virgin Group's foundation, invested $1 million in first-loss capital into MaRS Catalyst Fund. The Fund raised another $4 million from Canadian foundations and high-net-worth investors that share the Fund's values.

WHERE

Across Canada

MaRS Catalyst Fund invests across Canada.

WE CAN LEVERAGE MORE IMPACT WITH CANADA'S SUPPORT

MaRS Catalyst Fund will launch Fund 2 in 2020. It will seek strategic investors in 2019. First-loss capital from the Government of Canada would attract more investors to companies applying their talents to Canada's challenges. First-loss capital would help a second MaRS Catalyst Fund grow to a scale to invest in dozens of start-ups. $5 million in first-loss capital would allow a second Fund to leverage a minimum of $20 million from investors eager to put fuel in the tanks of social entrepreneurs and earn a return at the same time.

#401-101 College Street, Toronto, ON M5G 1L7
marscatalystfund@marsdd.com | live-mars-catalyst-fund.pantheonsite.io/

MaRS Capital

MaRS Catalyst Fund

OPPORTUNITY

Investments to Date

CellAegis a Canadian medical device company with a technology to help substantially improve patient recovery from heart disease. CellAegis' autoRIC® device is a portable, non-invasive therapy for reducing damage to tissues following a heart attack or cardiovascular procedures. CellAegis has been shown to improve overall health, get patients out of the hospital faster and reduce repeat hospital visits.

ClassCraft is a technology platform that improves student engagement by gamifying student tasks and lessons. This highly-scalable solution sits seamlessly on top of a classroom's learning management system to provide valuable tools and support to educators. ClassCraft has been shown to reduce tension and bullying in the classroom, to improve teamwork and collaboration, and to improve attendance in places where attendance is critically low.

Flosonics Medical develops non-invasive sensors to improve the management of critically ill patients. Their flagship smart-bandage product, the FloPatch, addresses unmet clinical needs of critical patients and the physicians, nurses, and paramedics who care for them. The FloPatch enables faster and more accurate data, improving health outcomes and reducing time in hospital.

Future Design School provides world-class education programs that empower entrepreneurial leadership and innovation in the classroom. Through peer-to-peer learning experiences, FDS programs help participants build the skillsets, such as critical thinking, creativity, collaboration and resilience, necessary to thrive in the 21st century workplace and to create meaningful solutions to pressing problems.

Energy storage will let communities and industries use renewable power 24/7. Hydrostor is a global leader in adiabatic (emission-free) compressed air energy storage (CAES) in underground geological formations or using their proprietary underwater air accumulator system. Hydrostor commissioned the world's first adiabatic, underwater-CAES system in 2015 with utility host Toronto Hydro. The Company's first commercial plant will be live in fall 2018 in Goderich, Ontario. New plants are planned in 2019 in Australia.

NEW COMMONS DEVELOPMENT

WHY

Social purpose real estate needed

The non-profit sector has limited existing development capacity, but there are growing housing affordability challenges and ageing stocks of community-owned assets. Without increased development capacity, community-owned assets will continue to shift into private sector ownership. An innovative and disciplined social purpose, non-profit development corporation will help to minimize this shift in ownership and build the sector's development capacity.

HOW

Patient capital

New Commons Development (NCD) helps community partners by **managing their development projects from start to finish**. NCD supports its partners in developing a project financial plan and securing construction and take-out financing to build a community-owned asset and better serve their communities. The current $4 million New Commons Development LP is partnering to develop affordable homes and other community assets while providing capped, risk-adjusted, market-rate returns to our investors.

WHAT

Community impact

Community-owned assets and affordable rental housing is not being built by the market. The NCD LP is creating **over 2,175 new, permanently affordable homes in addition to other community-owned assets**.

WHO

In partnership

NCD partners with strong community groups, co-operatives, non-profits, faith communities, **values-aligned foundation and institutional investors** and **municipal and provincial actors** to build and reposition social purpose real estate.

Community partners

Values-aligned investors

* not all investors consented to being named

Municipal & Provincial Actors

WHERE

Metropolitan centres

NCD is targeting its initial work in and around Vancouver and Toronto and will expand its geographical focus with time.

WE CAN LEVERAGE MORE IMPACT WITH CANADA'S SUPPORT

Patient capital from the government of Canada would help to close the gap and create **more affordable homes and social purpose real estate**. NCD can leverage its current $4 million Fund into an estimated $500 million in social purpose real estate. **With $4 million in new patient capital from the government of Canada, NCD can expect to double that value to $1 billion in social purpose real estate** and would also further build development capacity in the sector.

#90-425 Carrall Street, Vancouver, BC V6B 6E3
#400-119 Spadina Avenue, Toronto, ON M5V 2L1
info@newcommons.ca
www.newcommons.ca

OPPORTUNITY

Current Pipeline

In its current pipeline, New Commons Development has approximately $600 million and over 1,400 units of new affordable housing in the greater Vancouver and Toronto areas.

Selected Existing Investments

Operating Partner: WoodGreen Community Services

Type: Mixed-use
Target: Seniors
Units: 36 (new), 72 total
Total Value: $14MM
Estimated Average Affordability: 62% of average median income
Estimated Construction Start: Q3 2018
Estimated Stabilization: Q2 2020

Rendering courtesy of LGA Architects

Overview: WoodGreen is a strong community agency with ownership of depleted asset and an interest in redevelopment and desire to expand its affordable housing footprint. The plan for this site includes demolition of existing site occupied by a Church and Parent-Child resource centre. The new site will include 72 total one-bedroom units of affordable rental housing (36 new + 36 existing), a larger Parent-Child resource centre and a community gathering space. This project is unique as much of the pre-development work was completed prior to NCD involvement.The construction manager has been retained and work has started on building permit and tender package drawings. The demolition permits have been issued and the project is on track for a July 2018 construction start.

NEW MARKET FUNDS

WHY

Affordable housing need

Nearly **two million families** in Canada do not have a home that meets their basic needs. New affordable housing that is safe and appropriate will help to close the current housing supply gap and promote stronger, livable communities.

HOW

Patient capital

New Market Funds helps community partners by **filling the equity gap** to complete a project, providing additional equity to expand a project or by allowing partners to take their equity out of a stabilized project to fund more future projects. The current $25 million NMF Affordable Rental Housing Fund is creating 750 new affordable homes while providing capped, risk-adjusted, market-rate returns to our investors.

WHAT

Community impact

Permanently affordable rental housing is not being built by the market. The NMF Affordable Rental Housing Fund is creating **750 new, permanently affordable homes**. Providing safe and appropriate affordable housing for families, workforce, seniors and vulnerable Canadians results in improved socioeconomic outcomes and stronger communities.

WHO

In partnership

New Market Funds partners with strong, **existing non-profit and co-operative operators**, **values-aligned foundation and institutional investors** and **municipal and provincial actors** to invest in new-built or substantially renovated multi-family affordable rental housing.

Community partners

Values-aligned investors

Municipal & Provincial Actors

WHERE

Metropolitan centres

New Market Funds works in the twenty largest metropolitan markets in Canada and has over 2,800 units in its pipeline.

WE CAN LEVERAGE MORE IMPACT WITH CANADA'S SUPPORT

Patient capital from the government of Canada would help to close the gap and create **more homes and increased affordability**. Patient capital could also **drop the cost of financing for our community partners** and, as a result, leverage even more projects. **With $10 million in new patient capital from the government of Canada, NMF can leverage $40 million of additional investment at the fund level and help to create 1,500 new affordable homes for nearly 4,000 individuals in the community.**

#90-425 Carrall Street, Vancouver, BC V6B 6E3
#400-119 Spadina Avenue, Toronto, ON M5V 2L1

info@newmarketfunds.ca
www.newmarketfunds.ca

NEW MARKET FUNDS

OPPORTUNITY

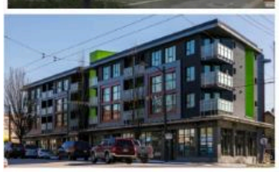
Current Pipeline

	Property Name	Type	City	Province	Total Units	Operator/ Manager	Developer
Active Indicative Commitmetns	River District - Marine	Indigeneous/Family/Workforce	Vancouver	BC	327	M'akola/Fraserview Coop	Community Land Trust
	River District - Pierview	Family/Workforce	Vancouver	BC	140	Fraserview Coop	Community Land Trust
	Midtown - Kingsway	Family/Workforce	Vancouver	BC	57	TBD	New Commons
	Midtown - Vanness	Family/Workforce	Vancouver	BC	106	TBD	New Commons
	Downtown - Pender	Womens/Workforce	Vancouver	BC	100	Atira	Community Land Trust
	Downtown - Seymour	Family/Workforce	Vancouver	BC	146	TBD	New Commons
	Downtown - Burrard	LGBTQ2/Workforce/Family	Vancouver	BC	169	McLaren	New Commons
	North Vancouver - Oxford	Family/ Workforce	North Vancouver	BC	82	Catalyst Community	Catalyst Community Developments
	River District - Boundary	Family/ Workforce	Vancouver	BC	117	Catalyst Community	Catalyst Community Developments
	Burnaby - Hastings	Family/Workforce	Burnaby	BC	148	Catalyst Community	Catalyst Community Developments
	St. Clair West	Family	Toronto	ON	47	Brackendale House/TBD	New Commons
				Total	**1439**		
Prospects*	South Surrey	Family/Workforce	Surrey	BC	130	TBD	New Commons
	Riverdale	Family/Workforce	Toronto	ON	60	Innstead Co-op	New Commons
	Leslieville	Family	Toronto	ON	62	WoodGreen	New Commons
	Glebe Annex	Seniors	Ottawa	ON	58	Centretown Citizens Ottawa	CADCO
	Beltline	Family/Seniors	Calgary	AB	80	Horizon Housing	Horizon Housing
	Dundurn	Family	Hamilton	ON	200	Victoria Park	New Commons
	Scarborough	Family/Seniors	Toronto	ON	178	Ridgeford-Brenyon	TBD
	Downtown	Family	Port Moody	BC	54	Catalyst Community	Catalyst Community Developments
	Town Centre	Family/Workforce	Coquitlam	BC	500	Community Land Trust	Community Land Trust
	Sandy Hill	Family/Workforce	Ottawa	ON	78	Sandy Hill Coop	TBD
				Total	**1400**		

All prospect figures are estimated

Selected Existing Investments

- 49 low-rise and townhouse units for families
- Operated by Catalyst Community Developments
- Investment in January 2018
- Total value $10mm



- 48 low-rise units with supportive health
- Operated by Sanford Housing Society
- Stabilized in March 2018
- Total value $14mm

- 32 townhouse units for families
- Operated by Tikva Housing Society
- Expected stabilization by November 2018
- Total value $13.5mm

- 188 units in two towers for families and seniors
- Operated by Fraserview Housing Co-op
- Expected stabilization by December 2018
- Total value $56.2mm

- 90 townhouse and low-rise units for families
- Operated by Fraserview Housing Co-op
- Expected stabilization by August 2018
- Total value $35.7mm

renderings courtesy of DYS Architecture

Nova Scotia Community Impact Fund

The Nova Scotia Co-operative Council, in partnership with the local credit unions and the Government of Nova Scotia, has operated a high risk small business financing program for 15 years. It started as a $3 million pilot in 2003 and today boasts a portfolio of more than $140 million. Loan losses since inception have been less than 4%.

We have learned that what is now needed to finalize the continuum is a “community investment” fund component. The fund is currently being piloted, with a plan to grow to $40 million.

A federal contribution will leverage 2:1 private dollars and will allow for scaling up quickly. It will also allow us to address large impact projects in the investment pipeline.

The objective of this fund is best described as *meaningful money seeking profit with purpose,* social impact purpose. The fund invests in community and social entrepreneurs and ventures that address the specific needs of Nova Scotians, especially at the rural community level.

Enterprises seeking investment from the Community Impact Fund must:

1. Be headquartered and registered to do business in Nova Scotia
2. Must consider itself to be a social enterprise (including traditional companies having a social mission and delivering social impact)
3. Not pay more than 50 per cent of profit or surplus to owners or shareholders
4. Not generate more than 60 per cent of income from grants and donations
5. Not generate less than 40 per cent of income from selling goods and/or services, for example:
6. Provide goods/services that address the social needs of an individual or society to improve life outcomes (social impacts); and
7. Provide goods/services that result in savings in the costs or improvements in the effectiveness of providing for social need (efficiency gains).
8. Be a business with primarily community, social/environmental objectives, whose surpluses are *principally* reinvested for that purpose in the business or community rather than *mainly* being paid to shareholders and owners
9. Address systemic challenges such as affordable housing, senior care, poverty reduction etc

All sectors are eligible though social impacts are obvious within these areas of interest:

- Sustainable agriculture & food security,
- Affordable housing,
- Clean technology,
- Needs of an aging population,
- Needs of the disabled,
- Healthcare,
- Public order and safety,
- Unemployment, education and training,
- Stemming out migration especially in rural areas,
- Stemming youth departing,
- Clean technology,
- Attract immigrants,
- Attract a younger demographic,
- More employed workers,
- Children and families, and
- Services and employment for the poor

renewal Funds

WHY

Investing for Change

The way we are currently living on the planet is not sustainable and we believe that by supporting businesses that empower consumers, businesses and governments to make more resilient choices, we can create **significant environmental, social, and financial return.**

HOW

Mission Venture Capital

Mission is our first screen on all potential investments. We will only consider businesses that we believe are designed to have an **important environmental or social impact**. In most cases we take a seat on the company's board or a board observer role to support and provide strategic oversight of a portfolio company. Our team closely supports each of our portfolio companies on finance, legal, governance and strategy during a critical growth phase.

WHAT

Organics + Enviro Tech

We specialize in **organic consumer products and environmental technology**, two sectors that are critical to the transition to a sustainable economy. We build our portfolios to be diversified across sectors, aiming to offer **lower risk profiles** than a traditional venture capital fund. We look to invest at reasonable valuations so that we can achieve sustainable double-digit growth rates. We partner with our investee companies on average for five to seven years, and reserve sufficient follow-on capital to support all our companies through this period.

WHO

Our Founders

Renewal Funds was founded in 2008 by Carol Newell, Joel Solomon and Paul Richardson. Paul and Joel remain active Partners, and lead an investment team of 7 highly skilled impact investment professionals. Renewal Funds is proud to have 50% female Partners, significantly higher than the industry average.

WHERE

High Impact Portfolios

From our Vancouver headquarters we invest in **early-stage companies in Canada and the US**. Renewal Funds has made 23 investments across consumer products and environment technology in Renewal2 and Renewal3.

WE CAN LEVERAGE MORE IMPACT WITH CANADA'S SUPPORT

Our economic system must be reinvented for cleaner, safer, less wasteful, and long-term economic resilience. Capital from the Government of Canada would help Renewal Funds leverage the impact of our partners and investee companies to drive tomorrow's solutions.

Our organics portfolio includes food and beverage, non-toxic, GMO-free, fair trade, or sustainably packaged consumer products and packaging solutions. Areas of priority for Renewal4 include **organic, plant-based and clean label foods, plastics reduction, and ocean-friendly** products – as we believe these are critical to the sustainability of our food system and environment.

500-163 West Hastings Street, Vancouver BC V6B 1H5
elyse@renewalfunds.com
www.renewalfunds.com

This trend toward resiliency extends beyond consumer products, as governments and businesses must adapt quickly to the increasingly severe effects of climate change. Scarce resources, extreme weather events, pollution, and anthropogenic extinction require creative, modern solutions. We are investing in technology platforms that enable more efficient resource use and help accelerate a shift away from fossil fuels. Our areas of focus within our environmental technology portfolio include **water, energy, and food and agricultural systems.**

OPPORTUNITY

Renewal4 First Investment – Opus One Solutions

Opus One Solutions
Toronto, ON | Renewal4

Business: Opus One's software platform enables utilities to optimally integrate renewables into the electricity distribution grid, accelerating the transition to a distributed, two-way network powered by multiple generation and storage methods, including appropriately priced power back to the grid.

Impact: The growth in solar, wind, hydro, and other renewable power generation methods over the past decade has introduced new challenges for electric utilities, including equipment overloads and outages from two-way power flows. Opus One's solution encourages the transition to a new, dynamic grid that incorporates renewable generation and battery storage.

Selected Existing Investment

Mama Earth Organics
Toronto, ON | Renewal3

Business: Mama Earth delivers farm-direct, local, organic produce and grocery items to the Greater Toronto Area. Mama Earth is a leader in the complex home delivery business and has grown revenues steadily while remaining profitable.

Impact: Their service provides the freshest produce to customers, while providing a stable, dependable business to small local farms. Mama Earth supports local producers by offering 'farm loans' to help grow small to medium sized farms, allowing them to plant more diverse varieties and stay independent. 100% of Mama Earth's offerings are organic and more than half are locally sourced.

WHY

Using Capital as a Force for Good

Our investment vehicles facilitate the connection between local investors and impact ventures. Place-based impact investing will strengthen local, especially rural, economies with greater resilience, access to capital and an engaged entrepreneurial ecosystem. **Social enterprises and impact ventures are systemically undercapitalized** preventing much needed affordable housing, local food security, jobs for locals especially those facing barriers and more.

HOW

Equity Financing and Patient Capital

Rhiza refers to a root structure. Rhiza Capital is intent on growing local economies and healthy communities by **connecting root capital, in the form of equity financing and patient capital, to impact ventures.** Within Rhiza there are three investment vehicles, meeting the needs of a range of investor segments and financing options.

WHAT

Community impact

Rhiza Capital Funds are guided by the values of our investors, partners and community. Rhiza uses the **B Corp** approach as our methodology for indicating the impact of our investing activities.

"It follows that we ought to measure what matters most: the ability of a business to not only generate returns, but also to create value for its customers, employees, community, and the environment." – B Impact Assessment

WHO

In partnership

Rhiza Capital is a joint initiative amongst Community Futures Sunshine Coast, Sunshine Coast Credit Union and Powell River Community Investment Corporation. Our investor group is comprised of institutions and individuals. We recently launched the **first of its kind Impactful Term Deposit** to invite retail level investors into the market.

WHERE

Rural Regions and Metropolitan Centres

With an initial focus on connecting investors and ventures in southwestern British Columbia Rhiza is expanding to other parts of the Province and Country.

WE CAN LEVERAGE MORE IMPACT WITH CANADA'S SUPPORT

Patient capital and funding from the government of Canada would help attract private and institutional, local and impact investors. With capital comes impact in rural and regional communities. Patient capital reduces risk and cost of borrowing, allowing for more investing in higher impact ventures. **With a $2 million investment from the government of Canada, Rhiza can leverage $8 million of additional investment from the private and community sector creating a myriad of positive impacts at the community level.**

Pipeline of Deals meeting Local Investors Needs

Rhiza Capital collaborates with pipeline partners including several Community Futures offices, regional economic development offices, the Sunshine Coast Credit Union, Simon Fraser University and other partners such as local Chambers of Commerce, etc. Rhiza is currently working with Community Futures of the Kelowna to build the Okanagan Community Investment Corporation, which will connect local investors and impact ventures in the Central Okanagan region. Regional investment co-operatives exist in Creston, Victoria, Vancouver, with more in development in Nelson, Revelstoke and Cranbrook.

Selected Existing Investments

Rhiza's portfolio funds are currently comprised of 21 impact companies from across BC, with several more in the pipeline for adjudication. Here are a few indicating the breadth and depth of impact our investing is likely to have. The full list is available on our website.

Foodmesh	Views IQ	Popul8 Analytics	Chatter High
FoodMesh is a B2B marketplace matching surplus commercial food with businesses and charities to reduce waste and feed more.	An end-to-end digital pathology solution that allows you to scan, store, and share your slides with ease.	Popul8 is a leading edge asset management technology company disrupting the way you currently manage your infrastructure.	Our mission is to have every student talking about their future.

#301 5500 Wharf Street, Sechelt, BC V0N 3A0
http://www.rhizacapital.com/

What We Do

The Saint John Community Loan Fun (Loan Fund) is a non-profit and charitable organization established in 1999. Its primary services include financing, training, coaching, matched savings, and providing affordable apartments and creative spaces for scaling poverty reduction and community building. The Loan Fund revolves a small $200,000 pool of capital within Saint John, NB. Loans can be extended to micro enterprise, social enterprise and housing development. It has $100,000 to pilot small equity investments for social enterprises. In the last 5 years, it has leveraged real estate and social enterprise development exceeding $4million.

The Opportunity

Over 100,000 people or 13% of NBs population live in poverty. In Saint John, the rate is 19%. Fewer than 10% own homes in Saint John's Priority Neighbourhoods. The North End of Saint John has more than 25 boarded up buildings. These challenges are opportunities for investment. In the next 10 years, we anticipate investing over $5million in social enterprise and housing development.

Deals/Projects

2018-19

This year we are investing $200,000 in a two-unit development in a Priority Neighbourhood. We will be investing equity of $100,000 in four social enterprises, with two in the pipeline now.

2019-24

Within 24 months we will be developing another building for a value of $800,000. We are designing a Mission Based Real Estate Corp which will leverage the NB Tax Credit CEDC. It will want to recruit $1million in investors and leverage $3-4 million in real estate/social enterprise projects. One project will assist in the acquisition and development of 20 home ownership units for working poor, valued at $1.5million.

Partners in the Saint John area will be developing 100 units for a value of $15million. They will be seeking construction/development financing.

The Leverage of Federal Funding

The best capital through a federal pool would be first loss capital to back stop and leverage other local capital. $5million would enable us to scale to a regional offering and leverage 3 times that amount. We also recommend financing in the form of capacity building money for staffing support and for research and development. This would mirror the Quebec model.

47 Units in the Old North End

Value of $7million; to leverage the build $2million

Seth Asimakos
GM and Co-Founder
Saint John Community Loan Fund | Social Enterprise Hub
139 Prince Edward St.
www.loanfund.ca
651-6839

THE SOCIAL ENTERPRISE HUB
SAINT JOHN COMMUNITY LOAN FUND

Social Enterprise Investments

$1million
Construction company, tool library, greenhouse

20 Single family and or multi unit home ownership units

Value of $2million; Investment to leverage build $600,000

WHY

Too many newcomers to Canada are pressured to 'settle quickly' and end up working one or more survival jobs to support themselves and their families. Many immigrants are skilled professionals that want to work in their field of study. Newcomers need financial support to get their credentials recognized in Canada.

HOW

Flexible, Low Interest Loans, Financial Coaching

The Recognition Counts program provides Immigrants in Manitoba with financial literacy training in a Canadian context and coaching as well as access to flexible, low interest loans with Assiniboine Credit Union for the costs associated with credential recognition (including tuition, books and supplies, exam fees, travel to exam sites, living expenses and childcare) Loans available are to a maximum of $10,000, offered at Prime +2%, amortized over 5 years, with interest only payments during the study period.

WHO

In Partnership

SEED Winnipeg Inc. & Recognition Counts! partners with Assiniboine Credit Union (loan product design and delivery and program governance), Employment and Social Development Canada (loan fund and operations) and Immigration Refugees Citizenship Canada (portion of operations)

WHAT

Community Impact

Recognition Counts! has provided more than 270 loans to immigrants in Manitoba totaling more than **$2.1M since 2012**. Loan repayment rates are **97.8%.** As of June 30, 2018, **138 loan recipients** have completed their credential recognition process and have **found employment in their field of expertise** and/or a related profession.

Early impact analysis ***of the first 50 loan recipients*** that completed their studies and found employment indicates:

- ***Total Increases to annual income*** upon successful completion of the program is **$2,136,748**
- Average ***annual household income improves by more than*** **$40,000** following successful completion of this program.
- ***Decreased cost to government in child tax supports (CCTB, UCB and NCT)*** **$155,431**
- ***Decrease in other government supports (EI, EIA, Training and Shelter Allowance)*** **$189,166**

WHERE

Recognition Counts! provides program services and loans in Winnipeg and all over Manitoba.

OPPORTUNITY

WE CAN LEVERAGE MORE IMPACT WITH CANADA’S SUPPORT

Investment from the Government of Canada, for both the loan fund and ongoing program operations will enable the Recognition Counts! program to offer this innovative and needed loan and service to significantly more skilled immigrants in Manitoba. With additional investment more individuals can participate, average household incomes increase, the overall tax base increases and the government realizes a tangible reduction in costs related to various other social benefits.

SOCIAL ENTERPRISE FUND

Money on a mission.
Put simply, the Social Enterprise Fund (SEF) is a loan fund. We lend money to social enterprises that want to make things better in the community and in the world. We provide patient capital at reasonable rates to help put dreams to work.

Partnerships make impact investing possible.

Social enterprises, like any small business, require access to capital to grow. Given their sometimes unusual structure, social purpose mission or business sphere, they can face big challenges finding the financing tools they need through traditional sources. SEF acts as a patient lender, working with these entrepreneurs to meet their financing needs. Loans can be big or small, and are repayable with interest. In this way, the funds then go on to assist other social entrepreneurs.

SEF was established in 2008 through a unique collaboration between the Edmonton Community Foundation and the City of Edmonton. Other capital pool contributors have included the United Way, the Alberta Real Estate Foundation and private investors. (So far, the initial $1.2M in capital from the City of Edmonton has created over $5M in loans.)

We lend across Alberta to any social purpose business, regardless of corporate structure. So far, we have placed over $35M in more than sixty five projects in a wide range of sectors, including social challenges, affordable housing, the environment, job creation, culture, food security and more. We have helped to change lives and communities through creating better homes, good paying jobs, access to better nutrition and participation in the arts.

Here's just a sample of our current clients:

Alberta Fish & Game Association (AFGA) | Edmonton, AB
The AFGA began with a dedication to preserving and advocating the interests of hunters and fisherman and has now grown into the province's largest conservation agency. SEF provided the financing purchase of office space.

Arts Habitat of Edmonton/McLuhan House | Edmonton, AB
Marshall McLuhan's childhood home was purchased by the Arts Habitat of Edmonton as a space for its operations and for other industry professionals involved in the literary arts and creative thought. SEF provided the mortgage.

C-Returns | Edmonton, AB
C-Returns is a non-profit group dedicated to greening homes and public buildings across Edmonton through full sustainable retrofits. SEF's assistance with the start-up capital has allowed C-Returns to help building owners become more energy efficient.

Centre for Race and Culture (CRC)
Edmonton, AB

The CRC is a non-profit society offering a range of training, research, community programs and consulting services to further its mission of creating a more inclusive society. SEF provided operating capital for CRC to expand its customer base.

CMNGD | Calgary, AB
CMNGD (think "common good") rents linens to restaurants and hotels across southern Alberta, while providing living wage jobs (that's currently $18.00 an hour in Calgary) for people who face barriers to meaningful employment, including residents of the Calgary Drop In Centre and recent refugees to Canada. SEF provided financing for the organization's expansion into a larger solar-powered laundry facility.

Earth's General Store | Edmonton, AB
Earth's General Store has been Edmonton's go-to supplier for those wanting to live a greener, more sustainable life. For decades, the store has provided the supplies, food stuffs and knowledge to those who want to lessen their environmental footprint. SEF provided operating capital to expand the store's operations.

Edmonton Community Development Company (ECDC)
Edmonton, Alberta

ECDC promotes the renewal of distressed neighbourhoods through hyper-localized economic development. Established in 2017, ECDC is a primary outcome of the Mayor of Edmonton's *End Poverty Edmonton* initiative. Described as 'people-driven development', the ECDC will help Edmonton's families increase financial security and foster thriving communities through inclusive development projects. SEF has been designated one of ECDC's primary financing partners.

Evergreen Theatre | Calgary, AB
Evergreen is best known for helping kids discover science through theatre, with school residency programs, puppet camp and the Big Green Puppet Bus. With the support of SEF, Evergreen purchased a 24,000 square foot facility that boasts studios, office, production and performance space, storage, props, costume workshop for their shared lease accommodation for other non-profits.

Fruits of Sherbrooke | Edmonton, AB
Fruits of Sherbrooke began by selling apple pies and jam made from rescued fruit at a local community league, but with operating capital from SEF, this non-profit is a growing presence at farmers' markets, retail outlets and local restaurants. And while rescuing fruit, the organization also saves people by hiring those who face challenges integrating in the traditional workplace.

Goodwill Alberta
Various Locations, AB

Best known as a recycler of all kinds of goods, and with stores full of great deals, Goodwill builds better lives for challenged individuals through education and employment. SEF provided operating capital to expand Goodwill's operations across Alberta.

iHuman | Edmonton, AB
Edmonton's iHuman Youth Society creates new, healthy pathways for youth who face profound challenges including homelessness and addictions through deep experience with the arts. iHuman finally found a permanent home in a renovated downtown building, helped in part with financing from SEF.

Jasper Place Wellness Centre
Edmonton, AB
The Jasper Place Wellness Centre is a charitable organization dedicated to changing its disadvantaged west end Edmonton community for the better. It focusses on health care, food security, employment, education and housing. With a mortgage from SEF, JPWC will transform a former pawn shop into Food4Good, expanding the food security project's reach beyond its current 40 community gardens, biweekly pop-up markets (selling vegetables, fruit and dairy at fifty percent below market prices) bi-weekly community kitchens and food security seminars.

Jerry Forbes Centre for Community Spirit | Edmonton, AB
The Jerry Forbes Centre for Community Spirit is a welcoming shared office and warehouse space for charitable non-profits, thanks to SEF's assistance in purchasing and renovating a 90,000 square foot building. It is intent on becoming a working village of charitable organizations.

Jewish Family Services
Edmonton, AB
Jewish Family Services offers many support services to Edmontonians of all faiths and cultural backgrounds. It also manages home care for Edmonton's Holocaust survivors through reparations from the German government. SEF supports the non-profit with a line of credit.

Junk 4 Good (Redemptive Developments)
Edmonton, AB
The service that started with a single truck and two staff picking up donated items has grown to offer everything from junk removal and salvaging items for reuse, to the major provider of mattress recycling to clients such as the City of Edmonton. The company is owned by a charitable non-profit, Jasper Place Wellness Centre, and provides good jobs for the Centre's clients and a path to a better life. SEF has provided capital to purchase trucks, bins and other equipment.

Localize | Edmonton, AB
Localize is exploring all the ways available to help food tell its stories to customers eager to know more about everything from origin to sustainable production practices. SEF provided this IT company with start-up capital.

McKernan Community League
Edmonton, AB
McKernan Community League undertook a long-overdue renovation of its building, allowing more space for a variety of community activities, plus incorporating passive solar and geothermal elements so the building use less non-renewable energy for heating and hot water systems. SEF financed a portion of the renovation cost.

SCONA Seniors' Centre
Edmonton, AB
Located in an inviting little home in Old Strathcona, SCONA helps "senior" seniors enjoy a happier and healthier life in their own homes in their own community. With SEF's bridge financing, SCONA offers seniors everything from foot and blood pressure clinics, speaker series and assistance with government forms to yoga, drama and creative writing classes.

St. Paul Abilities Network (SPAN)
St. Paul, AB
Founded in 1964, SPAN is focused on helping people with disabilities find a meaningful life in the community. SPAN operates several social enterprises, providing work for their clients and revenue to support its programming. Responding to both community need and opportunity, SPAN has now expanded its operations by becoming the only charitable non-profit to own a Hilton franchise. The new hotel will not only provide more employment opportunities, but in partnership with a local college, the option for post-secondary training in the hospitality industry. SEF assisted with construction financing for the project.

Sustainitech | Edmonton, AB
Sustainitech is in the matchmaking business – matching revolutionary, sustainable technologies with challenges faced by communities and companies across North America. It is currently focused on containerized agriculture, aimed at food solutions for challenged communities. SEF provided growth capital to Sustainitech.

Sustainival | Edmonton, AB
Sustainival teaches people about living sustainably through festival fun including carnival rides and eco-challenge events. Think Gravitron powered by the left over French-fry oil. SEF supported Sustainival with operating capital.

Varscona Theatre | Edmonton, AB
Varscona Theatre has been home to a band of theatre companies for years, plus acting as "action central" for Edmonton's annual Fringe Festival. With financial assistance from SEF, overdue renovations and updates to the building were completed, promising many more shows to come.

Whitemud Equine Learning Centre Association (WELCA)
Edmonton, AB
WELCA is far more than just a home for horses – this non-profit organization offers therapeutic programming for children and adults with physical and mental health challenges. With a partnership between the City of Edmonton, and partly financed by SEF, WELCA has built a new riding arena and classroom facility to help these unique programs grow.

Vancity Centre
183 Terminal Avenue
Vancouver BC V6A 4G2
T 604.877.7000
vancity.com

VANCITY IMPACT INVESTMENT PORTFOLIO

WHY

The impact investing market is growing. Alternative investment funds (including venture capital, fixed income and other investment funds) in Canada are investing in opportunities across a broad range of impact categories which include clean technology, affordable housing, sustainable food, agricultural technology, and biotechnology, amongst others. These investments are helping bridge the equity gap facing these companies, which if successful, will provide financial returns to investors in addition to social and environment returns to our communities.

High net worth individuals as well as socially conscious Millennials are looking for investment options that deliver a social or environmental return as well as a financial one. This has generated increased demand for publicly traded solutions as well as growing interest in alternative impact investment vehicles.

Vancity believes that through our investment in this sector we can leverage our own investment to provide opportunities for others to invest in impact and in turn grow the impact investing sector and compound the impact to our communities. We also believe that our experience in measuring impact can be utilized to help impact funds understand the impact their investments are creating.

HOW

Vancity created the Impact Investment Portfolio with an initial pool of capital of $20M and commenced investing these funds in late 2016. This values-based Fund of Funds will create impact aligned with Vancity's impact criteria and guidelines by investing in a diversified portfolio of impact investment and fixed income funds with Canadian offices. The creation of this portfolio initially provides for diversification of Vancity's balance sheet while achieving a financial return.

The longer-term goal will be to utilize the experience and track record gained from this portfolio creation and management to broaden the mandate, possibly creating impact investing solutions for our members searching for impact investing option.

WHAT

The impact created though the portfolio of Fund investments will be varied across impact sectors. Examples of the direct impact generated by our Fund investments are:

- Creation of new affordable housing units
- Avoidance of CO_2 emissions
- Creation of clean electricity
- Development of technology that has the ability to enable sustainable agriculture
- Development of technology that has the ability to impact patient outcomes

WHO

The Impact Investment Portfolio has invested in, and is considering investments in, funds targeting the following impact sectors:

- Affordable Housing
- Sustainable Food/ Agricultural Technology
- Co-operatives
- Renewable Energy
- Clean Technology and Advanced Materials
- Life Science/Biotechnology
- Indigenous Led Ventures
- Women Led Ventures

WHERE

The Impact Investment Portfolio invests in funds whose fund manager is located in Canada. The investments made by these funds may be located outside of Canada, although all but one of the Funds invested in to date currently have Canadian investments.

OPPORTUNITY

BDC has recently reported that the venture capital industry "plays an important role in helping our most innovative companies scale up to compete with the best in the world.[1]" Through the investment in impact focused investment funds, we are enabling both the creation of innovative companies and those focused on social and/or environmental returns.

The national impact investment landscape is large and more individuals and institutions are looking to move assets towards impact. Through the growth of the Impact Investment Portfolio and future track record, we aim to leverage this experience and provide access to new impact investment opportunities to our current and future members.

Leveraging additional patient capital from the Government of Canada will provide additional scale from which we can grow the Impact Investment Portfolio and other impact investment opportunities.

[1] BDC: Canada's Venture Capital Landscape: Challenges and Opportunities. June 2017.

VERGE

WHY

Unlocking local capital = access to capital

Change makers in Southwestern Ontario need capital to develop and scale innovative solutions to reduce poverty, build affordable housing, address climate change and more.

At the same time, our region has more than **$40 billion** in non-local traditional investments held by institutional and individual investors. Redirecting even a portion of this wealth towards local social and environmental enterprises will create significant positive community impact.

HOW

Place-based Loan Funds & Education

VERGE operates two social finance funds seeded by the Ontario Government. The **Start Up Fund** offers loans up to $100,000 to pre-revenue social enterprises. The **Breakthrough Fund** is a partnership with the SVX and local investors, offering loans to social enterprises, affordable housing projects and impact real estate. We connect with regional partners to build strong local social enterprise and social finance ecosystems.

WHAT

Local to Local

The VERGE funds provide **$3 million** of capital towards the creation of local impact.

The Breakthrough Fund engages local impact investors, shifting capital from traditional capital markets, often outside Canada, to our local region. This fund was made possible through the Ontario Government's first loss capital grant.

We also help community organizations create new social finance structures, such as community bonds, helping leverage even more local capital for local impact.

WHO

In partnership

Community partners

Libro Credit Union

London Community Foundation

Congregation of the Sisters of St. Joseph in Canada

Ursuline Sisters Chatham, Ontario

Values-aligned investors

SVX Invest for impact

Institutional & Individual Impact Investors

Municipal & Provincial Actors

Ontario

WHERE

Southwestern Ontario

WE CAN LEVERAGE MORE IMPACT WITH CANADA'S SUPPORT

Patient capital from the Government of Canada would be leveraged by the VERGE Breakthrough Fund to unlock more capital from local investors for local, impactful enterprises and real estate developments, such as affordable housing and community hubs. For every dollar of first loss capital from the Ontario Government, we leveraged nearly $5 from local investors. Once our $2.2 million Breakthrough Fund proof of concept shows what is possible, we envision growing the fund to $6 million within the next 5 years and to over $50 million in the long term. A $1 million investment from the Government of Canada in our next phase, could leverage another $5 million from local impact investors.

201 King Street, London, Ontario N6A 1C9 | info@vergecapital.ca | 519-433-7876 x 217 | vergecapital.ca

OPPORTUNITY

A Growing Pipeline

VERGE Capital collaborates with pipeline partners including SVX, Libro Credit Union, London Community Foundation, the Ontario Network of Entrepreneurs, Economic Development Corporations in our region and others to source social enterprise opportunities from around Southwestern Ontario. Currently, our prospective investments include several enterprises focused on impact in the areas of affordable housing, economic growth and employment, and healthcare.

Selected Existing Investments

Woodfield Gate is a six story sustainably-sourced apartment building located in the pedestrian-friendly downtown core of London. The building will contain 69 units, 50 of which will be purposed for affordable housing for organizations such as the Canadian Mental Health Association and individuals. Residents will have access to the building's bicycle storage rooms, an internal and outdoor courtyard and laundry rooms on all floors.

Operated by a not for profit charitable organization, ATN Access Inc., the Old East Village Grocer was VERGE Capital's first investment. The 14,000 square foot Grocer supports an underserved neighborhood by providing access to local, affordable food as well as serving as a local hub by housing a café, restaurant, and a 50-seat patio space. The Grocer focuses on training and employing individuals with disabilities, employing 12 persons to date.

The Baker's Dozen strives to provide artisan and small local business a home to flourish and expand. The unique 5,500 square-foot space uses a collective space model, facilitating connection and collaboration between twenty artist and entrepreneurs in a relaxed, vintage-themed atmosphere. The space celebrates its community roots by frequently hosting vibrant cultural and artistic events, workshops, and performances in its on-site gallery.

Homegrown believes in helping local and international communities of farmers access the market and create better access to local food. Through its programs, Homegrown Food Basket, an online Farmers' Market, its micro-finance agricultural initiatives, agricultural education, and consultations, Homegrown has drastically improved the quality of life for dozens of farmers.