



SUN FUND WHITE PAPER

Tokenizing Renewable Energy Assets

The Sun Fund Solution

Sun Fund is tokenizing the renewable energy sector with an asset-backed digital currency and a producer-to-investor blockchain infrastructure technology platform.



Table of Contents

Disclaimer

Abstract

1. The Sun Fund Mission & Strategy
 - a. Why the Sunny
 - b. The Sun Fund Mission
 - c. Sun Fund Three Phase Strategy
 - i. Renewable energy asset-backed digit token
 - ii. Producer-to-Investor Platform (PIP)
 - iii. IoT Solar Inverter to Blockchain Data Channel Oracle Connectivity
 - d. Value Proposition and Business Model
2. The Sun Fund Blockchain Platform
3. The Sun Fund Currency Valuation Model
 - a. Achieving True Adoption
 - b. Applying Basic Monetary Theory to Cryptocurrencies
 - c. Cryptocurrencies as Stateless Central Banks
 - d. Token Stability
4. Existing Electricity and Renewable Energy Markets
 - a. Electricity Markets and Distributed Renewable Energy Resources
 - b. Retail Electricity Markets
 - c. Growth in Renewable Energy Capacity
5. The Sun Fund Technology Platform
 - a. The Sun Fund Technology Strategy
 - b. Public Layer – Ethereum Blockchain
 - c. The Sun Fund Platform Layer
 - d. The Sun Fund Applications Layer
 - e. The Sun Fund Token: The Sunny
 - f. Payment Channels
 - g. IoT Connectivity
 - h. Sun Fund Data Channels
 - i. Technology Risks and Mitigation Strategies

6. Use of Funds
7. The Sun Fund Road Map & Milestones
 - a. Achievements to Date
 - b. Road Map & Milestones 2018-2019
8. Competition: How Sun Fund is Different from other Electricity and Renewable Energy Blockchain Projects
9. Building the Sun Fund Community
10. The Sun Fund Team
11. Legal, Regulatory, Governance and Tax Considerations
12. Token Sale
13. Conclusion

Disclaimer

This document is a technical white paper setting out the current and future developments of the Sun Fund Platform and Sun Fund Ecosystem by Sun Fund Renewables, Inc. This paper is for information purposes only and is not a statement of future intent. Unless expressly specified otherwise, the products and innovations set out in this paper are currently under development and are not currently in deployment. Sun Fund makes no warranties or representations as to the successful development or implementation of such technologies and innovations, or achievement of any other activities noted in the paper, and disclaims any warranties implied by law or otherwise, to the extent permitted by law. No person is entitled to rely on the contents of this paper or any inferences drawn from it, including in relation to any interactions with Sun Fund or the technologies mentioned in this paper. Sun Fund disclaims all liability for any loss or damage of whatsoever kind (whether foreseeable or not) which may arise from any person acting on any information and opinions relating to Sun Fund, the Sun Fund Platform or the Sun Fund Ecosystem contained in this paper or any information which is made available in connection with any further inquiries, notwithstanding any negligence, default or lack of care.

The information contained in this publication is derived from data obtained from sources believed by Sun Fund to be reliable and is given in good faith, but no warranties or guarantees, representations are made by Sun Fund with respect to the accuracy, completeness or suitability of the information presented. It should not be relied upon, and shall not confer rights or remedies upon, you or any of your employees, creditors, holders of securities or other equity holders or any other person. Any opinions expressed reflect the current judgment of the authors of this paper and do not necessarily represent the opinion of Sun Fund. The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of Sun Fund. Sun Fund does not have an obligation to amend, modify or update this paper or to otherwise notify a reader or recipient thereof should any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Sun Fund, its directors, employees, contractors and representatives do not have any responsibility or liability to any person or recipient (whether due to negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from this paper. Neither Sun Fund nor its advisors independently verified any of the information, including the forecasts, prospects and projections contained in this paper.

Each recipient is to rely solely on its own knowledge, investigation, judgment and assessment of the matters which are the subject of this report and any information which is made available with respect to any further inquiries and to satisfy itself as to the accuracy and completeness of such matters.

Whilst every effort is made to ensure that statements of facts made in this paper are accurate, all forecasts, estimates, projections, prospects, expressions of opinion and other subjective judgments contained in this paper are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any plans, projections or forecasts mentioned in this paper may not be achieved due to multiple risk factors including without limitation defects in technology developments, market volatility, legal or regulatory exposure, sector volatility, corporate actions, or the unavailability of complete and accurate information.

Sun Fund may provide hyperlinks to websites of entities mentioned in this paper, however the inclusion of a link does not imply that Sun Fund endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. Sun Fund does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This paper is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

This paper is only available on www.SunFund.io and may not be reproduced, redistributed, or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of Sun Fund. The manner of distributing this paper may be restricted by law or regulation in certain countries. Persons into whose possession this paper may come are required to inform themselves about and to observe such restrictions. By accessing this paper, a recipient hereof agrees to be bound by the foregoing limitations.

Sun Fund - Abstract

Sun Fund is tokenizing the renewable energy sector with an asset-backed digital currency and supporting blockchain infrastructure technology.

The purpose of this white paper is to define the characteristics of the Sun Fund currency and technology platform that will achieve this vision and show how this coin will emerge as a preferred digital currency.

Sun Fund consists of three interlocking systems:

1. An asset backed digital token creates a currency with real value from revenue generating renewable energy assets.
2. The Producer-to-Investor Platform (PIP) application will provide a decentralized Peer-to-Peer platform to disintermediate the investment process and connect investors with projects of all sizes on a global basis.
3. The Inbound data hardware Internet of Things (IoT) Oracle functionality connects solar inverters to the Sun Fund Blockchain using data channels.

Unlike other blockchain projects in the electricity and renewable energy sectors, Sun Fund is focused on building an asset-backed token to connect investors directly with renewable energy producers. Sun Fund's decentralized applications will allow investors and producers to interact on a peer-to-peer basis, eliminating the friction of the current system and opening up investment to renewable energy projects of all sizes globally.

In Phase I, Sun Fund is creating the first token that is backed by revenue generating renewable energy assets and is also SEC compliant. Because it is asset-backed, the token will become established as a digital currency that serves as a true store of value. Sun Fund will manage the assets that back the token so that the value of the token will grow over time by reinvesting revenue generated from the assets. Sun Fund will also be able to continue adding additional tokens as additional assets are added.

In Phase II, Sun Fund will roll out its Producer-to-Investor Platform (PIP) that will connect investors with renewable energy project producers. The Sun Fund token will serve as a medium of exchange on this platform. Sun Fund will begin with solar and then expand to other renewable technologies such as wind, hydro and battery storage. Both new and existing renewable energy production facilities can be added to the PIP, providing a market potential in the trillions of dollars.

In Phase III, Sun Fund will build an inbound blockchain hardware oracle platform that connects inverters on an IoT platform with the Sun Fund blockchain. Investors will be able to receive reliable, real time data about investment performance which will help investors access the data they need to make better investment decisions. Solar power producers will also be able to develop performance records that are documented on the Sun Fund blockchain, facilitating the P2P investment process.

By this time, blockchain technologies will have improved to the point where the Sun Fund token can be used globally with minimal transaction costs and instantaneous transaction speeds. Once the initial three phases are completed, the Sun Fund token will have garnered sufficient trust and adoption to become a true universally accepted digital currency.

Why the Sunny?

Investors and renewable energy producers face two major problems that Sun Fund will help solve:

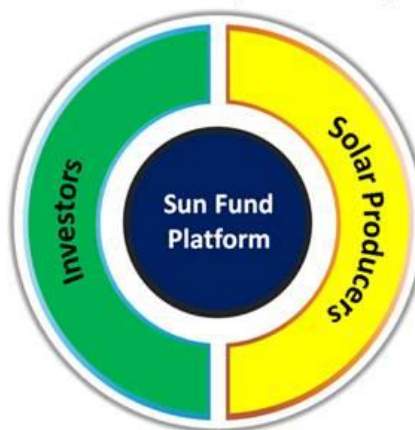
1. The current process of investing in renewable energy projects is cumbersome, layered and expensive. As a result, most larger investors concentrate on larger projects and costs are excessive.
2. Over one billion people on the planet remain in the dark without electricity. Small to medium sized renewable energy projects go unfunded because of the inability to connect investors and projects on a trustless, decentralized platform in a cost-effective manner.

Sun Fund provides a solution for both problems by shifting from the current model to the Sun Fund Platform:

Current Model: Too many intermediaries



The Sun Fund Producer-to-Investor Platform (PIP) connects investors directly with solar producers



Sun Fund is creating a digital currency and blockchain technology centered around an asset-backed token that acts as a true store of value, can be used in the Sun Fund Ecosystem to invest in solar projects and can eventually become a universally accepted currency.

The Sun Fund token – the Sunny – is the first asset-backed token for renewable energy. Proceeds from token sales are used to build and operate revenue generating solar projects. Over time, the value of the Sunny will increase as revenues are reinvested in additional solar projects. In other words, growth in value of the Sunny does is based on fundamental economics and not the hope of future adoption.

The Sun Fund token is supported with blockchain technology and supporting applications to help build confidence and trust in both the currency and the Producer-to-Investor Platform (PIP). The Sun Fund platform will track ownership, production performance and financial results of both the projects and the sponsors, creating real time credit data. The platform will also create automatic payment systems based on smart contracts to expedite investment administration.

The Sun Fund Mission

The Sun Fund mission is to develop an asset-backed token that increases in value over time, becomes the standard for renewable energy currency and eventually a universally accepted currency, all while tokenizing renewable energy assets to facilitate the rapid expansion of renewable energy. This currency and supporting blockchain applications will increase renewable energy production, reduce greenhouse gas emissions and help our planet meet established UN goals.

The Sun Fund Three Phase Strategy

Sun Fund has a clearly defined development plan that is divided into three phases:

[Phase I: Sun Fund creates an asset-backed token](#)

Sun Fund is creating the first token that is backed by revenue generating renewable energy assets and is also SEC compliant. Because it is asset-backed, the token will become established as a digital currency that serves as a true store of value. Sun Fund will manage the assets that back the token so that the value of the token will grow over time as the company reinvests revenue generated from the assets. Sun Fund will also be able to continue issuing additional tokens as additional more assets are added.

The Sun Fund token will be SEC compliant, available to all investors and tradable on SEC regulated Alternative Trading Systems (ATS) for cryptocurrencies.

[Phase II: Sun Fund launches Producer-to-Investor Platform \(PIP\)](#)

Sun Fund will roll out its Producer-to-Investor Platform (PIP) that will connect investors with renewable energy project producers. The Sun Fund token will serve as a medium of exchange on this platform. Because it is asset-backed, market participants will adopt and place trust in the token and increase utilization. Sun Fund will begin with solar and then expand to other renewable technologies such as wind, hydro and battery storage. Both new and existing renewable energy production facilities can be added to the PIP, providing a market potential in the trillions of dollars.

As the PIP is rolled out, blockchain transaction speeds will continue to increase and transaction costs will continue to decrease. Because the Sun Fund marketplace between investors and producers is a low transaction environment, the Sun Fund PIP can succeed with current speeds and costs and will flourish with even the moderate improvements that are in development now.

[Phase III: Sun Fund builds inbound blockchain hardware oracle platform](#)

Sun Fund will build a connectivity solution between inverters on an IoT platform and the Sun Fund blockchain. Investors will be able to receive reliable, real time data about investment performance which will help investors access the data they need to make better investment decisions at substantially lower costs. Solar power producers will also be able to develop performance records that are documented on the Sun Fund blockchain, facilitating the P2P investment process.

With this trusted oracle role, Sun Fund will then be permanently established as the key facilitator of the Sun Fund decentralized, P2P application that will be the primary network connecting investors with renewable energy producers.

The final transformation will occur when the Sun Fund token becomes established as a universally accepted currency. Combining an asset-backed model under a regulated legal structure with an established blockchain platform will give Sun Fund the ability to achieve this goal.

The Sun Fund Value Proposition and Business Model

Sun Fund's value proposition and business model evolves as each phase is rolled out.

In Phase I, Sun Fund will build out the Sunny as the first SEC regulated asset-backed token. Sun Fund will generate revenue from management of a portfolio of renewable energy assets. Tokenized assets will also include proof of work mining systems and proof of stake currency assets. This income for the company will increase as the value of these assets increase over time. Because assets will grow in tandem with the release of additional tokens, Sun Fund revenue can increase over time without any upper limit and will be a permanent source of long-term increasing value creation.

In Phase II, Sun Fund will build out the Producer-Investor Platform (PIP) that will generate revenue for Sun Fund when peer-to-peer transactions are completed. The fees from these transactions paid to Sun Fund will be a small fraction of the transaction fees and costs that solar producers pay for equity and debt financing in current markets. The Sun Fund team knows the renewable energy financing market through direct experience over the past five years and has a granular understanding of pricing.

Sun Fund will also open new markets connecting investors with producers who would otherwise never have access to funding for their projects, creating additional revenue opportunities.

In Phase III, Sun Fund will connect solar inverters with the blockchain ledger and serve as the inbound data hardware oracle. This will position Sun Fund as a key network service provider, creating the opportunity for revenue for providing these oracle services.

Solar Project Development: Challenges & Opportunities

Global demand for solar energy has been growing rapidly as the cost of solar equipment (panels and inverters) has declined dramatically during the past five years. As an increasing number of investors have adjusted their mandates to divest from fossil fuels and increase allocations to the renewable energy sector, institutional capital has been flooding into the market, focused on large utility-scale projects which are generally low-risk and low-return.

In the value chain, the most profitable part of the solar industry is "downstream," meaning that the largest profits are generated from developing and owning solar assets vs. solar equipment manufacturing. The least profitable segment is "upstream," where panel manufacturers are subjected to the vagaries of a commoditized panel market, which results in relatively low returns.

Institutional investors ranging from private equity funds to family offices, remain concentrated on larger projects in order to deploy capital more efficiently. The smaller side of the market, known as

“commercial and industrial (C&I),” remains relatively underserved and under-penetrated, despite such projects generating higher returns. The C&I market segment consists of projects which generate electricity for on-site or “behind-the-meter” users. Examples include industrial and commercial office buildings.

Renewable energy investment is expected to be in the trillions of dollars, fully justifying the Sun Fund token as being able to generate enough solar growth to also grow the digital currency.

The Sun Fund Model: Solar Meets Blockchain

Institutional capital generally overlooks the commercial and industrial solar market segment because the cost to develop, underwrite, build and manage a portfolio of many small projects is materially higher than investing in a single, large utility-scale solar project. This is especially the case when using traditional methods which require a large amount of margin-eroding human capital.

The Sun Fund Platform approach to solar investment, development and asset management is designed to solve this problem. Our digital token, the Sunny, will improve operational efficiencies, to the extent that investment in commercial and industrial projects can be executed in a low-cost manner as we scale up our operations to build a \$1 billion solar asset portfolio over the next five years.

Our vertically integrated development model further reduces costs by eliminating unnecessary intermediaries.

Our blockchain technology platform will improve operational efficiency, reduce costs and deliver superior returns to investors in these eight areas:

1. **Financial Disintermediation:** The Sunny will allow individuals anywhere in the world to invest in a fractional share of a solar project and receive a proportional return. This process will eliminate many intermediaries such as brokers, payment systems, custodians and other margin-diluting parties.
2. **Democratization of Investment:** Fractional investment and the efficient distribution of investment returns via our cryptocurrency will level the playing field. Small investors will have access to high-profit projects, which have been traditionally reserved for large accredited investors who invest in large, utility-scale projects. Blockchain allows for low-cost fractional investment in renewable energy and that opens more opportunity for small investors.
3. **Decentralization of Investment.** All investments will be decentralized and diversified as tokenization will permit investors to allocate their investments in whatever percentages they prefer to a project rather than having to fund all or none of a project.
4. **Efficient Globalization of Renewable Energy Investment:** Small (retail) investors will be able to use the Sunny to buy a stake in a renewable energy asset anywhere in the world without incurring transaction costs related to currency exchange and electronic payments.

5. **Lower Due Diligence Costs:** All contractors and developers participating in the Sun Fund blockchain investment ecosystem will be subjected to initial rigorous due diligence before being permitted to advertise projects. Once admitted into the Sunny ecosystem, participants will be scored on the basis of cost, efficiency and the quality of systems installed. This will allow investors to assess the risk of a potential solar project by reviewing the historical performance of the developer and installer. Because data embedded into the blockchain is “immutable,” investors are assured that the ratings are transparent and objective.
6. **Automated Solar Asset Performance Analysis:** Our blockchain technology will utilize algorithms which will automatically parse and analyze data such as forecasted production, weather and equipment selection and then score each project accordingly. The goal will be to analyze the actual vs. forecasted performance of each project. Ratings will in part determine the market value of a project. For example, underperforming assets will be marked down or discounted. This will in turn allow for “automatic price discovery” of assets, which will reduce the human capital required for analysis and reduce transaction costs as assets are bought and sold.
7. **Algorithmic Credit Risk Analysis:** As projects are built and off-takers (buyers of electricity) make monthly payments for their solar electricity, a credit history will be automatically updated in real time and immutably imbedded into our distributed ledger. The credit-score of the off-taker will impact the value of the asset. For example, an off-taker who is never past due with payments will increase the market value of the project because the credit quality will be confirmed. These credit scores may also be sold to credit-rating services, which will unlock further shareholder value. Automation of this function will require less human capital (fewer credit analysts) and materially reduce transaction costs.
8. **Improved Market Liquidity:** As the project portfolio grows, Sun Fund or outside investors using the Sunny, will buy and sell projects. We envision a liquid market, where buyers and sellers of solar projects will be able to view objective and transparent data on projects – performance history and payment history, with the ultimate goal being the creation of a liquid, transparent marketplace to buy and sell projects.

To summarize, the Sun Fund Token will

1. Have value backed by revenue generating renewable assets, allowing the Sunny to serve as a true **store of value**.
2. Be used within the PIP initially between investors and solar producers and eventually between vendors and off-takers, providing a compelling use case for the Sunny as a trusted and tradable **medium of exchange**.

The Sun Fund Blockchain Platform

The Sun Fund token is an Ethereum ERC20 digital currency supported by Ethereum smart contracts.

The Producer-to-Investor (PIP) platform and IoT to Sun Fund blockchain connectivity will be built on the Ethereum blockchain with associated supporting applications

Phase I – The Sun Fund Token

In Phase I, Sun Fund will develop the Sunny as an asset-backed currency by issuing tokens and using funds to build revenue generating renewable energy assets. Sun Fund will tokenize its own renewable energy assets as its own blockchain beta test to prepare for Phase II.

Phase II – The Producer-Investor Platform (PIP)

In Phase II, Sun Fund will roll out a blockchain-based producer-to-investor platform (PIP) where the Sunny can be used as a medium of exchange between solar power producers and solar investors. The platform will allow investors to select projects and invest whatever amounts they want. Solar power producers will be able to fund projects of all sizes across the world.

The blockchain technology in Phase II will focus on tokenizing renewable energy assets – both the Sun Fund assets backing the Sunny and projects of solar producers on the platform. In this way all renewable energy assets and owners will connect with investors on a blockchain. The distributed ledger will provide data on ownership, project electricity production and financial results of both the project and the project sponsor.

Phase III – IoT Inverter to Sun Fund Platform Connectivity

In Phase III, the Sun Fund platform will build connectivity between solar power inverters that track electricity production by solar panels and the Sun Fund blockchain ledger. Sun Fund will also incorporate weather data feeds to be able to better compare actual and expected solar production levels. This Internet of Things (IoT) component will then put Sun Fund in the position of an Ethereum inbound data hardware oracle, making Sun Fund a permanent and key part of the PIP ecosystem.

The Sun Fund Currency Valuation Model

Sun Fund is pursuing an asset-backed token strategy in order to build a digital currency that will be a true store of value. That store of value will provide confidence to the renewable energy industry to utilize the Sunny as a medium of exchange. Over time, the Sunny will expand outside the industry to become an established universally accepted global digital currency.

Virtually none of the digital coins and tokens in circulation today are backed by any type of real assets. There are several initiatives to tie a digital currency to gold or other commodities, but the value proposition of most currencies is based on creating trust and adoption combined with limited supply/scarcity. However, there is a problem with combining these two concepts. Adoption of a currency implies maximizing the number of users of the currency, but a limited supply of the currency means that the actual number of users of the currency will be limited. It could be the case that in an effort to maximize the short-term trading value of a cryptocurrency by limiting supply, issuers could be thwarting efforts to achieve universal adoption. While technically some cryptocurrencies can sub-divide to increase the physical number of currency units, this action may not necessarily result in increased usage or value.

Achieving True Adoption

Sun Fund will create trust by maintaining an asset-backed currency. Sun Fund will also maximize adoption by increasing the currency supply over time. In the same way that the US dollar was previously backed by gold, the increase in supply of the Sunny will be matched by the solar assets backing the Sunny. This system allows the Sunny to become a substantially larger currency than tokens that are not asset-based.

In the competition for cryptocurrencies to become adopted as universally accepted currencies, the Sun Fund team believes that asset-backed tokens will play a dominant role going forward.

It is important to distinguish between blockchain technology companies that issued a digital currency to fund their start-up operations and pure digital currencies. Many blockchain technology companies are developing useful and innovative technologies so an investment in their currency may very well be an investment in their future technology innovations. However, if a currency is neither asset-backed nor part of a technology innovation, there may be little to support the long-term value of a currency.

In order to develop a cryptocurrency that serves as a true store of value and a trusted medium of exchange, Sun Fund is applying the same monetary and economic theory that central banks employ to manage fiat currencies.

Applying Basic Monetary Theory to Cryptocurrencies

The equation of exchange known as the quantity theory of money states that the general price level is directly proportional to the amount of money in circulation. The basic formula is:

$$MV = PQ \quad \text{where:}$$

M = The stock of money. How much money is out there in circulation.
V = The velocity of money. How fast does money change hands?
P = The overall price level.
Q = The economy's output.

In a simple example that can be applied to cryptocurrency, if a currency is asset backed with \$1 million in assets and 1 million tokens, adding one million tokens will simply cut the buying power of the new stock of 2 million tokens in half because the "economy's" output has not changed.

Sun Fund will manage the Sunny to increase in value over time by only adding tokens in conjunction with the addition of new revenue generating assets. Also, by reinvesting income generated by these assets back into the asset base of the token, token holders will see an increase in value of their tokens over time.

Cryptocurrencies as Stateless Central Banks

By operating within the context of basic monetary and economic theory, Sun Fund is essentially serving as a stateless central bank to manage the stability and growth of a cryptocurrency that will be backed by revenue generating assets.

Because cryptocurrencies are not backed by powerful countries that can simply exert geopolitical influence to maintain currency values even when printing increasing amounts of currency, cryptocurrencies must be managed with the discipline of adhering to established formulas of monetary theory. As a cryptocurrency with no need to manage an economy for political purposes, however, there is no political pressure to operate other than with the goal of maximizing currency value over time.

As such, the Sun Fund token will hold renewable energy assets and associated dollars, digital currency, mining and proof-of-stake master nodes such that the value of total assets increases over time. All assets will be moved to the Sun Fund blockchain platform, giving token holders the same transparency with the Sun Fund token assets as they will have with individual projects on the Sun Fund platform.

Token Stability

The digital currency market is subject to substantial price volatility caused by a clouded price discovery process. Most digital currencies are not backed by anything other than the hope that the currency will become a trusted store of value and/or medium of exchange at some point in the future. As a result, all digital currency to date has been highly speculative, in the view of the Sun Fund team.

The Sun Fund asset-backed digital currency model is designed to provide a stable token value that increases over time based as much on hard assets as adoption. As with all digital currencies, the goal of the Sunny is to become adopted as a trusted store of value and medium of exchange by increasing usage.

The Sun Fund team believes that the Sunny will become part of a new class of regulated, asset-backed tokens that will track differently than the current digital currencies that are unregulated and not backed by any real assets. This new asset class should be subject to much lower volatility because token buyers

and sellers will be able to understand the value of the assets backing the token with Sun Fund's transparent blockchain ledger.

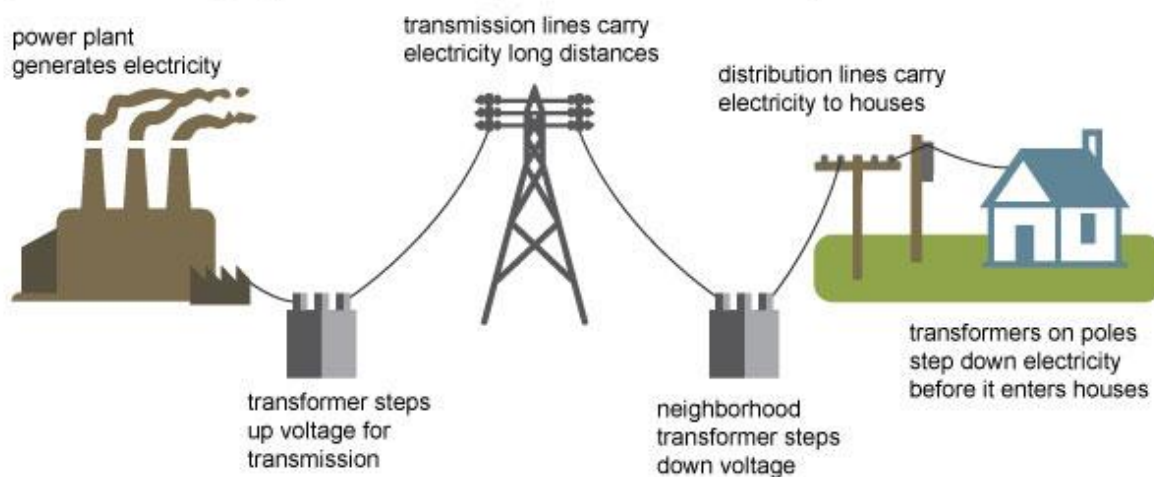
Existing Electricity and Renewable Energy Markets

Electricity Markets & Distributed Renewable Energy Resources

Electricity demand is expected to grow substantially in the coming decades driven by the increasing demand for electricity to power devices. The largest of these devices are electric vehicles. Renewable energy electricity producers will play an increasing role in the future electricity generation mix.

Electricity markets in developed economies are made up of generation, transmission, distribution and retail users and have traditionally been organized as shown below:

Electricity generation, transmission, and distribution



Source: Adapted from National Energy Education Development Project (public domain)

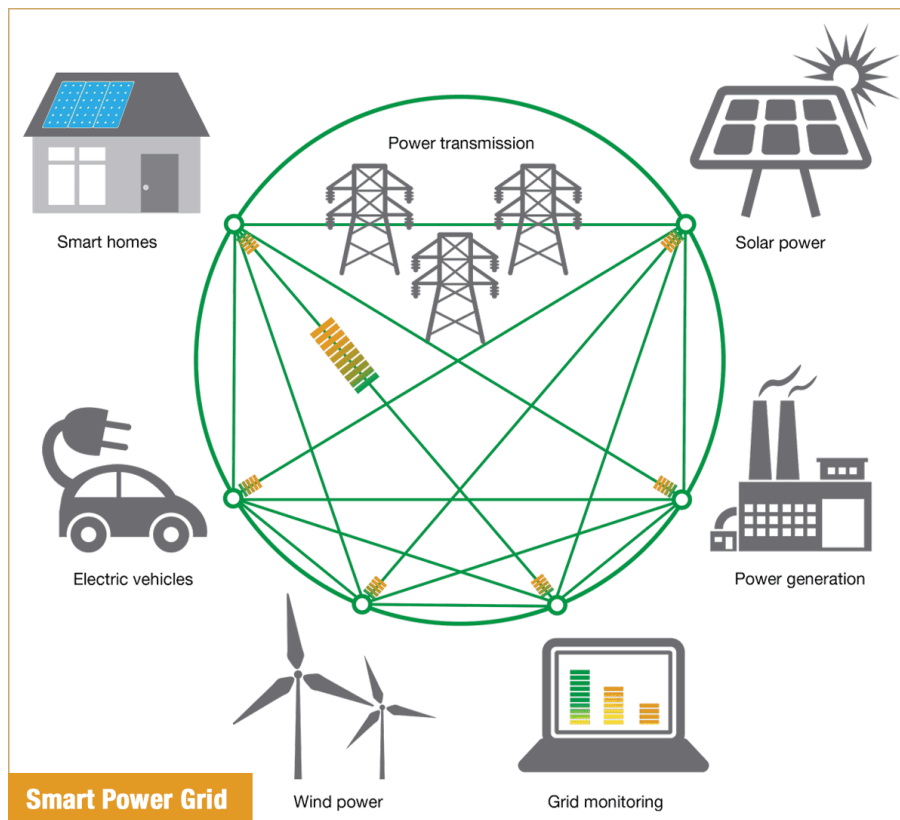
Electricity generation has traditionally been provided by large utilities often with regulatory protection as a monopoly. Power plants in the past were all large in scale and required massive investment from large financial institutions and investors.

Over the past several years, solar, wind and other renewable technologies have improved in efficiencies and costs have dropped dramatically. Solar panels that cost over \$3.00 per watt in 2010 now cost less than \$0.50 per watt in 2018, an 80% drop. These lower costs have had two major impacts on electricity generation markets. One is that renewable energy technologies are getting closer and closer to “grid parity,” which occurs when renewables generate electricity at a cost that is less than or equal to the price of purchasing electricity from the traditional grid.

The second impact has been the proliferation of renewables as distributed energy resources that can range from 50 megawatt solar farms down to 4 kilowatt residential solar arrays.

An additional complicating factor has been that the new grid consists of participants that can be both producers and consumers at the same time. An individual home solar PV system could be generating electricity in excess of usage and feeding electricity back to the grid during the day when no one is home but then drawing electricity from the grid at night when solar is not available and usage increases.

The new electrical grid is more interactive and “transactive” and looks more like this:



A further complicating factor is that electricity is generated by solar PV systems earlier in the day than the time of peak demand. As solar PV producers increase, the demand for battery storage to accommodate this shift increases accordingly and will play a critical role in managing grid resources going forward.

In developing countries, there is both a lack of electricity in numerous areas and a lack of reliable electricity in areas that do have grid access. For areas with no electricity, a great opportunity exists to create simple microgrids with solar and batteries. These microgrids will skip the traditional grid in the same way mobile phones skipped land lines. With the substantially lower costs for solar and battery technologies and payment systems through mobile phones, Sun Fund can bring electricity to over one billion people who still have no electricity.

An additional opportunity exists to bring renewable energy and battery storage to areas of the world where the electricity grid is simply unreliable. By providing on-site generation and storage, businesses can improve productivity and consumers can cut costs associated with unpredictable power outages. These systems can either be off-grid microgrid solutions or grid-tied systems that essentially serve as backup generation capacity that kicks in during power outages.

Retail Electricity Markets

Retail electricity markets in the United States are divided into regulated and deregulated. Because Sun Fund is not seeking to become a retail electricity supplier, the market status as regulated or deregulated

is not relevant. An electricity retailer purchases electricity at wholesale rates, markets to retail users and then resells at retail rates. In contrast, Sun Fund contracts with commercial, industrial and multi-family properties to provide on-site generation under long-term power purchase agreements (PPAs). These PPAs are classified separately from traditional electricity retailers in deregulated markets and operate under a separate set of regulations.

These individual state laws and regulations governing renewable energy resources are key to successful renewable energy implementation. These include:

[Renewable Portfolio Standards](#). Many US states have implemented policies to require the utilities in their state to obtain a certain percentage of total electricity supplied from renewable sources. This policy causes the utilities to create programs and issue procurements for renewable energy generation.

[Net Metering Policies](#). The ability for small renewable energy producers to be able to net their solar production against their usage each month is a critical requirement for facilitating renewable energy adoption. An additional net metering issue is the rate at which a utility will purchase back excess production from these generators. Net metering policies that permit distributed renewable energy resources such as solar to net meter solar production against usage allows Sun Fund to act as an electricity retailer to off-takers on a project by project basis without the associated administrative burden of qualifying as an electricity retailer in deregulated markets.

[Virtual Net Metering/Community Solar Programs](#). A small number of states allow utility customers with on-site solar generation to sell their excess production to other electricity customers on the grid at other locations. However, most states do not permit these practices or do so on an extremely limited basis.

[Renewable Energy Credit and Other Incentive Programs](#). A number of US states offer renewable energy credits (RECs) as incentives for generating renewable energy in their state. Sun Fund is active in these states because these RECs offer 10 to 20 year incentives that add additional stable cash flow to revenue generating solar projects.

Sun Fund is focused on building a digital token backed by solar generation assets and connecting investors and solar producers in the generation sector of electricity markets in developed economies.

Sun Fund will be active in the retail sale of electricity to consumers only to the extent that a number of power purchase agreements are direct agreements between electricity buyers (off-takers) and solar PV projects that make up the Sun Fund basket of solar assets backing the Sun Fund currency. In Phase II, individual solar power producers will develop their own contractual agreements with off-takers.

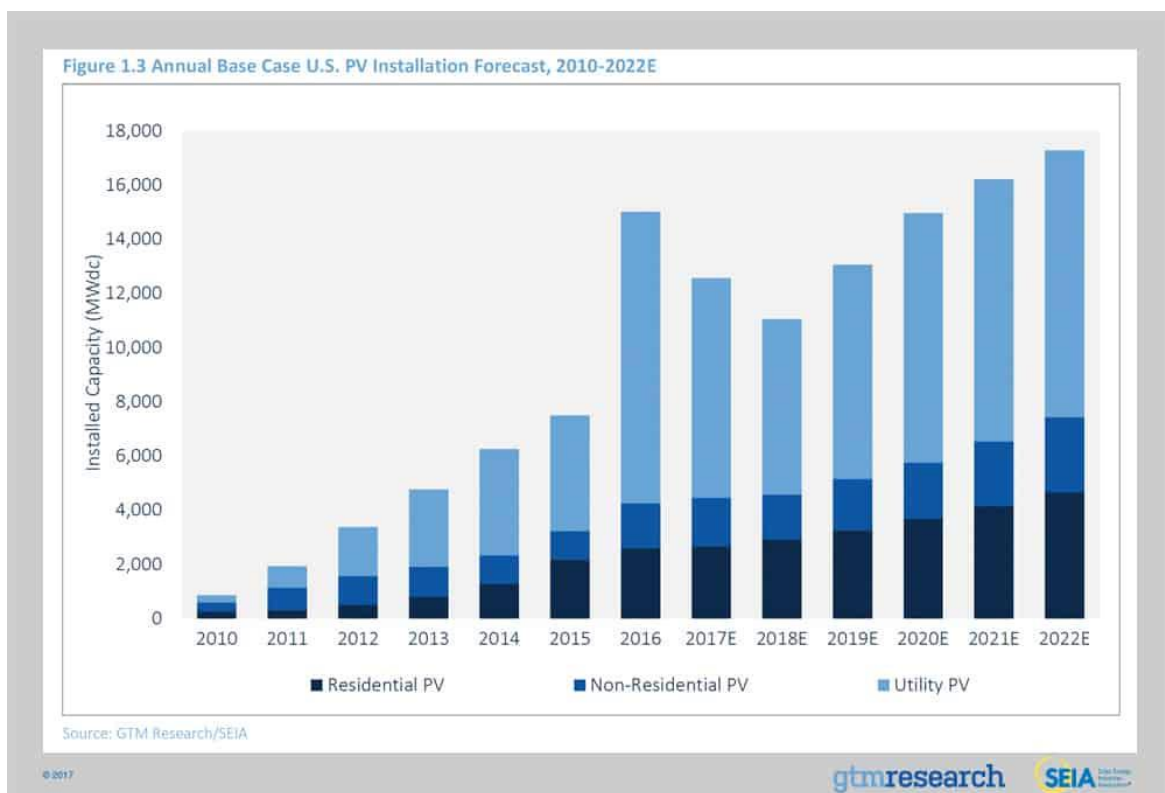
Sun Fund will not be active in the transmission or distribution sectors of the electricity markets and will not participate in other electricity market sub-sectors such as for demand response or frequency modulation at this time. Sun Fund instead will focus on the readily accessible market connecting investors and solar producers.

Based on the current regulatory environment, Sun Fund rejects the concept that cryptocurrencies and blockchain technologies can give users control to buy and sell their renewable energy production in developed economies for three reasons. First, very few areas permit net metering which means that

only a small percentage of the market will have the legal right to sell power to another customer over utility-owned distribution lines. Second, kilowatt hours generated by renewable energy systems in most cases do not have storage capabilities and have a use-it-or-lose-it characteristic. This makes it hard for prosumers to sell excess power at specific times. Third, in most cases where virtual net metering is allowed the rates that utilities pay is substantially lower than retail rates as utilities require compensation for transmission and distribution and well as load management services.

Growth in Renewable Energy Capacity

With equipment costs at historic lows, construction of renewable energy facilities will continue to grow. In just the US, solar PV installations are expected to grow from 12,000 over 17,000 gigawatts per year by 2022 as shown below:



Based on current and projected market conditions, there is broad market agreement that both electricity demand and the demand for renewable energy will be growing at a healthy pace over the next two decades especially as electricity becomes a primary transportation fuel.

As a result, the Sun Fund token and the Sun Fund Producer-to-Investor Platform (PIP) will be able to tokenize an increasing percentage of the multi-trillion dollar renewable energy market in the years ahead.

The Sun Fund Blockchain Technology Platform

Sun Fund Technology Strategy

Sun Fund has developed a well-defined technology development strategy. The Sun Fund blockchain platform will be based on the Ethereum network and consists of building out three distinct technologies:

Phase I – Digital token and token generation event based on Ethereum smart contract token.

Phase II – The Producer-to-Investor Platform (PIP)

Phase III – IoT connectivity between solar inverters and the Sun Fund blockchain platform.

The Sun Fund team has carefully reviewed available blockchain platforms and algorithms. Sun Fund has chosen the Ethereum platform for initial blockchain development over Neo, Cardano or a direct blockchain solution. The Cardano platform could provide viable solutions for scalability, interoperability and sustainability but will not be available until late 2018 or 2019 according to their current development road map.

Sun Fund is choosing the Ethereum platform over Neo for three reasons. First, Neo is building in regulatory controls and a bookkeeper node system that the Sun Fund team believes provides the potential for excessive governmental interference that could jeopardize the Sun Fund platform. Second, Most of the items that Neo is promoting will be added by Ethereum within the next 12 to 18 months. This includes the shift to Proof of Stake with Casper, direct trading with atomic swaps or equivalent and other upcoming updates. Finally, Sun Fund can manage through any future Ethereum forks. While it is true that Neo cannot be forked by break-away developers, Sun Fund does not believe that any future Ethereum forks would be detrimental to Sun Fund operations or the Sun Fund model. The reason is that the Sun Fund platform is not a high-frequency transaction system and can manage better through such events.

Public Layer – The Ethereum Blockchain

The Public Layer of the Sun Fund platform utilizes the Ethereum blockchain where the Sun Fund platform connects to third party token exchanges and Alternative Trading Systems (ATS).

Ethereum is a readable, writable and programmable blockchain ledger that is public and universally accessible. Thousands of computer users run software nodes that maintain the ledger. At present, those computer owners are incentivized through proof of work payments. Ethereum is expected to move to a proof of stake algorithm with its upcoming Casper release which should help increase transaction speeds and decrease transaction costs. Ethereum is also planning a number of additional updates that will considerably improve performance. Sun Fund has chosen Ethereum based on its current functionality and expected development roadmap.

Because Sun Fund the initial three phases of development do not require a high number of transactions per second and involve relatively high currency amounts per transaction, Sun Fund will not need

payment channels. Instead, Sun Fund is developing data channels to handle data incoming from IoT devices such as solar inverters (see Data Channels below).

The Sun Fund Platform Applications Layer

The Sun Fund Platform Layer is made up of the public smart contracts and off-chain data channels that provide for trustless and open-sourced implementation of key platform functionality including:

- a. [Sun Fund Digital Token Smart Contract](#). This smart contract and associated code will govern the Sun Fund token.
- b. [Public blockchain ledger](#) to track assets backing the Sun Fund token and PIP participant assets transparently and in real time. This ledger will record ownership, financial performance, production performance and solar project sponsor ratings.
- c. [The Sun Fund Producer-to-Investor Platform \(PIP\)](#) that connects investors with solar producers to allow investment in solar projects and payments by project owners back to investors. Over time many of these investments will be managed by smart contracts.
- d. [Oracle connectivity application](#) bringing data from solar IoT devices such as inverters to the Sun Fund blockchain in trusted environment.
- e. [Off-Chain Data Channel](#) to receive and hold data incoming to the blockchain from IoT solar devices off-chain in order to minimize blockchain transactions and costs.

Implementation of these applications will allow Sun Fund to fulfill its overall mission.

The Sun Fund Token – The “Sunny”

Sun Fund will release its token as an ERC20 (and shortly ERC223) compliant token based on Ethereum smart contracts. This standard facilitates token interoperability and ensures that tokens have a minimum level of initial functionality including transferability. Sun Fund will build additional features into its token smart contracts to improve security and comply with SEC regulatory requirements.

The Sun Fund Token, called the Sunny, will represent a share of the tokenized renewable energy assets that back the value of the currency. For example, if there are 100 Sunny tokens outstanding then one token would represent a 1% interest in the solar assets held by Sun Fund. Revenue generated by the assets are re-deployed to increase the value of the assets backing the token. As stated in the currency theory section above, Sun Fund will be able to issue additional tokens to help grow the network as additional revenue generating solar assets are added. The additional assets will help maintain and increase the value of the Sunny.

The Sunny will be able to be stored in standard Ethereum wallets and as discussed in other sections will be tradable on SEC compliant ATS exchanges.

Payment Channels Not Required: Building out Sun Fund in Parallel with Increasing Blockchain Functionality

Sun Fund will not need to develop a two token system or separate payment channels as seen in other systems requiring fast transaction speed and lower transaction costs just to operate now.

The Sun Fund roadmap is designed to implement the Sun Fund platform on the technology available today and to grow as blockchain technology evolves. Today, blockchain transactions are slow and expensive so it is not realistic for any token or currency to effectively operate as a medium of exchange. With this in mind, Sun Fund is focused in Phase I on building out the Sun Fund asset-backed token to demonstrate its effectiveness as a store of value. Transaction costs and speed are less relevant during this phase as token holders are acquiring an asset-backed token with the goal of holding as a store of value.

As Ethereum shifts to the Casper protocol with Proof of Stake driving down transaction costs and increasing transaction speeds, Sun Fund will reach Phase II which is the platform that will connect investors with solar energy producers. The PIP platform does not require a lightning network. It consists of investors and producers exchanging investments and returns on investment and these transactions neither need to be nor are expected to be instantaneous. Also, the total number of transactions between parties is relatively small and infrequent. For example, an investor may make one investment during a month and in turn may receive one monthly or quarterly payment going forward until the end of the investment.

As transaction costs decrease, the Sun Fund platform will be able to connect even the smallest solar producers with investors in a cost-effective manner. Investor payouts from projects can also increase in frequency, eventually getting down to daily payments.

By the time Sun Fund reaches Phase III and the goal of becoming a currency for everyday transactions, it is expected that Ethereum will have developed secure lightning networks that are capable of numerous transactions per second at minimal cost. At this point it would be technically feasible for Sun Fund to become a universally accepted currency.

Internet of Things (IoT) Oracle Connectivity Infrastructure for Solar PV Systems

In Phase III, Sun Fund will establish itself in an Oracle role for the Sun Fund Blockchain platform, providing trusted connectivity between inbound production data from solar inverter hardware and the Sun Fund Blockchain. Sun Fund will develop secure APIs to extract data from inverters, maintain projected performance data for each solar project and build an additional weather data API connection to extract daily weather data.

Solar inverters generate solar production data in 15 minute intervals. That data is pushed to monitoring servers and is available for API access. In order to properly assess solar generation data, weather data and projected production schedules are required. Sun Fund will capture inverter data through a standard API and then compare production to both original projections and taking actual weather results into account.

Sun Fund has begun preliminary discussions with more than one solar PV inverter manufacturer to begin the process of developing connectivity between inverters and the Sun Fund blockchain platform.

Sun Fund Data Channels

Sun Fund proposes to develop data channels to handle data incoming to the blockchain from IoT devices in a similar manner that payment channels have been proposed to handle payment transactions. These data channels will be connected to IoT solar inverter devices and develop off-chain data that is grouped and uploaded to the Sun Fund blockchain platform in the most efficient and cost-effective manner. These data channels within the Ethereum Proof of Stake protocol update with Casper will provide a format for minimizing Gas costs for smart contract processing.

As an example, most solar inverters generates production data updates every 15 minutes which would be 96 blockchain ledger updates per day. Sun Fund proposes to create data channels that will allow those production updates to be verified off-chain and minimize the number of ledger updates to once per day, week or month. This off-chain data channel will also protect against device anomalies and catch issues prior to blockchain ledger recording. For example, if the maximum possible production of a solar PV system is 10 kilowatts and an inverter reports 28 kilowatts, the Sun Fund off-chain data channel would reject that data feed and the system would be flagged for maintenance.

The data channels will be designed to compare actual and expected solar production as adjusted for weather conditions and provides a faster notification and updates if there is a significant variation.

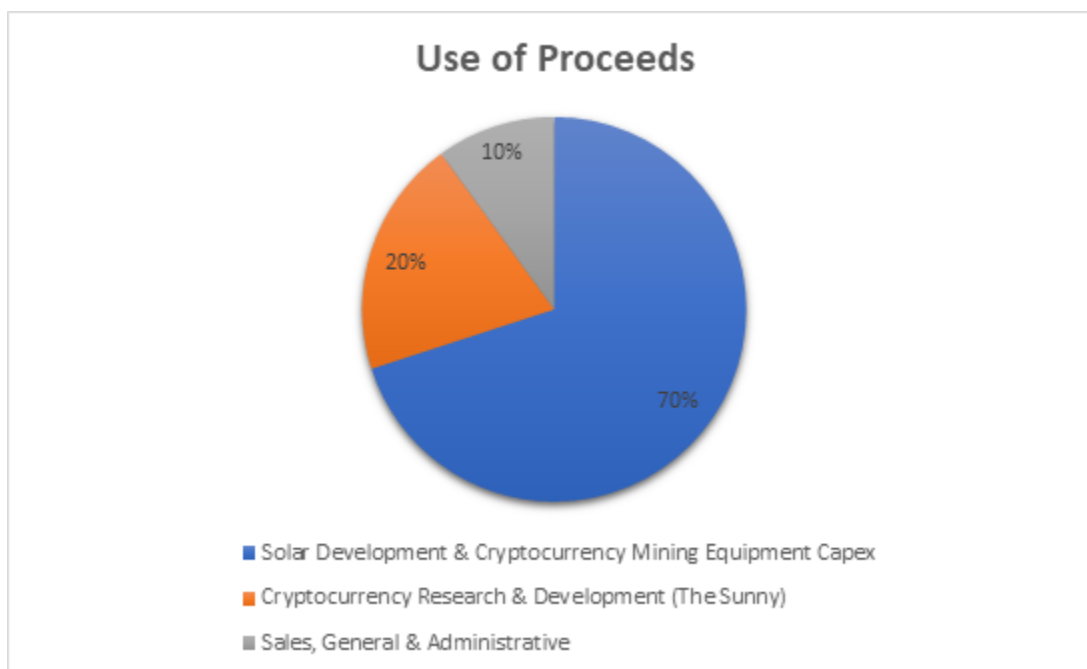
In the future, Sun Fund could also extend this connectivity to utility smart meters if a compelling business use case can be developed.

Use of Funds

As an asset-backed token, approximately 70% of funds received from the initial token generation event will be deployed to build out the revenue generating solar and renewable energy projects that will build direct value in the Sunny.

A smaller portion of funds will be utilized to build out the Sun Fund technology layer on top of the Ethereum blockchain platform planned for Phase II and Phase III.

A benefit of developing on the Ethereum platform is dramatically lower costs combined with more certainty during the development process.



Upon completion of the deployment of funds, Sun Fund will have a fully asset-backed token as well as Phase II and Phase III technology built, tested and launched. From that point, both the currency and the technology platform are expected to become self-sustainable and any future token generation events would be solely to add additional solar projects to the Sun Fund tokenized asset base.

The Sun Fund Roadmap & Milestones

Sun Fund Team Achievements to Date

The Sun Fund management team has successfully developed numerous solar projects since entering the renewable energy sector in 2012. They have a proven track record in project development, financing, engineering, procurement and construction of solar projects. There are currently 98 projects totaling 55 megawatts under development, which are being contributed to the Sun Fund project pipeline and will be part of the solar assets backing the Sun Fund token.

January 2014 – Developed our first industrial solar project. Sun Fund team members developed Bridgeport, Connecticut's largest private solar array for an elevator panel manufacturer.

October 2015 – Pioneered a new solar finance program. The Sun Fund team worked with a financial institution to develop a unique and innovative solar finance program for the affordable housing sector.

November 2015 – Developed two solar arrays for Milford Housing Authority in Milford, Connecticut using the newly created solar finance program.

June 2016 – Sun Fund Team wins 36 megawatt solar RFP. Sun Fund was awarded 36 megawatts (\$80m) in the Connecticut clean energy RFP. The project will consist of over 190 acres of solar fields and over 125,000 solar panels.

June 2017 – The Sun Fund team was awarded a 2.4 megawatt allocation in the CT community solar pilot program, which will provide affordable electricity to low-income families.

August 2017 – Partnered with Metamorphosis Energy, whose owner is Mark Victor Hansen, author of the global best-seller, "Chicken Soup for the Soul," to assist with investor outreach efforts.

September 2017 – Legal formation of Sun Fund corporate entity. Sun Fund as a Delaware C corporation.

October 2017 – 55 megawatts under development. The Sun Fund team has assembled 55 megawatts of solar projects, representing over \$100 million of projects that will be developed and built in 2018 and 2019 and will be part of the Sun Fund asset-backed token portfolio.

January 2018 – Sun Fund launches Pre-ICO as first SEC-regulated share plus token offering. View offer details here: <https://www.startengine.com/sun-fund-dc>.

The Sun Fund Roadmap & Milestones

Q1 2018 Pre-ICO

The Sun Fund SEC compliant Pre-ICO is underway. See www.startengine.com/sun-fund-dc for details.

Q2 2018 Token Generation Event

The Token Generation Event will create the Sun Fund token and provide the funding to build the token into an asset-backed token backed by revenue generating renewable energy assets.

Sun Fund expects to obtain approvals to trade on newly-forming, SEC-authorized Alternative Trading Systems (ATS) to allow free trading of the Sun Fund token by the end of Q2 2018.

Q3 2018 Blockchain and Application Development

Sun Fund will develop both the Phase II Producer-to-Investor Platform (PIP) and the Phase III IoT to blockchain data channels to prepare for beta testing.

Q4 2018 Beta Testing of Producer-to-Investor Platform

Sun Fund will complete beta testing of the Phase II PIP and associated smart contracts as well as complete all code auditing by independent analysts.

Sun Fund will complete beta testing of the Phase III IoT to blockchain data channels with Sun Fund owned assets.

Q1 2019 Launch of Producer-to-Investor Platform

The Sun Fund platform will be rolled out to all investors and solar producers as Phase II.

Q2 2019 Launch IoT Inverter to Blockchain Data Channels to PIP

Upon successful implementation of the PIP, Sun Fund will launch Phase III and will connect solar inverters of existing PIP participants and the remainder of the Sun Fund tokenized assets so that all solar assets are connected through data channels to the Sun Fund blockchain through Sun Fund's Oracle application.

Q3 2019 Growth of the Complete Sun Fund Platform

Sun Fund will expand usage of the platform through the growing Sun Fund community.

Q4 2019 Addition of Wind, Hydro, Storage & Other Renewables to Platform

Sun Fund will open up the platform to other renewable energy technologies.

Q1 2020 Expansion of The Sun Fund Token as a Universal Currency

With two years of history as an asset-backed currency, regulatory compliance, operating technology and acceptance within the renewable energy industry, The Sunny is expected to become a universally accepted currency with proven functionality as a durable storage of value and medium of exchange.

Competition

How Sun Fund is different from other electricity and renewable energy blockchain and cryptocurrency projects

Sun Fund has identified over a dozen companies and groups active in developing blockchain technologies and digital currencies in the electricity and renewable energy markets. After a careful review of each of these companies, the Sun Fund team believes that the company is uniquely positioned to develop an asset-backed digital currency and supporting blockchain technologies with superior business, currency valuation and technology models that is focused on connecting renewable energy investors with solar energy producers.

Sun Fund divides the current market into the following segments:

Peer-to-Peer Energy Trading. Most companies are focusing on P2P energy trading and sales between retail energy consumers and energy suppliers/producers. Companies in this sector include Power Ledger, Grid+, Conjoule, Suncontract, Drift, Greeneum, Electron and We Power. About half of these companies are developing their own blockchain technology and the other half are using the Ethereum platform. Sun Fund has made a strategic decision not to compete in this sector because the ability to scale up a retail P2P energy trading network in a developed country such as the United States would require excessive legal, regulatory and marketing resources with highly uncertain outcomes.

1. Highly regulated monopoly utility markets in developed economies. Many of these markets do not permit P2P energy trading because the only permitted electricity seller is the local utility.
2. Even fewer markets permit virtual net metering in the United States, a program that is required for “prosumers” to buy and sell electricity. For example, the typical net metering policy with US utilities – if it is permitted – allows customers to net their electricity usage against their monthly solar production. However, any excess energy is purchased only by the utility at wholesale avoided cost rates.
3. We do not wish to compete in retail electricity brokerage markets. Customer acquisition costs are extremely high and margins are constantly under pressure.
4. Existing electricity brokers can use the same blockchain technologies to provide the same projected pricing discounts.

Furthermore, blockchain solutions for additional electricity markets categories including frequency modulation and demand response face similar challenges. Sun Fund will not compete in these sub-sectors.

Product Based – Solar Bankers is issuing Sun Coin which is presented as a peer to peer energy trading platform but tied to solar products produced by the company.

Community Solar – LO3 Energy has been testing its blockchain solution in a community solar environment in Brooklyn, New York and has made progress in developing its technology. While slightly different from the straight P2P energy trading model, the company is essentially pursuing the same consumer markets and as such is not a competitor of Sun Fund.

Rewards-Based - SolarCoin describes itself as “an alternative digital currency that works like air miles for solar electricity generation.” Their rewards-based program provides SolarCoins to solar energy producers who register and are approved to participate. SolarCoin has its own blockchain. The Sun Fund team sees a synergistic relationship with SolarCoin as Sun Fund will utilize the SolarCoin program for mutual benefit.

Data and Analytics – Grid Singularity is an energy big data exchange platform which is focused on providing research and analytics.

Industry Consortia – The Energy Web Foundation is a consortium of utilities seeking blockchain technology solutions for their existing business operations. These efforts are not related to the market that Sun Fund is pursuing.

Crowdfunding – The Sun Exchange (www.thesunexchange.com) is a marketplace exchange that hosts crowd sales of solar cells. Based in South Africa, the company has seen early success in crowdfunding several projects with their own blockchain. ImpactPPA is developing a crowdfunding blockchain solution also to address underserved electricity markets in developing countries. MyBit seeks to provide a similar crowdfunding platform for solar and all IoT device revenue opportunities. As such it is not focused specifically on the renewable energy sector.

Asset-backed token – Sun Fund is the only asset-backed token for the renewable energy industry. As shown above, other market participants are focused on unrelated market segments. The Sunny differs from crowdfunding tokens because the Sunny is backed by revenue generating renewable energy assets. Crowdfunding tokens have no inherent worth, cannot be valued accurately and as a result are not in the same market sector as the Sunny. Sunny owners have a true store of value because the currency is backed by hard assets.

Producer-to-Investor Platform – While some companies mention funding for renewable energy assets, no company is focused on connecting directly with investors and producers. To be clear, many companies are looking to create P2P trading solutions, but that is different from the PIP. When Sun Fund rolls out its Producer-to-Investor platform (PIP), the Sunny can then be held by investors and subsequently invested in solar projects. Over time, as the Sunny proves itself as both a store of value and a medium of exchange for the renewable energy industry, the Sunny will be able to progress to an established universal currency.

In summary, while there are numerous blockchain technologies entering the electricity and renewable energy markets, Sun Fund is the only one in the asset-backed token and producer-to-investor market segments.

Building the Sun Fund Community

Sun Fund is committed to building a renewable energy community connected through Sun Fund's digital currency and blockchain technology solutions.

As Sun Fund rolls out the Producer-to-Investor Platform (PIP) in Phase II of development, the two main communities will be investors and solar power producers. Solar power producers include solar power developers, solar contractors and in some cases the actual off-taker (buyer of electricity).

Sun Fund will work closely with inverter manufacturers during the development, testing and launch of the Phase III application connecting solar inverters to the Sun Fund blockchain platform. Bringing this connectivity to inverters will incentivize the manufacturers to connect to the Sun Fund platform as a means of expanding their market footprint. At the same time, once inverters have successfully connected to the Sun Fund platform, manufacturers will also be incentivized to bring the Sun Fund platform to their existing customer base to increase purchases in their existing sales channels. Sun Fund has begun discussions with an inverter manufacturer to begin the process of developing the Phase III connectivity application.

The Sun Fund community will continue to expand as the Sunny gains acceptance as a medium of exchange. Industry vendors such as manufacturers of solar panels, inverters, racking and electrical supply will begin to accept the Sunny for payment. This will happen because as the PIP scales up there will be a large number of solar producers who receive investments in the Sunny and those producers will be looking to make vendor payments with the Sunny. Total annual solar investment globally in new installations is over \$100 billion per year. Sun Fund will increase that amount by helping facilitate investments in the substantial number of projects that are not funded in today's current financial structure. The Sun Fund community will also include solar operations and maintenance (O&M) providers, insurers, property owners leasing to solar farms and other service providers. Sun Fund will also expand its platform to other renewable energy technologies and connect with those industry ecosystems as well.

Eventually, off-taker customers of solar projects on the Sun Fund platform may begin to make payments in Sun Fund tokens instead of local currency. If customers are incentivized enough, they can be induced to switch. This is especially true if the future is a world of multiple cryptocurrencies that are freely exchangeable. The Sun Fund team envisions a future where off-taker customers hold multiple cryptocurrencies instead of local fiat currency and may find it advantageous to pay in Sunny after converting seamlessly from another cryptocurrency that they are holding.

Finally, the Sun Fund community will expand to include people and groups working to help improve living conditions across the world by bringing solar power to people with no access to electricity. This same Sun Fund platform that connects investors with solar producers will be used to connect funders who can be contributors or investors willing to take little or no return on investment. This opens a substantially larger user base that will help propel the Sunny into usage across a broader spectrum.

The Sun Fund Team

Michael Licamele – *President & Director*

Michael has been President & Director of Sun Fund since inception. Michael has also been President of MSL Group Inc. for over 25 years (1988-2017), where he has been engaged in the business of energy project finance. He also has extensive previous experience in real estate development and finance. He has led the development of over 50 megawatts of solar projects in the past three years. Previously he received a national Award of Excellence in Program Innovation by the National Association of Housing and Redevelopment Officials in 2012. He received his MBA from the Stern School of Business at New York University and a BS in Foreign Service from the School of Foreign Service at Georgetown University. Mike was recently interviewed by the local press to discuss a community solar project under development and also received a Certificate of Recognition from the United States Senate for his pioneering work in renewable energy and affordable housing.

Scott Licamele – *Senior Vice President*

Scott has been Senior Vice President of Sun Fund Renewables Inc. since inception. Scott has also been Senior Vice President of Business Development at MSL Group, Inc. since January 2011 where he has been engaged in the business of energy project finance and development. He has an extensive background in emerging capital markets, equity research and asset management. He was previously a Senior Emerging Markets Broker with Sberbank CIB in New York (the largest financial institution in Eastern Europe), where he advised US institutional investors on emerging markets equity investments (2011-2015). Prior to that he was Director of Equity Research at Red Star Asset Management, a Greenwich, CT based hedge fund focused on emerging markets equities (2009-2011). Scott received a B.A. in European History from Bard College and an M.A. in International Finance & Banking from the School of International and Public Affairs at Columbia University in New York. He is fluent in Russian and has worked extensively in the former Soviet Union in various capacities. Scott has appeared frequently on financial news networks, such as Bloomberg Television and was quoted in the local press regarding the renewable energy market. Scott is a volunteer on the Weston, Connecticut Sustainability Committee.

Jeffrey M. Bolden – *Chief Technology Officer*

Jeff is a seasoned IT professional with years of experience in systems analysis, technical architecture and big data. He has held a number of senior IT positions at Optum/United Health Group and Pfizer. Jeff is currently writing a book on enterprise system s integration and conversion processes. Jeff has technical proficiency in the following scripting and software areas: Perl, Python, Ruby, Bash, CSH, SQL, Six Sigma Blackbelt, Oracle DBA Certified, Visual Basic, JAVA/J3EE, ADA,C, Haskell, Clojure, Statistical Analysis (R/S, SAS), UNIX, Solaris, Linux, BSD, OSSX,SunOS, AIX, TML & Postscript. His database and business intelligence (BI) areas of specialization include: Hadoop, Spark, MongoDB, Cassandra, Teradata (including Aster), Informatica, Oracle, DB2/Netezza, Qlikview, SAS and Sybase IQ. Jeff's DevOps focus areas include: Monitoring: NewRelic, Splunk; Continuous integration: Jenkins; Version control: Git, Subversion, Perforce and Mercurial; Code review: Stash, Gerrit; Configuration management: Puppet, Chef; Orchestration: Puppet; Dashboards: Jenkins and Continuous deployment: Serena.

Bryan Wilson – Vice President of Operations

Bryan serves as Vice-President of Operations at Sun Fund, having previously served in the same position at MSL Group since 2011 where he has been engaged in the business of energy finance and development. Earlier in his career, Bryan worked with Mo Vaughn (of the Boston Red Sox) to create and manage the Mo Vaughn Youth Development Program (M.V.Y.D.P). Bryan was instrumental in facilitating Mo Vaughn's profitable marketing campaigns, including endorsements, promotions and appearances for Pepsi Cola, Co., Stateline Potato Chips, Reebok, Adidas, Sprint PCS, Tommy Hilfiger, Ringling Brothers and Barnum Bailey Circus. He was also a cofounder of Wilson & Smith Associates, which provided services for Sean "Puffy" Combs a.k.a "P.Diddy." He set up and managed a nonprofit youth program in Harlem. Bryan received a BA from Teikyo Post University in Waterbury, CT on a four-year athletic scholarship as their star point guard.

Mark Victor Hansen – Head of Investor Relations

Mark joined the Sun Fund Team in 2017. He is an inspirational and motivational speaker and author. He is best known as the founder and co-creator of the "Chicken Soup for the Soul" book series. Chicken Soup for the Soul books are one of the most successful publishing franchises in the world today, with more than 500 million books sold internationally and more than 100 licensed products. There are now over 500 million copies in print worldwide. Two of Hansen's most recent books are "How to Make the Rest of your Life The Best of your Life" and "Cash in a Flash". The latter is the sequel to #1 The New York Times Best Seller, "The One Minute Millionaire." Hansen has appeared on Oprah, CNN and The Today Show and was featured in Time, U.S. News & World Report, USA Today, The New York Times and Entrepreneur Magazine.

Ron Little – Project Manager

Ron is a seasoned project manager & trainer, successful in identifying performance gaps and providing solutions resulting in efficient project execution and improved job performance. He has worked in healthcare, telecommunications and higher education. Ron received his B.A. from the University of Connecticut and a M.A. from Fairfield University.

Raffaella Morgan – Processing Manager

Raffaella is a seasoned, client-focused administrative professional. She has a strong background in office administration, in both corporate and small business environments. Raffaella is also active in many organizations in her community and volunteers at Metropolitan Ministries to help provide meals and clothing to local homeless and underprivileged residents.

Brittany Beauchemin – Digital Marketing Manager

Brittany has extensive experience in administrative duties. She previously worked as an administrative assistant to the product development team at Case Concepts International, Ltd. Brittany received her B.A. in English and American Studies from Western Connecticut State University.

Jose Morales – Solar Engineering Designer

Jose is a highly experienced solar designer. He collaborates on business development, solar layout and design, electrical engineering, interconnection and permitting of solar projects.

Lucia Morel – *Accounting Manager*

Lucia provides accounting and bookkeeping for Sun Fund as well as numerous project-level entities containing renewable energy project assets. Lucia received her M.S in Taxation from the University of New Haven in 2015 while gaining experience as an Individual Tax Preparer and Bookkeeper for a tax preparation firm and telecommunications company. Her background includes preparation of income taxes for individual and small business, as well as general bookkeeping experience. Others general software skills includes QuickBooks, Buildium, Drake and Ultra Tax. Lucia is fluent in Spanish.

Legal, Regulatory & Governance Strategy

Electricity Market Regulation

As previously detailed, the electricity markets are highly regulated in developed countries, with most regions protecting local utilities as monopolies. This regulation makes breaking into these markets between producers and consumers of electricity extremely difficult to penetrate with any type of new technology or method of operating. While there are prospects for future deregulation, the process will most likely take years and there is no certain outcome. Therefore, Sun Fund will not be participating in or looking to develop applications for this part of the market until a realistic regulatory path exists.

Instead, Sun Fund is focused on tokenizing renewable energy assets first for its own asset-backed currency and second by connecting investors with solar producers. This market is not regulated or controlled by any type of federal, state or local electricity market regulations. Anyone can invest in renewable energy assets without being impacted by any of these regulations. Concentrating on this area gives Sun Fund the ability to roll out technology solutions as soon as they are ready and not have to wait for hypothetical future regulatory changes.

Sun Fund will still need to deal with state and local regulations governing the interconnection of renewable energy assets to the electrical grid. These laws and regulations were previously detailed in Section 4 above. The Sun Fund team has years of experience successfully interconnecting solar projects to the electrical grid, confirming that Sun Fund will be able to operate in these regulated markets.

Sun Fund will also need to deal with local net metering regulations that are specific to each local market. However, the Sun Fund has already selected key markets with favorable or acceptable net metering rules and has been working within these markets for over five years. All 55 megawatts of projects that Sun Fund is developing to become assets for the Sun Fund token are already located in states with favorable net metering rules, and the Sun Fund team will continue to select projects where net metering rules allow Sun Fund projects to generate revenue over the long term.

In markets where microgrids are contemplated that will not connect to the local electrical grid, none of these regulations apply. The only challenge for these projects is logistical, not legal.

Compliance with Securities Law and Regulations

The Sun Fund team has the goal of developing the Sun Fund token and associated blockchain platform within a regulated environment to provide maximum certainty and transparency to token holders.

The Sun Fund currency will be registered with the United State Securities and Exchange Commission (SEC) as a security.

Sun Fund anticipates registering the Sunny token as a security under SEC Regulation A+, Tier 2 and is targeting to issue up to \$50 million in Sun Fund tokens in this offering.

By going through the SEC regulatory process, Sun Fund token holders will benefit from standard investor legal protections, financial transparency with publicly available audited financials and tradability. The

Sun Fund token will also only be available to investors completing Know Your Customer (KYC) and Anti-Money Laundering (AML) screening.

As an SEC compliant token, this will permit trading on newly-forming Alternative Trading Systems (ATS). At present, tZero which is led by Overstock.com is one of the companies currently working through regulatory and technological issues and is expected to roll out the first ATS for SEC registered cryptocurrencies in 2018. Over time, US-based ATS will develop interoperability with international trading systems to provide worldwide tradability of the Sunny.

The Sun Fund team also believes that the combination of SEC registration, regulated ATS, KYC and AML will help reduce hacking for the purposes of stealing the Sun Fund token. A hacker would have to identify themselves to an ATS in order to monetize the Sun Fund token, eliminating any anonymity, while the blockchain ledger would identify where the hacker obtained the tokens. Sun Fund token holders will always know where tokenized assets are located and stored based on blockchain ledger data, but that data is also backed up by SEC transfer agent provisions and ATS records.

Although technology is clearly ahead of regulation as of the beginning of 2018, Sun Fund is positioning the Sun Fund token to be where regulations will be, not where they are today.

Governance

Sun Fund operates as a registered Delaware corporation that is subject to all federal and state of Delaware corporation laws and regulations. The rights of all Sun Fund token holders will be enumerated in Sun Fund corporate documents in the same way as shareholder rights and backed up by the federal and state legal system. These rights will include liquidation preferences which will specify that Sun Fund token holders have first rights to assets backing the Sun Fund tokens. Rights will also include cumulative dividends that will be reinvested to increase total assets over time. The goal is to create and maintain a token backed by assets verifiable both through the Sun Fund blockchain platform and legal records.

Funds received from the tokens will be deployed to acquire solar assets and build out the Sun Fund blockchain technology platform. All financial statements will be audited and published on a regular basis to meet SEC regulations and to provide confirmation to Sun Fund token holders that funds received are allocated as specified in the offering documents.

All Sun Fund principals are subject to and have passed SEC required Bad Actor Checks.

A portion of Sun Fund tokens will be reserved for Sun Fund principals, providing aligned financial incentives to maximize the long term value of Sun Fund tokens.

Combined, these legal, regulatory and reporting requirements will provide the highest level of transparency and protections of any digital token available to investors.

Tax Considerations

Following the passage of the most recent tax bill in December 2017, Sun Fund expects to minimize or eliminate all federal and most state tax liability from income generated from assets backing Sun Fund tokens.

Sun Fund expects to generate significant depreciation deductions and investment tax credits that are expected to minimize or eliminate most or all corporate tax liability for a period that could extend as far as 15 years into the future.

The tax bill signed into law in December 2017 created 100% first year expensing for capital expenses for the next five years. As solar is a large first-year capital expense, Sun Fund will be able to take deductions in the first year that a solar power production system is placed into service. Revised net operating loss provisions (NOLs) can be carried forward indefinitely, allowing Sun Fund to “bank” future depreciation deductions.

In addition to first year expensing, solar PV systems in the US that are placed into service over the next four years also generate an investment tax credit (ITC) between 22% and 30%. This credit accumulates if not used in the year it is generated, also allowing Sun Fund to “bank” federal income tax credits for up to 20 years.

Token Sale

Sun Fund is conducting a Pre-ICO that is registered with the SEC.

To comply with SEC regulations, all offering details are available at the following portal:

<http://www.startengine.com/sun-fund-dc>

All information regarding this offering including total number of tokens in this pre-sale can be found in the offering statement.

Sun Fun is estimating that the token generation event will be held during the second quarter of 2018 where Sun Fund tokens can be purchased and will be distributed. That offering will also be registered with the SEC and as such is expected to be available to all US and international investors. The offering will not be limited to accredited investors.

Sun Fund anticipates that Sun Fund tokens will begin trading on SEC-compliant Alternative Trading Systems (ATS) that will provide token owners the ability to buy and sell tokens. However, no ATS systems have obtained final SEC approval to operate as of this date.

Sun Fund token holders will be able to buy and sell their tokens or use tokens to purchase solar assets on the PIP platform, purchase Proof-of-Work coin cloud mining services from Sun Fund, stake their coins for Proof of Stake revenue or utilize their coins for other revenue generating activities. However, none of these services will be available until the completion of the token generation event at the earliest and may or may not be available in the future.

Conclusion and Future Growth

Sun Fund is uniquely positioned to develop a globally accepted, asset-backed token for the renewable energy sector which can become a universal store of value and medium of exchange.

Based on a deep and comprehensive knowledge of the renewable energy sector, the Sun Fund management team is perfectly positioned to scale operations and rapidly expand the Sun Fund tokenized asset portfolio, which will be the asset foundation of the Sun Fund cryptocurrency, the Sunny.

The Sun Fund team has laid out a technology development road map that is feasible and matches the expected improvement in performance of blockchain technology in terms of transaction costs and performance speeds.

The Sun Fund team is contributing a \$100 million development pipeline of solar projects that will jump start the solar asset base backing the Sunny. A material portion of net income generated by the solar asset portfolio will be reinvested to further increase assets, which will support the value of the Sunny.

Because of the nascent state and high structural growth potential of the global solar market, Sun Fund plans to rapidly expand the solar assets backing the Sunny in a highly selective manner, with a focus on projects with the highest returns. This will support the rising value of the Sunny.

The Phase II roll out of the Producer-to-Investor Platform and planned Phase III platform connectivity will generate yet more income and value for holders of the Sunny.

Sun Fund's full compliance with SEC regulations governing token issuance provides a low-risk opportunity for token holders to gain exposure to this burgeoning technology.