



## Key Events for Q4 2020

### COVID-19 Update

In response to the COVID-19 pandemic, Solar Flow-Through Funds (the “Company”) took precautionary measures to ensure the health and well-being of our employees and to minimize any potential risk of business disruption. The Company responded quickly to the global COVID-19 pandemic by introducing policies and procedures tailored to the outbreak that restricted non-essential business travel and implemented World Health Organization recommendations for slowing the transmission of COVID-19 in the workplace. While the Company maintains a comprehensive business continuity plan, it is our belief that the focused actions we have taken to address COVID-19 will serve both to protect the well-being and safety of our employees and mitigate any potential business or operational disruption.



***Project MS O5, a 600kW AC project completed in November 2020.***

### Successful Start-Up and Commercial Operation of Solar Projects

The Company is pleased to announce the successful completion of all projects in its Ontario FIT portfolio, with the successful start-up and commercial operation of three solar projects in the fourth quarter of 2020 for a total of 11 projects during the year. These 11 solar projects totalling 6 MW DC will generate over \$1.6 million in annual revenue for the Company. Matt Wayrynen, CEO of the Company, commented, “We have completed the construction of 73 solar projects. All are operational and generating cash flow.”

### Cost Recovery of Pre-Construction Development Costs (PCDC)

On July 13, 2018, the Government of Ontario issued a Ministerial order to cancel and wind down 758 renewable energy contracts.

Management is focused on the cost recovery of PCDCs, as provided for pursuant to the terms under the cancelled FIT contracts. PCDCs are defined as reasonable costs incurred in development of a project from FIT contract award date to termination date.

Since December 2019, over 200 terminated contracts submitted for PCDC reimbursement have been under review by the IESO. The ultimate amount to be recovered is subject to the IESO’s approval and there is no certainty as to the actual amount to be recovered from the IESO.

To date we have received payment for only one PCDC submission. We continue to diligently and accurately respond to any requests for clarification from the IESO.

Wayrynen said, “The recovery of the development costs for the terminated projects remains a top priority for the Company.”

**The 450kW Van  
Kirk Project.**



**Legal Claim for Improper Termination  
of Contracts**

**Lawsuit #1 Filed December 2, 2020**

On December 2, 2020 a Statement of Claim was filed by the Company and Abundant Solar Energy Inc, an independent solar project developer, (the “Plaintiffs”) against the Ontario Ministry of Energy, Northern Development and Mines (“MOE”) and the IESO (the “defendants”).

Plaintiffs seek damages from the defendants in the amount of \$240 million in lost profits, \$17.8 million in development costs, and \$50 million in punitive damages for misfeasance of public office, breach of contract, inducing the breach of contract, breach of the duty of good faith and fair dealing, and conspiracy resulting in the wrongful termination of 111 FIT contracts.

On December 15, 2020, the MOE and IESO were served with a motion of record for leave to proceed against the provincial government of Ontario, including an affidavit and affidavit of documents sworn by Wayrynen. These documents were filed with the court electronically the same afternoon.

Counsel to the MOE and IESO accepted service of the documents. Counsel for the IESO have indicated they will be waiting to serve their Statement of Defence until after the ruling of the leave motion. We now await confirmation of filing from the court and await a response from the MOE regarding these documents.

**Lawsuit #2 Filed December 3, 2020**

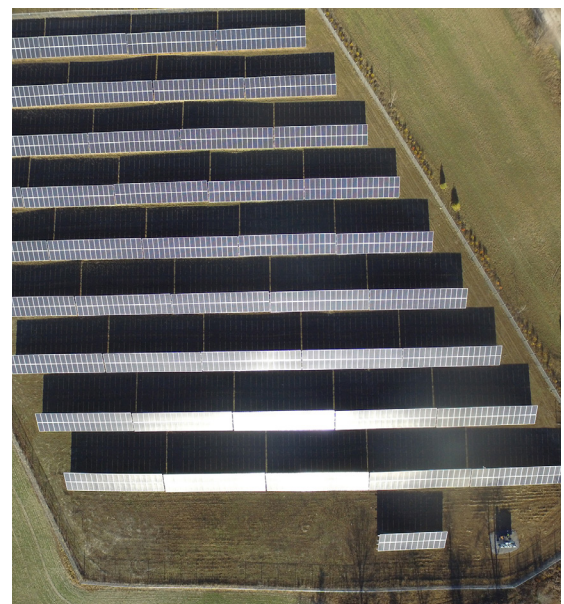
The Company’s force majeure claims in respect of six FIT5 contracts that encountered environmental permitting issues were rejected by the IESO. Subsequent to escalation through the dispute resolution process having no avail, the Company has filed another legal claim to seek damages in the amount of \$15 million for breach of contract against the IESO on December 3, 2020.

**Liquidity**

Management is exploring options to convert the limited partnerships into a consolidated entity for a public listing on a Canadian stock exchange. In doing so, the limited partners would receive shares in the publicly listed company in return for their partnership units. Listing options for a public company include a direct listing of the consolidated entity or a reverse takeover with an existing publicly listed company in the renewable energy sector.

**Net Asset Value**

Net Asset value will not be updated until the impact of the terminated FIT contracts on the Company has been determined, at which time the next liquidity opportunity may be planned. Management is cautioning unitholders to not rely on the NAV due to unknown outcomes of the PCDC submissions and any other recoveries.



**Project MC-ML81, a 600kW AC ground  
mount solar project.**



### **88 Todd, a 600kW Rooftop Solar Project.**

#### **About Solar Flow-Through Funds**

Solar Flow-Through Funds is a group of limited partnerships (“LPs”) that share the same management team to develop, own, and operate solar power generation projects in the Province of Ontario. These LPs include Solar Flow-Through 2012-I Limited Partnership (“2012-I LP”), Solar Flow-Through 2013-I Limited Partnership (“2013-I LP”), Solar Flow-Through 2014-I Limited Partnership (“2014-I LP”), Solar Flow-Through 2015-I Limited Partnership (“2015-I LP”), Solar Flow-Through 2016-I Limited Partnership (“2016-I LP”), Solar Flow-Through 2017-I Limited Partnership (“2017-I LP”), Solar Flow-Through 2017-A Limited Partnership (“2017-A LP”), Solar Flow-Through 2018-I Limited Partnership (“2018-I LP”) and Solar Flow-Through 2018-A Limited Partnership (“2018-A LP”).

The investment objective is to develop and operate solar power generation projects under the Province of Ontario’s Feed-in-Tariff (“FIT”) program in a manner that provides for income tax deductions to investors during the start-up, development and construction phases, and steady income upon commencement of commercial operations.

#### **Forward-Looking Information**

*This unitholder update contains forward-looking information within the meaning of applicable securities legislation, including statements relating to our objectives, strategies to achieve those objectives, our beliefs, plans, estimates, projection and intentions, and similar statements concerning anticipated future events, future growth, results of operations, performance, business prospects and opportunities, as well as statements regarding our strategic plan, our commitment to maintaining or reducing the current distribution policy, a potential unit buyback program, the effects of not paying management fees in units on our cash flows and our ability to pay distributions. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond Management’s control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to: general and local economic and business conditions including foreign exchange rates, employment levels, mortgage and interest rates and regulations, the uncertainties around the timing and amount of future financings, regulatory risks, environmental risks, consumer confidence, the financial condition of tenants and borrowers, local real estate conditions, adverse weather conditions and variability in solar irradiation, reliance on key clients, partners and personnel, the uncertainties of acquisitions and new projects, inflation and competition. All forward-looking information in this unitholder update speaks as of June 30, 2020. Management does not undertake to update any such forward looking information whether as a result of new information, future events or otherwise.*



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