



## Key Events for Q4 2019

### Ongoing Construction Efforts of the FIT5 Solar Projects

Following the successful start-up and commercial operation of the four FIT4 solar projects in Q3 2019, Solar Flow-Through Funds (the “Company”) has continued ongoing construction efforts for one FIT3.I solar project and ten FIT5 solar projects of which six FIT5 projects are expected to reach commercial operation in Q1 2020 with the remainder four projects in Q3 2020. This portfolio of one FIT3.I and ten FIT5 solar projects totalling 6.0 MW DC will generate over \$1.7 million in annual revenue for the Company. Further, the Company is focused on the development of an additional six FIT5 solar projects currently under force majeure applications due to environmental permitting requirements. The one FIT3.I solar project currently under construction was successfully granted the force majeure claim on October 8, 2019. The Company is committing additional efforts in ensuring the success of the force majeure applications.

Matt Wayrynen, CEO and COO of the Company, commented, “The build-out of the next portfolio tranche of FIT3.I and FIT5 solar projects is well underway. Our team and general contractor have worked very hard in ensuring timelines are met during the winter season while maintaining a high standard of safety.”

### Cost Recovery of Pre-Construction Development Costs

On September 24, 2019, the IESO provided a list of clarification requests in respect of a PCDC submission that was sent by the Company to the IESO in April 2019. Upon review of this list, the Company determined certain costs that may be ineligible for recovery under the IESO’s requirements for qualification. The Company is currently reviewing the estimated recovery of PCDC submissions. 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.

Further on December 19, 2019, the IESO advised that the PCDC submission deadline for the project company that made the PCDC submission in April 2019 would be extended by 60 days after final feedback was received for that submission. Therefore, the Company completed the PCDC submission for all cancelled FIT contracts with exception to those held by the project company with an extended deadline. No timeline for the review and return of PCDC funds has been announced by the IESO.

“We successfully satisfied the IESO’s PCDC submission deadline of December 31, 2019 and we look forward to complying with the IESO’s guidelines and requirements to optimize recoveries in the most expeditious manner,” Wayrynen said.

### Arbitration Proceedings Underway

Since May 2018, the Company has been incurring substantial time and legal costs in arbitration proceedings against its past engineering, procurement, and construction service provider (the “Respondent”) for a claim of about \$2.5 million. Under the claim, the Respondent has failed to pay the Company from the sale of solar projects and has improperly charged the Company for nine operating projects built by the Respondent. The hearing proceedings will conclude in March 2020 with a decision rendered shortly thereafter.

### Minister’s Directive - November 6, 2019

Further to the cancellation of 758 Renewable Energy Contracts in July 2018, Greg Rickford, Minister of Energy, Northern Development and Mines, on November 6, 2019 issued a Minister’s Directive to direct the IESO to retain an independent third party to undertake a targeted review of existing generation contracts, in order for the IESO to provide the government with its recommendation on any and all viable cost-lowering opportunities identified by February 28, 2020. The review is to place a focus on larger natural gas, wind and solar contracts that expire in the next ten years. The Company’s FIT contracts are all in excess of 10 years and it is unknown as to whether these contracts may be affected.

**400 kW DC FIT 3.1  
Rooftop Project  
located in Wasaga  
Beach, Ontario.**



### **Net Asset Value and Liquidity Opportunities**

Net Asset value will not be updated until the impact of the cancelled 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. In the long term, management may pursue additional liquidity opportunities including, but not limited to, a unit buy-back or a public listing of the Company on a Canadian stock exchange.

### **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 December 31, 2019. Management does not undertake to update any such forward looking information whether as a result of new information, future events or otherwise.*



**Vancouver Office**  
900-570 Granville St.  
Vancouver, BC V6C 3P1  
T 604.682.3701

**Toronto Office**  
312-150 King Street West  
Toronto, ON M5H 1J9  
T 647.725.3822

[info@solarflowthrough.com](mailto:info@solarflowthrough.com)  
[www.solarflowthrough.com](http://www.solarflowthrough.com)