



# SOLAR

FLOW-THROUGH FUNDS

**Developing Solar PV Power  
Projects in Ontario, Canada**

*Executive Summary - July 2018*

# Who We Are

## Business Description

Solar Flow-Through Funds (“Solar Flow-Through”) is a Limited Partnership formed to develop and operate solar photovoltaic (solar PV) power generation projects in the province of Ontario, Canada.

## Our Objective

The Partnership’s Investment Objective is to provide investors with favourable income tax benefits during the development phases of solar PV projects, followed by steady and attractive income once commercial operations begin.



## FOR INFORMATION, PLEASE CONTACT:

### Vancouver Office:

**Matt Wayrynen**

Solar Flow-Through Funds  
Suite 900, 570 Granville Street  
Vancouver, BC V6C 3P1

T 604.682.3701

MattW@solarflowthrough.com

[www.solarflowthrough.com](http://www.solarflowthrough.com)

### Toronto Office:

**Franklin Wong or John Kozak**

Suite 501, 110 Yonge St.  
Toronto, ON M5C 1T4

Tel 647 361 7705

FranklinW@solarflowthrough.com

JohnK@solarflowthrough.com

Investing in Canada’s Solar  
Revolution

Solar Flow-Through is  
developing over 150 solar  
development contracts  
awarded by the Ontario  
Power Authority (IESO).

# Capitalizing on Ontario's Progressive Green Energy Act

## Based on Successful German Model

Solar Flow-Through chose to develop its solar PV projects in Ontario because of the province's Green Energy Act (GEA) and associated Feed-in Tariff (FIT) incentives for investment in clean, renewable energy. Modeled after the successful German FIT program, these incentives are generating rapid growth in Ontario's clean energy industry.

## Ontario: North America's Second-Leading Solar Supplier

Since launching the FIT program in 2009, Ontario has established itself as a North American leader in renewable energy. Ontario's clean energy initiatives have attracted billions of dollars in new private sector investments and generated thousands of jobs.

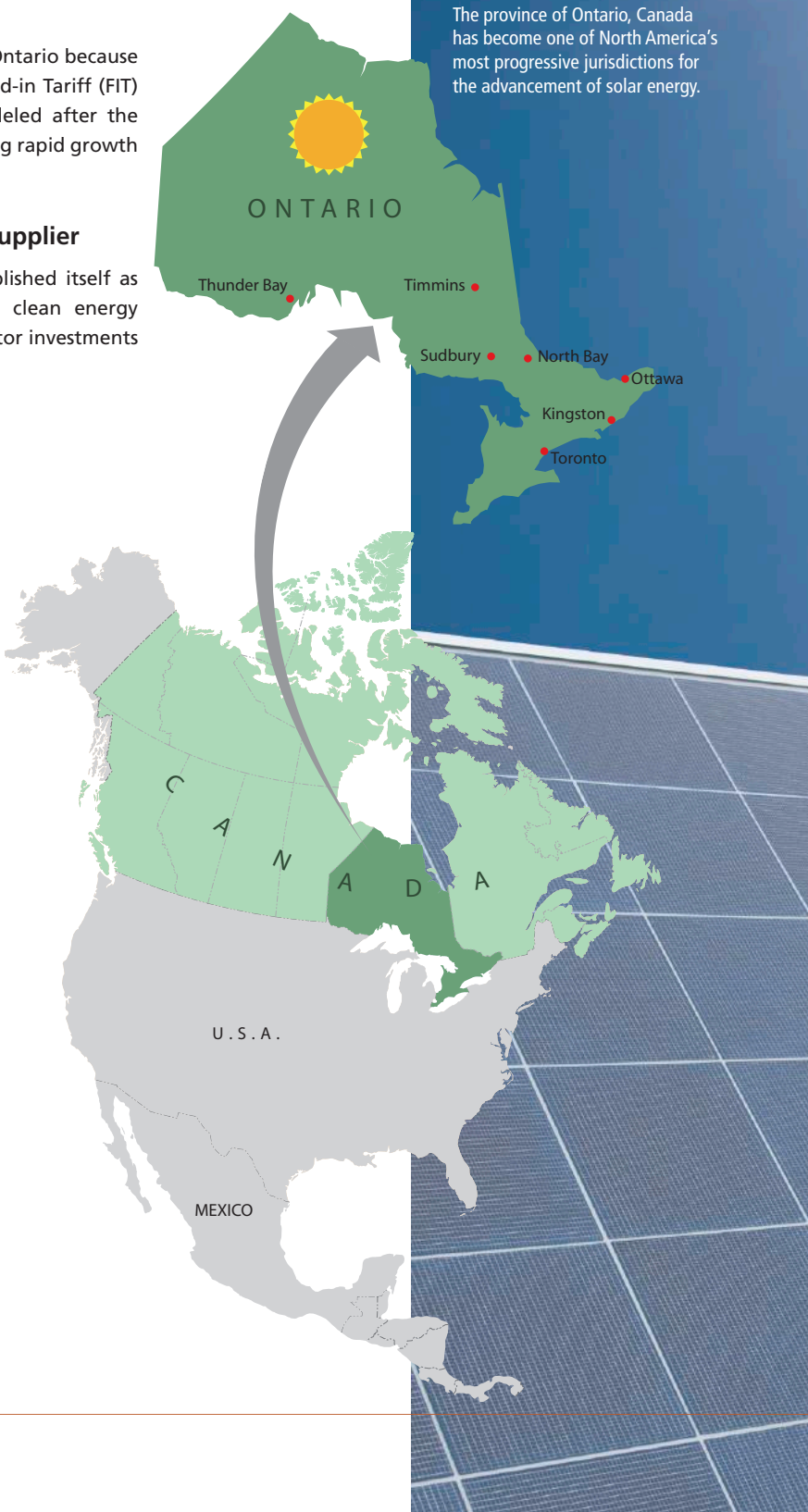
## Fixed Payments for 20 Years

Under the Ontario FIT model (based on the successful German model), solar PV projects qualified and approved by the Independent Electricity Systems Operator (IESO) will receive a fixed and guaranteed payment from the IESO for each kilowatt-hour (kWh) of electricity produced for 20 years. Ontario is the first North American jurisdiction to offer such incentives, which currently rank amongst the most favourable worldwide for systems below 100 kilowatts (kW).

## Tax Incentives Using our Business Model

Limited Partners' investments would provide approximately 20% of the capital costs of each project. These expenses are expected to qualify as Canadian Renewable Conservation Expenses (CRCE) and can be deducted from income for tax purposes. The common shares of the Subsidiary Companies purchased by the Partnership are expected to constitute "flow-through shares" for the purposes of the Tax Act. The 80% balance would be funded through debt provided by banks, other institutions and/or project developers.

The province of Ontario, Canada has become one of North America's most progressive jurisdictions for the advancement of solar energy.



# Commercial-Scale Ground Mount and Rooftop Installations

## Focused Commercial-Scale Ground Mount Projects of 250 - 500 kW AC

Solar Flow-Through is developing projects with capacities of 100 kW to 500 kW, focusing initially on commercial-scale rooftop installations covering approximately 25,000 to 150,000 square feet. The company has more recently focused on commercial-scale, 250 - 500 kW AC ground mount projects. These installations are connected to the electric grid (grid-tied), allowing the producer to feed electricity into the grid and receive payment under Ontario's FIT program.

## Ontario Fit Rates Compared with Germany

Such projects will qualify for rates under the Ontario Feed-in-Tariff program for the full 20-year tenure for every kWh generated. These rates will exceed those currently offered in Germany by as much as 48%. (Ontario's rates are reviewed annually and are expected to be reduced as solar project components, solar panels, inverters, racking, cables, etc. drop in price. For purposes of current contracts, however, the rates are fixed for 20 years and will not be reduced.)

## Investment Advantages

Investors in the Solar Flow-Through Limited Partnership will enjoy two key investment advantages:

### 1) Income

With minimal project start-up costs, and with FIT rates guaranteed by the IESO for 20 years, Solar Flow-Through limited partners can expect annual investment returns averaging at least 8%.

### 2) Tax Savings

Most of the early development costs of solar PV projects qualify under the Canadian Renewable Conservation Expenses (CRCE) program. This means limited partners can deduct the CRCE expenses in the calculation of their taxable income in Canada. Solar Flow-Through anticipates that partners may be entitled to a CRCE tax deduction of as much as 100% of their investment in the limited partnerships.

Grid-tied installations allow producers to receive guaranteed payments under Ontario's FIT program.

Solar Flow-Through offers minimal start-up costs and rates guaranteed by the IESO for 20 years.



Rooftop installations make up a significant portion of Ontario's solar power potential. These systems are relatively easy and quick to install, and they allow business owners to leverage their footprint by saving on energy costs while helping to reduce greenhouse gases.

# Project Developers, Awarded Projects & Liquidity Events

## Working With Reputable Developers

Solar Flow-Through secures its FIT contracts through reputable project developers with proven track records. Good developers can manage all aspects of engineering, procurement and construction (EPC) of solar projects.

## Awarded 52 Small FIT Contracts 2013

Solar Flow-Through, working with solar developers, First Nation groups, and a co-operative, was awarded 52 Small FIT contracts in 2013. All 52 projects have been completed.

## Over 100 FIT 3.1 Contracts in Q2 2015

In Q2 2015, the IESO awarded FIT 3.1 Contracts totaling approximately 30 MW DC to entities controlled by the 2013 LP together with the 2012 LP, the 2014 LP, and the Solar Flow-Through 2015-I Limited Partnership (2015 LP).

Construction of FIT 3.1 rooftop projects is complete and all are generating revenue from the production of electricity into Ontario's electrical grid. Engineering and development of the FIT 3.1 ground mount projects continued through 2017. Construction of the first FIT 3.1 ground mount project began in the summer 2017, with all expected to achieve commercial operation in 2018.

## Fit 4 Contracts - Over 35 MW DC Now Under Development

On June 30th, 2016, the IESO announced the award of over 35 MW DC of FIT 4 Contracts to entities controlled by Solar Flow-Through Limited Partnerships. A large majority of the FIT 4 projects are ground mount projects, with a small number of these projects being rooftop. Initial development of the FIT 4 projects began during Q4 2016. Permitting, engineering and development of the FIT 4 projects continued through 2017. Management has determined that the small number of rooftop projects were uneconomical to construct. Most of the ground mount FIT 4 projects expected to become operational will be completed by the end of 2018 and the remainder by end of 2019.

## Awarded 185 FIT 5 Contracts for 81 kW

In September 2017, entities controlled by Solar Flow-Through Limited Partnerships were awarded 185 FIT 5 contracts totalling 81.62 kW AC, comprising 48% of Ontario's awarded FIT 5 contracts. Project development of FIT 5 projects will be funded by the

2016 LP and subsequent Solar Flow-Through LPs.

Management has started its review of these projects to assess their feasibility and develop a plan to build the portfolio. Management expects that a significant portion of the ground mount FIT 5 projects will be completed by the end of 2019, and the remainder by end of 2020.

## Liquidity Events

In Q4 2015, a liquidity event was concluded allowing any unitholder of the 2012 LP to sell their units to secondary buyers. For 2013 LP unitholders, a liquidity event was announced in May 2016.

The next liquidity event is expected to occur in Q2 2018. In the longer term, management will pursue additional liquidity opportunities, which may include a listing on a Canadian stock exchange together with the SFT Group.

## 2016 LP

The 2016 LP raised \$14,881,000 in 2016. The 2016 LP has a targeted income distribution of 7% per annum. A total of \$13.765 million, representing 92.5% of the 2016 Proceeds, was incurred on Canadian Renewable and Conservation Expenses ("CRCE"). The remaining proceeds were incurred on fully deductible partnership expenses in 2016. The 2016 LP did a renunciation for CRCE for the \$13.765 million ("CRCE Proceeds") prior to 2016 year-end. Management expects income distributions to commence by the end of 2018.

## 2017-A and 2017-I LPs

A total of \$2.688 million, representing 92.5% of the 2017-A proceeds, is to be incurred on Canadian Renewable and Conservation Expenses ("CRCE"). The remaining proceeds are to be incurred on fully deductible partnership expenses in 2018. The 2017-A LP renounced \$2.688 million in CRCE ("CRCE Proceeds") at year-end 2017. The CRCE Proceeds will be incurred for the continued development of FIT 5 projects.

A total of \$10.036 million, representing 92.5% of the 2017-I proceeds, is to be incurred on Canadian Renewable and Conservation Expenses. The remaining proceeds are to be incurred on fully deductible partnership expenses in 2018. The 2017-I LP renounced \$10.036 million in CRCE at year-end 2017. The CRCE Proceeds will be incurred for the continued development of FIT 5 projects.



Solar Flow-Through's developers manage all aspects of engineering, procurement and construction of solar projects.

Entities controlled by Solar Flow-Through Limited Partnerships were awarded 185 FIT 5 contracts totalling 81.62 kW AC in September 2017.

The 2017-I LP raised over \$10 million. The proceeds will be incurred for development of FIT 5 projects.

# Executive Team & Directors

Solar Flow-Through has assembled a management team and board with extensive experience and expertise in the renewable resource, financial and legal sectors.

## **Matt Wayrynen, CEO, COO, Director**

Mr. Wayrynen provides experience in resource company management, venture capital, start-up financing, and mergers and acquisitions. He is an original co-founder and former President and CEO of TrichoScience Innovations Inc., which became RepliCel Life Sciences Inc., and helped advance that company to its current market cap of \$80 million. As a director of Quinto Mining, he helped raise millions of dollars and advanced a Quebec iron ore property to a viable project. Quinto sold to Consolidated Thompson Iron Mines in June 2008 for a share value equal to \$175 million. (Consolidated Thompson was eventually sold to Cliffs Resources for \$4.9B.) Mr. Wayrynen was formerly active in the real estate industry as a licensed salesman and licensed agent nominee in charge of real estate for multiple retail projects throughout the greater Vancouver area. In addition, he was a licensed securities professional for over 10 years. Currently, he is also a director of several publicly listed resource companies.

## **Frederick Jung, CFO**

Mr. Jung is a seasoned finance executive with extensive experience in delivering financial leadership for small to large publicly-listed companies across multiple industries. With a strong understanding of financial and tactical strategies, Mr. Jung has fostered and delivered innovative business solutions while continuing to identify new opportunities. In his prior roles, he directed and oversaw all aspects of the international finance and accounting function while specializing in global matters related to strategic planning and analysis, taxation, international finance, investor relations, and treasury. He now dedicates his knowledge and experience to lead the financial operations and integrity at Solar Flow-Through Funds. His drive, dedication, and business acumen have made him an excellent fit with the management team. Mr. Jung received a Bachelor of Commerce with Honours from the University of British Columbia and holds both the Chartered Professional Accountant and Chartered Financial Analyst designations.

## **John C. Kozak, Vice-President**

Mr. Kozak is a proven senior executive who excels in corporate finance and strategic planning with extensive experience in Capital Markets and Software. As COO for a corporate finance firm specializing in raising venture capital for technology firms, he had oversight for the firm's corporate finance associates and screening/selection of companies seeking financing and ongoing operations. During this time, Mr. Kozak provided access to capital for nearly 40 companies. From 2004 through 2010, he was Director, President & CEO for a publicly traded manufacturing company. During his involvement in the firm's private placement in 2004, Mr. Kozak was asked to take on the executive role because of his corporate finance, business development and operational skills. He was directly responsible for, and executed several rounds of, equity and debt financing for the firm. Under his leadership, revenue increased from approximately \$900,000 to \$12,500,000. Mr. Kozak has contributed at the Board level for over 20 years in both publicly traded and private companies. He has also worked throughout North America, managed a division in Europe and setup distribution agreements with firms in China and Australia.

## **Franklin Wong, Principal**

Mr. Wong is a senior business development executive with over thirty years' experience in the telecommunications and computer industries. He specializes in business development, alliances, mergers and acquisitions in the high technology and telecommunications industries. Some of Mr. Wong's previous experience includes Vice President Alliances and Business Development for MetroNet Communications Group Inc. (now Allstream), where he negotiated and structured many of the acquisitions that provided MetroNet with its growth and led to its eventual acquisition by AT&T Canada LDS (now Allstream). Prior to this role, Mr. Wong held progressively more senior positions at AT&T Communications Canada, culminating as Managing Director, Business Development. While there he oversaw, directed, and project managed the implementation of contractual obligations between AT&T corporate and Unitel Communications. (AT&T's investment in Unitel was over \$250M).

The Solar Flow-Through team is uniquely qualified for the funding, development and management of solar power projects in Ontario, Canada.

# Executive Team & Directors

## Andrew Ingram, VP Finance

Mr. Ingram is a Chartered Professional Accountant with over twenty years of experience in treasury, corporate finance and reporting. He is a strategic and financial leader with broad experience in renewable energy organizations and operational restructuring across multiple industries. Mr. Ingram has extensive experience managing M&A transactions, preparing public reporting documents, raising capital through private and public offerings as well as dealing with senior lender and rating agency requirements. He has held long-term senior positions in both public practise at Pricewaterhouse Coopers, and industry experience with Algonquin Power & Utility Corp., among others.

## Kym Anthony, Director

Mr. Anthony is an experienced banking executive with extensive national and international experience in the banking industry. He received a B.A. from Simon Fraser University and an M.B.A. from the University of Western Ontario. Mr. Anthony is currently the Chairman of Ra Solar Inc. ("Ra Solar"), an Ontario based solar installation company. Among his previous senior roles, Mr. Anthony was the President and Chief Executive officer of National Bank Financial, the investment banking and capital markets unit of National Bank of Canada. Prior to that, Mr. Anthony was Chair and Chief Executive Officer of TD Securities and a Vice-chair of TD Bank. He is also the former Chair of the Investment Dealers Association of Canada.

## Steven Marshall, Director

Mr. Marshall earned a B.A. in Economics from the University of Windsor and an Executive Management diploma from Queen's University. He is currently the CEO of Ra Solar. Mr. Marshall was the founder and CEO of Open Sky Capital, the largest marketer of financial structured products in Canada with over \$3 billion in assets sold. He is also a Principal and Co-Founder of Hybrid Financial, a leading Canadian manufacturer and distributor of structured products.

## Peter Jensen, Director

Mr. Jensen holds a Bachelor of Science and two law degrees from McGill University. Prior to obtaining his law degrees, he conducted diabetes research and was involved in medical clinic management. Mr. Jensen began his law practice in 1981, focusing on the corporate and securities sectors in British Columbia. He has gained a wide range of international legal counselling experience, with special expertise in trans-border transactions for companies operating in Asia, Europe, Africa and Latin America. Mr. Jensen is a former and current director of a number of private and publicly traded companies and has assisted with financing in Canada, the United States, Europe, and Asia. For the last six years, Mr. Jensen has been a director and general counsel of a private tire recycling company with a plant in Europe.