



## Investor Update – June 30, 2015

### Solar Flow-Through 2012-I Limited Partnership

#### 2012 LP Snapshot

- ❖ Currently paying quarterly dividends of 2% per quarter.
- ❖ Ongoing completion of FIT 2 projects, with all FIT2 to be completed by end of Q3 2015.
- ❖ Development of FIT 3.1 Projects underway with initial projects expected to come online in Q4 2015.
- ❖ Net Asset Value (**NAV**) set at \$118.17 per unit in Q2 2015 (Issue Price was \$100.00 per unit).
- ❖ Pending offer to purchase units from current 2012-I unitholders in Q3 2015.

#### Overview

The investment objective of the Solar Flow-Through 2012-I Limited Partnership (**2012 LP**) is to develop and operate solar power generation projects in the Province of Ontario 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 of the projects. The 2012 LP has a targeted income distribution of 8% per annum. In December 2012, the 2012 LP raised \$2,857,000 (**2012 Proceeds**).

#### FIT 2.1 Project Progress – Projects Now Operating!

The 2012 Proceeds were used to secure Ontario Power Authority (**OPA**) Feed-in-Tariff 2.1 (**FIT 2**) Contracts to develop solar projects (**FIT 2 Projects**). Since the last Investor Update at March 31<sup>st</sup>, 2015, several FIT 2 projects have come online and are feeding electricity into Ontario's electrical grid. All of the remaining FIT 2 projects are expected to be in operation by end of Q3 2015.



*Shots of one of the 2012 LP's 235 kW DC commercial rooftop projects brought online in early June.*



*Shots of one of the 2012 LP's 600 kW DC commercial rooftop projects brought online in early June.*

### **FIT 3.1 Contracts Awarded by IESO**

In Q2 2015, the IESO awarded approximately 100 FIT 3.1 Contracts (referred to as FIT 3.5 Contracts in the previous Investor Updates) to entities controlled by the 2012 LP together with the Solar Flow-Through 2013-I Limited Partnership (**2013 LP**) and the Solar Flow-Through 2014-I Limited Partnership (**2014 LP**) (**FIT 3.1 Projects**). These FIT 3.1 Projects were awarded FIT 3.1 Contracts totaling approximately 33.5 MW AC (or ~40 MW DC). The economic interest in approximately 6.8 MW AC (or ~8.1 MW DC) of the FIT 3.1 Projects belongs to third-party development partners of the 2012 LP and Company. The remaining economic interest of approximately 26.7 MW AC (or ~32.0 MW DC) in the FIT 3.1 Projects is held by companies controlled by the 2012 LP, 2013 LP and 2014 LP.

Initial development, engineering and permitting has begun on the FIT 3.1 Projects. It is an objective of management to expedite the completion and operation of several FIT 3.1 Projects by year-end 2015. All of the rooftop FIT 3.1 Projects are expected to come online no later than Q4 2016, with ground-mount FIT 3.1 Projects expected to come online by the end of Q1 2017.

### **Performance – Dividends Continuing into Q3 and Q4 of 2015**

Management expects to continue paying 2% dividends on a quarterly basis.

One hundred percent of any distributable cash flows to the 2012 LP in excess of this target distribution of 8% per annum will be paid to the unitholders subsequent to each year-end. Management does not expect excess of the target in 2015. However, the distributions to the 2012 LP should increase when all of the FIT 3.1 Projects become operational and are generating revenues. This is expected to occur by the end of Q4 2016

### **Net Asset Value**

Over the first two years of the 2012 LP, as FIT Contracts were being secured and projects were being developed, the Net Asset Value (**NAV**) for the 2012 LP remained at par being \$100 per unit. In Q2 2015, management of the 2012 LP (**Management**) established an updated NAV of \$118.17. The NAV for the 2012 LP was based on the forecasted discounted distributable cash flows from all of the projects in which the 2012 LP holds economic interests.

### **Upcoming Opportunity for Investors to Sell Units**

The current unitholders of the 2012 LP can anticipate a steady income stream over the next 20 years. However, for unitholders that are interested in selling some or all of their units, a third-party offer is being prepared to purchase 2012 LP units at a discount to the NAV.

Management of the 2012 LP does not set the third-party offering price and does not recommend as to whether unitholders should sell or hold their units at the offering price. In August of 2015, Management intends to send unitholders an information package by mail containing the offering price and how to sell their units. If unitholders are interested in selling some or all of their units, Management recommends that unitholders consult their respective Investment Advisors.

In subsequent years, Management intends to update the NAV and provide unitholders the opportunity to sell their units on an annual basis.

### **Longer Term Liquidity Options**

In the longer term, Management will pursue additional liquidity opportunities. These may include listing of the 2012 LP on a Canadian stock exchange together with the 2013 LP and the 2014 LP, or a sale of some or all the assets of the 2012 LP. Acceptance of either of these liquidity options requires the approval of at least two-thirds of the votes cast at a meeting of unitholders.

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#### **Solar Flow-Through 2012-I Limited Partnership**

Suite 900, 570 Granville Street  
Vancouver, BC V6C 3P1  
T 604.682.3701

[info@solarflowthrough.com](mailto:info@solarflowthrough.com)

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

#### **Toronto Office**

390 Bay Street, Suite 1102  
Toronto, ON M5H 2Y2  
T 647.725.3822