

Investor Update - December 31, 2014

Solar Flow-Through 2013-I Limited Partnership

Overview

The investment objective of the Solar Flow-Through 2013-I Limited Partnership (**2013 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 2013 LP has a targeted income distribution of 8% per annum. In October 2013, the 2013 LP raised \$10,000,000 (**2013 Proceeds**).

Use of Funds

From the 2013 Proceeds, \$750,000 was incurred on fully deductible partnership expenses.

The remaining \$9,250,000 of the 2013 Proceeds (**CRCE Proceeds**) was incurred on Canadian Renewable and Conservation Expenses (**CRCE**) by December 31, 2014. The CRCE Proceeds were incurred in the following manner.

- The development of the Ontario Power Authority (**OPA**) Feed-in-Tariff 2.1 (**FIT 2**) projects (**FIT 2 Projects**) originally secured by the Solar Flow-Through 2012-I Limited Partnership (**2012 LP**),
- To secure leases and develop projects, in partnership with the 2012 LP, for application submission for contracts under the FIT 3 round,
- To secure leases and develop projects for application submission for contracts under the 2015 FIT Application round.

FIT 2.1 Project Progress – Construction Underway

In 2013, FIT 2 contracts for the FIT 2 Projects were secured by the 2012 LP. 2013 LP has funded the development of the FIT 2 Projects for the purpose of securing an ongoing economic interest in them.

The FIT 2 Projects, once operational, will produce electricity under the OPA FIT 2 Contract at a guaranteed rate of payment over 20 years. A large number of FIT 2 Projects are being engineered and constructed by Panasonic Eco Solutions Canada Inc. Since the last Investor Update in September 2014, construction has begun on the FIT 2 Projects. Completion of construction for the first project is expected within the next 30 days. By the end of Q2 2015, construction for most of the FIT 2 Projects is expected to be complete.



FIT 3 Projects – 2012 LP and 2013 LP with Partners to Receive Over 100 Contracts

In addition to the FIT 2 Projects, the 2013 LP, in partnership with the 2012 LP, applied to the OPA for FIT 3 Contracts in Q4 2013. In Q3 2014, the OPA awarded an initial round of 123 MW AC of FIT 3 Contracts. On December 19, 2014, the OPA announced that an additional 100 MW AC of contracts (**FIT 3.5 Contracts**) would be awarded to projects that applied for FIT 3 Contracts in Q4 2013. Based on the OPA's announcement, the 2013 LP and the 2012 LP, together with their development partners, will receive FIT 3.5 Contracts for over 100 projects (**FIT 3.5 Projects**) totalling 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 3.5 Projects is controlled by third-party development partners of the 2013 LP and 2012 LP. The remaining economic interest of approximately 26.7 MW AC (or ~32.0 MW DC) is held by companies controlled by the 2013 LP and the 2012 LP.

Over 70% of all the projects that contracts were applied for under the FIT 3 program by the 2012 LP and the 2013 LP will be awarded a FIT Contract. This compares to an industry-wide success rate of 51% receiving FIT Contracts in this round.

Project Development Through 2015 and into 2016

Receipt of the FIT 3.5 Contracts with the OPA is expected to occur by the end of Q1 2015. The development of the FIT 3.5 Projects to the point of being ready to start construction will occur throughout 2015 and early 2016. Typically, four-to-twelve weeks are required to build out a project once it is "construction ready". All the FIT 3.5 Projects are expected to be completed and operational within 18 months of receiving the FIT 3.5 Contract date and before the end of Q3 2016.

2014 LP – \$9,868,000 Raised

On December 19, 2014, the third Solar Flow-Through Fund, called the Solar Flow-Through 2014-I Limited Partnership (**2014 LP**), raised \$9,868,000 (**2014 Proceeds**). Some of the 2014 Proceeds are to be used to fund development expenses of the FIT 3.5 Projects held by the 2013 LP and the 2012 LP. As a result of the 2014 LP's expected funding of the FIT 3.5 Projects, the 2014 LP will have an economic interest in the FIT 3.5 Projects along with the 2013 LP and 2012 LP. The Management of the 2014 LP will obtain third party assessments of the FIT 3.5 Projects at the time the FIT Contracts are awarded in order to arrive at a valuation of these projects. This valuation, together with the 2014 LP's resulting funding of the FIT 3.5 Projects, will be used to determine each of the LPs' resulting economic interest in the FIT 3.5 Projects.

Performance – Dividends to Begin in 2015

As a project becomes operational, it will produce electricity and generate revenue over the 20 years of the FIT Contract. In addition to the FIT 2 Projects, the 2013 LP has an interest in the FIT 3.5 Projects and has an interest in the projects that receive FIT Contracts under the 2015 FIT Application round.

The 2013 LP intended that unitholders would receive targeted 8% per annum distributions beginning 13 months after the October 2013 close (i.e. December 2014). The typical time from submitting applications for projects for a FIT Contract until the projects are constructed and operational is approximately two years. It is expected that all the FIT 2 Projects will be operational in Q3 2015. As a result, Management intends to begin paying dividends to the unitholders of the 2013 LP at the end of Q3 2015. 100% of the distributable cash flows available to the 2013 LP will be paid as dividends on September 30, 2015. Thereafter, dividends will be paid at the end of each quarter.

As all the FIT 2 Projects become operational in 2015, the distributable cash flows to the 2013 LP from these projects alone will not be sufficient to meet the targeted income distribution of 2% per

quarter. However, the 2013 Proceeds were used to obtain an interest in FIT 2 Projects, FIT 3.5 Projects and projects that will be submitted for FIT Contracts under the 2015 Application round. As the FIT 3.5 Projects become operational later in 2015 and in 2016, there will be increased distributable cash flow to the 2013 LP unitholders. Additionally, any projects that receive FIT Contracts under the 2015 Application round and become operational in later 2016 and in 2017 will result in increased distributable cash flow to the 2013 LP unitholders. Once all of the projects in which the 2013 LP has an interest become operational, it is expected that the distributable cash flows to the 2013 LP will meet or exceed the targeted distribution of 8% per annum.

One hundred percent of any distributable cash flows to the 2013 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 any excess of the target distribution prior to the year ending 2016.

Liquidity Options for Investors

The unitholders of the 2013 LP can anticipate a steady income stream beginning in Q3 2015 and over the next 20 years. However, for unitholders that are considering selling their units, the Management of 2013 LP is investigating possible liquidity options for them.

Management intends to provide a liquidity event for unitholders before the end of 2015. Once the FIT 2 Projects are operating near mid 2015, Management of 2013 LP intends to solicit the unitholders as to their interest in selling their units. Based on the unitholders' interest to sell their units, Management will use its best efforts to find interested parties or funds to purchase the units. If required, Management will use its best efforts to sell 2013 LP's interest in some of the FIT 2 projects resulting in free cash in the 2013 LP to purchase the units.

In the longer term, Management will pursue additional opportunities which may include listing of the 2013 LP on a Canadian stock exchange together with the 2012 LP and/or the 2014 LP or an outright sale of all the assets of the 2013 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.

Solar Flow-Through 2012-I Limited Partnership

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

info@solarflowthrough.com

www.solarflowthrough.com

Toronto Office

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