



Key Events for Q3 2019

Successful Start-Up and Commercial Operation of the Four FIT4 Solar Projects

Solar Flow-Through Funds (the “Company”) is pleased to announce the successful start-up and commercial operation of the four FIT4 solar projects commencing in August 2019. These four solar projects totalling 2.4 MW DC will generate over \$600,000 in annual revenue for the Company. Matt Wayrynen, CEO and COO of the Company, commented, “We are delighted with the successful construction of these projects on-time and within budget. These sites will create significant long-term value for unitholders. We look forward to continuing the successful build-out of the FIT5 solar projects subject to the receipt of environmental permits.”

Cost Recovery of Pre-Construction Development Costs

In Q3 2019, the IESO communicated reminders of the deadline of December 31, 2019 for submission of Pre-Construction Development Costs (“PCDC”) for reimbursement. However, no timeline for the review and return of PCDC funds has been announced by the IESO.

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 over five months ago. Upon review of this



600 kW DC FIT 2 Project located in Brampton, Ontario.

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.

“We remain focused on this recovery of costs as a top priority and we are dedicating significant resources to comply 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 is expected to conclude by December 2019.

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.

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



Subsequent Event – Minister’s Directive on 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.

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 April 30, 2019. 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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