



## **Solar Flow-Through 2012-I Limited Partnership Investor Update - January 2014**

Happy New Year to our investors and investor network. We are pleased to provide you with this update on the Solar Flow-Through 2012-I Limited Partnership (the "2012 LP").

### **A Quick Review: Investment Objectives, Funding and OPA Contracts**

The investment objective of the 2012 LP was 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. The 2012 LP has a targeted income distribution of 8% per annum.

The 2012 LP raised \$2,857,000 and closed in December 2012. The proceeds were to be used to secure Ontario Power Authority ("OPA") Feed-in-Tariff 2 ("FIT 2") contracts to develop and operate solar projects to produce electricity for the OPA at a guaranteed rate over twenty years. Since December 2012, significant progress has been made by the 2012 LP towards meeting its objectives.

In January 2013, the 2012 LP together with its development partners and community partners applied to the OPA for FIT 2 contracts. Community partners consisted of First Nation bands and community co-operatives. The awarding of FIT 2 contracts by the OPA was expected in Q1 2013, but instead took place in Q3 2013. At that time, the OPA reported that the 2012 LP had been awarded FIT 2 contracts for 52 projects in which it had an economic interest.

### **Project Consolidation Moving Projects Closer to Construction**

Since being awarded FIT 2 contracts the Solar 2012 LP has consolidated the number of projects to ensure it has greater economic interest in fewer projects without reducing its overall interest in the portfolio. This makes projects easier to manage and control. The 2012 LP has also developed and progressed the projects towards construction.

### **Assessment, Engineering and Design Phases**

The 2012 LP has been conducting rooftop assessments and obtaining the engineering reports and project designs required to obtain the approvals and building permits that allow construction to commence. Construction is scheduled to commence Q2 2014 followed by commissioning and connection to the electrical grid. All projects are scheduled to be completed, operating and generating cash flow in 2014.

### **Over 150 Applications Submitted for FIT 3**

In addition to the existing FIT 2 projects it has been awarded, the 2012 LP in partnership with the Solar Flow-Through 2013-I Limited Partnership applied to the OPA for future FIT 3 contracts. The awarding of FIT 3 contracts by the OPA is expected May 2014. Projects that receive FIT 3 contracts are anticipated to be operational in 2015.

## **Distributions to Begin April 2014**

The 2012 LP intended that investors would earn targeted 8% per annum distributions 13 months after the December 2012 close (i.e. February 2014). The 2012 LP will therefore begin accruing distributions on February 1, 2014 with the first quarterly dividend payment to be paid April 2014. The first dividend payment will be an adjusted dividend as it applies to two months (February and March) of a three month period. Distributions will continue to be paid quarterly for the twenty year life of the OPA contracts.

The 2012 LP will also make an additional distribution within sixty days of each calendar year end of any net income the 2012 LP has earned over and above 8% per annum. Due to the delay by the OPA in awarding FIT 2 contracts we do not anticipate an additional distribution at the end of 2014. We do however expect that there will be additional distributions at the end of each calendar year thereafter.

## **Liquidity Event Update**

A liquidity event or offering from a third party is not expected to occur until after all projects are built and operational. At this time the 2012 LP has not received any requests from its investors to sell their units. If, however, a 2012 LP investor is considering the sale of their units, then please speak to your investment advisor and the General Partner for the 2012 LP will do its best to facilitate a potential sale of units.

The 2012 LP is pleased with the progress made to date in meeting its investment objectives. It should be noted that despite the delay by the OPA in awarding FIT 2 contracts, all investors have received their income tax deductions in 2012 and can anticipate a steady income stream over the next twenty years.

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Please contact us if you have any questions or concerns.

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