



## Investor Update – June 30, 2015

### Solar Flow-Through 2014-I Limited Partnership

#### 2014 LP Snapshot

- ❖ Development of FIT 3.1 Projects underway with initial project construction starting in Q4 2015.
- ❖ Distributions for unitholders scheduled to commence December 31, 2016.
- ❖ Liquidity event for unitholders scheduled for Q1 2017.

#### Overview

The investment objective of the Solar Flow-Through 2014-I Limited Partnership (**2014 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. The 2014 LP raised \$9,868,000 (**2014 Proceeds**) in December 2014. The 2014 LP has a targeted income distribution of 8% per annum targeted for December 31, 2016 (i.e. 24 months from the closing).

#### Use of Funds

\$9,127,900 representing 92.5% of the 2014 Proceeds was to be incurred on Canadian Renewable and Conservation Expenses (**CRCE**). The 2014 LP did a renunciation for CRCE for the \$9,127,900 (**CRCE Proceeds**) prior to 2014 year-end. Through the first half of 2015, a portion of CRCE Proceeds – which were renounced in 2014 – have been incurred in the following manner:

- The continued development of the Feed-in-Tariff (**FIT**) 3.1 projects originally secured by the Solar Flow-Through 2012-I Limited Partnership (**2012 LP**) together with the Solar Flow-Through 2013-I Limited Partnership (**2013 LP**).
- To perform due diligence, secure leases and develop project proposals for the upcoming FIT 4 contract application window.

#### FIT 3.1 Contracts Awarded by IESO

Part of the proceeds of the 2014 LP are being used to fund the development expenses of the FIT 3.1 Projects held by the 2012 LP and 2013 LP. As a result of the 2014 LP's funding of FIT 3.1 Projects, the 2014 LP holds an economic interest in the FIT 3.1 Projects along with the 2012 LP and 2013 LP.

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 2014 LP together with the Solar Flow-Through 2012-I Limited Partnership (**2012 LP**) and the Solar Flow-Through 2013-I Limited Partnership (**2013 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 2014 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.

Development, engineering and permitting has begun on a number of the FIT 3.1 Projects, and management of the 2014 LP (**Management**) expects construction on several projects to begin by year-end 2015. All of the FIT 3.1 Projects are planned to be operational by the year-end 2016.

#### **FIT 4 Applications – Further IESO Delays**

The 2013 LP, together with the 2014 LP, has been securing leases with landlords and landowners for the purpose of submitting contract applications. In addition to securing leases, other development work on these applications continues to be performed to have them ready for application submission. The IESO had originally indicated that the FIT 4 contract application window would open in Q3 2014, and later revised this period to July of 2015. The IESO has now confirmed a further delay to the start of the FIT 4 contract application window to September 30, 2015.

#### **Liquidity Options**

As distributions commence, unitholders in the 2014 LP can anticipate a steady income stream over 20 years. Alternatively, Management of the 2014 LP is investigating possible liquidity options for its unitholders if they choose to divest their units. These options include the following:

- Organizing offerings to secondary buyers of the units,
- Listing of the 2014 LP on a Canadian stock exchange along with the 2012 LP, and/or 2013 LP; or
- Sale of some or all the assets of the 2014 LP.

Acceptance of the last two liquidity options requires the approval of at least two-thirds of the votes cast at a meeting of unitholders.

Management does not expect any liquidity options to occur in 2015. Management is scheduling to facilitate a liquidity event involving secondary buyers of 2014 LP units in Q1 2017.

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