



Key Events for Q1 2020

COVID-19 Update

As developments continue to unfold related to COVID-19, the Company has taken precautionary measures to ensure the health and well-being of our employees and to minimize any potential risk of business disruption. The Company responded quickly to the global COVID-19 pandemic by introducing policies and procedures tailored to the outbreak that restricted non-essential business travel and implemented World Health Organization recommendations for slowing the transmission of COVID-19 in the workplace. While the Company maintains a comprehensive business continuity plan, it is our belief that the focused actions we have taken to address COVID-19 will serve both to protect the well-being and safety of our employees and mitigate any potential business or operational disruption.

Successful Start-Up and Commercial Operation of Six Solar Projects

Solar Flow-Through Funds (the “Company”) is pleased to announce the successful start-up and commercial operation of six solar projects in February 2020. These six solar projects totalling 3.3 MW DC will generate over \$900,000 in annual revenue for the Company. Matt Wayrynen, CEO of the Company, commented, “These projects were successfully constructed as scheduled and have created significant long-term value for our unitholders.”

The Company has continued ongoing construction efforts on five FIT5 solar projects expected to reach commercial operation later this year. This portfolio of five FIT5 solar projects totalling 2.7 MW DC will generate over \$600,000 in annual revenue for the Company. Further, the Company is focused on the development of an additional six FIT5 solar projects currently under force majeure applications for a time extension due to the current state of emergency declared by the Ontario government. The one FIT3.1 solar project that reached commercial operation in February 2020 was successfully lifted from the force majeure

claim on September 25, 2019. The Company is committing additional efforts to ensure the success of the force majeure applications.

Cost Recovery of Pre-Construction Development Costs

On February 25, 2020, the IESO confirmed the amount in full of the pre-construction development costs (“PCDC”) submission that was sent by the Company to the IESO in April 2019. The Company is currently working with the IESO on processing the receipt of that payment and has inquired of the IESO for a timeline of the review and confirmation of the remaining PCDC submissions. Over 200 contracts that have been terminated and submitted for PCDC reimbursement since December 2019 are currently under review by the IESO. 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 are satisfied in having received the IESO’s confirmation of our first PCDC submission and look forward to completing this process for the remaining submissions of over 200 contracts,” Wayrynen said.

Successful Arbitration Decision

On March 31 2020, the Company received a favourable decision in the arbitration proceedings against its past engineering, procurement, and



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

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



construction service provider (the “Respondent”). The arbitrator found that the Respondent failed to pay the Company from the sale of certain solar projects, and also that charges in invoices the Respondent issued to the Company for nine other operating projects built by the Respondent were improper.

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.

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 December 31, 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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