Key Events for Q1 2024

About Solar Flow-Through Funds

Solar Flow-Through Funds Ltd. is a corporation that had previously been a group of limited partnerships ("LPs") that shared the same management team to develop, own, and operate solar power generation projects in the Province of Ontario. These LPs included 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").

In preparation for a listing on a Canadian stock exchange, an amalgamation of the nine Limited Partnerships into a consolidated entity ("Solar Flow-Through Funds Ltd." or "the Company") was completed on October 23, 2023. Further in 2023, Solar Flow-Through Funds and its management team began expanding its portfolio with the addition of battery energy storage systems contracts in Ontario ("BESS portfolio") and EV charging opportunities in Canada and the US.

The 450kW DC Van Kirk Project.

Public Listing and Acquisition by SolarBank Corporation

On March 20, 2024, it was announced that SolarBank Corporation would be acquiring Solar Flow-Through Funds in an all-stock transaction. Full details about the transaction can be found in the news release linked here.

SolarBank has agreed to issue up to 5,859,567 common shares of SolarBank for an aggregate purchase price of up to $41.8 million, representing $4.50 per Solar Flow-Through share acquired. The Transaction values SFF at up to $45 million but the consideration payable excludes the common shares of the Company currently held by SolarBank. The 5,859,567 SolarBank Shares was determined based on the ninety-day VWAP (volume weighted average price) of the SolarBank shares as of the date of the agreement. In addition to receiving common shares in SolarBank, Solar Flow-Through investors will hold a separate class of Tracking Shares, which were issued as Class A, Class B and Class C Tracking Shares based on each stakeholder's respective interest in Solar Flow-Through's Lawsuits described below. A Tracking Share is a security that entitles the holder to convert their Tracking Shares into cash or common shares of the Company at a rate to be determined and based on the net proceeds received by the Company, if any, for each of the legal claims. Tracking Shares were also issued to compensate certain members of the executive teams, boards of directors, employees and shareholders of the Management Companies (collectively, the "Claim Administrators") for the economic loss suffered as a result of the breaches of certain FIT contracts by IESO (the "Management Legal Claim Entitlement" or "MLCE"). The MLCE is entirely contingent upon a successful outcome of the legal claims. Both the common shares and the Tracking Shares are subject to the escrow release timing outlined in the news release linked above.

The consideration for the Transaction consists of an upfront payment of approximately 3,575,638 SolarBank Shares ($25.53 million) and a contingent payment representing up to an additional 2,283,929 SolarBank Shares ($16.31 million) that will be issued in the form of contingent value rights ("CVRs"). The SolarBank Shares underlying the CVRs will be issued once the final contract pricing terms have been determined between the Company, the Ontario Independent Electricity System Operator ("IESO") and the major suppliers for the BESS portfolio and the binding terms of the debt financing for the BESS portfolio have been agreed (the "CVR Conditions"). On satisfaction of the CVR Conditions, a chartered business valuator shall revalue the BESS portfolio and SolarBank shall then issue SolarBank Shares having an aggregate value that is equal to the lesser of (i) $16.31 million and (ii) the final valuation of the BESS portfolio determined by the chartered business valuator plus the sale proceeds of any portion of the BESS portfolio that may be sold, in either case divided by the VWAP as of the agreement date. The maximum number of additional shares issued for the CVRs will be 2,283,929 SolarBank Shares.

Solar Flow-Through has been working closely with SolarBank for over a decade. SolarBank is listed on the CBOE under ticker symbol "SUNN" and on the NASDAQ as "SUUN." More information on SolarBank can be found on their website at https://solarbankcorp.com/.

Further details and next steps regarding the acquisition will be outlined in an Information Circular to be distributed to investors in May. A Special Meeting of the Company's shareholders to approve the acquisition will be held in June, with the transaction coming to an expected close in July.

Commercial Operation of Our Solar Projects

As at March 31, 2024, Solar Flow-Through Funds has 70 solar photovoltaic generation projects totaling 28.8 MW DC. The projects operate under the Ontario FIT program for a remaining contract period between 12 and 17 years. After the FIT contracts expire, a project may continue generating revenue at the merchant electricity rate. Presently, the projects generate annual revenue and adjusted EBITDA of about $9 million and $6 million, respectively. The Company is currently focused on improving its operational performance and securing new opportunities to expand its solar photovoltaic portfolio.

Budget, Expected and Actual Generation

The table below provides a summary of the portfolio energy performance over the last quarter and over the last twelve months. Budget Performance, Expected Performance and Actual Performance are used to measure and monitor the operating performance of the projects. Actual Performance or ***kWh Actual*** is the amount of energy produced in kilowatt hours within the applicable period. Budget Performance or ***kWh Budget*** is the amount of energy expected to be generated in kilowatt hours based on the irradiance (i.e. amount of sunlight) that was forecasted for each site in each quarter prior to commercial operation. Expected Performance or ***kWh Expected*** is the Budgeted kWh adjusted for the actual irradiance weather conditions at each site during the applicable period (i.e. the expected generation based on each project and the actual amount of irradiance for each project).

Portfolio Summary: Energy Generation Performance

Actual vs. Expected					
	Q1 2024				
Portfolio	kWh Actual	kWh Budget	Budget Performance %	kWh Expected	Expected Performance %
Rooftop	2,153,129	2,635,791	81.7%	2,177,701	98.9%
Ground Mount	2,817,679	3,492,858	80.7%	2,562,454	110.0%
Total	4,970,809	6,128,648	81.1%	4,740,156	104.9%
	Last 12 Months (Q1 2024 – Q2 2023)				
	kWh Actual	kWh Budget	Budget Performance %	kWh Expected	Expected Performance %
Rooftop	14,709,230	16,261,834	90.5%	14,753,759	99.7%
Ground Mount	16,012,157	16,895,575	94.8%	14,455,441	110.8%
Total	30,721,387	33,157,409	92.7%	29,209,200	105.2%
Note: kWh Expected takes into account the actual weather condition that the solar project is operating under.					

The Expected Performance compared to the Budgeted Performance for Q1 2024 across the portfolio was 4,740,156 kWh and 6,128,648 kWh, respectively. Accordingly, the actual amount of irradiance was less than the budget irradiance for the quarter. The Actual Performance over the last quarter across the portfolio was 4,970,809 kWh which is 81.1% of Budget Performance and 104.9% of Expected Performance.

In Q1 2024, performance across our rooftop sites was within 2% of the Expected Performance while our ground mounted sites significantly exceeded the Expected Performance by 10%. Across our rooftop sites, the 240kW DC project that was severely damaged by a windstorm in June of 2022 is still operating at 50% of its total capacity, and we are working with engineers on remediating the damaged portion of the solar project and expect the site to be fully back online by the summer of 2024. A 300kW DC rooftop project was damaged by a fire caused by a tenant in September of 2020; it is still in remediation as the roof is not yet in a condition to support the PV system, operating at 41% capacity. Revenue generation from multiple projects has been temporarily reduced for buildings due to performing roof work and requiring our systems to come down. These have varied from 5% to 50% of the modules being removed at some sites. Additionally, a few sites have had minor inverter faults which are out for repairs/replacements but the main cause of lost generation for this quarter is the weather (snow).

IESO Expedited Long-Term ("E-LT1") Contracts

In Q3 2022, the Company qualified to participate under Ontario's Independent Electricity System Operator ("IESO") E-LT1 Request for Proposals, a program the IESO established to acquire resources to meet Ontario's growing electricity needs. Five battery energy storage ("BESS") projects totaling 20 MW and 80 MWh were submitted under the IESO RFP on February 16, 2023. On June 26, 2023, Solar Flow-Through received notices from the IESO that three of the projects, totaling approximately 15 MW and 60 MWh, were awarded E-LT1 Contracts, and in July 2023, the Company entered into the three E-LT1 Contracts with IESO. The BESS projects are expected to be operational by Q2 2025 and will have a contract term of twenty-two years.

Legal Claims for Improper Termination of FIT Contracts

Lawsuit #1: Termination of FIT Contracts I

On December 2, 2020, a Statement of Claim was filed by the Limited Partnerships and an independent solar project developer against Ontario (Ministry of Energy, Northern Development and Mines) (**"MOE"**), the IESO and John or Jane Doe (**"FIT Claim 1"**). The plaintiffs seek damages from the defendants in the amount of $240 million in lost profits, $17.8 million in development costs, and $50 million in punitive damages for misfeasance of public office, breach of contract, inducing the breach of contract, breach of the duty of good faith and fair dealing, and conspiracy resulting in the wrongful termination of 111 FIT contracts.

In December 2023, the Supreme Court of Canada denied leave to appeal in Poorkid Investments Inc. v Ontario ("Poorkid"). This decision means that the Ontario Court of Appeal's judgment, deeming s. 17 of the Crown Liability and Proceedings Act, 2019 constitutional, stands (See Poorkid Investments Inc. v Ontario, 2023 ONCA 172). Accordingly, both Lawsuit #1 and Lawsuit #2 will proceed to leave applications for the misfeasance in public office claims as against the MOE. The claim is against the IESO and unnamed defendants are not subject to the s.17 leave provision, and will continue regardless of the outcome on the applications.

Lawsuit #2: Termination of FIT Contracts II

On January 29, 2021, a second Statement of Claim was filed by the Limited Partnerships and an independent solar project developer against the IESO, and on March 5, 2021 a third Statement of Claim was filed by the Limited Partnerships and an independent project developer against Ontario (MOE) and Gregg Rickford, as Minister of Energy, Northern Development and Mines; a motion will be brought to consolidate these claims into a single action (**"FIT Claim 2"** and collectively with FIT Claim 1 and the Force Majeure Claim described below, the **"Legal Claims"**). The plaintiffs seek damages from the defendants in the amount of $260 million in lost profits, $26.9 million in development costs, and $50 million in punitive damages for the wrongful termination of 133 FIT contracts. The January 29, 2021 and March 5, 2021 Statements of Claim are separate and in addition to the December 2, 2020 Statement of Claim filed and outlined above under FIT Claim 1.

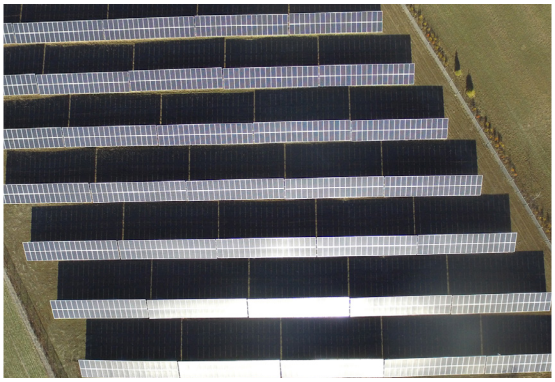
88 Todd, a 600kW DC Rooftop Solar Project.

In December 2023, the Supreme Court of Canada denied leave to appeal in Poorkid Investments Inc. v Ontario ("Poorkid"). This decision means that the Ontario Court of Appeal's judgment, deeming s. 17 of the Crown Liability and Proceedings Act, 2019 constitutional, stands (See Poorkid Investments Inc. v Ontario, 2023 ONCA 172). Accordingly, both Lawsuit #1 and Lawsuit #2 will proceed to leave applications for the misfeasance in public office

claims as against the MOE. The claim is against the IESO and unnamed defendants are not subject to the s.17 leave provision, and will continue regardless of the outcome on the applications.

Lawsuit #3: Force Majeure
The Company's force majeure claims in respect of six FIT 5 Contracts that encountered environmental permitting issues were rejected by the IESO. Subsequent to an ineffectual dispute resolution process and the IESO terminating the six Contracts, the Company filed a legal claim to seek damages in the amount of $15 million for breach of contract against the IESO on December 2, 2020. Discovery and examinations for the legal claim occurred in November 2021, and discussions to settle the claim were underway as of March 31, 2024

Lawsuit #4: Breach of Contract by Landlord
On September 3, 2020, a fire occurred in a commercial building on which one of the Company's FIT 2 rooftop projects is located. The fire caused extensive damage to the roof, and equipment was dismantled for storage. On October 1, 2020, the Electrical Safety Authority gave us its approval to reconnect the project. We reconnected 54% of equipment, which was located on undamaged sections of the roof. After numerous attempts to communicate with the landlord (the "Defendant") at this site, we have not yet been able to rebuild our project on the section of the roof that was damaged. An insurance claim has been completed, and a legal claim has been filed to seek damages in the amount of $2.5 million for breach of contract by the Defendant.



Project MC-ML81, a 600kW DC ground mount solar project.

Net Asset Value
The Company's fair market value was updated as of March 31, 2024 to include the Company's operating solar portfolio, cash, and development pipeline. The updated fair market value as of Q1 2024 is $45 million and more details are available at https://solarflowthrough.com/limited-partnerships/net-asset-value. If you have any questions regarding the Reorganisation and the value of your investment in the Company, please contact us at info@solarflowthrough.com.

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 June 30, 2020. Management does not undertake to update any such forward looking information whether as a result of new information, future events or otherwise.

SOLAR FLOW-THROUGH FUNDS

Head Office
900-570 Granville St.
Vancouver, BC V6C 3P1
T 604.682.3701

info@solarflowthrough.com
www.solarflowthrough.com