Key Events for Q4 2023

About Solar Flow-Through Funds

Since 2012, Solar Flow-Through Funds has been 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").

In preparation for a listing on a Canadian stock exchange, a corporate reorganisation has been completed. The 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 and EV charging opportunities in Canada and the US.

The 450kW DC Van Kirk Project.

Corporate Reorganisation (the "Reorganisation") and Public Listing

Reorganising and combining the nine Limited Partnerships into a single corporate entity also provides significant operational and cost efficiencies in areas including, but not limited to, general and administrative costs, tax planning and compliance, and audit and financial reporting requirements.

Limited partners have received common shares in the Company in exchange for units held in the nine Limited Partnerships. The Company engaged a Chartered Business Valuator for the purpose of valuing the Company's business and determining each stakeholder's respective economic interest in the business as of December 31, 2022. Additionally, Solar Flow-Through's Management Companies agreed to receive ownership in the Company in lieu of the management fees owing to the Management Companies. In preparing for a public listing, the Chartered Business Valuator was engaged to prepare an updated valuation as of December 31, 2023.

In addition to receiving common shares in the Company, a separate class of Tracking Shares were issued to stakeholders based on each stakeholder's respective interest in Lawsuit #1, Lawsuit #2 and Lawsuit #3 (described below). The Tracking Shares were issued as Class A, Class B and Class C Preferred Shares for the respective Lawsuits below. A Tracking Share is a security that entitles the holder to convert their

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

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.

Management has been working toward a public listing which is now targeted for Q2 2024. Management is considering options for a public listing which include an initial public offering, a direct listing or merging with a listed company. Trading of the common shares will be subject to various hold periods required by regulators and the exchange, and that will be outlined in the Information Circular to be provided to the limited partners prior to the "listing."

Commercial Operation of Our Solar Projects

As at December 31, 2023, 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 Fund 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

Portfolio	Q4 2023				
	kWh Actual	**kWh Budget**	**Budget Performance %**	**kWh Expected**	**Expected Performance %**
Rooftop	1,734,167	1,991,801	87.07%	1,769,525	98%
Ground Mount	2,070,927	2,369,289	87.41%	1,789,906	116%
Total	3,805,094	4,361,091	87.25%	3,559,431	107%
	Last 12 Months (Q4 2023 – Q1 2023)				
	kWh Actual	**kWh Budget**	**Budget Performance %**	**kWh Expected**	**Expected Performance %**
Rooftop	13,955,791	16,281,752	85.71%	14,465,397	96%
Ground Mount	15,474,032	16,918,073	91.46%	14,232,550	109%
Total	29,429,823	33,199,825	88.64%	28,697,947	103%

Note: kWh Expected takes into account the actual weather condition that the solar project is operating under.

Generating Clean Returns

The Expected Performance compared to the Budgeted Performance for Q4 2023 across the portfolio was 3,559,431 kWh and 4,361,091 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 3,805,094 kWh which is 87% of Budget Performance and 107% of Expected Performance. In Q4 2023, performance across our rooftop sites was within 2% of the Expected Performance while our ground mounted sites significantly exceeded the Expected Performance by 16%. 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 in anticipation of the upcoming winter months. 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.

Cost Recovery of Pre-Construction Development Costs ("PCDC")

On July 13, 2018, the Government of Ontario issued a Ministerial order to cancel and wind down 758 renewable energy contracts across the province. Several FIT Contracts belonging to the Company were cancelled.

Since that time, Management has been focusing on the cost recovery of PCDCs, as provided for pursuant to the terms under the cancelled FIT Contracts. Over the past year, all PCDC submissions have been finalized with executed mutual release agreements, and as of December 31, 2023, we have received all amounts for a total of $28 million from the IESO.

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.

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. The trial dates for this claim have now been scheduled for March 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.

Net Asset Value

The Company's fair market value was updated as of December 31, 2023 to include the Company's operating solar portfolio, cash, and development pipeline. The updated fair market value as of Q4 2023 is $41.8 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.

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