

Solar Flow-Through
Limited Partnerships



Key Highlights for Q1 2019

- \$2 per unit Q1 2019 distribution to 2012-I LP unitholders and \$1.40 per unit Q1 2019 distribution to 2013-I LP unitholders
- Distributions postponed for 2014-I LP, 2015-I LP, and 2016-I LP
- All FIT 2 and FIT 3.1 rooftop projects operational and generating revenue
- Final 600 kW DC FIT 3.1 ground mount project became operational in Q1 2019
- Construction underway on FIT 4 and FIT 5 ground mount projects

Overview

Solar Flow-Through Funds is a group of limited partnerships (“LPs”) that share the same management team to own, operate and develop 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”) (collectively the “SFT Group”).

The investment objective of the SFT Group 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. The majority of the funds raised by each of the SFT Group’s LPs were incurred on Canadian Renewable and Conservation Expenses (“CRCE”). Unitholders in each of the LPs received tax receipts for their respective investments in the year following the unit offering.

The following table provides a financial snapshot of the LPs as at Q1 2019.

Entity	Funds Raised	CRCE Renounced	Targeted Income Distribution at Time of Offering (per annum)	Current Distribution (Q1 2019)	Previous Distribution Q4 (2018)	Distributions Paid to Date (per unit)
2012-I LP	\$2,857,000	\$2,857,000	8.0%	2.0%	2.0%	\$41.00
2013-I LP	\$10,000,000	\$9,250,000	8.0%	1.4% (0.6% postponed)	2.0%	\$23.40
2014-I LP	\$9,868,000	\$9,127,900	8.0%	Postponed	2.0%	\$16.00
2015-I LP	\$13,519,000	\$12,505,075	7.0%	Postponed	1.75%	\$8.00
2016-I LP	\$14,881,000	\$13,764,925	7.0%	Postponed	0.5%	\$1.00
2017-I LP	\$10,850,000	\$10,036,250	7.5%	N/A	N/A	N/A
2017-A LP	\$2,906,000	\$2,688,050	7.0%	N/A	N/A	N/A
2018-I LP	\$2,000,000	\$1,850,000	7.5%	N/A	N/A	N/A
2018-A LP	\$1,047,000	\$968,475	7.0%	N/A	N/A	N/A

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



Each of the LPs share an economic interest in the SFT Group’s portfolio of FIT 2 rooftop, FIT 3.1 rooftop, FIT 3.1 ground mount, FIT 4 ground mount and FIT 5 ground mount projects. An LP’s economic interest is determined by the amount and timing of funds the LP invests in the development and financing of each project. As the following table demonstrates, each LP has an economic interest in multiple projects within SFT Group’s portfolio.

Entity	FIT 2	FIT 3.1 (Rooftop)	FIT 3.1 (Ground Mount)	FIT 4	FIT 5
2012-I LP	X	X	X		
2013-I LP	X	X	X	X	
2014-I LP	X	X	X	X	
2015-I LP		X	X	X	X
2016-I LP		X	X	X	X
2017-I LP				X	X
2017-A LP				X	X
2018-I LP				X	X

Terminated FIT Contracts

The Progressive Conservative Party of Ontario won a majority government on June 7, 2018 resulting in changes to many of the provincial policies affecting the climate, energy, and electricity. On July 13, 2018, the Government of Ontario made the decision to cancel and wind down 758 renewable energy contracts. SFT Group received termination notices for a total of 218 Feed-in-Tariff (“FIT”) contracts representing 113.8 MW DC. SFT Group has 58 operating solar projects and 22 under development which are unaffected by the termination notices and continue to be secured under the 20-year power purchase agreements pursuant to the FIT contracts. However, the cancellation of the 218 FIT Contracts by the Independent Electricity System Operator (“IESO”) has impacted SFT

Group’s business outlook. As such, the SFT Group has reduced quarterly dividends effective for Q1 2019 as follows:

- 2012-I LP – Payment of the full target distribution (no reduction),
- 2013-I LP – 30% postponement of the target distribution, and
- 2014-I LP, 2015 LP, 2016 LP – full postponement of distributions.

Management fees have been suspended effective January 1, 2018 to ensure cash flow preservation for future operations. Management fees will continue to be suspended until such time that it is determined there is sufficient cash flow or unitholders are provided a liquidity event.

180 kW DC FIT 2
Rooftop project
located in Toronto,
Ontario.



Cost Recovery of Pre-Construction Development Costs

Management is focused on the cost recovery of Pre-Construction Development Costs (“PCDCs”) as provided for pursuant to the terms under the cancelled FIT contracts. PCDCs are defined as reasonable costs incurred in development of a project from FIT contract award date to termination date. Accordingly, PCDCs do not include all costs incurred on terminated contracts due to the allowable time period and nature of costs incurred. PCDCs are recoverable up to a maximum of \$0.50/W AC or about \$250,000 per cancelled FIT contract subject to verification and approval of the PCDCs by the IESO.

Management estimates an after-tax cost recovery of \$30.3 million from PCDCs funds across the SFT Group. From this amount, it is estimated that each LP is entitled to the following recoveries (after-tax):

Entity	Estimated PCDC Recovery Entitlement (after tax)
2012-I LP	\$346,000
2013-I LP	\$1,842,000
2014-I LP	\$4,813,000
2015-I LP	\$3,734,000
2016-I LP	\$9,350,000
2017-I LP	\$2,043,000
2017-A LP	\$8,216,000
2018-I LP	-
2018-A LP	-

The IESO has not announced a timeline for the review and return of PCDCs funds. To date, IESO has not processed any PCDC submissions from SFT Group. Management is dedicating significant resources to comply with the IESO’s PCDC recovery guidelines and requirements to receive the recoveries in the most expeditious manner. Management anticipates that complete recovery of PCDC funds will not occur until 2020.

Net Asset Value (NAV)

At the end of Q1 2019, the NAV of each of the SFT Group LP’s units has not been updated and remains consistent with Q4 2018:

Entity	Net Asset Value (NAV)
2012-I LP	\$118.17
2013-I LP	\$85.67
2014-I LP	\$100.00
2015-I LP	\$100.00
2016-I LP	\$100.00
2017-I LP	\$100.00
2017-A LP	\$100.00
2018-I LP	\$100.00
2018-A LP	\$100.00

Management has delayed updating the NAV until the impact of terminated contracts on the SFT Group’s limited partnerships has been fully assessed.

Liquidity Options

Management has delayed the next liquidity event until the impact of terminated contracts on each LP has been fully assessed.

In the longer term, Management will pursue additional liquidity opportunities, which may include a public listing of the SFT Group on a Canadian stock exchange.

FIT 2 - All Projects Operating

The SFT Group owns and operates 23 FIT 2 rooftop projects totalling 6.5 MW DC. The 2012-I, 2013-I, and 2014-I LPs have a shared economic interest in FIT 2 projects. Since 2015, all FIT 2 projects have been connected into Ontario's electrical grid and are generating revenue from the production of electricity.

FIT 3.1 Projects – All Rooftop Projects Operating and Most Ground Mount Projects Operational

All FIT 3.1 rooftop projects are now generating revenue from the production of electricity into Ontario's electrical grid. Eight of nine FIT 3.1 ground mount projects were completed and became operational in 2018. The ninth FIT 3.1 ground mount project has become operational in the first quarter of 2019. The 2012-I LP, 2013-I LP, 2014-I LP, 2015-I LP, 2016-I LP have a shared economic interest in 26 FIT 3.1 rooftop projects totalling 9.3 MW DC and 9 FIT 3.1 ground mount projects totalling 5.1 MW DC.



600 kW DC FIT 3.1 Ground Mount Project located near Newburgh, Ontario.



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

FIT 4 Projects: Development Underway

All of the SFT Group's FIT 4 projects are ground mount projects and will total 3 MW DC upon completion. Permitting, engineering and development of the FIT 4 projects continued through Q1 2019. Management expects that all of the SFT Group's FIT 4 projects will be completed by the end of 2019.

FIT 5 Projects: Engineering and Development Underway

Management completed the FIT 5 application process in Q4 2016 and began feasibility analysis and development of the SFT Group's FIT 5 projects in Q4 of 2017. Engineering and development of the FIT 5 projects continued through Q1 2019. At this time, Management expects to build 17 FIT 5 solar projects totalling approximately 9.6 MW DC. Management expects that eight FIT 5 ground mount projects will be completed by the end of Q1 2020, and the remainder by end of 2020.



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