SOLAR
FLOW-THROUGH FUNDS

Q3 INVESTOR UPDATE

Sep 30, 2018

Solar Flow-Through
2017-A Limited Partnership (2017-A LP)

2017-A LP Snapshot for Q3 2018

- 159 FIT 5 contracts awarded totalling 83.4 MW DC in September 2017
- Distributions for unitholders scheduled to commence by the end of 2019

Overview

2017-A LP is part of a group of limited partnerships that share the same management team which own, operate and develop solar power generation projects in the Province of Ontario. These limited partnerships include 2017-A LP, Solar Flow-Through 2012-I Limited Partnership ("2012 LP"), Solar Flow-Through 2013-I Limited Partnership ("2013 LP"), Solar Flow-Through 2014-I Limited Partnership ("2014 LP"), Solar Flow-Through 2015-I Limited Partnership ("2015 LP"), Solar Flow-Through 2016-I Limited Partnership ("2016 LP") and Solar Flow-Through 2017-I Limited Partnership ("2017-I LP") (collectively the "SFT Group").

The investment objective of the 2017-A 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 2017-A LP raised $2.906 million in 2017. The 2017-A LP will share an economic interest in FIT 5 projects developed and financed by entities within the SFT Group.

The 2017-A LP targeted income distribution is 7% per annum. Initial income distributions are intended to commence by the end of 2019 (approximately 24 months from the final closing of the 2017-A LP).

Use of Funds

A total of $2.688 million representing 92.5% of the 2017 proceeds is to be incurred on Canadian Renewable and Conservation Expenses ("CRCE"). The remaining proceeds are to be incurred on fully deductible partnership expenses in 2018. The 2017-A LP renounced $2.688 million in CRCE ("CRCE Proceeds") at year-end 2017. Unitholders received tax receipts for their investment in the 2017-A LP in early 2018. The CRCE Proceeds have been or will be incurred for the continued development of the FIT 5 projects.

IESO Termination Notices Update

The Ontario general election of 2018 was held on June 7, 2018. The Progressive Conservative Party of Ontario won a majority government, with the Ontario New Democratic Party forming the Official Opposition. The election of a Progressive Conservative majority government has resulted in changes to many of the province's policies. These changes have affected the climate, energy, and electricity policy environment. On July 13, 2018, the new Government issued an Order in Council containing the Minister of Energy's Directive "to immediately take all steps necessary to wind down all FIT 2, 3, 4 and 5 contracts where the IESO has not issued Notice to Proceed ("NTP")." An NTP is issued for a contract when it is ready for construction. In response to the Minister of Energy's directive, on July 16, the Independent Electricity System Operation ("IESO") began issuing Termination Notices to all pre-NTP contract holders.

All of the SFT Group's operating solar projects have Feed-in-Tariff ("FIT") contracts with the IESO that are secured with 20-year Power Purchase Agreements.

As has always been the case, the IESO has the option to cancel contracts for projects currently under development that have not yet been issued a Notice to Proceed. In July 2018, the SFT Group received a total of 218 termination notices from the IESO representing the SFT Group's 113.8 MW DC portfolio of pre-NTP contracts. The letters are an official termination of the FIT contracts and issuance of a “Stop Work Notice” advising contract holders to immediately refrain from and permanently cease any development, construction and operation of the project.

The Termination Notice also confirms cost recovery of “Pre-Construction Development Costs” to the owner. Pre-Construction Development Costs are, generally, defined as reasonable costs incurred in development of a project from post contract award date to termination.

The SFT Group is also continuing to work with its advisory firms to explore all avenues and alternatives available, including investigating cost recovery and any resulting tax implications. The termination of the FIT contracts will not affect limited partners’ (i.e. the investors) of Solar Flow-Through with respect to their eligibility of tax deductions.

All the 218 terminated contracts were from either FIT 3.1 (8 Contracts), FIT 4 (70 Contracts), or FIT 5 (140 Contracts) which were issued in 2015, 2016, and 2017 respectively. Going forward, the impact of these terminations will vary depending on the vintage of the limited partnership. The impact on older vintage limited partnerships (i.e. 2012 LP and 2013 LP) will be negligible as they have little to no economic interest in the FIT 4 and FIT 5 contracts terminated.

The impact on more recent limited partnerships (i.e. 2014 LP, 2015 LP, 2016 LP, 2017-I LP, and 2017-A LP) is being assessed by Management at this time. This assessment includes the amount of cost recovery and the use of funds resulting from cost recovery. Use of funds could include re-investment in projects, possible distributions and/or a redemption of units.

As previously mentioned, the terminations largely affect the SFT Group’s development of FIT 4 and FIT 5 solar projects. To date, the SFT Group has been granted NTP approval status for FIT 4 projects totalling approximately 3 MW DC and NTP approval status for FIT 5 projects totalling approximately 10 MW DC. These projects are not affected by the issuance of Termination Notices and development of these projects is proceeding as planned.

Further updates will be provided as events progress.

Liquidity Options

Management of the 2017-A LP (“Management”) intends to facilitate offerings from third parties to purchase units from existing 2017-A LP unitholders after distributions commence. Longer term liquidity options include the listing of the 2017-A LP on a Canadian stock exchange together with the SFT Group of companies.

Net Asset Value

The Net Asset Value (NAV) for the 2017-A LP has not changed since closing in December 2017, remaining at par of $100 per unit. Management intends to update the NAV near the end of 2019.

FIT 5 Applications Awarded

Management completed the FIT 5 application process in Q4 2016 for over 100 MW DC of projects. In September 2017, it was announced that entities within the SFT Group were awarded 159 FIT 5 contracts for 83.8 MW DC. Management has started its review of these projects to assess the feasibility of the projects and develop a plan to build the portfolio. At this time, Management expects to build 19 FIT 5 solar projects totalling approximately 10 MW DC, all of which have been granted NTP approval status. Management does not believe that any of these projects are at risk of being cancelled. Management expects that a significant portion of the ground mount FIT 5 projects will be completed by the end of 2019, and the remainder by end of 2020. The development of the FIT 5 projects will continue to be funded by the 2015 LP, 2016 LP, 2017-I LP, 2017-A LP and subsequent Solar Flow-Through LPs.

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