

**Solar Flow-Through**  
2014-I Limited Partnership (2014 LP)



## 2014 LP Snapshot for Q4 2018

- \$2 per unit distribution paid to unitholders at January 31, 2019
- \$16 per unit in total distributions paid to date
- All FIT 2 and FIT 3.1 projects operational and generating revenue
- Eight of nine FIT 3.1 ground mount projects operational
- FIT 4 projects under development

### Overview

2014 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 2014 LP, Solar Flow-Through 2012-I Limited Partnership, Solar Flow-Through 2013-I Limited Partnership, Solar Flow-Through 2015-I Limited Partnership, Solar Flow-Through 2016-I Limited Partnership, Solar Flow-Through 2017-I Limited Partnership, Solar Flow-Through 2017-A Limited Partnership, Solar Flow-Through 2018-I Limited Partnership and Solar Flow-Through 2018-A Limited Partnership (collectively the "SFT Group").

The investment objective of the 2014 LP 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 2014 LP raised \$9.868 million in 2014. All of the funds raised were incurred on Canadian Renewable and Conservation Expenses ("CRCE"). Unitholders received tax receipts for their investment in the 2014 LP in early 2015.

The 2014 LP primarily shares an economic interest in FIT 2, FIT 3.1 rooftop, FIT 3.1 ground mount and FIT 4 projects developed and financed by entities within the SFT Group.

The 2014 LP targeted income distribution at the time of offering was 8% per annum.

### Performance of the 2014 LP

Since Q4 2017, management of the 2014 LP ("Management") has met its targeted income distribution of 2% per quarter with the most recent payment made on January 31, 2019. To date, unitholders of the 2014 LP have received \$16 of distributions for each \$100 unit purchased.

### Dividend Policy and Management Fee Update

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 policy environment. 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



**600 kW DC FIT 2 Project located in Ajax, Ontario, completed in October 2015.**

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



218 Feed-in-Tariff (“FIT”) contracts representing 113.8 MW DC. SFT Group has 57 operating solar projects and 23 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 resulting in an upcoming postponement of quarterly dividends and suspension of management fees to ensure cash flow preservation for future operations. Specifically, SFT Group has suspended management fees effective January 1, 2018 and has postponed quarterly dividends effective for Q1 2019.

The suspension of management fees and postponement of quarterly dividends will remain in place until such time that it is determined there is sufficient cash flow or unitholders are provided a liquidity event.

### **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.

2014 LP has an economic interest in the terminated contracts and is moderately impacted by the terminations. Management estimates an after-tax cost recovery of \$30.3 million from PCDCs funds across the SFT Group. From this amount, the 2014 LP is expected to receive approximately \$4.8 million after tax.

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 may take about 12 months from the delivery date of the last submission which is expected to occur by the end of 2019.

### **Net Asset Value (NAV)**

At the end of Q4 2018, the NAV of 2014 LP units had not been updated and remained at \$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 any liquidity event until the impact of terminated contracts on the SFT Group’s limited partnerships has been fully assessed. Management will pursue additional liquidity opportunities, which may include a listing on a Canadian stock exchange together with the SFT Group.

### **FIT 2 – All Projects Operating**

The 2014 LP has a shared economic interest in FIT 2 projects owned and operated by the SFT Group totalling 6.4 MW DC. 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**

The 2014 LP has a shared economic interest in FIT 3.1 projects owned and operated by the SFT Group totalling 14.3 MW DC. 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.

### **FIT 4 – Development Underway**

The 2014 LP holds an economic interest in the SFT Group's portfolio of FIT 4 projects. 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 Q4 2018. Management expects that all of the SFT Group's FIT 4 projects will be completed by the end of 2019.



*600 kW DC FIT 2 Project located in Brampton, Ontario, completed in July 2015.*



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

**Toronto Office**  
312 -150 King Street West  
Toronto, ON M5H 1J9  
T 647.725.3822

info@solarflowthrough.com  
www.solarflowthrough.com