

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



2017-I LP Snapshot for Q4 2018

- 17 FIT 5 projects totalling 9.6 MW DC under development
- FIT 4 projects under development

Overview

2017-I 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-I LP, Solar Flow-Through 2012-I Limited Partnership, Solar Flow-Through 2013-I Limited Partnership, Solar Flow-Through 2014-I Limited Partnership, Solar Flow-Through 2015-I Limited Partnership, Solar Flow-Through 2016-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 2017-I 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 2017-I LP raised \$10.850 million in 2017. All of the funds raised were incurred on Canadian Renewable and Conservation Expenses (“CRCE”). Unitholders received tax receipts for their investment in the 2017-I LP in early 2018. The 2017-I LP will share an economic interest in FIT 5 projects developed and financed by entities within the SFT Group.

The 2017-I LP targeted income distribution at the time of offering was 7.5% per annum.

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 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

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



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.

2017-I LP has an economic interest in the terminated contracts and is significantly 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 2017-I LP is expected to receive approximately \$8.2 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.

Liquidity Options

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

Net Asset Value

The Net Asset Value (NAV) for the 2017-I 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 4 Projects – Development Underway

The 2017-I 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.

FIT 5 Projects – Ongoing 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 September of 2017. Engineering and development of the FIT 5 projects continued through Q4 2018. At this time, Management expects to build 17 FIT 5 solar projects totalling approximately 9.6 MW DC, all of which have been granted NTP approval status. 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.



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