

**Solar Flow-Through**  
2016-I Limited Partnership (2016 LP)



## 2016 LP Snapshot

- All remaining FIT 3.1 rooftop projects became operational in Q2 2017 and are now generating revenue
- FIT 4 Contracts under development
- Successful FIT 5 applications expected to be awarded contracts by end of Q3 2017
- Distributions for unitholders scheduled to commence by the end of 2018
- Liquidity event for unitholders scheduled after commencement of distributions

### Overview

The investment objective of the 2016 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 2016 LP raised \$14,881,000 (2016 Proceeds) in 2016. The 2016 LP has a targeted income distribution of 7% per annum. Management of the 2016 LP (Management) expects income distributions to commence by the end of 2018.

### Use of Funds

A total of \$13,764,925 representing 92.5% of the 2016 Proceeds, was to be incurred on Canadian Renewable and Conservation Expenses (CRCE), with 7.5% being used for LP expenses in 2016. The 2016 LP did a renunciation for CRCE for the \$13,764,925 (CRCE Proceeds) prior to 2016 year-end. Unitholders received tax receipts for their investment in the 2016 LP in early 2017. The CRCE Proceeds have been or will be incurred in the following manner:

- The continued development of the Feed-in-Tariff (FIT) 3.1 and FIT 4 projects originally funded and secured by prior Solar Flow-Through Limited Partnerships.
- The development of successful FIT 5 applications expected to be awarded a contract by the end of Q3 2017.

- FIT 3.1 Projects – All FIT 3.1 Rooftop Projects Complete and Generating Revenue.
- Construction of the FIT 3.1 rooftop projects continued through Q2 2017 with all remaining projects having achieved commercial operation. All FIT 3.1 rooftop projects are now generating revenue from the production of electricity into Ontario's electrical grid.
- Engineering and development of the FIT 3.1 ground mount projects continued through Q2 2017. Construction of the first FIT 3.1 ground mount project is to begin in the summer 2017, with all FIT 3.1 ground mount projects expected to achieve commercial operation in 2018.
- In Q2 2015, the IESO awarded approximately 30 MW DC of FIT 3.1 Contracts to entities controlled by the 2012 LP and other Solar Flow-Through Limited Partnerships. A number of FIT 3.1 rooftop projects did not achieve commercial operation for various unforeseen reasons including structural (load) deficiencies of the roof, the sale of buildings and landlords' unwillingness to proceed with projects. A number of FIT 3.1 ground mount projects may not proceed due to community opposition. Once all viable FIT 3.1 rooftop and ground mount projects achieve commercial operation, Management expects that the 2016 LP will have a shared economic interest in FIT 3.1 projects totaling between 15 and 18 MW DC.

**180 Kw DC FIT 3.1  
Rooftop Project  
located in Vaughan  
Ontario Canada.**



### **FIT 4 Projects - Ongoing Development Underway and Feasibility Analysis Commenced**

The 2016 LP has an economic interest in FIT 4 projects together with other Solar Flow-Through Limited Partnerships.

In Q3 2016, the IESO awarded approximately 35 MW DC of FIT 4 Contracts to entities controlled by the 2016 LP and other Solar Flow-Through Limited Partnerships. A number of ground mount projects may not proceed due to higher than expected costs associated with connecting these projects to the electrical grid making them uneconomical. Management is currently investigating alternatives to reduce these connection costs. At this time, Management is uncertain as to the amount of FIT 4 projects that will achieve commercial operation.

Initial development of the FIT 4 projects began during Q4 2016. Continued permitting and initial engineering on FIT 4 projects occurred in Q1 2017 through Q2 2017. A large majority of the FIT 4 projects are ground mount projects, with a small number of these projects being rooftop. The few FIT 4 rooftop projects are expected to be completed and operational around the end of 2017. Management expects that most of the ground mount FIT 4 projects that are expected to become operational will be completed by the end of 2018 and the remainder by end of 2019.

### **FIT 5 Applications Submitted**

Management completed the FIT 5 application process in Q4 2016 for over 100 MW DC of projects. At the time of this report, approximately 89% of projects that applied for FIT 5 contracts completed the first stage of review by the IESO (application completeness review). This compares to an overall average of approximately 62% of FIT 5 application passing completeness or review.

The successful FIT 5 projects are expected to be announced by the end of Q3 2017, for which project development will be funded by the 2016 LP and subsequent Solar Flow-Through LPs.

### **Liquidity Options**

Management intends to facilitate offerings from third parties to purchase units from existing 2016 LP unitholders near the end of 2018. Longer term liquidity options include the listing of the 2016 LP on a Canadian stock exchange along with the 2012 LP, 2013 LP, 2014 LP and/or 2015 LP.

### **Net Asset Value**

The Net Asset Value (NAV) for the 2016 LP has not changed since closing in September 2016, remaining at par of \$100 per unit. Management intends to update the NAV near the end of 2018.



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