

# SOLAR

FLOW-THROUGH FUNDS

**Developing Solar PV Power  
Projects in Ontario, Canada**

# Who We Are

## Business Description

Solar Flow-Through Funds (“Solar Flow-Through”) is a Limited Partnership formed to develop and operate solar photovoltaic (solar PV) power generation projects in the province of Ontario, Canada.

## Our Objective

The Partnership’s Investment Objective is to provide investors with favourable income tax benefits during the development phases of solar PV projects, followed by steady and attractive income once commercial operations begin.



## FOR INFORMATION, PLEASE CONTACT:

### Vancouver Office:

**Matt Wayrynen**  
Solar Flow-Through Funds  
Suite 900, 570 Granville Street  
Vancouver, BC V6C 3P1  
T 604.682.3701  
mattw@solarflowthrough.com  
www.solarflowthrough.com

### Toronto Office:

**Franklin Wong or John Kozak**  
Suite 501, 110 Yonge St.  
Toronto, ON M5C 1T4  
Tel 647 361 7705  
FranklinW@solarflowthrough.com  
JohnK@solarflowthrough.com

Investing in Canada’s Solar Revolution

Solar Flow-Through is developing over 150 solar development contracts awarded by the Ontario Power Authority (IESO).

# Capitalizing on Ontario's Progressive Green Energy Act

## Based on Successful German Model

Solar Flow-Through chose to develop its solar PV projects in Ontario because of the province's Green Energy Act (GEA) and associated Feed-in Tariff (FIT) incentives for investment in clean, renewable energy. Modeled after the successful German FIT program, these incentives are generating rapid growth in Ontario's clean energy industry.

## Ontario: North America's Second-Leading Solar Supplier

Since launching the FIT program in 2009, Ontario has established itself as a North American leader in renewable energy. Ontario's clean energy initiatives have attracted billions of dollars in new private sector investments and generated thousands of jobs.

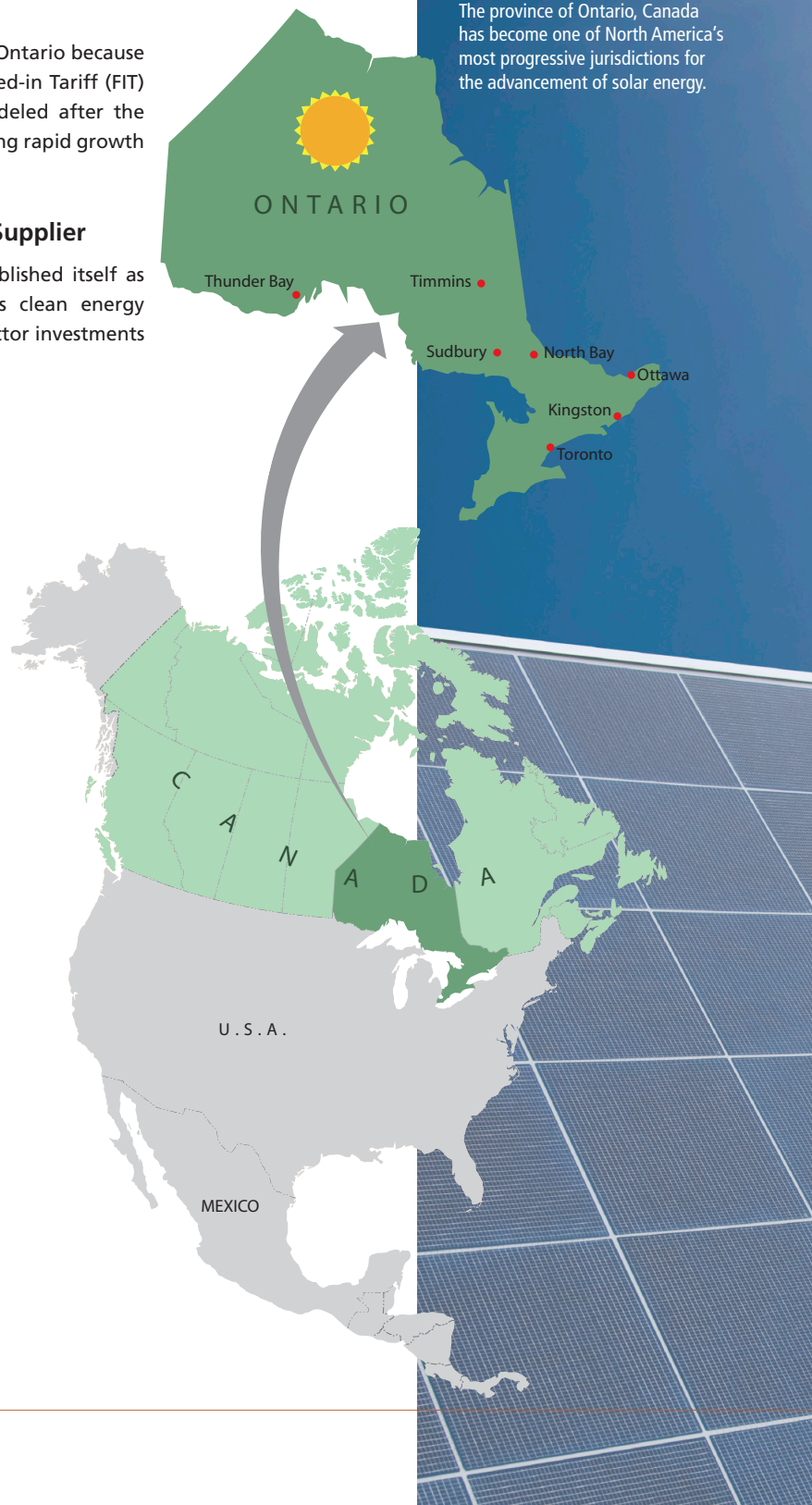
## Fixed Payments for 20 Years

Under the Ontario FIT model (based on the successful German model), solar PV projects qualified and approved by the Independent Electricity Systems Operator (IESO) will receive a fixed and guaranteed payment from the IESO for each kilowatt-hour (kWh) of electricity produced for 20 years. Ontario is the first North American jurisdiction to offer such incentives, which currently rank amongst the most favourable worldwide for systems below 100 kilowatts (kW).

## Tax Incentives Using our Business Model

Limited Partners' investments would provide approximately 20% of the capital costs of each project. These expenses are expected to qualify as Canadian Renewable Conservation Expenses (CRCE) and can be deducted from income for tax purposes. The common shares of the Subsidiary Companies purchased by the Partnership are expected to constitute "flow-through shares" for the purposes of the Tax Act. The 80% balance would be funded through debt provided by banks, other institutions and/or project developers.

The province of Ontario, Canada has become one of North America's most progressive jurisdictions for the advancement of solar energy.



# Commercial-Scale Ground Mount and Rooftop Installations

## Focused Commercial-Scale Ground Mount Projects of 250 - 500 kW AC

Solar Flow-Through is developing projects with capacities of 100 kW to 500 kW, focusing initially on commercial-scale rooftop installations covering approximately 25,000 to 150,000 square feet. The company has more recently focused on commercial-scale, 250 - 500 kW AC ground mount projects. These installations are connected to the electric grid (grid-tied), allowing the producer to feed electricity into the grid and receive payment under Ontario's FIT program.

## Ontario Fit Rates Compared with Germany

Such projects will qualify for rates under the Ontario Feed-in-Tariff program for the full 20-year tenure for every kWh generated. These rates will exceed those currently offered in Germany by as much as 48%. (Ontario's rates are reviewed annually and are expected to be reduced as solar project components, solar panels, inverters, racking, cables, etc. drop in price. For purposes of current contracts, however, the rates are fixed for 20 years and will not be reduced.)

## Investment Advantages

Investors in the Solar Flow-Through Limited Partnership will enjoy two key investment advantages:

### 1) Income

With minimal project start-up costs, and with FIT rates guaranteed by the IESO for 20 years, Solar Flow-Through limited partners can expect annual investment returns averaging at least 8%.

### 2) Tax Savings

Most of the early development costs of solar PV projects qualify under the Canadian Renewable Conservation Expenses (CRCE) program. This means limited partners can deduct the CRCE expenses in the calculation of their taxable income in Canada. Solar Flow-Through anticipates that partners may be entitled to a CRCE tax deduction of as much as 100% of their investment in the limited partnerships.

Grid-tied installations allow producers to receive guaranteed payments under Ontario's FIT program.

Solar Flow-Through offers minimal start-up costs and rates guaranteed by the IESO for 20 years.



Rooftop installations make up a significant portion of Ontario's solar power potential. These systems are relatively easy and quick to install, and they allow business owners to leverage their footprint by saving on energy costs while helping to reduce greenhouse gases.

# Project Developers, Awarded Projects & Liquidity Events

## Working With Reputable Project Developers

Solar Flow-Through secures its FIT contracts through reputable project developers with proven track records. Good developers can manage all aspects of engineering, procurement and construction (EPC) of solar projects.

## Awarded 52 Small FIT Contracts 2013

Solar Flow-Through, working with solar developers, First Nation groups, and a co-operative, was awarded 52 Small FIT contracts in 2013. (Small FIT solar projects are defined by the IESO as being greater than 10kW and less than or equal to 500kW in size.) Subsequently, all 52 projects have been completed.

## Awarded Over 100 FIT 3.1 Contracts in Q2 2015

In Q2 2015, the IESO awarded FIT 3.1 Contracts totaling approximately 30 MW DC (FIT 3.1 Projects) to entities controlled by the 2013 LP together with the 2012 LP, the 2014 LP, and the Solar Flow-Through 2015-I Limited Partnership (2015 LP).

Construction of the FIT 3.1 rooftop projects continued through Q1 2017. The first set of FIT 3.1 rooftop projects were completed and connected into Ontario's electrical grid in Q4 2016, with additional FIT 3.1 rooftop projects becoming operational in Q1 2017. These are now generating revenue from the production of electricity. Management expects all remaining FIT 3.1 rooftop projects will be completed and operational in Q2 2017, ahead of Ontario's peak seasonal solar production period.

Engineering and development of the FIT 3.1 ground mount projects continued through Q1 2017. Construction is expected to begin in Q2 2017, with all FIT 3.1 ground mount projects expected to achieve commercial operation by end of Q2 2018.

## Fit 4 Contracts - Over 35 MW DC Now Under Development

On June 30th, 2016, the IESO announced the award of over 35 MW DC of FIT 4 Contracts to entities controlled by Solar Flow-Through Limited Partnerships. A large majority of our FIT 4 Projects are ground mount projects. Development of the FIT Projects began during Q4 2016. The few rooftop FIT 4 Projects are expected to be completed and operational by the end of 2017. Management expects a majority of Solar Flow-Through's ground mount FIT 4 Projects to be completed and operational by the end of 2018, and the remainder by end of 2019. The cost of developing these projects is estimated at approximately \$60 Million, 80% of which will be funded through long term debt financing. The balance of development costs will be funded by the 2015 LP and subsequent Solar Flow-Through Limited Partnerships.

## Awarded 185 FIT5 Contracts for 81 kW

In September 2017 entities controlled by Solar Flow-Through Limited Partnerships were awarded 185 FIT5 contracts totalling 81.62 kW AC, comprising 48% of Ontario's awarded FIT5 contracts. Project development of FIT5 projects will be funded by the 2016 LP and subsequent Solar Flow-Through LPs.

## Liquidity Events

In Q4 2015, a liquidity event was concluded allowing any unitholder of the 2012 LP to sell their units to secondary buyers. For 2013 LP unitholders, a liquidity event was announced in May 2016.

Management intends to facilitate liquidity events for all LP unitholders on an annual basis going forward. In the longer term, Management will pursue additional liquidity opportunities including a listing on a Canadian stock exchange or a sale of some or all the assets of LPs going forward.

## 2016 LP

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



Solar Flow-Through's developers manage all aspects of engineering, procurement and construction of solar projects.

Entities controlled by Solar Flow-Through Limited Partnerships were awarded 185 FIT5 contracts totalling 81.62 kW AC.

The 2016 LP raised over \$14.8M in 2016.

# Executive Team

Solar Flow-Through has assembled a management team and board with extensive experience and expertise in the renewable resource, financial and legal sectors.

## **Matt Wayrynen, CEO, COO, Director**

Mr. Wayrynen provides experience in resource company management, venture capital, start-up financing, and mergers and acquisitions. He is an original co-founder and former President and CEO of TrichoScience Innovations Inc., which became RepliCel Life Sciences Inc., and helped advance that company to its current market cap of \$80 million. As a director of Quinto Mining, he helped raise millions of dollars and advanced a Quebec iron ore property to a viable project. Quinto sold to Consolidated Thompson Iron Mines in June 2008 for a share value equal to \$175 million. (Consolidated Thompson was eventually sold to Cliffs Resources for \$4.9B.) Mr. Wayrynen was formerly active in the real estate industry as a licensed salesman and licensed agent nominee in charge of real estate for multiple retail projects throughout the greater Vancouver area. In addition, he was a licensed securities professional for over 10 years. Currently, he is also a director of several publicly listed resource companies.

## **John C. Kozak, Vice-President**

Mr. Kozak is a proven senior executive who excels in corporate finance and strategic planning with extensive experience in Capital Markets and Software. As COO for a corporate finance firm specializing in raising venture capital for technology firms, he had oversight for the firm's corporate finance associates and screening/selection of companies seeking financing and ongoing operations. During this time, Mr. Kozak provided access to capital for nearly 40 companies. From 2004 through 2010, he was Director, President & CEO for a publicly traded manufacturing company. During his involvement in the firms' private placement in early 2004, Mr. Kozak was asked to take on the executive role because of his corporate finance, business development and operational skills. He was directly responsible for, and executed several rounds of, equity and debt financing for the firm. Under his leadership, revenue increased from approximately \$900,000 to \$12,500,000. Mr.

Kozak has contributed at the Board of Directors level for over twenty years in both publicly traded and private companies. He has also worked throughout North America, managed a division in Europe and setup distribution agreements with firms in China and Australia.

## **Franklin Wong, Principal**

Mr. Wong is a senior business development executive with over thirty years' experience in the telecommunications and computer industries. He specializes in business development, alliances, mergers and acquisitions in the high technology and telecommunications industries. Some of Mr. Wong's previous experience includes Vice President Alliances and Business Development for MetroNet Communications Group Inc. (now Allstream), where he negotiated and structured many of the acquisitions that provided MetroNet with its growth and led to its eventual acquisition by AT&T Canada LDS (now Allstream). Prior to this role, Mr. Wong held progressively more senior positions at AT&T Communications Canada, culminating as Managing Director, Business Development. While there he oversaw, directed, and project managed the implementation of contractual obligations between AT&T corporate and Unitel Communications. (AT&T's investment in Unitel was over \$250M).

## **Andrew Ingram, VP Finance**

Mr. Ingram is a Chartered Professional Accountant with over twenty years of experience in treasury, corporate finance and reporting. He is a strategic and financial leader with broad experience in renewable energy organizations and operational restructuring across multiple industries. Mr. Ingram has extensive experience managing M&A transactions, preparing public reporting documents, raising capital through private and public offerings as well as dealing with senior lender and rating agency requirements. He has held long-term senior positions in both public practise at Pricewaterhouse Coopers, and industry experience with Algonquin Power & Utility Corp., among others.

The Solar Flow-Through team is uniquely qualified for the funding, development and management of solar power projects in Ontario, Canada.

# Directors

---

## **Kym Anthony, Director**

Mr. Anthony is an experienced banking executive with extensive national and international experience in the banking industry. He received a B.A. from Simon Fraser University and an M.B.A. from the University of Western Ontario. Mr. Anthony is currently the Chairman of Ra Solar Inc. ("Ra Solar"), an Ontario based solar installation company. Among his previous senior roles, Mr. Anthony was the President and Chief Executive officer of National Bank Financial, the investment banking and capital markets unit of National Bank of Canada. Prior to that, Mr. Anthony was Chair and Chief Executive Officer of TD Securities and a Vice-chair of TD Bank. He is also the former Chair of the Investment Dealers Association of Canada.

## **Steven Marshall, Director**

Mr. Marshall earned a B.A. in Economics from the University of Windsor and an Executive Management diploma from Queen's University. He is currently the CEO of Ra Solar. Mr. Marshall was the founder and CEO of Open Sky Capital, the largest marketer of financial structured products in Canada with over \$3 billion in assets sold. He is also a Principal and Co-Founder of Hybrid Financial, a leading Canadian manufacturer and distributor of structured products.

## **Peter Jensen, Director**

Mr. Jensen holds a Bachelor of Science and two law degrees from McGill University. Prior to obtaining his law degrees, he conducted diabetes research and was involved in medical clinic management. Mr. Jensen began his law practice in 1981, focusing on the corporate and securities sectors in British Columbia. He has gained a wide range of international legal counselling experience, with special expertise in trans-border transactions for companies operating in Asia, Europe, Africa and Latin America. Mr. Jensen is a former and current director of a number of private and publicly traded companies and has assisted with financing in Canada, the United States, Europe, and Asia. For the last six years, Mr. Jensen has been a director and general counsel of a private tire recycling company with a plant in Europe.