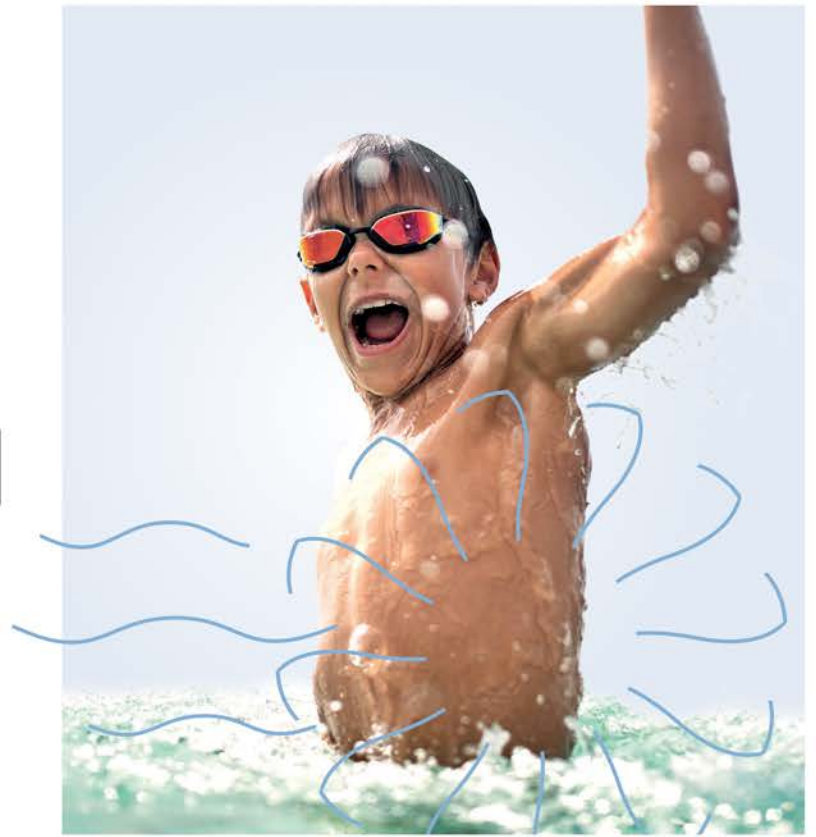




Renewable Energy.  
Sustainable Development.

# ANNUAL INFORMATION FORM

for the year ended  
December 31, 2019



February 27, 2020



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## INTRODUCTION

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Innergex Renewable Energy Inc. is a leading Canadian independent renewable power producer. Active since 1990, the Corporation develops, acquires, owns and operates hydroelectric facilities, wind farms and solar farms and carries out its operations in Canada, the United States (“U.S.”), France and Chile.

Innergex’s mission is to build a better world with renewable energy.

The information set out in this Annual Information Form (“AIF”) is stated as at December 31, 2019 and all money-related amounts are stated in Canadian dollars, unless otherwise specified. Unless otherwise indicated or the context otherwise requires, all reference to the “Corporation”, to “Innergex”, “we”, “our” and “us” refers to Innergex Renewable Energy Inc. and its subsidiaries. Terms not otherwise defined have the meaning set forth in the “Glossary of terms” included at the end of this document.

## NON-IFRS MEASURES

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Some measures referred to in this Annual Information Form are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. The Corporation believes these indicators are important, as they provide management and the reader with additional information about the Corporation’s production and cash generation capabilities, its ability to sustain current dividends and dividend increases and its ability to fund its growth. These indicators also facilitate the comparison of results over different periods. Adjusted EBITDA, Adjusted EBITDA Proportionate and Free Cash Flow are not measures recognized by IFRS and have no standardized meaning prescribed by IFRS.

Please refer to the section entitled “Non-IFRS Measures” of the Management Discussion and Analysis for the twelve-month period ended December 31, 2019 filed under the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com) for the definition and historical reconciliation to the most comparable IFRS measure.

## CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

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To inform readers of the Corporation’s future prospects, this AIF contains forward-looking information within the meaning of applicable securities laws (“**Forward-Looking Information**”), including the Corporation’s power production, prospective projects, successful development, construction and financing (including tax equity funding) of the projects under construction and the advanced-stage prospective projects, sources and impact of funding, project acquisitions, execution of non-recourse project-level financing (including the timing and amount thereof), and strategic, operational and financial benefits and accretion expected to result from such acquisitions, business strategy, future development and growth prospects (including expected growth opportunities under the Strategic Alliance), business integration, governance, business outlook, objectives, plans and strategic priorities, and other statements that are not historical facts. Forward-Looking Information can generally be identified by the use of words such as “approximately”, “may”, “will”, “could”, “believes”, “expects”, “intends”, “should”, “would”, “plans”, “potential”, “project”, “anticipates”, “estimates”, “scheduled” or “forecasts”, or other comparable terms that state that certain events will or will not occur. It represents the projections and expectations of the Corporation relating to future events or results as of the date of this AIF.

**Future-Oriented Financial Information:** Forward-Looking Information includes future-oriented financial information or financial outlook within the meaning of securities laws, including information regarding the Corporation's expected production, the estimated project costs, projected revenues, projected Adjusted EBITDA and projected Adjusted EBITDA Proportionate, Projected Free Cash Flow and intention to pay dividend quarterly, the estimated project size, costs and schedule, including obtainment of permits, start of construction, work conducted and start of commercial operation for Development Projects and Prospective Projects, The Corporation's intent to submit projects under Requests for Proposals, the qualification of U.S. projects for PTCs and ITCs and other statements that are not historical facts. Such information is intended to inform readers of the potential financial impact of expected results, of the expected commissioning of Development Projects, of the potential financial impact of completed and future acquisitions and of the Corporation's ability to sustain current dividends and to fund its growth. Such information may not be appropriate for other purposes.

**Assumptions:** Forward-Looking Information is based on certain key assumptions made by the Corporation, including, without restriction, those concerning hydrology, wind regimes and solar irradiation, performance of operating facilities, project performance, economic, financial and financial market conditions, the Corporation's success in developing and constructing new facilities, expectations and assumptions concerning availability of capital resources and timely performance by third parties of contractual obligations and receipt of regulatory approvals.

**Risks and Uncertainties:** Forward-Looking Information involves risks and uncertainties that may cause actual results or performance to be materially different from those expressed, implied or presented by the Forward-Looking Information. These are referred to in the "Risk Management" and Risk Factors" sections of this AIF and include, without limitation: the ability of the Corporation to execute its strategy for building shareholder value; its ability to raise additional capital and the state of the capital markets; liquidity risks related to derivative financial instruments; variability in hydrology, wind regimes and solar irradiation; delays and cost overruns in the design and construction of projects; the ability to secure new PPAs or renew any PPA; fluctuations affecting prospective power prices; health, safety and environmental risks; uncertainties surrounding the development of new facilities; obtainment of permits; equipment failure or unexpected operations and maintenance activity; interest rate fluctuations and refinancing risk; financial leverage and restrictive covenants governing current and future indebtedness; the possibility that the Corporation may not declare or pay a dividend; failure to realize the anticipated benefits of acquisitions; integration of the completed and future acquisitions; changes in governmental support to increase electricity to be generated from renewable sources by independent power producers; variability of installation performance and related penalties; the ability to attract new talent or to retain officers or key employees; litigation; performance of major counterparties; social acceptance of renewable energy projects; relationships with stakeholders; equipment supply; exposure to many different forms of taxation in various jurisdictions; changes in general economic conditions; regulatory and political risks; ability to secure appropriate land; reliance on PPAs; availability and reliability of transmission systems (including due to reliance on third parties); foreign market growth and development risks; foreign exchange fluctuations; increases in water rental cost or changes to regulations applicable to water use; assessment of water, wind and solar resources and associated electricity production; global climate change; natural disasters and force majeure; cybersecurity; sufficiency of insurance coverage; a credit rating that may not reflect actual performance of the Corporation or a lowering (downgrade) of the credit rating; reliance on shared transmission and interconnection infrastructure; the fact that revenues from certain facilities will vary based on the market (or spot) price of electricity; risks related to U.S. production and investment tax credits; changes in U.S. corporate tax rates and availability of tax equity financing; host country economic, social and political conditions; risk inherent to rockslides, avalanches, tornadoes, hurricanes or other occurrences outside the Corporation's control; adverse claims to property title; unknown liabilities; reliance on intellectual property and confidential agreements to protect our rights and confidential information; and reputational risks arising from misconduct of representatives of the Corporation.



Although the Corporation believes that the expectations and assumptions on which Forward-Looking Information is based are reasonable under the current circumstances, readers are cautioned not to rely unduly on this Forward-Looking Information as no assurance can be given that it will prove to be correct. Forward-Looking Information contained herein is provided as at the date of this AIF and the Corporation does not undertake any obligation to update or revise any Forward-Looking Information, whether as a result of events or circumstances occurring after the date hereof, unless so required by law.

The following table outlines the Forward-Looking Information contained in this AIF, which the Corporation considers important to better inform readers about its potential financial performance, together with the principal assumptions used to derive this information and the principal risks and uncertainties that could cause actual results to differ materially from this information.

PRINCIPAL ASSUMPTIONS	PRINCIPAL RISKS AND UNCERTAINTIES
<p><b>Expected production</b></p> <p>For each facility, the Corporation determines a long-term average annual level of electricity production (“LTA”) over the expected life of the facility, based on engineers’ studies that take into consideration a number of important factors: for hydroelectricity, the historically observed flows of the river, the operating head, the technology employed and the reserved aesthetic and ecological flows; for wind energy, the historical wind and meteorological conditions and turbine technology and for solar energy, the historical solar irradiation conditions, panel technology and expected solar panel degradation. Other factors considered include, without limitation, site topography, installed capacity, energy losses, operational features and maintenance. Although production will fluctuate from year to year, over an extended period it should approach the estimated LTA.</p> <p>On a consolidated basis, the Corporation estimates its LTA by adding together the expected LTAs of all the Operating Facilities, for the facilities that it consolidates. This consolidation excludes however the facilities which are accounted for using the equity method.</p>	<ul style="list-style-type: none"> <li>▪ Improper assessment of water, wind and solar resources and associated electricity production</li> <li>▪ Variability in hydrology, wind regimes and solar irradiation resources</li> <li>▪ Equipment supply</li> <li>▪ Risk, including, failure or unexpected operations and maintenance activity</li> <li>▪ Natural disasters and force majeure</li> <li>▪ Regulatory and political risks affecting production</li> <li>▪ Health, safety and environmental risks affecting production</li> <li>▪ Variability of installation performance and related penalties</li> <li>▪ Availability and reliability of transmission systems</li> <li>▪ Litigation</li> </ul>
<p><b>Projected revenues</b></p> <p>For each facility, expected annual revenues are estimated by multiplying the LTA by a price for electricity stipulated in the PPA secured with a public utility or other creditworthy counterparty. In most cases, these PPAs stipulate a base price for electricity produced and, in some cases, a price adjustment depending on the month, day and hour of its delivery. This excludes facilities that receive revenues based on the market (or spot) price for electricity, including the Foard City, Shannon and Flat Top wind farms, the Phoebe solar farm and the Miller Creek Facility, which receives a price based on a formula using the Platts Mid-C pricing indices; and the Horseshoe Bend Facility, for which 85% of the price is fixed and 15% is adjusted annually as determined by the Idaho Public Utility Commission. In most cases, PPAs also contain an annual inflation adjustment based on a portion of the Consumer Price Index.</p> <p>On a consolidated basis, the Corporation estimates annual revenues by adding together the projected revenues of the Operating Facilities that it consolidates. The consolidation excludes however the facilities which are accounted for using the equity method.</p>	<ul style="list-style-type: none"> <li>▪ See principal assumptions, risks and uncertainties identified under “<b>Expected Production</b>”</li> <li>▪ Reliance on PPAs</li> <li>▪ Revenues from certain facilities will vary based on the market (or spot) price of electricity</li> <li>▪ Fluctuations affecting prospective power prices</li> <li>▪ Changes in general economic conditions</li> <li>▪ Ability to secure new PPAs or renew any PPA</li> </ul>

PRINCIPAL ASSUMPTIONS	PRINCIPAL RISKS AND UNCERTAINTIES
<p><b>Projected Adjusted EBITDA</b></p> <p>For each facility, the Corporation estimates annual operating earnings by adding (deducting) to net earnings (loss) provision (recovery) for income tax expenses, finance cost, depreciation and amortization, other net expenses, share of (earnings) loss of joint ventures and associates and unrealized net (gain) loss on financial instruments.</p>	<ul style="list-style-type: none"> <li>▪ See principal assumptions, risks and uncertainties identified under “<b>Expected Production</b>” and “<b>Projected Revenues</b>”</li> <li>▪ Unexpected maintenance expenditures</li> </ul>
<p><b>Projected Adjusted EBITDA Proportionate</b></p> <p>On a consolidated basis, the Corporation estimates annual Adjusted EBITDA Proportionate by adding to the projected Adjusted EBITDA Innergex’s share of Adjusted EBITDA of the operating joint ventures and associates, other revenues related to production tax credits (“<b>PTC</b>”), and Innergex’s share of other net revenues of the operating joint ventures and associates related to PTCs.</p>	<ul style="list-style-type: none"> <li>▪ See principal assumptions, risks and uncertainties identified under “<b>Expected Production</b>”, “<b>Projected Revenues</b>” and “<b>Projected Adjusted EBITDA</b>”</li> </ul>
<p><b>Intention to pay dividend quarterly</b></p> <p>The Corporation estimates the annual dividend it intends to distribute based on the Corporation operating results, cash flows, financial conditions, debt covenants, long term growth prospects, solvency, test imposed under corporate law for declaration of dividends and other relevant factors.</p>	<ul style="list-style-type: none"> <li>▪ See principal assumptions, risks and uncertainties identified under “<b>Expected Production</b>”, “<b>Projected Revenues</b>” and “<b>Projected Adjusted EBITDA</b>”</li> <li>▪ Possibility that the Corporation may not declare or pay a dividend</li> </ul>
<p><b>Qualification for PTCs and ITCs</b></p> <p>For certain Development Projects in the U.S., the Corporation has conducted on and off-site activities expected to qualify its Development Projects for PTC or investment tax credits (“<b>ITC</b>”) at the full rate and to obtain tax equity financing on such basis. To assess the potential qualification of a project, the Corporation considers the construction work performed and the timing of such work.</p>	<ul style="list-style-type: none"> <li>▪ Risks related to U.S. PTCs and ITCs, changes in U.S. corporate tax rates and availability of tax equity financing</li> <li>▪ Regulatory and political risks</li> <li>▪ Delays and cost overruns in the design and construction of projects</li> <li>▪ Obtainment of permits</li> </ul>
<p><b>Estimated project costs, expected obtainment of permits, start of construction, work conducted and start of commercial operation for Development Projects or Prospective Projects</b></p> <p>For each Development Project and Prospective Project, the Corporation may provide (where available) an estimate of potential installed capacity, estimated project costs, project financing terms and each project’s development and construction schedule, based on its extensive experience as a developer, in addition to information directly related to incremental internal costs, site acquisition costs and financing costs, which are eventually adjusted for the projected costs and construction schedule provided by the engineering, procurement and construction (“<b>EPC</b>”) contractor retained for the project.</p> <p>The Corporation provides indications based on assumptions regarding its current strategic positioning and competitive outlook, as well as scheduling and construction progress, for its Development Projects and its Prospective Projects, which the Corporation evaluates based on its experience as a developer.</p>	<ul style="list-style-type: none"> <li>▪ Uncertainties surrounding development of new facilities</li> <li>▪ Performance of major counterparties, such as suppliers or contractors</li> <li>▪ Delays and cost overruns in the design and construction of projects</li> <li>▪ Ability to secure appropriate land</li> <li>▪ Obtainment of permits</li> <li>▪ Health, safety and environmental risks</li> <li>▪ Ability to secure new PPAs or renew any PPA</li> <li>▪ Higher-than-expected inflation</li> <li>▪ Equipment supply</li> <li>▪ Interest rate fluctuations and financing risk</li> <li>▪ Risks related to U.S. PTCs and ITCs, changes in U.S. corporate tax rates and availability of tax equity financing</li> <li>▪ Regulatory and political risks</li> <li>▪ Natural disaster and force majeure</li> <li>▪ Relationships with stakeholders</li> </ul>

PRINCIPAL ASSUMPTIONS	PRINCIPAL RISKS AND UNCERTAINTIES
	<ul style="list-style-type: none"> <li>▪ Foreign market growth and development risks</li> <li>▪ Outcome of insurance claims</li> <li>▪ Social acceptance of renewable energy projects</li> <li>▪ Ability of the Corporation to execute its strategy of building shareholder value</li> <li>▪ Failure to realize the anticipated benefits of completed and future acquisitions</li> <li>▪ Changes in governmental support to increase electricity to be generated from renewable sources by independent power producers</li> </ul>
<p><b>Intention to respond to requests for proposals</b></p> <p>The Corporation provides indications of its intention to submit proposals in response to requests for proposals (“<b>Request for Proposals</b>” or “<b>RFP</b>”) based on the state of readiness of some of its Prospective Projects and their compatibility with the announced terms of these RFPs.</p>	<ul style="list-style-type: none"> <li>▪ Regulatory and political risks</li> <li>▪ Ability of the Corporation to execute its strategy for building shareholder value</li> <li>▪ Ability to secure new PPAs</li> <li>▪ Changes in governmental support to increase electricity to be generated from renewable sources by independent power producers</li> <li>▪ Social acceptance of renewable energy projects</li> <li>▪ Relationships with stakeholders</li> </ul>
<p><b>Qualification for PTCs and ITC and expected tax equity investment Flip Point</b></p> <p>For certain Development Projects in the United States, the Corporation has conducted on- and off-site activities expected to qualify its Development Projects for PTCs or ITC at the full rate and to obtain tax equity financing on such a basis. To assess the potential qualification of a project, the Corporation takes into account the construction work performed and the timing of such work. The expected Tax Equity Flip Point for tax equity investment is determined according to the LTAs and revenues of each such project and is subject in addition to the related risks mentioned above.</p>	<ul style="list-style-type: none"> <li>▪ Risks related to U.S. PTCs and ITC, changes in U.S. corporate tax rates and availability of tax equity financing</li> <li>▪ Regulatory and political risks</li> <li>▪ Delays and cost overruns in the design and construction of projects</li> <li>▪ Obtainment of permits</li> </ul>

## CORPORATE STRUCTURE

The Corporation was incorporated in Canada under the *Canada Business Corporations Act* by articles of incorporation dated October 25, 2002. The articles of the Corporation were amended as follows:

DATES	DOCUMENT TYPE	DESCRIPTION OF THE AMENDMENTS TO THE ARTICLES OF THE CORPORATION
October 25, 2007	Certificate of Amendment	The Corporation changed its name from Innergex Management Inc. and its French version Management Innergex Inc. to Innergex Renewable Energy Inc. and its French version, Innergex énergie renouvelable inc.
December 4, 2007	Certificate of Amendment	To replace the authorized share capital and the minimum number of directors of the Corporation from one to three.
December 4, 2007	Certificate of Amendment	To replace the authorized share capital of the Corporation by an unlimited number of common shares (the “ <b>Common Shares</b> ”) and an unlimited number of preferred shares, issuable in series (the “ <b>Preferred Shares</b> ”).
March 29, 2010	Certificate of Arrangement	To amend the articles of incorporation to reflect the completion of the strategic combination of the Corporation and Innergex Power Income Fund by way of reverse take-over bid (the “ <b>Arrangement</b> ”).
September 10, 2010	Certificate of Amendment	To amend the authorized share capital of the Corporation by the creation of the Cumulative Rate Reset Preferred Shares, Series A (the “ <b>Series A Shares</b> ”) and the Cumulative Floating Rate Preferred Shares, Series B (the “ <b>Series B Shares</b> ”) in connection with the Corporation’s public offering of Series A Shares.
May 12, 2011	Certificate of Amendment	To introduce a voting right, in certain limited circumstances, for holders of Preferred Shares of the Corporation.
January 1, 2012	Certificate of Amalgamation	To reflect the amalgamation between the Corporation and its subsidiary, Cloudworks Energy Inc.
December 6, 2012	Certificate of Amendment	To amend the authorized share capital of the Corporation by the creation of the Cumulative Redeemable Fixed Rate Preferred Shares, Series C (the “ <b>Series C Shares</b> ”) regarding the Corporation’s public offering of Series C Shares.

The Corporation’s head and registered office is located at 1225 Saint Charles Street West, 10 Floor, Longueuil, Québec, J4K 0B9.

A corporate chart of the Corporation and its material subsidiaries as well as certain other material ownership interests of the Corporation as at February 26, 2020 is attached hereto as Schedule A, which excludes however some subsidiaries of the Corporation for which the assets and revenue in the aggregate did not exceed 20% of the total consolidated assets and revenue of the Corporation for the year ended December 31, 2019.



## GENERAL DEVELOPMENT OF THE BUSINESS

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The Corporation has been active in the renewable power industry since 1990 and has, as of February 26, 2020, on its own or through various ventures developed, brought to commercial operation or acquired 37 hydroelectric facilities, 26 wind farms and 5 solar energy farms, representing a net aggregate installed capacity of 2,588 megawatt (“MW”) (gross 3,488 MW) in operation. Out of its seven development projects, two are currently under construction which are expected to reach their commercial operation stage between 2020 and 2022. All its Prospective Projects are in various stages of development with a combined potential gross installed capacity of 7,115 MW.

## RECENT DEVELOPMENTS

On February 6, 2020, the Corporation and Hydro-Québec announced the creation of a strategic alliance (the “**Strategic Alliance**”) that will target specific strategic investments in areas including wind and solar projects with battery storage or transmission, distributed generation, off-grid renewable energy networks. Hydro-Québec has committed through an affiliate an initial \$500 million to the Strategic Alliance which will be dedicated to co-investment in projects with the Corporation. On the same day, Hydro-Québec, through HQI Canada Holding Inc., its indirect wholly-owned subsidiary, made an investment of \$660,870,583 in the Corporation through a private placement (“**Private Placement**”) of 34,636,823 Common Shares of the Corporation at a price of \$19.08 per Common Share, representing a premium of 5.0% to the 30-day volume weighted average price as at February 5, 2020. Following the Private Placement, Hydro-Québec indirectly holds 19.9% of the issued and outstanding Common Shares of the Corporation on a non-diluted basis.

## THREE-YEAR SUMMARY

### Financial Year 2019

On March 25, 2019, the Corporation updated its 2019 financial projections made available in the 2018 Management Discussion & Analysis. The 2019 financial projections were revised such that, assuming closing of the HS Orka Transaction (as defined below), at the end of the second quarter of 2019 and as a result of such a transaction, the Corporation expected power generated to increase by 10% instead of 20%, Revenues to increase by 7% instead of 15%, Adjusted EBITDA to increase by 11% instead of 15%, Adjusted EBITDA Proportionate to increase by 9% instead of 12%, and Free Cash Flow to increase by 10% as previously projected. In addition, upon closing of the HS Orka Transaction, the Corporation’s remaining weighted average term of PPAs was expected to increase to 17.4 years and the weighted average age of facilities was expected to decrease to 7.2 years.

2019 was marked by the completion of the HS Orka Transaction and the commissioning of two of the largest projects of the Corporation the 250 MW<sub>AC</sub> Phoebe solar farm and the 350.3 MW Foard City wind farm.

On May 23, 2019, the Corporation completed the sale of its wholly-owned subsidiary Magma Energy Sweden A.B. which owned an equity interest of approximately 53.9% in HS Orka hf (“**HS Orka**”) to Jarðvarmi slhf (“**Jarðvarmi**”) following the exercise by Jarðvarmi of its right of first refusal (the “**HS Orka Transaction**”). The HS Orka Transaction was completed for a sale price of US\$297.9 million (CAN\$ 401.5 million) after giving effect to closing adjustments.

On May 8, 2019, the Corporation announced the closing of a construction financing and tax equity commitment for the Foard City wind farm located in Foard County, Texas (the “**Foard City Wind Farm**”). The US\$290.9 million (CAN\$388.7 million) financing has been arranged with lenders Santander, MUFG, Zions Bancorp and the Royal Bank of Canada, backed by a US\$275.0 million (CAN\$367.5 million) tax equity commitment from Berkshire Hathaway Energy and a US\$23.3 million (CAN\$31.1 million) 7-year term loan facility with a 10-year amortization period to be provided by the lenders upon COD.

On May 21, 2019, the Corporation announced that it received approval from the Toronto Stock Exchange (“**TSX**”) to proceed with a normal course issuer bid on its Common Shares (the “**2019 Bid**”). Under the 2019 Bid, the Corporation is authorized to purchase for cancellation up to 2,000,000 of its Common Shares representing approximately 1.5% of its issued and outstanding Common Shares. The 2019 Bid commenced on May 24, 2019 and will terminate May 23, 2020. As of the date of this AIF, no Common Shares have been purchased.

On May 27, 2019, the Corporation, the Pituvik Landholding Corporation of Inukjuak (“**Pituvik**”) and Hydro-Québec announced the construction of a 7.5 MW run-of-river hydroelectric generating station on the Inukjuak River near Inukjuak, Nunavik, in northern Québec (the “**Innavik Hydro Project**”). This innovative project will provide customers of Inukjuak’s off-grid system with clean and renewable energy. Site preparation began in the fourth quarter of 2019 and construction will begin in 2020. The generating station should begin serving the community at the end of 2022. A 40-year PPA was signed with Hydro-Québec. Construction is set to begin in the second quarter of 2020 and COD is expected at the end of 2022. See “Description of the Business and Assets of the Corporation – Portfolio of Assets – Development Projects – Hydroelectric Project”.

On September 30, 2019, the Corporation completed on a bought deal basis an offering in the aggregate principal amount of \$125.0 million of 4.65% convertible debentures (the “**4.65% Convertible Debentures**”) at a price of \$1,000 per debenture. The 4.65% Convertible Debentures are unsecured and subordinated, have a maturity date of October 31, 2026, bearing interest at a rate of 4.65% per annum, payable semi-annually, and are convertible at the option of the holder into Common Shares at a conversion price of \$22.90 per Common Share (the “**4.65% Conversion Price**”), the whole as contemplated under an underwriting agreement (the “**4.65% Convertible Debentures Underwriting Agreement**”) dated September 11, 2019. The 4.65% Convertible Debentures commenced trading on the TSX on September 30, 2019 under the symbol “**INE.DB.C**”. See “Description of Capital Structure – General Description of Capital Structure – 4.65% Convertible Debentures”.

On September 30, 2019, the Corporation announced that it began commercial operation of the 350.3 MW Foard City Wind Farm, a project consisting of 139 GE wind turbines spreading over 31,449 acres in Foard County, Texas. The wind farm benefits from a 12-year PPA with Vistra Energy for 300 MW of the Foard City Wind Farm total installed capacity. The remainder of the project’s output will receive a merchant market price. See “Description of the Business and Assets of the Corporation – Portfolio of Assets – Operating Facilities – Operating Wind Farms”.

On October 8, 2019, the Corporation announced that it completed the previously announced redemption of the 4.25% convertible unsecured subordinated debentures that were due to mature on August 31, 2020 (the “**4.25% Convertible Debentures**”), in accordance with the terms of the Trust Indenture dated August 10, 2015, governing these debentures. On September 5, 2019, the Corporation issued a redemption notice in respect of the aggregate outstanding principal amount of \$100 million of the 4.25% Convertible Debentures. Of that principal amount, \$86,652,000 was converted at the holders’ request into a total of 5,776,795 Common Shares at a conversion price of \$15 per Common Share. The remaining \$13,348,000 was redeemed, as of the date of the announcement, at a price of \$1,000 per debenture, plus accrued and unpaid interest up to, but excluding, October 8, 2019, and was financed with drawings under the Corporation’s revolving term credit facility. The 4.25% Convertible Debentures under the symbol “**INE.DB.A**”, were delisted from the TSX on October 8, 2019.

On November 19, 2019, the Corporation announced the full commissioning of the sizeable 250 MW<sub>AC</sub> Phoebe solar photovoltaic farm located in Winkler County, Texas (the “**Phoebe Solar Farm**”). The Phoebe Solar Farm was, at that time, the largest solar farm in operation in the State of Texas. The total output will be sold to the ERCOT power grid and 89% of the energy produced will receive a fixed price under a 12-year PPA with Shell Energy North America. The remainder of the project’s output will receive a merchant market price. See “Description of the Business and Assets of the Corporation – Portfolio of Assets – Operating Facilities – Operating Solar Farms”.

On November 28, 2019, the Corporation announced that a long-term PPA was signed with an investment grade rated US corporation for its 200 MW<sub>AC</sub> Hillcrest solar photovoltaic farm located in Brown County, Ohio (the “**Hillcrest Solar Project**”). Sales under the PPA will start upon the project reaching commercial operation, which is expected in 2020. See “Description of the Business and Assets of the Corporation – Portfolio of Assets – Development Projects – Other Development Projects”.

## Financial Year 2018

On February 6, 2018, the Corporation announced the completion of the previously announced acquisition of Alterra Power Corp. (“**Alterra**”). On October 30, 2017, the Corporation and Alterra entered into an arrangement agreement (the “**Alterra Arrangement Agreement**”) pursuant to which the Corporation agreed to acquire at a price of \$8.25 per share all of the issued and outstanding common shares of Alterra (the “**Alterra Common Shares**”) for an aggregate transaction value of \$1.1 billion, including the assumption of Alterra’s debt (the “**Alterra Acquisition**”). Pursuant to the Alterra Acquisition, Alterra shareholders had the right to elect to receive either \$8.25 in cash or 0.5563 of the Corporation’s Common Shares for each Alterra Common Share, subject in each case to the pro-rata, such that the aggregate consideration paid to all Alterra shareholders consisted of approximately 25% in cash and 75% in the Corporation’s Common Shares. The Corporation filed on May 3, 2018 a Business Acquisition Report on SEDAR in respect thereto. The report is available on [www.sedar.com](http://www.sedar.com). The Alterra Acquisition also included a 54% indirect interest in a subsidiary which owned a 30% stake of the Blue Lagoon Geothermal Spa and Resort located in Iceland. On May 23, 2019, the Corporation sold this 54% interest as a result of the HS Orka Transaction. Ross J. Beaty, a former member of the Board of Directors of Alterra joined the Board of Directors of the Corporation at the closing of the Alterra Acquisition.

2018 was marked by the completion of 7 acquisitions, including Innergex’s largest acquisition to date, Alterra Power Corp. on February 6, 2018. In 2018, Innergex also entered a new market by completing a partnership in Chile.

Concurrently with the closing of the Alterra Acquisition, the Corporation closed a \$150 million subordinated unsecured 5-year term loan with la Caisse de dépôt et placement du Québec (“**CDPQ**”).

On February 6, 2018, the Corporation announced that it increased the borrowing capacity of its revolving credit facilities by \$225 million to \$700 million and added a new lender to the syndicate of lenders, under a Sixth Amended and Restated Credit Agreement.

On March 27, 2018, the Corporation and BlackRock Real Assets (“**BlackRock**”) announced the commissioning on March 23, 2018, of the 200 MW Flat Top wind farm located near the town of Priddy, Texas (the “**Flat Top Wind Farm**”). The Corporation has a 51% interest in the Flat Top Wind Farm, which was acquired on February 6, 2018, as part of the Alterra Acquisition. A fund managed by BlackRock owns the remaining 49% interest. See “Description of the Business and Assets of the Corporation – Portfolio of Assets – Operating Facilities – Operating Wind Farms”.

On April 16, 2018, the Corporation and Sekw’el’was Cayoose Creek Band announced that they reached an agreement with British Columbia Hydro and Power Authority (“**BC Hydro**”) for the renewal of the Walden North Facility’s EPA (the “**Walden EPA**”). The renewed Walden EPA became effective as of April 1, 2018 and has a 40-year term. The Walden EPA is subject to approval by the British Columbia Utilities Commission (“**BCUC**”).

On April 16, 2018, the Corporation announced that it reached an agreement with BC Hydro for the renewal of the EPA of the Brown Lake Facility for a 40-year term (the “**Brown Lake EPA**”). The renewed Brown Lake EPA became effective as of April 1, 2018 and is subject to approval by the BCUC.

By Order G-278-19, dated November 8, 2019 (“**BCUC Order**”), in the absence of an updated and approved Integrated Resource Plan from BC Hydro (“**IRP**”), the BCUC declined to make any determination with regards to whether the Walden EPA and the Brown Lake EPA are, as of the date of the BCUC Order, in the public interest. However, the BCUC is prepared to consider accepting EPA renewals for periods shorter than 40 years to allow for the conclusion of BC Hydro’s next IRP proceeding, at which time there may be further clarity on BC Hydro’s long-term energy needs and supply alternatives to meet demand. Accordingly, the BCUC adjourned the Walden EPA and the Brown Lake EPA approval application proceeding for 60 days from the date of the BCUC Order to allow the parties to the Walden EPA and the Brown Lake EPA to restructure and resubmit to the BCUC new EPAs with a term not to exceed three years from the date of the BCUC Order. At BC Hydro’s request, the BCUC subsequently extended the adjournment period for an additional 45 days. As of the date of this AIF, the parties to the Brown Lake EPA are considering resubmitting to the BCUC a restructured Brown Lake EPA with a term of no more than three years from the date of the BCUC Order, whereas the parties to the Walden EPA are considering, for the time being, not to resubmit to the BCUC a restructured Walden EPA.

On May 7, 2018, the Corporation announced that it signed a 12-year PPA with an affiliate of Luminant, a Texas-based power company for 300 MW of its Foard City Wind Farm located in Foard County, Texas (the “**Foard City PPA**”). See “Description of the Business and Assets of the Corporation – Portfolio of Assets – Operating Facilities – Operating Wind Farms”.

On May 15, 2018, the Corporation acquired from Ledcor Power Group Ltd.’s its 33.3% interest in Creek Power Inc. (“**Creek Power**”), a company that indirectly owned the Fitzsimmons Creek (7.5 MW), Boulder Creek (25.3 MW) and Upper Lillooet River (81.4 MW) hydro facilities located in BC as well as a portfolio of prospective projects (the “**Creek Projects**”). The Corporation owned the remaining 67.7% interest in Creek Power. Following this acquisition, the Corporation became the sole shareholder of Creek Power. In May 2019, the Corporation transferred its 100% interest in Creek Power to Alterra which subsequently amalgamated with Creek Power. Thereinafter, Alterra directly owns the Creek Projects.

On June 12, 2018, the Corporation completed on a bought deal basis an offering in the aggregate principal amount of \$150.0 million of 4.75% convertible debentures (the “**4.75% Convertible Debentures**”) at a price of \$1,000 per debenture. The 4.75% Convertible Debentures are unsecured and subordinated, have a maturity date of June 30, 2025, bearing interest at a rate of 4.75% per annum, payable semi-annually, and are convertible at the option of the holder into Common Shares at a conversion price of \$20.00 per Common Share (the “**4.75% Conversion Price**”), the whole as contemplated under an underwriting agreement (the “**4.75% Convertible Debentures Underwriting Agreement**”) dated May 29, 2018. The 4.75% Convertible Debentures commenced trading on the TSX on June 12, 2018 under the symbol “**INE.DB.B**”. See “Description of Capital Structure – General Description of Capital Structure – 4.75% Convertible Debentures”.

On July 2, 2018, the Corporation acquired the Phoebe Solar Farm from Longroad Energy Partners, LLC. Full notice to proceed with construction was issued on that day and it reached commercial operation on November 19, 2019.

On July 3, 2018, the Corporation acquired a 50% interest in Energia Llaima SpA (“**E-Llaima**”) in Chile for a total consideration of US\$110 million (CAN\$153.3 million). On July 5, 2018, E-Llaima completed the acquisition of the 140 MW Duquenco hydro project for a purchase price of approximately US\$210 million (CAN\$268 million) net of an estimated US\$10 million (CAN\$12.8 million) in cash. E-Llaima currently owns three hydro facilities (total of 152 MW) and one solar thermal farm (34 MW) in operation as well as two hydro facilities in development (total of 125 MW) and other early development stage projects.

On August 2, 2018, the Corporation announced that it signed a final agreement (“**Securities Purchase Agreement**”) to acquire TransCanada’s 62% interest in five wind farms located in the Gaspé peninsula in Quebec known as Baie-des-Sables, Carleton, Gros-Morne, L’Anse-à-Valleau and Montagne Sèche (collectively, the “**Cartier Wind Farms**”), as well as its 50% interest in the operating entities of the Cartier Wind Farms (the “**Cartier Operating Entities**”), for a total consideration of approximately \$630 million. The Corporation previously owned the remaining 38% interest in the Cartier Wind Farms and the 50% interest in the Cartier Operating Entities. The acquisition was completed on October 24, 2018 and the Corporation filed on November 9, 2018 a Business Acquisition Report on SEDAR in respect of this acquisition. The report is available on [www.sedar.com](http://www.sedar.com).

In addition, on October 24, 2018, the Corporation obtained two short-term credit facilities to cover the purchase price of the acquisition of the Cartier Wind Farms and the associated transaction costs in their entirety. First, the Corporation obtained a \$400 million one-year term non-recourse credit facility, which was repaid on December 19, 2018, using the proceeds resulting from the Cartier Credit Facility (see below). Second, the Corporation obtained a one-year term credit facility of \$228 million, which was reimbursed on May 31, 2019.

On December 19, 2018, the Corporation announced the closing of a non-recourse financing of \$570.4 million with regards to four of the Cartier Wind Farms: Carleton, Gros-Morne, L’Anse-à-Valleau and Montagne Sèche (“**Cartier Credit Facility**”). The Baie-des-Sables wind farm was not included to secure the Cartier Credit Facility as it secures with other assets of the Corporation, the corporate revolving credit facilities, under the Seventh Amended and Restated Credit Agreement, executed on the same day and extended maturity to 2023. The Cartier Credit Facility has a term of 14 years. A portion of the proceeds of the loan was used to repay the existing credit facilities of the L’Anse-à-Valleau, Carleton and Montagne Sèche wind farms and to repay the \$400 million one-year secured bridge loan granted to the Corporation at the time of the acquisition of the Cartier Wind Farms.



## Financial Year 2017

On February 21, 2017, the Corporation executed a Fifth Amended and Restated Credit Agreement of its existing \$425 million revolving credit facility. The amendments added flexibility to the Corporation to borrow in EURO via EURIBOR loans. The Corporation also extended its revolving term from 2020 to 2021 (except for one lender of \$42.5 million whose commitment remains until 2020) to provide greater financing flexibility. Moreover, a Letter of Credit Facility of an amount of up to \$30 million guaranteed by Export Development Canada (EDC) was added. This Fifth Amended and Restated Credit Agreement was replaced by the Sixth Amended and Restated Credit Agreement on October 17, 2017 and further replaced by the Seventh Amended and Restated Credit Agreement on December 19, 2018.

In 2017, Innergex consolidated its position in France and commissioned two hydroelectric facilities in British Columbia.

On February 21, 2017, the Corporation and Desjardins Group Pension Plan (“**Desjardins**”) completed the purchase of the Yonne Wind Farm, a 44 MW wind farm commissioned in early 2017 and part of the French wind projects acquisition concluded in April 2016 (“**Yonne Wind Farm**”). The electricity produced by the Yonne Wind Farm is sold under a PPA, at fixed price, for an initial term of 15 years, to Électricité de France. The purchase price totalled €35.2 million (CAN\$49 million) and at the time of closing was subject to certain adjustments. See “Description of the Business and Assets of the Corporation – Portfolio of Assets – Operating Facilities – Operating Wind Farms”.

On April 6, 2017, Upper Lillooet River Power Limited Partnership began commercial operation of the 81.4 MW Upper Lillooet River run-of-river hydroelectric facility located in BC. See “Description of the Business and Assets of the Corporation – Portfolio of Assets – Operating Facilities – Hydroelectric Operating Facilities”.

On May 24, 2017, the Corporation completed the acquisition from Velocita Energy Developments (France) Limited (“**Velocita**”) of three wind projects in France with a total aggregate installed capacity of 119.5 MW, namely Rougemont-1 Wind Farm and Vaite Wind Farm, both of which reached commercial operation on the same day of the announcement and the Rougemont-2 Wind Farm, reached commercial operation on December 1, 2017.

On May 26, 2017, Boulder Creek Power Limited Partnership began commercial operation of the 25.3 MW Boulder Creek run-of-river hydroelectric facility located in BC. See “Description of the Business and Assets of the Corporation – Portfolio of Assets – Operating Facilities – Hydroelectric Operating Facilities”.

On August 15, 2017, the Corporation announced that it received approval from the TSX to proceed with a normal course issuer bid on its Common Shares (the “**2017 Bid**”). Under the 2017 Bid, the Corporation was authorized to purchase for cancellation up to 2,000,000 of its Common Shares representing approximately 1.84% of its issued and outstanding Common Shares. The 2017 Bid commenced on August 17, 2017 and was terminated on August 16, 2018, an automatic purchase plan was implemented on November 17, 2017. Under the 2017 Bid, the Corporation purchased a total of 753,294 Common Shares for cancellation at a weighted average price paid per Common Share of \$13.63 through the facilities of the TSX.

On August 25, 2017, the Corporation announced that it completed the acquisition of two wind projects in construction from BayWa r.e. namely the Plan Fleury Wind Farm with a total aggregate installed capacity of 22 MW which began commercial operation during the third quarter of 2017 and the Les Renardières Wind Farm with a total capacity of 21 MW which reached commissioning on November 18, 2017. See “Description of the Business and Assets of the Corporation – Portfolio of Assets – Operating Facilities – Operating Wind Farms”.

On October 31, 2017, the Corporation announced that its revolving credit facilities, led by TD Securities Inc. and BMO Capital Markets, were increased by \$50 million. Wells Fargo Bank, N.A., Canada Branch was added to the syndicate of lenders which includes Toronto-Dominion Bank, Bank of Montreal, National Bank of Canada, Canadian Imperial Bank of Commerce, Fédération des caisses Desjardins du Québec and the Bank of Tokyo-Mitsubishi UFJ, Canada Branch. The Corporation also extended the maturity of its revolving facilities from December 2021 to December 2022 to provide greater financing flexibility.

## INDUSTRY OVERVIEW AND PRINCIPAL MARKETS

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### RENEWABLE POWER GENERATION INDUSTRY

Renewable power producers are involved in the generation of electricity from renewable sources of energy, including (i) water; (ii) wind; (iii) sun; and (iv) certain waste products, such as biomass (for example: waste wood from forest products operations) and landfill gas. Demand for renewable power in North America, France and Latin America continues to grow and is largely driven by the long-term trend toward stronger policies for protecting the environment and addressing climate change, as well as the growing demand for electricity. While traditional regulated utilities continue to dominate the North American and French electricity generation markets, it is recognized that independent power producers play an increasingly important role in the supply of electricity.

For the Corporation, the factors that explain its growing role in supplying renewable power in North America, France and Latin America, include:

- the growing demand for renewable energy, as key to the energy transition to fight climate change, as supported by international agreements such as the Paris Agreement;
- increasing awareness of the benefits of renewable energy in addressing the impacts of climate change;
- the stable and long-term government policies for the procurement of new renewable energy capacity;
- the availability of long-term renewable energy purchase contracts with highly creditworthy counterparties;
- the implementation of non-discriminatory access to transmission systems, providing independent power producers with access to regional electricity markets;
- its capacity to evaluate and secure the best prospective sites for the development of new projects in cooperation with local communities;
- its ability to adequately forecast total construction costs, expected revenues and expected expenses for each project, in a market with rapidly improving cost-competitiveness of renewable energy generation facilities;
- its ability to make accretive acquisitions; and
- its ability to finance its growth.

Moreover, push for developing renewable energy worldwide and implementing a global energy transition toward clean and renewable energy came during the United Nations Framework Convention on Climate Change (UNFCCC) 21st Conference of the Parties held in Paris, France in 2015. The agreement that came out of the Conference (the “**Paris Agreement**”) aims to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2 degrees. The Paris Agreement establishes a long-term vision in order to reduce global emissions and phase out carbon from the world's energy sources through a transition to renewable energy within each national energy strategy. In 2018, the “Global Warming of 1.5C” report by the Intergovernmental Panel on Climate Change (IPCC) confirmed the need to pursue efforts to limit global warming to 1.5 degrees to avoid the worst impacts of climate change. The release of this report led to renewed and ambitious international commitments to reduce greenhouse gases and to utilize renewable energy.

## Renewable Power in Canada

Over the past few years, the significant growth in renewable power generation in Canada has resulted from commitments to reducing greenhouse gas emissions in power generation; national carbon pricing requirements introduced by the federal government; public concern over nuclear power generation, air quality and greenhouse gases; improvements in renewable energy technologies; and shorter construction lead times for some renewable energy projects. Renewable electricity generation in Canada is also supported by federal and provincial incentives such as long-term fixed price contracts, accelerated depreciation, and legislated commitments to renewable energy generation.

In response to its commitments under the Paris Agreement, the Government of Canada released the Pan-Canadian Framework on Clean Growth and Climate Change in 2016. Among its goals, the plan commits to phasing out coal-fired generation by 2030 and resulted in the implementation of a national price on carbon pollution from industrial facilities as of 2019. The plan includes an Output-Based Pricing System to reduce carbon pollution from electricity generation and ensure that renewable electricity sources, such as wind and solar, compete even more effectively against non-renewable sources. Canada currently generates 80% of its electricity from clean, non-emitting sources, and has set a goal to increase this percentage to 90% by 2030.

At the provincial and territorial level, many governments have set targets for an increased component of renewable energy in their electricity generation supply mix, in order to reduce greenhouse gas emissions over time.

Such targets include the following:

- British Columbia (“**BC**”) – generate at least 93% of its electricity from clean or renewable resources;
- Alberta – at least 30% of its electricity generation from renewable sources by 2030;
- Saskatchewan – up to 50% of its electricity from renewable resources by 2030;
- Québec – increasing total renewable energy production by 25% by 2030;
- Nova Scotia – 40% of electricity to come from renewable sources by 2020;
- New Brunswick – 40% of electricity to come from renewable sources by 2020;
- Yukon – increase renewable energy by 20% from 2009 to 2020.

Canada enjoys a unique abundance of hydrological resources with an estimated installed hydroelectric capacity of more than 80,000 MW as of 2017, ranking it the fourth largest hydroelectric energy producer in the world.

Wind energy is now among the lowest-cost options for new electricity supply in most Canadian provinces. It has been the largest source of new electricity generation in Canada for the past decade. The Canadian Wind Energy Association ranks Canada as the ninth largest producer of wind energy in the world, with an installed wind power capacity of more than 12,800 MW as of 2018. It has outlined a future strategy for wind energy that would reach a capacity of 65,000 MW by 2025.

Solar energy is a small but rapidly growing electricity source in Canada and future growth is focused on opportunities in the Prairies. In 2018, the capacity of solar energy in the country was more than 3,000 MW, making Canada the ninth largest producer of solar energy in the world.

Wind and solar combined now make up 5% of Canada's total energy generation. The Canada Energy Regulator forecasts this will increase to nearly 10% by 2040 while the costs of both technologies continue to decrease.

## Regulatory Framework and Distribution Method

### Québec

Hydro-Québec, a corporate agent of the Government of Québec, is one of the largest electricity utilities in North America. Under its incorporating statute, Hydro-Québec is given broad powers to generate, supply, and deliver electric power throughout Québec. Excluding the territories served by municipal or private electric power systems or by a local cooperative, Hydro-Québec is the holder of exclusive electric power distribution rights throughout the territory of Québec and is the main generator of energy and transmission system operator in the province.

The Régie de l'énergie, an economic regulation agency, sets and modifies the rates and conditions for, inter alia, the transmission of electric power by the electricity carrier and the distribution of electric power by the electricity distributors in the Province of Québec. Furthermore, the Régie de l'énergie monitors all Requests for Proposals for the supply of energy in Québec.

In 2016, the government of Québec released its 2030 Energy Policy which includes targets to increase renewable energy output and promote the transition to a low-carbon economy. In 2020, a new Electrification and Climate Change Plan will be launched to address mitigation of and adaptation to climate change, with the electrification of buildings, transportation, and industry being a key element. The Corporation remains confident in the long-term viability of the small hydro and wind energy sectors in this province and has several prospective projects that it continues to maintain for future renewable energy procurement opportunities.

### BC

BC Hydro is one of the largest electric utilities in Canada, supplying most of the power generating capacity in the province. The remaining capacity is provided by investor-owned utilities, large and small industrial self-generators, and independent power producers. The BC Utilities Commission is an independent agency of the provincial government that is responsible for regulating the rates and standards of service quality of BC's natural gas and electricity utilities.

BC Hydro's Integrated Resource Plan is scheduled to be updated in 2021. The Integrated Resource Plan is a flexible long-term strategic plan to meet provincial electricity demand over the next 20 years. While declines in some parts of the resource sector may lead to lower than expected demand, developments

such as the LNG Canada plant in Kitimat currently under construction and the province's ambitious electrification goals will continue to drive the provincial need for renewable power.

In late 2017, the BC Government decided to continue construction of the Site-C hydroelectric dam project, after it was sent to the BC Utilities Commission for review. The project is currently under construction and is scheduled to reach commercial operation in 2024.

The Government of BC launched its new climate plan, CleanBC, at the end of 2018. The plan outlines goals in the transportation, buildings, industrial, and waste sectors that would get BC 75% of the way to its 2030 target of a 40% reduction in GHG emissions. The province will identify additional reductions across other sectors to meet the remaining 25% reduction goal, including actions to significantly increase industrial electrification. While meeting the commitments in the plan will require substantial renewable electricity resources, the Government of BC does not currently anticipate needing to procure additional clean energy sources until beyond 2030.

## Ontario

The Ontario Energy Board regulates Ontario's energy sector through licensing, development and enforcement of rules and standards, and rate regulation of the Crown utility Ontario Power Generation ("OPG"). The Independent Electricity System Operator ("IESO"), into which the Ontario Power Authority was merged in January 2015, addresses system planning and security of supply in Ontario by reviewing demand and resource reliability forecasts, facilitating supply source investment and diversification, and promoting conservation.

The IESO's Annual Planning Outlook is a 20-year forecast for Ontario's electricity system that is intended to guide investment decisions and market development. Released at the beginning of 2020, the Outlook estimates that Ontario is currently in a stable supply situation after years of investment in new generation. New commitments for existing and available resources will be needed starting in 2023 due to a slow and steady increase in electricity demand, the expiration of generation contracts, and nuclear refurbishments. The IESO is also undertaking a large-scale reform of its market rules, with a view to reducing scheduling and dispatching costs, introducing a day ahead market, and lowering costs for consumers.

## Renewable Power in the U.S.

According to the U.S. Energy Information Administration, electricity generation from renewable energy is expected to rise from 18% in 2018 to 31% by 2050, with approximately 72 GW of new wind and solar photovoltaic capacity expected to be added from 2018–2021, encouraged by declining capital costs and the availability of tax credits. The wind energy production tax credit, which was set to expire at the end of 2019, was extended to the end of 2020 and increased for this year. In many markets across the U.S., wind and solar energy are already among the least costly new generation sources, even compared with currently low-cost natural gas.

As electricity demand grows modestly, the primary drivers for new capacity are expected to be the retirements of older, less-efficient fossil fuel units, the availability of renewable energy tax credits, and the continued decline in the capital cost of renewable energy sources, especially solar photovoltaic (PV). Low natural gas prices and favorable costs for renewable energy sources, combined with legislated commitments towards renewable energy at the state level, are expected to result in natural gas and renewables as the primary sources of new generation capacity in the near term.



States were very active in 2019 in adopting and increasing renewable portfolio standards (RPS), policies that require electricity suppliers to source a certain amount of their electricity from designated renewable resources or eligible technologies. Twenty-nine states, Washington, D.C., and three territories have now adopted an RPS, with nine jurisdictions including Hawaii requiring 100% clean electricity by 2050. The twenty-nine states and the District of Columbia that have legally binding RPS policies in place collectively accounted for 63% of U.S. electricity retail sales in 2018.

In the U.S., electricity producers sell their electricity under various types of contracts, including long-term PPAs, power hedges, and commercial and retail contracts.

## Texas

Texas leads the U.S. in energy production, primarily from crude oil and natural gas. It also generates the most electricity of any state and is the largest producer of wind energy in the U.S. The state has been a leader in wind development since the early 1990's and has almost 24 GW of wind capacity currently installed and more than 6 GW currently under construction, surpassing its target of 10 GW of installed renewable energy capacity by 2025. The state encouraged construction of wind facilities by authorizing Competitive Renewable Energy Zones (“**CREZ**”), a \$7 billion effort in which transmission lines were built to connect to future wind farms in areas of high wind potential.

The high levels of direct solar radiation in the central and western parts of the state gives Texas some of the largest solar energy potential in the nation. Decreased costs for solar PV panels and improved transmission access have resulted in rapid increases in solar PV capacity to reach almost 2.3 GW of installed utility-scale capacity, with an additional 13 GW anticipated to be in-service by the end of 2025.

## **Regulatory Framework and Distribution Method**

In Texas, the main electricity grid is operated by the Electricity Reliability Council of Texas (“**ERCOT**”) and is largely isolated from the interconnected power systems serving the eastern and western U.S. The isolation means that the ERCOT grid is not subject to Federal Energy Regulatory Commission oversight and is, for the most part, dependent on its own resources to meet electricity needs. Without using long-term fixed price contracts, ERCOT has achieved large scale wind development and utility-scale solar is becoming increasingly prominent.

Combined with the limited regulatory framework applicable to permitting and construction on private lands, ERCOT's independence and the CREZ program, demand for renewables is predicted to continue to rise in Texas.

## Renewable Power in France

France continues to be a very attractive market for renewable power. In 2019, the French government confirmed its target to increase the share of renewable in the next 10 years by setting some specific targets by technology. This translates into a projected 35 GW installed capacity in onshore wind by 2028, which continues to be our main focus in this market.

## Regulatory Framework and Distribution Model

The French electricity system is largely deregulated for production, ancillary services and electricity supply. It is, however, still a monopoly for distribution and transmission. The transmission system operator (**RTE**) and the distribution operator (**ENEDIS**), both subsidiaries of Électricité de France (“**EDF**”) are responsible for managing distribution and transport infrastructure and have a duty to provide interconnection to renewable energy projects at standardized conditions. As such, the energy environment remains very favorable to renewable developers.

Although France is likely to reduce the availability of its feed-in tariff contracts, it has committed to extend the RFP system for sourcing additional renewable power. In line with its strategic objectives of reaching 35GW by 2028, RFPs are expected to call for 1.5 to 2 GW of additional projects every year. Awarded-PPAs would still be offered through a government-backed entity for a long period of time (20 years).

## Renewable Power in Chile

Renewable power continues to increase in Chile. In 2019, the production of solar and wind energy reached a total of 11,186 Gigawatt hours (“**GWh**”), a 22% increase from 2018, and representing 14.5% of the total generated power. Meanwhile, hydroelectric facilities continue to play a significant role in 2019, accounting for 27% of the total generation (equivalent to 20,793 GWh), 11% less than 2018.

Mining, which consumes about a third of Chile’s overall power production, is also an industry that consumes most of the new renewable energy. Since 2014, the prices of solar energy dropped by more than 60%, prompting the mining sector and other sectors to invest in renewable energy to reduce their energy consumption expenses.

According to the National Electric Coordinator, 62 power facilities began operations during 2020, which represents about 4,000 MW of additional power (100% up from 2019). Among those, solar farms represent 34 new farms adding 1,504 MW of capacity to the system. For their part, wind farms will represent 14 new farms with a total capacity of 1,107 MW. Finally, 10 new hydroelectric facilities began operation in 2020, contributing 756 MW.

## Regulatory Framework and Distribution Model

In Latin America, demand for electricity remains strong and governments are seeking to increase the production of renewable energy, of which there is an ample supply. Chile has set legislated commitments to renewable energy, which target increases in renewable energy generation to 60% by 2035 and 70% by 2050.

Complementing the above commitments, Chile has started a process of decarbonization of the energy matrix through the preparation of a timetable for the withdrawal or reconversion of all the coal-fired power plants, which continued to be the main power source to the system in Chile in 2019 (39%).

The National Electric Coordinator acts as the independent system operator for the National Electric System in Chile. It is charged with coordinating electricity generation throughout the system to achieve operational and cost efficiency, while transmission and distribution costs are regulated by law.

In 2013, only 5% of the energy production in Chile was generated from non-conventional renewable energy. In 2020, non-conventional renewable generation is expected to reach 20%, 5 years before the law adopted in 2013 which mandated that 20% of the energy produced in Chile come from renewable energy by 2025. The solar and wind energy sectors are the most popular sectors since Chile is geographically well positioned. The sunlight from the Atacama Desert and the winds from the Pacific coast and the Andes Mountains make Chile a promising market for renewable energy production.

## METHOD OF PRODUCTION

### Hydroelectric Power Generating Process

Run-of-river hydroelectric generation facilities, unlike traditional hydroelectric facilities, do not require the flooding of large areas of land. Hydroelectric power is generated by harnessing the force created as water falls. The difference in elevation between the headpond and the tailrace is referred to as “**head**” or “**operating head**”. The energy in the moving water is ultimately converted into electric energy. The water flows through an intake structure and penstock or a tunnel down to a turbine, which is essentially a water wheel. The water spins the turbine and the hydraulic energy is then converted into mechanical energy which is converted into electricity by the generator. The electricity is sent through a transformer where its characteristics are adjusted so that it can be sent along the transmission system.

### Wind Power Generating Process

Electricity generated from wind is becoming an increasingly important source of energy globally, including in North America. Like hydroelectric generation, wind generation is not subject to fuel price volatility and it produces no greenhouse gas or other emissions. Wind turbines can only generate electricity when the wind blows at speeds within a certain operating range.

Energy is produced from the wind power exerted on the blades of a wind turbine which are attached to a central shaft to rotate a generator. Wind turbines are equipped with a control system which optimizes electrical production and adjusts to varying wind speed and direction.

### Solar Power Generating Process

#### Solar Photovoltaic Power

Solar photovoltaic power generating farms consist of an array of solar panels. These solar panels are made up of smaller solar cells (encased in glass to protect them from the elements), which convert electromagnetic radiation from the sun into electricity by means of semiconductors. The semiconductors use photons of light to knock electrons into a higher state of energy to create electricity (known as the photovoltaic effect).

The electricity produced by solar photovoltaic generating farms is in the form of direct current (unilateral flow of electricity). An inverter is required to convert the direct current electricity to alternating current, required for injection into the electricity distribution and transmission systems.

## Solar Thermal Power

Solar thermal power generation farms collect and concentrate solar radiation to produce the heat needed to generate electricity. Solar thermal power systems are equipped with an array of collectors used to focus solar radiation onto a receiver. Generally, the receiver contains fluid which is heated and circulated to produce steam or stored in a hot water tank for later use. The steam is converted into mechanical energy in a turbine, which powers a generator, to produce electricity.

## FACTORS AFFECTING RENEWABLE ELECTRICITY PRODUCTION PERFORMANCE

Renewable energy projects, such as run-of-river hydroelectric facilities, wind farms and solar photovoltaic farms depend on “**energy**” sources which are, by their very nature, variable. Therefore, the level of production on a day-to-day basis is also variable. However, long-term historical records for hydroelectric energy and site-specific measurements for hydro and wind energy allow for a monthly or annual average or “**mean**” hydrology or wind speed, which in turn allow for electricity production to be estimated using statistical analysis.

Turbine capacity, measured in megawatts, is an indication of the electricity production capability of a turbine. Turbine capacity multiplied by the number of hours in one year (8,760 hours) gives the maximum theoretical annual production of a turbine measured in MWh.

Turbines are dependent on water flow or wind speed; a turbine does not operate every hour of the year. Production from solar farms is dependant of the sunlight. The usage factor is a measure of the productivity of an electricity-generating source. There are several factors that preclude a wind or hydro powered electricity-generating turbine or solar panels from operating at their theoretical maximum. The primary factors are water flow, wind speed and irradiance.

Furthermore, changing climactic conditions can result in extreme or abnormal weather conditions, resulting in the occurrence of events such as heatwaves, drought, storms and/or floods. This can temporarily or permanently result in increases in volatility of wind, water and sunlight resources or their reduced availability, strength and consistency.

Therefore, a turbine or solar panels will operate for significant periods of time at power outputs less than the rated capacity.

In general, hydro projects have usage factors ranging from 40% to 70%, wind energy projects have usage factors ranging from 25% to over 50% depending on various site-specific factors, and solar energy projects have usage factors from around 15% for fixed racking applications in lower irradiance regions to more than 30% in high solar irradiance areas when the panels are mounted on tracking systems.

## COMPETITIVE CONDITIONS

The Corporation owns and operates 68 facilities in commercial operation (see “Operating Facilities” under section “Portfolio of Assets”). Commissioned between 1992 and November 2019, the facilities have a weighted average age of approximately 7,0 years.

The power generated by the Operating Facilities are generally sold pursuant to long-term PPAs, power hedge contracts or short and long-term industrial and retail contracts (each, a form of PPA) to rated public utilities or other creditworthy counterparties. The PPAs of the Corporation have a weighted average remaining life of 15,3 years (based on gross long-term average production).

For most Operating Facilities in Canada and in France, PPAs include a base price and, in some cases, a price adjustment depending on the month, day and hour of delivery. For most Operating Facilities in the U.S., power generated is sold through PPAs or on the open market and supported by financial or physical power hedges (a form of PPA) to address market price risk exposure. A power hedge is a contract for differences between an electricity producer and a hedge provider (often a financial institution) and as a result, are subject to certain unique risks when compared to more traditional forms of PPAs (see “Risk Management” and “Risk Factors”). Power hedges are growing in popularity throughout the U.S. and are generally available in deregulated electricity markets, which permit the sale of electricity output on a day-ahead or real-time market. Under a power hedge, if the market price of electricity falls below a certain set (hedge) price at the time of a sale, the hedge provider pays the producer the difference; if the market price is above the hedge price, then the producer pays the difference to the hedge provider.

In Chile, Operating Facilities sell the power generated through PPAs to industrial customers or on the open market.

The Corporation intends to pursue growth opportunities in the renewable energy sector. As such, it intends to pursue growth in its current markets and remains open to identifying new target markets. In its current geographical areas, the Corporation faces competition from large utilities, coal, nuclear, and natural gas electricity producers, other independent power producers and institutions such as investment management funds. Market prices for natural gas and other commodities are important drivers of electricity prices which influence electricity prices from renewable energy. In Canada, the Corporation depends on the sale of its power to provincially owned utilities with long-term PPAs that are generally obtained through a competitive procurement process, which limit exposure to market price risk exposure. However, exposure to market mechanisms, present in deregulated electricity markets can expose certain facilities to operating restrictions, increased downtime due to limited demand or transmission constraints and locational pricing mechanisms.

The Corporation may also face competition while seeking to make acquisitions, as the assets up for sale can attract competing bids from other potential acquirers. The Corporation manages the risks posed by such competitive conditions through its ongoing strategic planning process, through geographical diversification of its portfolio of projects, as well as by focusing on low-impact renewable projects, long-term PPAs with a fixed price, its proven track record and its experienced management team.

The growing awareness and concerns over issues such as climate change, access to clean energy, energy security, energy efficiency and environmental impacts of conventional fossil fuel are leading governments around the world to increase their demand for and commitments to the development of renewable energy supply. Such concerns are driving private procurement initiatives for renewable energy, particularly in the U.S.



Moreover, renewable energy production competitiveness has increased drastically in the last decade mainly due to technological advances and falling costs of the main components. Consequently, notwithstanding the competitive risks associated with the ability to secure new PPAs or renew any PPA (see “Risk Factors”), the Corporation believes that the outlook for the renewable energy industry is promising.

## ECONOMIC DEPENDENCE

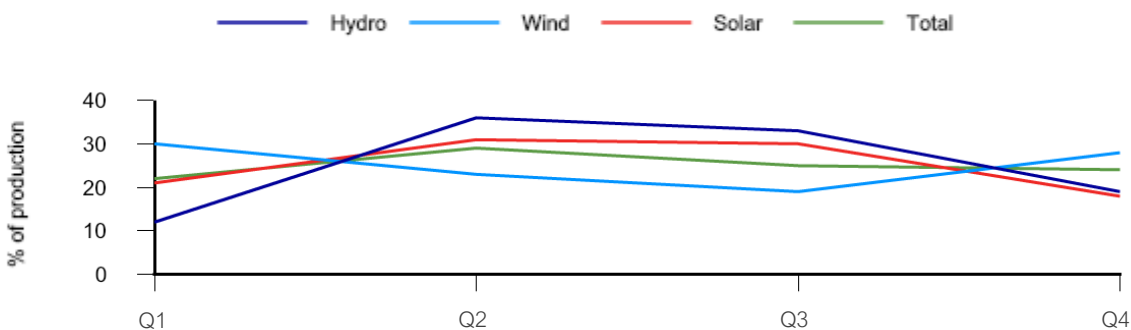
The Corporation does not believe it is substantially dependant on any single contractual agreement. However, the Corporation has identified three major customers. The following table presents the sales of the Corporation to these three major customers under its various PPAs, each represented more than 10% of its 2019 revenues of \$557.0 million (\$481.4 million in 2018):

MAJOR CUSTOMER	CREDIT RATING FROM STANDARD & POOR'S	SEGMENT	REVENUES FOR THE YEARS ENDED	
			DEC. 31, 2019 (\$M)	DEC. 31, 2018 (\$M)
BC Hydro	AAA	Hydroelectric generation	158.1	170.1
Hydro-Québec	A+	Hydroelectric and wind power generation	249.0	185.1
Électricité de France	A+	Wind power generation	91.7	84.5

## SEASONALITY AND CYCLICALITY

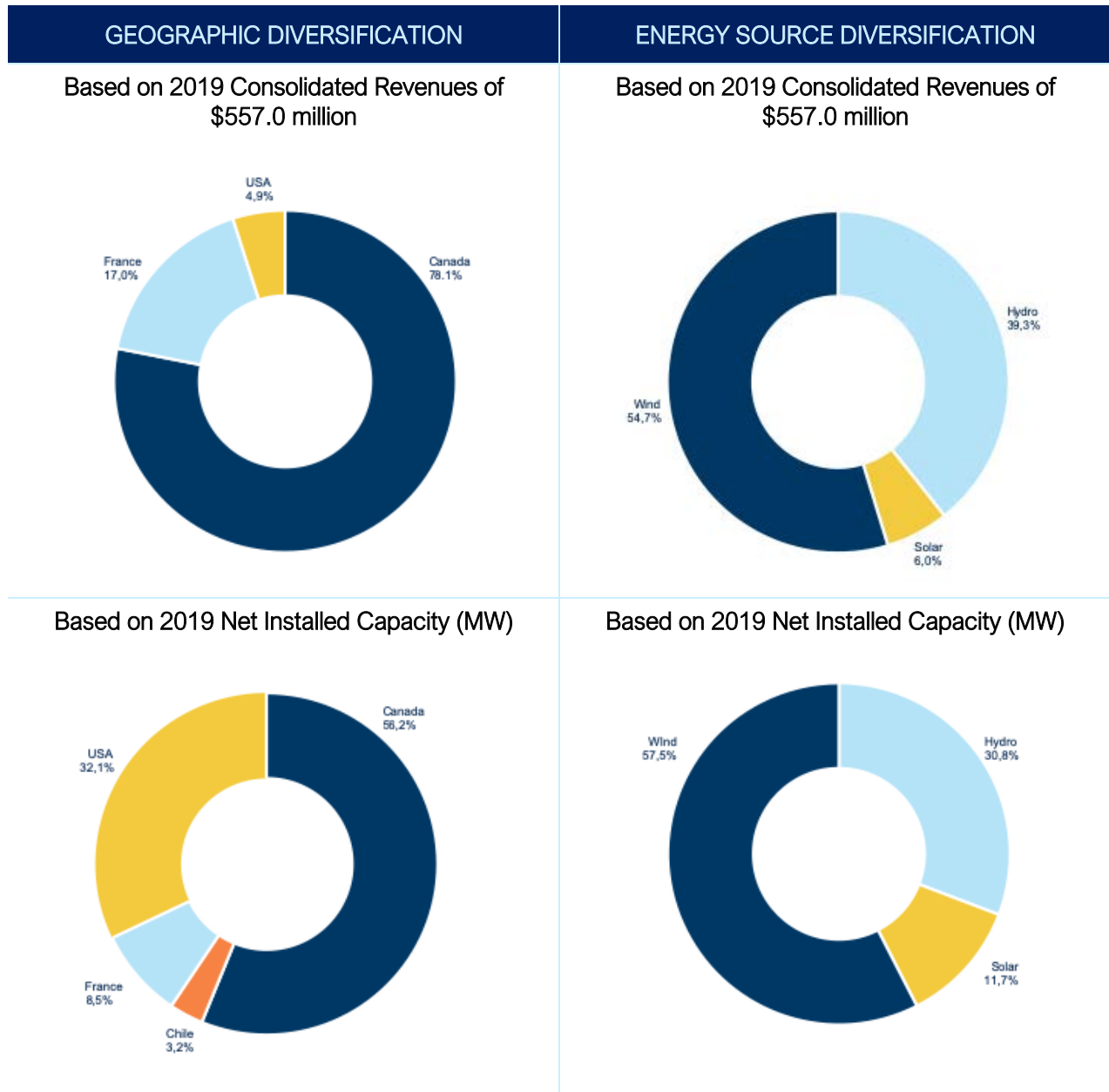
The renewable power industry is inherently seasonal due to the industry’s dependence on weather for the availability of water, wind and sunlight resources for electrical generation.

### Seasonality of Production by Energy Sources



The percentage of production is based on the LTA for the facilities in operation as at February 26, 2020. The LTA is presented in accordance with revenue recognition accounting rules under IFRS and excludes production from facilities that are accounted for using the equity method.

The Corporation has limited its exposure to the seasonality of the industry by virtue of the fact that its facilities and projects are geographically diversified (spanning the Provinces of Québec, BC and Ontario in Canada, in France, in the U.S. and in Chile, as presented below as at December 31, 2019). These facilities and projects also offer a mix of energy sources, providing further diversification and thereby reducing the Corporation's dependence on any one resource and any one region.



With the closing of the Alterra Acquisition on February 6, 2018, the Corporation increased both its geographical and energy source diversification with the addition of three solar farms in the U.S., three wind farms, two in the U.S. and the other in BC. The renewable power industry is also inherently cyclical due to the high degree of correlation between demand for electricity and general economic conditions.

# DESCRIPTION OF THE BUSINESS AND ASSETS OF THE CORPORATION

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## GENERAL OVERVIEW – SEGMENT INFORMATION

As of December 31, 2019, the Corporation had three operating segments: hydroelectric generation, wind power generation and solar power generation. Through those three operating segments, the Corporation sells electricity produced by its hydroelectric facilities, wind farms and solar farms in operation, to publicly-owned utilities, other creditworthy counterparties or electricity markets and analyses potential sites and develops hydroelectric, wind and solar facilities up to commissioning stage.

OPERATING SEGMENTS	OPERATION REVENUES OF THE CORPORATION BY REPORTABLE SEGMENTS <sup>(1)</sup>			
	2019 OPERATION REVENUES		2018 OPERATION REVENUES	
	\$M	% OF TOTAL REVENUES	\$M	% OF TOTAL REVENUES
Hydroelectric Power Generation	218.9	39.3%	238.7	49.6%
Wind Power Generation	304.7	54.7%	223.6	46.4%
Solar Power Generation	33.4	6.0%	19.1	4.0%

1. During the period ended March 31, 2019, concurrent with reaching an agreement to sell its ownership interests in HS Orka, the Corporation's geothermal power generation segment was reclassified as discontinued operations in its financial statements. As a result, the comparative segmented information has been restated.

## PORTFOLIO OF ASSETS

As of February 26, 2020, the Corporation owns interest in three groups of projects at various stages: the Operating Facilities, the Development Projects and the Prospective Projects.

### Operating Facilities

As of February 26, 2020, the Corporation owns and operates 68 facilities in commercial operation (the “Operating Facilities”). The Corporation shares ownership of 38 Operating Facilities with a corporate, financial, local community or Indigenous partner. Most Operating Facilities sell the generated power under long-term fixed-price PPAs.

OPERATING SEGMENTS	NUMBER OF OPERATING FACILITIES <sup>(1)</sup>	INSTALLED CAPACITY (MW)	
		GROSS <sup>(2)</sup>	NET <sup>(3)</sup>
Hydro	37	1,181	797
Wind	26	1,979	1,489
Solar	5	328	302
<b>Total</b>	<b>68</b>	<b>3,488</b>	<b>2,588</b>

1. The number of Operating Facilities includes all facilities owned and operated by the Corporation, including the non-wholly owned subsidiaries and joint ventures and associates.
2. Gross installed capacity is the total capacity of all Operating Facilities of the Corporation, including those owned and operated by a non-wholly owned subsidiaries and joint ventures and those operated by associates.
3. Net capacity is the proportional share of the total capacity attributable to the Corporation based on its ownership interest in each facility.

### Operating Hydroelectric Facilities

As of February 26, 2020, the Corporation owns interest in 37 hydroelectric Operating Facilities which have an aggregate net installed capacity of 797 MW (gross 1,181 MW), out of which nine are in the Province of Québec, three in Ontario and 21 in BC for a total of 33 in Canada, one in the U.S. and three in Chile. A majority are fully automated and may be operated locally or remotely.

HYDROELECTRIC OPERATING FACILITIES LOCATED IN QUÉBEC, CANADA					
FACILITY NAME	GROSS CAPACITY (MW)	EQUITY INTEREST	ESTIMATED LTA PRODUCTION (MWH)	COD	PPA EXPIRY
Chaudière	24.0	100%	116,651	1999	2039
Magpie	40.6	99.996%	185,000	2007	2032
Montmagny	2.1	100%	8,000	1996	2021
Portneuf – 1	8.0	100%	40,822	1996	2021
Portneuf – 2	9.9	100%	68,496	1996	2021
Portneuf – 3	8.0	100%	42,379	1996	2021
Saint-Paulin	8.0	100%	41,082	1994	2034
Ste-Marguerite	8.5	50.1%	166,500	1993	2043
Windsor	22.0	100%	31,000	2002	2027
	5.5	100%	31,000	1996	2036
<b>TOTAL</b>	<b>136.6</b>		<b>699,930</b>		

Facility ownership transfer upon termination of leases or end (or renewal) of PPA regarding certain facilities described above

The PPA for the Chaudière Facility reached the end of its initial 20-year term in March 2019. The Corporation sent to Hydro-Québec its notice of renewal for an additional 20-year term. Following discussion on the renewal terms and conditions, a new PPA was executed in the third quarter of 2019 and will expire in March 13, 2039 with no renewal option.

The PPA for the Ste-Marguerite Facility reached the end of its initial 25-year term in December 2018. The Corporation sent to Hydro-Québec its notice of automatic renewal for an additional 25-year term. Discussions on the renewal terms and conditions are underway, in accordance with the renewal process of the initial PPA.

The PPA for the Montmagny Facility will reach the end of its initial 25-year term in May 2021. The Corporation sent to Hydro-Québec its notice of automatic renewal for an additional 25-year term. Discussions on the renewal terms and conditions will began during the year.

Upon termination of the lease in 2032, the Magpie Facility and other improvements located on the site will become the property of the Minister of Natural Resources and Wildlife and the Minister of Sustainable Development, Environment and Parks, unless such ministers waive such right.

The Portneuf Facilities are subject to an emphyteutic lease expiring in December 2025, which may be renewed for an additional 25-year period and upon expiry or other termination of the emphyteutic lease, the Portneuf Facilities and other improvements on the premises will become the ownership of the landlord.

The Saint-Paulin Facility site is subject to a superficies lease ending in 2034 and upon termination of the lease, the Saint-Paulin Facility and other improvements on the site will become the ownership of landlord.

The Windsor Facility site and the hydraulic forces are subject to an emphyteutic lease ending in 2036 and upon termination of the emphyteutic lease, the Windsor Facility and other improvements on the site will become the ownership of the landlord.

HYDROELECTRIC OPERATING FACILITIES LOCATED IN ONTARIO, CANADA					
FACILITY NAME	GROSS CAPACITY (MW)	EQUITY INTEREST	ESTIMATED LTA PRODUCTION (MWH)	COD	PPA EXPIRY
Batawa	5.0	100%	32,938	1999	2029
Glen Miller	8.0	100%	41,606	2005	2025
Umbata Falls	23.0	49%	109,101	2008	2028
<b>TOTAL</b>	<b>36.0</b>		<b>183,645</b>		

Facility ownership transfer upon termination of leases or end (or renewal) of PPA regarding certain facilities described above

Upon expiration of the lease agreement, the Glen Miller Facility will be transferred to the landlord for no further consideration.



Following 25 years from COD of the Umbata Falls Facility, its owner, Umbata Falls LP will be dissolved, and its property and assets will be transferred to the Ojibways of the Pic River First Nation.

HYDROELECTRIC OPERATING FACILITIES LOCATED IN BC, CANADA					
FACILITY NAME	GROSS CAPACITY (MW)	EQUITY INTEREST	ESTIMATED LTA PRODUCTION (MWH)	COD	PPA EXPIRY
Ashlu Creek	49.9	100%	265,000	2009	2039
Big Silver Creek	40.6	100%	139,800	2016	2056
Boulder Creek	25.3	100%	92,500	2017	2057
Brown Lake	7.2	100%	51,800	1996	2022 <sup>(1)</sup>
Douglas Creek	27.0	50.0024%	92,610	2009	2049
East Toba	147.0	40%	446,544	2010	2045
Fire Creek	23.0	50.0024%	94,175	2009	2049
Fitzsimmons Creek	7.5	100%	33,000	2010	2050
Jimmie Creek	62.0	51%	166,512	2016	2056
Kwoiek Creek	49.9	50%	223,400	2014	2054
Lamont Creek	27.0	50.0024%	105,173	2009	2049
Miller Creek	33.0	100%	102,795	2003	2023
Montrose Creek	88.0	40%	267,319	2010	2045
Northwest Stave River	17.5	100%	63,300	2013	2053
Rutherford Creek	49.9	100%	180,000	2004	2024
Stokke Creek	22.0	50.0024%	87,991	2009	2049
Tipella Creek	18.0	50.0024%	69,942	2009	2049
Tretheway Creek	21.2	100%	81,000	2015	2055
Upper Lillooet River	81.4	100%	334,000	2017	2057
Upper Stave River	33.0	50.0024%	144,406	2009	2049
Walden North	16.0	51%	35,000	1993	2024 <sup>(1)</sup>
<b>TOTAL</b>	<b>846.4</b>		<b>3,076,266</b>		

1. The renewal of the Brown Lake PPA and the Walden PPA is subject to approval by the BCUC.

### Facility ownership transfer upon termination of leases or end (or renewal) of PPA regarding certain facilities described above

The assets of the Ashlu Creek Facility will be transferred to the Squamish First Nation for a nominal price after 40 years from COD.

Ownership of the Douglas Creek Facility will be transferred, on the 60 anniversary of COD, to the Douglas First Nation band (“DFN”) for no further consideration.

Ownership of the Tipella Creek Facility will be transferred, on the 60 anniversary of COD, to the DFN for no further consideration.

After 40 years from COD of the Kwoiek Creek Facility, the Corporation’s ownership interests will be transferred to Kwoiek Creek Resources Inc. Subsequently, the Corporation will receive a royalty based on a percentage of the gross revenues less operation costs.

Upon expiry of the Tretheway Creek Facility PPA, the Corporation will transfer its 50% interest in the facility to the Chehalis Indian Band.

In 2056, the Corporation will sell to the Cayoose Creek Development Corporation for a consideration of \$1.00, 50% of the common units it holds in the Cayoose Creek Power Limited Partnership and its interests in the general partner, Cayoose Creek Power Inc. which owns the Walden North Facility.

After 35 years of operations of the East Toba and Montrose Creek Facilities, the Corporation's economic interest will increase from 40% to 51% for no additional consideration and at such time the economic interest of Axium Toba Montrose Holding Inc. will decrease from 60% to 49%.

With respect to the East Toba, the Montrose Creek and the Jimmie Creek facilities, pursuant to an Impacts and Benefits Agreement, First Nation groups may exercise options to acquire a nominal interest in the partnership owner of the projects at any time between the 36 and 50 anniversary of COD.

The Corporation indirectly owns a 50.0024% interest in the Douglas Creek, Fire Creek, Lamont Creek, Stokke Creek, Tipella Creek and Upper Stave River Facilities having a combine gross installed capacity of 150 MW (the "Harrison Operating Facilities") through ownership of 50.0024% of limited partnership units of Harrison Hydro Limited Partnership ("HHLP"), and 50% of the shares of Cloudworks Holdings Inc. ("CHI"), which is the sole shareholder of Harrison Hydro Inc., the general partner of HHLP.

HYDROELECTRIC OPERATING FACILITY LOCATED IN IDAHO, U.S.					
FACILITY NAME	GROSS CAPACITY (MW)	EQUITY INTEREST	ESTIMATED LTA PRODUCTION (MWH)	COD	PPA EXPIRY
Horseshoe Bend	9.5	100%	46,800	1995	2030
<b>TOTAL</b>	<b>9.5</b>		<b>46,800</b>		

HYDROELECTRIC OPERATING FACILITIES LOCATED IN CHILE					
FACILITY NAME	GROSS CAPACITY (MW)	EQUITY INTEREST	ESTIMATED LTA PRODUCTION (MWH)	COD	PPA EXPIRY
Guayacán	12.0	34.7	68,197	2010	2021
Mampil	55.0	50.0	144,428	2001	2020 <sup>(1)</sup>
Peuchén	85.0	50.0	188,621	2001	2020 <sup>(1)</sup>
<b>TOTAL</b>	<b>152.0</b>		<b>401,246</b>		

1. Certain PPA that were executed in regard to the Mampil and Peuchén Facilities will reach the end of their terms in 2020. The Corporation has signed PPA for 156 GWh until 2021 and 120 GWh until 2024. Discussions are currently being held with other clients.

## Operating Wind Farms

As of February 26, 2020, the Corporation owns interests in 26 operating wind farms which have an aggregate net installed capacity of 1,489 MW (gross 1,979.4 MW) out of which eight are in Canada (seven in the Province of Québec and one in BC), fifteen in France and three in the U.S.

WIND FARMS LOCATED IN QUÉBEC, CANADA					
FARM NAME	GROSS CAPACITY (MW)	EQUITY INTEREST	ESTIMATED LTA PRODUCTION (MWH)	COD	PPA EXPIRY
Baie-des-Sables	109.5	100%	293,400	2006	2026
Carleton	109.5	100%	334,500	2008	2028
Gros-Morne	211.4	100%	639,000	2011 2012 <sup>(1)</sup>	2032
L'Anse-à-Valleau	100.5	100%	291,700	2007	2027
Mesgi'g Ujju's'n	150.0	50%	562,500	2016	2036
Montagne Sèche	58.4	100%	190,500	2011	2031
Viger-Denonville	24.6	50%	72,400	2013	2033
<b>TOTAL</b>	<b>763.9</b>		<b>2,384,000</b>		

1. Construction of the Gros-Morne Wind Farm was performed in two phases: phase I for 100.5 MW was brought to COD in 2011 and phase II for 111 MW in 2012.

WIND FARM LOCATED IN BC, CANADA					
FARM NAME	GROSS CAPACITY (MW)	EQUITY INTEREST	ESTIMATED LTA PRODUCTION (MWH)	COD	PPA EXPIRY
Dokie	144.0	25.5%	302,984	2011	2036
<b>TOTAL</b>	<b>144.0</b>		<b>302,984</b>		

#### WIND FARMS LOCATED IN FRANCE

FARM NAME	GROSS CAPACITY (MW)	EQUITY INTEREST	ESTIMATED LTA PRODUCTION (MWH)	COD	PPA EXPIRY
Antoigné	8.0	69.55%	16,000	2010	2025
Beaumont	25.0	69.55%	47,100	2015	2030
Bois d'Anchat	10.0	69.55%	22,000	2014	2029
Bois des Cholletz	11.8	69.55%	21,800	2015	2030
Les Renardières	21.0	69.55%	52,427	2017	2032
Longueval	10.0	69.55%	18,350	2009	2024
Montjean	12.0	69.55%	36,400	2016	2031
Plan Fleury	22.0	69.55%	65,266	2017	2032
Porcien	10.0	69.55%	19,050	2009	2024
Rougemont-1	36.1	69.55%	84,720	2017	2032
Rougemont-2	44.5	69.55%	100,340	2017	2032
Theil-Rabier	12.0	69.55%	37,600	2016	2031
Vaite	38.9	69.55%	93,140	2017	2032
Vallottes	12.0	69.55%	25,100	2010	2025
Yonne	44.0	69.55%	100,400	2017	2032
<b>TOTAL</b>	<b>317.3</b>		<b>739,693</b>		

#### WIND FARMS LOCATED IN THE U.S.

FARM NAME	GROSS CAPACITY (MW)	EQUITY INTEREST	ESTIMATED LTA PRODUCTION (MWH)	COD	PPA EXPIRY
Flat Top <sup>(1)</sup>	200.0	51%	872,500	2018	2031
Shannon <sup>(2)</sup>	204.0	50%	713,806	2016	2029
Foard City	352.8	100%	1,303,187	2019	2031
<b>TOTAL</b>	<b>756.8</b>		<b>2,889,493</b>		

1. Here and elsewhere, Flat Top Wind Farm equity interests reflect the Corporation's portion of sponsor equity ownership. At Flat Top Wind Farm, the Corporation operates and holds a 51% sponsor equity ownership, with the remaining 49% sponsor equity interest and tax equity interest held by third parties.

2. Here and elsewhere, Shannon Wind Farm equity interests reflect the Corporation's portion of sponsor equity ownership. At the Shannon Wind Farm, the Corporation operates and holds a 50% sponsor equity ownership interest, with the remaining 50% sponsor equity interest and tax equity interest held by third parties.

## Operating Solar Farms

As of February 26, 2020, the Corporation owns interests in five solar farms which have an aggregate net installed capacity of 302 MW (gross 328 MW) out of which one is in Canada (in the Province of Ontario), three in the U.S. and one in Chile.

SOLAR FARM LOCATED IN ONTARIO, CANADA					
FARM NAME	GROSS CAPACITY (MW)	EQUITY INTEREST	ESTIMATED LTA PRODUCTION (MWH)	COD	PPA EXPIRY
Stardale	27.0	100%	37,102	2012	2032
<b>TOTAL</b>	<b>27.0</b>		<b>37,102</b>		

SOLAR FARMS LOCATED IN U.S.					
FARM NAME	GROSS CAPACITY (MW)	EQUITY INTEREST	ESTIMATED LTA PRODUCTION (MWH)	COD	PPA EXPIRY
Kokomo <sup>(1)</sup>	6	90%	9,748	2016	2036
Spartan <sup>(1)</sup>	10.5	100%	14,788	2017	2042
Phoebe	250	100%	713,682	2019	2031
<b>TOTAL</b>	<b>266.5</b>		<b>738,218</b>		

1. Here and elsewhere, Kokomo and Spartan equity interests reflect the Corporation's portion of sponsor equity ownership. At Spartan Solar Farm, the Corporation operates and holds a 100% sponsor equity ownership, with the tax equity interest held by a third party. At Kokomo Solar Farm, the Corporation operates and holds a 90% sponsor equity ownership interest, with the remaining sponsor equity and tax equity interest held by third parties.

SOLAR FARM LOCATED IN CHILE					
FARM NAME	GROSS CAPACITY (MW)	EQUITY INTEREST	ESTIMATED LTA PRODUCTION (MWH)	COD	PPA EXPIRY
Pampa Elvira	34.0	27.5	52,357	2013	2023
<b>TOTAL</b>	<b>34.0</b>		<b>52,357</b>		

## Development Projects

As of February 26, 2020, the Corporation has interests in seven development projects, two of which are under construction, representing an aggregate estimated net installed capacity of 203.7 MW (gross 207.5 MW) and the other five projects have an aggregate estimated gross installed capacity of 176.9 MW which are at different stages of development (the “Development Projects”). All the Development Projects are set forth in the following tables and further described below:

### Under Construction

COUNTRY	PROJECT	ESTIMATED GROSS INSTALLED CAPACITY (MW)	EQUITY INTEREST	ESTIMATED GROSS LTA (MWH) <sup>(1)</sup>	EXPECTED COD	PPA EXPIRY
<b>HYDROELECTRIC PROJECT</b>						
Canada	Innavik	7.5	50%	54,700	2022	2062
<b>SOLAR PROJECT</b>						
U.S.	Hillcrest	200	100%	416,522	2020	2035
<b>TOTAL</b>		<b>207.5</b>		<b>471,222</b>		

1. This information is intended to inform the reader of the project’s potential impact on the Corporation’s results. The actual results may vary. See “Forward-Looking Information”.

### Hydroelectric Project

#### Innavik Hydro Project (Canada – 50% ownership)

##### Description

Innavik Hydro Project is a run-of-river hydroelectric project with a potential installed capacity of 7.5 MW. It is located on Inukjuak River near Inukjuak, Nunavik, in northern Québec.

The project will replace a diesel power production facility owned and operated by Hydro-Québec to provide electricity to the remote northern community of nearly 2,000 people. The construction of the Innavik Hydro project will begin in the spring of 2020 and COD expected for the end of 2022.

##### Site and Water Rights

The project is located on Inuit land (category 1) at approximately 10 km from the community. Negotiations of the lease and water rights should be completed by the first quarter of 2020. The project obtained its environmental permits and it received the final approval of the PPA by the Régie de l’énergie in December 2019.



## Power Purchase Agreement

The project is 100% held by Innavig Hydro LP who signed a 40-year PPA with Hydro-Québec distribution. The PPA provides for the payment of a fixed annual amount in return for guaranteed contractual energy and capacity.

## Solar Project

### Hillcrest Solar Project (U.S. – 100 % ownership)

#### Description

The Hillcrest Solar Project is, as of the date of this AIF, a 200 MW<sub>AC</sub> solar project located in Brown County, in the state of Ohio. The project has successfully completed the Ohio Power Siting Board permitting process and was awarded the necessary Environmental Compatibility and Public Need to Construct an Electric Generation Facility certificate. Interconnection service agreements are in place, full notice to proceed with construction is expected in the first quarter of 2020, which would lead to a commercial operation date in the fourth quarter of 2020.

#### Site Rights

Land and lease agreements have been fully secured for the Hillcrest Solar Project. All title curative has been materially completed.

#### Power Purchase Agreement

On November 27, 2019, the long-term PPA for the Hillcrest Solar Project was signed with an investment grade rated US corporation.

## Other Development Projects

COUNTRY	PROJECTS	ESTIMATED GROSS INSTALLED CAPACITY (MW)	EQUITY INTEREST	EXPECTED COD
<b>HYDROELECTRIC PROJECTS</b>				
Chile	Frontera	109	37.5%	2022
Chile	El Canelo	16	37.5%	2021
<b>WIND PROJECT</b>				
France	Yonne II	6.9	69.55%	2020
<b>SOLAR PROJECTS</b>				
U.S.	Hale Kuawehi	30	100%	2022
U.S.	Paeahu	15	100%	2022
<b>TOTAL</b>		<b>176.9</b>		

## Hydro Projects

### [Frontera Hydro Project \(Chile – 37.5% ownership\)](#)

The Frontera Hydro Project is a proposed run-of-river hydroelectric power generating project with an expected installed capacity of 109 MW located on the BíoBío River, 500 km south of Santiago, Chile. Currently, discussions are in progress to proceed with the construction in September 2020. The Frontera Hydro Project obtained most of the rights and permits needed in order to proceed with construction, including technical and environmental approvals.

### [El Canelo Hydro Project \(Chile – 37.5% ownership\)](#)

The project is being redesigned to address various issues, which has delayed the issuance of permits. The project is at a critical point where a decision on its future could be made in the coming months.

## Wind Project

### [Yonne II Wind Project \(France – 69.55% ownership\)](#)

The Yonne II Wind Project is an extension of the Yonne Wind Farm located in Bourgogne-Franche-Comté, France. The project is comprised of 3 turbines of a 2.3 MW capacity each. All authorizations have been granted, are free from recourse, and a fixed price 20-year PPA has been signed with EDF. Construction is scheduled to start in the second quarter of 2020 and COD is expected in the fourth quarter of 2020.

## Solar Projects

### [Hale Kuawehi Solar Project \(U.S. – 100% ownership\)](#)

The Hale Kuawehi Solar Project is a 30 MW<sub>AC</sub> solar energy project with a 120 MWh of battery storage located on the island of Hawaii, in the state of Hawaii. In January 2019, the Corporation secured a 25-year PPA for dispatchable energy, which provides a fixed price with the Hawaii Electric Light Company, for the electricity to be produced at the Hale Kuawehi Hydro Project. The project is expected to achieve COD in 2022. The agreement has been approved by the Public Utilities Commission of Hawaii.

### [Paeahu Solar Project \(U.S. – 100% ownership\)](#)

The Paeahu Solar Project is a 15 MW<sub>AC</sub> solar energy project with a 60 MWh of battery storage located on the island of Maui, in the state of Hawaii. In January 2019, the Corporation secured a 25-year PPA for dispatchable energy, which provides a fixed price with the Maui Electric Company, for the electricity to be produced at the Paeahu Solar Project. The project is expected to achieve COD in 2022. The agreement is still subject to approval by the Public Utilities Commission of Hawaii, which has not been obtained as of the date hereof.

## Prospective Projects

As of February 26, 2020, with a combined potential gross installed capacity of 7,115 MW the prospective projects are in various stages of development (the “**Prospective Projects**”). Some Prospective Projects are targeted toward specific current or future RFPs. Other Prospective Projects are maintained or continue to advance and will be available for future requests for proposals yet to be announced or are targeted toward negotiated PPAs with public utilities or other creditworthy counterparties in Canada or in other countries such as France, the U.S. and Chile. There is no certainty that any Prospective Project will be realized.

Although the Prospective Projects are mainly 100% owned by the Corporation, it is probable that the Corporation’s interests in one or more of these Prospective Projects could ultimately be shared with a strategic partner.

## Intangible Assets

The intangible assets of the Corporation consist mainly of various PPAs, permits and licences. The Corporation reported \$ 682.2 million in intangible assets as at December 31, 2019. The Corporation’s intangible assets are related to the following segments:

SEGMENTS	HYDROELECTRIC GENERATION \$M	WIND GENERATION \$M	SOLAR GENERATION \$M	TOTAL \$M
Net Value at December 31, 2019	382.5	292.6	7.0	682.2

## Financial and Operational Effects of Environmental Protection Requirements

Most costs associated with environmental protection requirements are incurred by the Corporation at the development and construction phases of a renewable energy project. These costs are capitalized to the project, when a PPA is secured for the project or if the project is sufficiently advanced to have a high degree of confidence that it will be realized and amortized once the project is operational, or they are charged to earnings if the project does not go ahead. These costs will vary from project to project. In order for management to proceed with any project, it must support a pre-determined return on the capital costs invested, including capitalized environmental protection costs. The Corporation does incur ongoing costs associated with environmental protection requirements on operational plants, which are charged to operating costs as incurred.

## Employees

As of December 31, 2019, the Corporation had 327 employees. This workforce includes 151 employees in operations and maintenance, 42 employees in development and construction and 134 employees in administration, accounting, finance and legal. The operations of the Corporation's reportable segments are conducted by different teams, as each segment has different skill requirements. The Corporation's employees have the specialized knowledge and skills to carry out its business and the Corporation has a proven ability to complement this internal capacity with an efficient use of external consultants, when required.

## Social and Environmental Protection Policies

For 30 years now, the Corporation believes in a world where abundant renewable energy promotes healthier communities and creates shared prosperity. As an independent renewable power producer that develops, acquires, owns and operates hydroelectric facilities, wind farms and solar farms, the Corporation is convinced that generating power from renewable sources will lead the way to a better world.

We focus on developing projects that create long-term value and promote the Corporation's sustainable growth, while maintaining the integrity of our existing assets. We are proud of the trust we have earned with the communities in which we operate, our partners, and our shareholders and will continue to deliver long-term value and strong results through strategic and innovative investment opportunities.

The Corporation's mission, vision and values guide our path to sustainable growth that balances people, our planet and prosperity (collectively, the "Ps"). Our value is generated from the relationship between these three Ps and we remain convinced that focusing on renewable energy, while balancing the three Ps, will lead the way to a better world for future generations.

Code of Conduct and Environment, Health, and Safety Policy - The Corporation pays strict adherence to its Code of Conduct and Environment, Health, and Safety Policy. Decisions and conduct rooted in ethics and integrity consider the interest of shareholders, employees, customers, communities and other stakeholders and reflect the Corporation's core values. Our actions reflect a strong commitment to conduct business in a responsible manner which respects and protects the health and safety of our employees, contractors and visitors as well as the environment.

The purpose of the Code of Conduct is to provide guidelines to ensure that the Corporation's reputation for integrity and good corporate citizenship is maintained through the adherence to high ethical standards, backed by transparent and honest relations among employees, shareholders, directors, suppliers, host communities, partners and other stakeholders. All directors, officers and employees of the Corporation are required to sign and acknowledge the Code of Conduct upon being appointed or hired, as the case may be, and thereafter annually.

The Code of Conduct, as complemented by the policies and guidelines adopted by the Board of Directors, provides that all employees shall ensure that the activities of the Corporation are integrated harmoniously into the community with regard to the natural environment and, in particular, observe applicable environmental laws and regulations at all times, support the economic, social and cultural development of the communities in which the Corporation carries on its activities, cooperate, to the extent possible, with programs established for the betterment of the community, mitigate or avoid the environmental impact of the Corporation's activities, to the extent reasonably possible, and implement remedial measures, when necessary.

The Code of Conduct, in combination with the Corporation's Policy for a Workplace Environment Free of Harassment, Violence and Bullying, adopted by the Corporation on November 13, 2018, also aims to prevent harassment and bullying at the work place, to foster a work environment without discrimination. The Code of Conduct also addresses situations such as conflict of interest and anti-corruption measures, as complemented by the Anti-Bribery and Anti-Corruption Guidelines adopted by the Corporation on November 13, 2018, in addition to addressing other matters of importance to the Corporation, such as maintaining information security.

Environmental Protection - The Corporation has an environmental team consisting of employees with specialized skills and knowledge and have designed and implemented procedures that involve long-term environmental monitoring programs, reporting, and the development and execution of emergency action plans as related to environmental matters. The Corporation recognizes that our renewable energy projects must be constructed and operated in a way that mitigates and/or compensates for the impacts on the surrounding environment. The Corporation complies with national, provincial and local environmental regulations for each of its renewable energy projects and continuously analyze and evaluate the impact of its activities on the environment in order to, where possible, improve its procedures and the outcomes.

Health & Safety - The Corporation has a Health and Safety team with specialized knowledge and skills responsible for developing safety policies and programs, developing and delivering environmental and safety training, conducting internal audits of safety performance, monitoring and reporting safety risks, events or issues and implementing the emergency action plan. We not only comply with applicable local laws and government regulations, but also with internal standards and policies that foster and promote a safe and healthy work environment.

Sustainable Development Policy - On March 18, 2015, the Corporation adopted a Sustainable Development Policy which articulates the Corporation's commitment to integrating sustainable development considerations in all aspects of its business, including its strategic planning, decision-making, management and operations. The Corporation's Sustainability Reports, ESG standards and ongoing sustainability efforts can be found on the Corporation's sustainability website at [sustainability.innergex.com](http://sustainability.innergex.com).

The Board of Directors monitors compliance with the Code of Conduct and the corporate policies with respect to health & safety and environment through regular reporting from the management.

## RISK MANAGEMENT

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The Corporation is committed to proactive strong risk governance and oversight practices supported by the Board of Directors and members of the management.

The Board of Directors is responsible to review and assess material risks associated with the Corporation's business, which may adversely affect it, its activities, its financial condition or reputation. More specifically, the Board of Directors ensures that the Corporation has implemented systems to effectively identify, manage and monitor the principal risks associated with its business and to mitigate or reduce their potential negative impacts. The oversight of certain risks may be delegated to certain Board Committees that report to the Board of Directors.

Responsibility for risk management is shared across the organisation from each segment of activities. Risk oversight also occurs at the level of operating subsidiaries of the Corporation, to ensure that risks are efficiently managed at every level of its corporate structure. New risks or important risks are identified and reported together with mitigation plans and the risk tolerance related to such risks is communicated and discussed across all levels of the Corporation's corporate structure.

The risks that have been identified, which may affect certain aspects of the activities of the Corporation or which are encountered in decision making process, are presented to the Board of Directors at each meeting, either by its committees or the officers of the Corporation. Such risks are presented to the Board of Directors in relation to conjuncture, strategy and risk tolerance and in relation to any proposed transactions presented to the Board of Directors. The Board of Directors takes an active role discussing risk management with its committees to ensure that risks are properly identified, assessed and effectively managed at all levels of the Corporation's activities. Internal audit is an additional tool to validate the effectiveness and efficiency of risk management across all aspects of the Corporation's business.

The Corporation maintains policies and a Code of conduct, applicable to all directors, officers and employees of the Corporation and those of its subsidiaries. Such policies and Code of conduct are reviewed at least annually by the Board of Directors. These policies and the Code of conduct aim to promote sound risk management throughout the Corporation, to delegate authority appropriately among its officers and to set limits for authorizations required to approve and execute certain business transactions. As part of such policies, the officers of the Corporation are responsible for maintaining effective communication with the Board of Directors and the employees of the Corporation, to implement and promote a culture of efficient risk management throughout the Corporation's activities. Through strategic planning approved by the Board of Directors, the officers are also responsible to assess the risk management activities and align them with the Corporation's risk tolerance parameters, adopted by the Board of Directors.

The Board of Directors' risk management oversight aims to ensure that risks are identified, reduced and mitigated, where possible. However, these risks cannot always be identified or be completely eliminated from the Corporation's activities.



## RISK FACTORS

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The following are certain risk factors relating to the Corporation. This list is not exhaustive and only represents a summary of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF.

### ABILITY OF THE CORPORATION TO EXECUTE ITS STRATEGY FOR BUILDING SHAREHOLDER VALUE

The Corporation's strategy for building shareholder value is to acquire or develop high-quality renewable power production facilities that generate sustainable cash flows and provide an attractive risk-adjusted return on invested capital, and to distribute a stable dividend. However, there is no certainty that the Corporation will be able to acquire or develop high-quality renewable power production facilities at attractive prices to supplement its growth. Furthermore, this strategy may require the divestiture by the Corporation of certain assets, to pursue new opportunities, to support or realise the benefits of completed or future acquisitions, raise additional capital and/or lower the debts of the Corporation.

The successful execution of this strategy requires careful timing and business judgment, the resources to complete the development of power generating facilities, as well as an accurate assessment of the assets of the Corporation and the value that it would receive in exchange for their divestiture. The Corporation may underestimate the costs necessary to bring power generating facilities into commercial operation, may be unable to quickly and efficiently integrate new acquisitions into its existing operations, inaccurately evaluate the value of its assets or be unable to find a purchaser therefore in a manner which timely supports the Corporation's strategy.

### ABILITY TO RAISE ADDITIONAL CAPITAL AND THE STATE OF THE CAPITAL MARKET

Future development and construction of new facilities, the development of the Development Projects and the Prospective Projects and other capital expenditures will be financed by the Corporation out of cash generated from its Operating Facilities, borrowing or the issuance and sale of additional equity. To the extent that external sources of capital, including issuance of additional securities of the Corporation, become limited or unavailable, the Corporation's ability to make necessary capital investments to construct or maintain existing or future facilities would be impaired. There is no certainty that sufficient capital will be available on acceptable terms to fund further development or expansion. There are numerous renewable energy projects to be constructed in the coming years that will result in competition for capital. In addition, payment of dividends may impair the Corporation's ability to finance its ongoing and future projects.

Furthermore, the Corporation's capital-raising efforts could involve the issuance and sale of additional Common Shares, or debt securities convertible into its Common Shares, which, depending on the price at which such shares or debt securities are issued or converted, could have a material dilutive effect on holders of the Corporation's Common Shares and adversely impact the trading price of the Corporation's Common Shares.

## LIQUIDITY RISKS RELATED TO DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are entered into with major financial institutions and their effectiveness is dependent on the performance of these institutions. Failure by one of them to perform its obligations could involve a liquidity risk. Liquidity risks related to derivative financial instruments also include the settlement of bond forward contracts on their maturity dates and the early termination option included in some interest rate swap contracts and foreign exchange contracts.

The occurrence of any of the foregoing could have a material adverse effect on the Corporation's business, financial condition and results of operations. The Corporation uses derivative financial instruments to manage its exposure to the risk of an increase in interest rates on its debt financing, of foreign currency variation or of electricity market price variation. The Corporation does not own or issue financial instruments for speculation purposes.

The nature of the Corporation's energy and risk management activities creates exposure to financial risks, which include, but are not limited to: (i) unfavourable movements in commodity prices, interest rates or foreign exchange which could result in a financial or opportunity loss to the Corporation; (ii) a lack of counterparties, due to market conditions or other circumstances, could leave the Corporation unable to liquidate or offset a position, or unable to do so at or near the previous market price; (iii) the Corporation may not receive funds or instruments from counterparties at the expected time or at all; (iv) the counterparty could fail to perform an obligation owed to the Corporation; (v) loss as a result of human error or deficiency in the Corporation's systems or controls; and (vi) loss as a result of contracts being unenforceable or transactions being inadequately documented.

## VARIABILITY IN HYDROLOGY, WIND REGIMES AND SOLAR IRRADIATION

The amount of energy generated by the Corporation's hydroelectric facilities depends on the availability of water flows. There is no certainty that the long-term availability of such resources will remain unchanged. The Corporation's revenues may be significantly affected by events that impact the hydrological conditions of the Corporation's hydroelectric project facilities such as low and high-water flows within the watercourses on which the Corporation's hydroelectric facilities are located. In the event of severe flooding, the Corporation's hydroelectric facilities may be damaged. Similarly, the amount of energy generated by the Corporation's wind farms will depend upon the availability of wind, which is naturally variable. A reduced or increased amount of wind at the location of one of the wind farms over an extended period may reduce the production from such facility and may reduce the Corporation's revenues and profitability. Finally, the amount of energy to be generated by the Corporation's solar farms will depend on the availability of solar radiation, which is naturally variable. Lower solar irradiation levels at the Corporation's solar farms over an extended period may reduce the production from such facilities and the Corporation's revenues and profitability. Variability in hydrology, wind regimes and solar irradiation and their predictability may also be affected by climate changes which may provoke unforeseen changes in the historical trends.

## DELAYS AND COST OVERRUNS IN THE DESIGN AND CONSTRUCTION OF PROJECTS

Delays and cost over-runs may occur in completing the construction of the Development Projects and the development and construction of Prospective Projects and future projects that the Corporation will undertake. A number of factors which could cause such delays or cost over-runs include, without limitation, permitting delays, construction pricing escalation, changing engineering and design requirements, the performance of contractors, labour disruptions, adverse weather conditions and the availability of financing. Even when complete, a facility may not operate as planned due to design or manufacturing flaws, which may not all be covered by warranty. Mechanical breakdown could occur in equipment after the period of warranty has expired, resulting in loss of production as well as the cost of repair. In addition, if the Development Projects are not brought into commercial operation within the delay stipulated in their PPA, the Corporation may be subject to penalty payments or the counterparty may be entitled to terminate the related PPA.

## ABILITY TO SECURE NEW PPAs OR RENEW ANY PPA

Securing new PPAs, which is a key component of the Corporation's growth strategy, is a risk factor in light of the competitive environment faced by the Corporation. The Corporation expects to continue to enter into various forms of PPAs (corporate or utility owned) for the sale of its power, which PPAs are mainly obtained through participation in competitive Requests for Proposals processes or bilateral negotiations. During these processes and negotiations, the Corporation faces competitors ranging from large utilities to small independent power producers, some of which have significantly greater financial and other resources than the Corporation. There is no assurance that the Corporation will be selected as power supplier following any particular Request for Proposals in the future, that the Corporation will be successful in such negotiations or that existing PPAs will be renewed or will be renewed on equivalent terms and conditions upon the expiry of their respective terms.

## FLUCTUATIONS AFFECTING PROSPECTIVE POWER PRICES

If the Corporation is unable to secure or renew PPAs for its development assets or maintain or renew PPAs for its producing assets or contract for the sale of 100% of generation, the Corporation may be forced to sell electrical power generated at market price. Although, most of the output at the Shannon Wind Farm, the Flat Top Wind Farm, the Foard City Wind Farm and the Phoebe Solar Farm are sold under long-term PPAs, output not sold under the long-term power hedge agreement is and will be subject to merchant prices. If the Corporation is unable to produce enough power to meet its contractual obligations under its PPAs, the Corporation will be forced to purchase third-party power at merchant prices. If the settlement point of the Corporation's long-term power hedge agreements (a form of PPA) differs from the point of interconnection, power sales pursuant to that power hedge are further subject to locational risk. This potential difference in pricing is referred to as a "**basis differential**". Depending on the specifics of the power hedge, a large basis differential could require the Corporation to purchase third-party power at merchant prices, or otherwise supplement the basis differential to the hedge provider. Power sales under power hedges are also required to be sold in blocks of hourly periods. If the Corporation's output within any given block is insufficient to meet its contractual commitments, it may be required to purchase third party power at merchant prices to meet its commitments. This potential risk is referred to as a "**shape risk**".

The market price of power in individual jurisdictions can be volatile and may be incapable of being controlled. If the price of electricity should drop significantly, in each of the cases described above, the economic prospects of the operating facilities that rely, in whole or in part, on merchant prices, such as the Shannon Wind Farm, the Flat Top Wind Farm, the Phoebe Solar Farm, the Miller Creek Facility or development properties in which the Corporation has an interest, could be significantly reduced or rendered uneconomic. A material reduction in such prices, or a non-material reduction in such prices coupled with the impact of the aggregate risks described above, could have a material adverse effect on the Corporation's financial condition, in particular, with respect to the Shannon Wind Farm.

## HEALTH, SAFETY AND ENVIRONMENTAL RISKS

The ownership, construction and operation of the Corporation's power generation assets carry an inherent risk of liability related to worker health and safety and the environment, including the risk of government-imposed orders to remedy unsafe conditions and/or to remediate or otherwise address environmental contamination, potential penalties for contravention of health, safety and environmental laws, licences, permits and other approvals, and potential civil liability. Compliance with health, safety and environmental laws (and any future changes) and the requirements of licences, permits and other approvals, such as sound level and other operational restrictions, remain material to the Corporation's business. The Corporation has incurred and will continue to incur significant capital and operating expenditures to comply with health, safety and environmental laws and to obtain and comply with licences, permits and other approvals and to assess and manage its potential liability exposure. Nevertheless, the Corporation may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of, health, safety and environmental laws, licences, permits or other approvals could have a significant impact on operations and/or result in additional material expenditures. Consequently, no assurances can be given that additional environmental and workers' health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) material to its business and operations.

## UNCERTAINTIES SURROUNDING DEVELOPMENT OF NEW FACILITIES

The Corporation participates in the construction and development of new power generating facilities. These facilities have greater uncertainty surrounding their feasibility, social acceptance and future profitability than existing Operating Facilities with established track records. In certain cases, many factors affecting costs are not yet determined, such as land royalty payments, water royalties, or municipal or other applicable taxes. The Corporation is in some cases required to advance funds and post-performance bonds during development of its new facilities. If some of these facilities are not completed or do not operate to the expected specifications, or unforeseen costs or taxes are incurred, the Corporation could be adversely affected.

## OBTAINMENT OF PERMITS

The Corporation does not currently hold all the approvals, licences and permits required for the construction and operation of the Development Projects or the Prospective Projects, including environmental approvals and permits necessary to construct and operate the Development Projects or the Prospective Projects. The failure to obtain or delays in obtaining all necessary licences, approvals or permits, including renewals thereof or modifications thereto, could result in construction of the Development Projects or the Prospective Projects being delayed or not being completed or commenced. There can be no assurance that any one Prospective Project will result in any actual operating facility.

In addition, delays may occur in obtaining necessary government approvals required for future power projects.

From time to time, and to secure long lead times required for ordering equipment, the Corporation may place orders for equipment and make deposits thereon or advance projects prior to obtaining all requisite permits and licences. The Corporation only takes such actions where it reasonably believes that such licences or permits will be forthcoming in due course prior to the requirement to expend the full amount of the purchase price. However, any delay in permitting could adversely affect the Corporation.

Environmental permits to be issued regarding any of the Development Projects or the Prospective Projects may contain conditions that need to be satisfied prior to obtaining a PPA, to start construction, during construction and during and after the operation of the Development Projects. It is not possible to predict the conditions imposed by such permits or the cost of any mitigating measures required by such permits.

## EQUIPMENT FAILURE OR UNEXPECTED OPERATIONS AND MAINTENANCE ACTIVITY

The Corporation's facilities are subject to the risk of equipment failure due to deterioration of the asset from use or age, latent defect and design or operator error, among other things. To the extent that a facility's equipment requires longer-than-forecast down times for maintenance and repair, or suffers disruptions of power generation for other reasons, the Corporation's business, operating results, financial condition or prospects could be adversely affected.

## INTEREST RATE FLUCTUATIONS AND REFINANCING RISK

Interest rate fluctuations are of particular concern to a capital-intensive industry such as the electric power business. The Corporation faces interest rate and debt refinancing risk in respect of floating-rate bank credit facilities used for construction and long-term financings. The Corporation's ability to refinance debt on favourable terms is dependent on debt capital market conditions, which are inherently variable and difficult to predict. Interest rate fluctuation and refinancing risks could affect the Corporation's ability to raise additional capital.

## FINANCIAL LEVERAGE AND RESTRICTIVE COVENANTS GOVERNING CURRENT AND FUTURE INDEBTEDNESS

The Corporation's and its subsidiaries' operations are subject to contractual restrictions contained in the instruments governing any of their current and future indebtedness. The degree to which the Corporation and its subsidiaries are leveraged could have important consequences to shareholders, including: (i) the Corporation's and its subsidiaries' ability to obtain additional financing for working capital, capital expenditures, acquisitions or other project developments in the future may be limited; (ii) a significant portion of the Corporation's and its subsidiaries' cash flows from operations may be dedicated to the payment of the principal of and interest on their indebtedness, thereby reducing funds available for future operations; (iii) certain of the Corporation's and its subsidiaries' borrowings will be at variable rates of interest, which exposes the Corporation and its subsidiaries to the risk of increased interest rates; and (iv) the Corporation and its subsidiaries may be more vulnerable to economic downturns and be limited in their ability to withstand competitive pressures.

The Corporation and its subsidiaries are subject to operating and financial restrictions through covenants in certain loan, equity finance and security agreements. These restrictions prohibit or limit the Corporation's and its subsidiaries' ability to, among other things, incur additional debt, provide guarantees for indebtedness, create liens, dispose of assets, liquidate, dissolve, amalgamate, consolidate or effect any corporate or capital reorganization, make distributions or pay dividends, issue any equity interests and create subsidiaries. These restrictions may limit the Corporation's and its subsidiaries' ability to obtain additional financing, withstand downturns in the Corporation's and its subsidiaries' business and take advantage of business opportunities. Moreover, the Corporation and its subsidiaries may be required to seek additional debt or equity financing on terms that include more restrictive covenants, require repayment on an accelerated schedule or impose other obligations that limit the Corporation's or its subsidiaries' ability to grow the business, acquire assets or take other actions the Corporation or its subsidiaries might otherwise consider appropriate or desirable.

## POSSIBILITY THAT THE CORPORATION MAY NOT DECLARE OR PAY A DIVIDEND

Holders of Common Shares, Series A Shares and Series C Shares do not have a right to dividends on such shares unless declared by the Board of Directors. The Corporation does not face any restrictions that would prevent it from paying out dividends or distributions. As of the date of this AIF, the Corporation does not expect to make any changes to its dividend policy. However, the declaration of dividends is at the discretion of the Board of Directors even if the Corporation has enough funds, net of its liabilities, to pay such dividends.

The Corporation may not declare or pay a dividend if the Corporation's cash available for distribution is not sufficient or if there are reasonable grounds for believing that (i) the Corporation is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of its outstanding shares. No assurance can be given as to whether the Corporation will in the future pay dividends, or the frequency or amounts of any such dividends.



## FAILURE TO REALIZE THE ANTICIPATED BENEFITS OF ACQUISITIONS

The Corporation believes that completed and future acquisitions will provide benefits for the Corporation. However, there is a risk that some or all the expected benefits will fail to materialize or may not occur within the time periods anticipated by the management of the Corporation. The realization of such benefits may be affected by many factors, many of which are beyond the control of the Corporation.

## INTEGRATION OF THE COMPLETED AND FUTURE ACQUISITIONS

The integration of completed and future business and/or project acquisitions and their respective activities, employees and officers, operations and facilities may result in significant challenges and management of the Corporation may be unable to accomplish the integration successfully or without spending significant amounts of money or other resources. For completed and future acquisitions, there can be no assurance that Management will be able to successfully integrate the teams, activities and facilities forming part of such acquisitions or fully realize the expected benefits of such acquisitions.

## CHANGES IN GOVERNMENTAL SUPPORT TO INCREASE ELECTRICITY TO BE GENERATED FROM RENEWABLE SOURCES BY INDEPENDENT POWER PRODUCERS

Development and growth of renewable energy is dependent on governmental support, policies and incentives. Many governments have introduced portfolio standards, tax credits and other incentives to increase the portion of renewable energy in their electricity generation supply mix to reduce greenhouse gas emissions over time. There is a risk that governmental support providing incentives for renewable energy could change at any time and that additional increase in the procurement of renewable energy projects from independent power producers be reduced or suspended at any time. As a result, the Corporation may face reduced ability to develop its prospective projects and may suffer material write-offs of prospective projects.

## VARIABILITY OF INSTALLATION PERFORMANCE AND RELATED PENALTIES

The ability of the Corporation's facilities to generate the maximum amount of power which can be sold to Hydro-Québec, BC Hydro, the IESO, Électricité de France and other purchasers of electricity under PPAs is an important determinant of the Corporation's revenues. If one of the Corporation's facilities delivers less than the required quantity of electricity in a given contract year or is otherwise in default under its respective PPA, penalty payments may be payable to the relevant purchaser by the Corporation. The payment of any such penalties by the Corporation could adversely affect the revenues and profitability of the Corporation.

## ABILITY TO ATTRACT NEW TALENT OR TO RETAIN OFFICERS OR KEY EMPLOYEES

The Corporation's officers and other key employees play a significant role in the Corporation's success. The conduct of the Corporation's business and the execution of the Corporation's growth strategy rely heavily on teamwork and the Corporation's future performance and development depend to a significant extent on the abilities, experience and efforts of its management team. The Corporation's ability to retain its management team or attract suitable replacements should key members of the management team leave is dependent on the competitive nature of the employment market.

The loss of services from key members of the management team or a limitation in their availability could adversely impact the Corporation's prospects, financial condition and cash flow.

Further, such a loss could be negatively perceived in the capital markets. The Corporation's success also depends largely upon its continuing ability to attract, develop and retain skilled employees to meet its needs from time to time.

## LITIGATION

In the normal course of its operations, the Corporation may become involved in various legal actions, including but not limited to those involving claims relating to contract disputes, personal injuries, property damage, property taxes and land rights. The Corporation maintains adequate provisions for its outstanding or pending claims, including those identified under section "*Legal Proceedings and Regulatory Actions*". The final outcome with respect to outstanding, pending or future actions cannot be predicted with certainty, and therefore there can be no assurance that their resolution will not have an adverse effect on the financial position or results of operation of the Corporation in a particular quarter or financial year. See "*Legal Proceedings*".

## PERFORMANCE OF MAJOR COUNTERPARTIES

The Corporation enters into purchase orders with third-party suppliers for generation equipment for projects under construction, generator interconnection agreements with utilities and other interconnection providers for transmission infrastructure and the right to interconnect such projects, each of which involves deposits prior to equipment being delivered and it also enters into construction agreements with contractors and other third parties. Should one or more of these suppliers or contractors be unable to meet their obligations under the contracts, this would result in possible loss of revenue, delay in construction and increase in construction costs for the Corporation. Failure of any equipment supplier, contractor or transmission provider to meet its obligations to the Corporation may result in the Corporation not being able to meet its commitments and thus lead to potential defaults under PPAs or power hedges.

## SOCIAL ACCEPTANCE OF RENEWABLE ENERGY PROJECTS

The social acceptance by local stakeholders, including, in some cases, First Nations and other Indigenous peoples, and local communities is critical to our ability to find and develop new sites suitable for viable renewable energy projects. Failure to obtain proper social acceptance for a project may prevent the development and construction of a project and lead to the loss of all investments made in the development and the write-off of such prospective project.

## RELATIONSHIPS WITH STAKEHOLDERS

The Corporation enters into various types of arrangements with communities or joint venture partners for the development of its projects. Certain of these partners may have or develop interests or objectives which are different from or even in conflict with the objectives of the Corporation. Any such differences could have a negative impact on the success of the Corporation's projects. The Corporation is sometimes required through the permitting and approval process to notify and consult with various stakeholder groups, including landowners, indigenous communities and municipalities. Any unforeseen delays in this process may negatively impact the ability of the Corporation to complete any given project on time or at all.

## EQUIPMENT SUPPLY

The Corporation's development and operation of power facilities is dependent on the supply of equipment from third parties. Equipment pricing may rapidly increase depending, among others, on the equipment availability, the raw material prices and on the market for such product. Any significant increase in the price of supply of equipment could negatively affect the future profitability of the Corporation's facilities and the Corporation's ability to develop other projects. There is no guarantee that manufacturers will meet all their contractual obligations. Failure of any supplier of the Corporation to meet its commitments would adversely affect the Corporation's ability to complete projects on schedule and to honour its obligations under PPAs.

## EXPOSURE TO MANY DIFFERENT FORMS OF TAXATION IN VARIOUS JURISDICTIONS

The Corporation is subject to many different forms of taxation in various jurisdictions throughout the world, including but not limited to, income tax, withholding tax, tax on capital, property tax, sales tax, transfer tax, social security and other payroll related taxes, which may be amended or may lead to disagreements with tax authorities regarding the application of tax law. Tax law and administration is extremely complex and often requires the Corporation to make subjective determinations. The computation of taxes involves many factors, including the interpretation of tax legislation in various jurisdictions in which the Corporation is or may become subject to tax assessments. The Corporation's estimate of tax related assets, liabilities, recoveries and expenses incorporates significant assumptions. These assumptions include, but are not limited to, the tax rates in various jurisdictions, the effect of tax treaties between jurisdictions and taxable income projections. To the extent that such assumptions differ from actual results, the Corporation may have to record additional tax expenses and liabilities, including interest and penalties.

## CHANGES IN GENERAL ECONOMIC CONDITIONS

Changes in general economic conditions could have an effect on the assessment of the value of the Corporation's assets, affecting its ability to raise capital, through financing, re-financing, divestiture of certain assets or generally its ability to execute its strategy. Furthermore, most of the PPAs of the Corporation have fixed price adjusted annually for inflation on a CPI formula basis. If the inflation is lower than expected or if it decreases, the Corporation's projected revenues and Projected Adjusted EDITDA and free cash flow may be lower than expected or reduced which would respectively impact the payout ratio.

## REGULATORY AND POLITICAL RISKS

The development and operation of power generating facilities are subject to changes in governmental regulatory requirements and the applicable governing statutes, including regulations related to the environment, unforeseen environmental effects, general economic conditions and other matters beyond the control of the Corporation.

Moreover, the operation of power generating facilities is subject to extensive regulation by various government agencies at the municipal, provincial, state and federal levels. There is always the risk of changes being made in government policies and laws which may result in increased rates, such as for water rentals, and for income, capital and municipal taxes.

The Corporation holds permits and licences from various regulatory authorities for the construction and operation of its facilities. These licences and permits are critical to the operation of the Corporation's business. Most of these permits and licences are long-term in nature, reflecting the anticipated useful life of the facilities. In some cases, these permits may need to be renewed prior to the end of the anticipated useful life of such facilities and there is no guarantee that such renewals will be granted or on which conditions they will be renewed. These permits and licences require the Corporation's compliance with the terms thereof.

## ABILITY TO SECURE APPROPRIATE LAND

There is significant competition for appropriate sites for new power generating facilities. Optimal sites are difficult to identify and obtain given that geographic features, legal restrictions and ownership rights naturally limit the areas available for site development. There can be no assurance that the Corporation will be successful in obtaining any particular site in the future.

## RELIANCE ON PPAs

The power generated by the Corporation is mostly sold under long-term PPAs and in some cases under power hedges and commercial or industrial retail contracts. If, for any reason, any of the purchasers of power under such PPAs were unable or unwilling to fulfill their contractual obligations under the relevant PPA or if they refuse to accept delivery of power pursuant to the relevant PPA, the Corporation's business, operating results, financial condition or prospects could be adversely affected. If the Development Projects are not brought into commercial operation within the delay stipulated in their respective PPA or power hedges, the Corporation may be subject to penalty payments or the counterparty may be entitled to terminate the related PPA or power hedges.

## AVAILABILITY AND RELIABILITY OF TRANSMISSION SYSTEMS

The Corporation's ability to sell electricity is impacted by the availability of the various transmission systems in each jurisdiction. The failure of existing transmission facilities, the lack of adequate transmission capacity or delays in construction would have a material adverse effect on the Corporation's ability to deliver electricity to its various counterparties or to the point of interconnection, thereby affecting the Corporation's business, operating results, financial condition or prospects.

## FOREIGN MARKET GROWTH AND DEVELOPMENT RISKS

The Corporation may, regarding any international expansion of its activities, face risks related to (i) its ability to effectively consummate future acquisitions, create new partnerships and develop, construct and operate projects in an unfamiliar regulatory and procurement market (ii) competing with more established competitors, (iii) foreign exchange fluctuations, (iv) lack of knowledge of foreign market and (v) changes in international and local taxation.

## FOREIGN EXCHANGE FLUCTUATIONS

The Corporation occasionally purchases equipment from foreign suppliers. As such, the Corporation may be exposed to changes in the Canadian dollar in relation to the foreign currency denominated equipment purchases. Our development work and operations in Canada, France, the U.S. and Latin America make us subject to foreign currency fluctuations.

Some of our revenue and costs are denominated in currencies other than the Canadian dollar. Foreign exchange fluctuations may impact our results as they are reported in Canadian dollars.

Our functional and reporting currency is the Canadian dollar. As such, our foreign investments, operations costs and assets will be exposed to net changes in currency exchange rates. Volatility in exchange rates could have an adverse effect on our business, financial condition and operating results.

## INCREASE IN WATER RENTAL COST OR CHANGES TO REGULATIONS APPLICABLE TO WATER USE

The Corporation is required to make rental payments for water rights once its projects are in commercial operation. Significant increases in water rental costs in the future or changes in the way that governments who regulate water supply or apply such regulations (including those of Québec, BC, Ontario, Idaho, U.S. and Chile) where the Corporation has hydroelectric Operating Facilities, could have a material adverse effect on the Corporation's business, operating results, financial condition or prospects.

## ASSESSMENT OF WATER, WIND AND SOLAR RESOURCES AND ASSOCIATED ELECTRICITY PRODUCTION

The strength and consistency of the water, wind and solar resources at power facilities of the Corporation may vary from what the Corporation anticipates. Electricity production estimates of the Corporation are based on assumptions and factors that are inherently uncertain, which may result in actual electricity production being different from the estimates of the Corporation, including (i) the extent to which the limited time period of the site-specific hydrological, wind or solar data accurately reflects long-term water flows, wind speeds and solar radiation; (ii) the extent to which historical data accurately reflects the strength and consistency of the water, wind and solar resources in the future; (iii) the strength of the correlation between the site-specific water, wind and solar data and the longer-term regional data; (iv) the potential impact of climatic factors and climatic change; (v) the accuracy of assumptions on a variety of factors, including but not limited to weather, icing and soiling of water and wind turbines and snow on solar panels, site access, wake and line losses and wind shear; (vi) the accuracy with which anemometers measure wind speed, and the difference between the hub height of the wind turbines and the height of the meteorological towers used for data collection; (vii) the potential impact of topographical variations, turbine placement and local conditions, including vegetation; (viii) the inherent uncertainty associated with the specific methodologies and related models, in particular future-orientated models, used to project the water, wind and solar resource; and (ix) the potential for electricity losses to occur before delivery.

## GLOBAL CLIMATE CHANGE

Global climate change, including the impacts of global warming, represents a physical and a financial risk which could adversely affect the Corporation's business, results of operations and cash flows. Variability in hydrology, wind regimes and solar irradiation and their predictability may be affected by unforeseen climate changes such as hurricanes, wind storms, hailstorms, rainstorms, ice storms, floods, severe winter weather and forest fires. To the extent weather conditions are affected by climate change, customers' energy use could increase or decrease depending on the duration and magnitude of the changes.

The Corporation carefully manages physical risks, including preparing for, and responding to, extreme weather events through activities such as proactive route selection, asset hardening, regular maintenance, and insurance. The Corporation follows regulated engineering codes, evaluates ways to create greater system reliability and resiliency and, where appropriate, submits regulatory applications for capital expenditures aimed at creating greater system reliability and resiliency within the code. When planning for capital investment or acquiring assets, site specific climate and weather factors, such as flood plain mapping and extreme weather history, are considered. Prevention activities include wildfire management plans and vegetation management at electricity transmission and distribution sites. The Corporation maintains in-depth emergency response measures for extreme weather events.

## NATURAL DISASTERS AND FORCE MAJEURE

The Corporation's facilities, operations and project under development are exposed to potential damage, partial or full loss, resulting from environmental disasters (e.g. floods, high winds, fires, and earthquakes), equipment failures or other unforeseen event. The occurrence of a significant event which disrupts or delay the ability of the Corporation's power generation assets to produce or sell power for an extended period, including events which preclude existing customers under PPAs from purchasing electricity, could have a material negative impact on the business of the Corporation. The Corporation's generation assets could



be exposed to effects of severe weather conditions, natural disasters and potentially catastrophic events such as a major accident or incident. The occurrence of such an event may not release the Corporation from performing its obligations pursuant to PPAs or other agreements with third parties. Furthermore, force majeure events affecting our assets could result in damages to the environment or harm third parties. In addition, many of the Corporation's projects are in remote areas which make access for repair of damage difficult.

## CYBERSECURITY

The Corporation is dependent on various information technologies to carry out multiple business activities. A successful cyber intrusion, such as, and not limited to, unauthorized access, malicious software or other violations on the system that control generation and transmission at any of our offices or facilities could severely disrupt or otherwise affect business operations or diminish competitive advantages. These attacks on our information base systems through theft, alteration or destruction could generate unexpected expenses to investigate and repair security breaches or system damage and could lead to litigation, fines, other remedial action, heightened regulatory scrutiny and damage to our reputation. A breach of our cyber/data security measures could have a material adverse effect on the Corporation's business, operations, financial condition and operating results.

## SUFFICIENCY OF INSURANCE COVERAGE

While the Corporation maintains insurance coverage, there is no certainty that such insurance will continue to be offered on an economically feasible basis, nor that all events that could give rise to a loss or liability are insurable, nor that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving our activities or assets.

## CREDIT RATING MAY NOT REFLECT ACTUAL PERFORMANCE OF THE CORPORATION OR A LOWERING (DOWNGRADE) OF THE CREDIT RATING

The credit ratings applied to the Corporation, the Series A and Series C Shares (the "**Credit Ratings**") are an assessment, by the rating agencies, of the Corporation's ability to pay its obligations. The Credit Ratings are based on certain assumptions about the future performance and capital structure of the Corporation that may or may not reflect the actual performance or capital structure of the Corporation. Changes in the Credit Ratings in the future may affect the market price or value and the liquidity of the securities of the Corporation. There is no assurance that any Credit Ratings will remain in effect for any given period or that any rating will not be lowered or withdrawn entirely by the rating agencies.

## RELIANCE ON SHARED TRANSMISSION AND INTERCONNECTION INFRASTRUCTURE

The six Harrison Operating Facilities, the Northwest Stave River Facility, the Tretheway Creek Facility and the Big Silver Creek Facility (the "**Sharing Facilities**") all share or will share joint transmission and interconnection infrastructure to transmit their electrical energy generation to a joint substation, which then

interconnects to the common point of interconnection for the Sharing Facilities at the adjacent BC Hydro Upper Harrison terminal substation. Therefore, damage to or a failure of the shared transmission and interconnection infrastructure may result in the Sharing Facilities being unable to deliver their electrical energy generation to the point of interconnection with BC Hydro's transmission system in accordance with the requirements for sale of energy under the PPAs with BC Hydro in respect of the six Harrison Operating Facilities, the Northwest Stave River Facility, Tretheway Creek Facility and the Big Silver Creek Facility. All six Harrison Operating Facilities also share one common interconnection agreement with BC Hydro and act as agent for the Northwest Stave Facility, the Tretheway Creek Facility and the Big Silver Creek Facility. Therefore, a default by any one of the Sharing Facilities of its obligations under the interconnection agreement may result in BC Hydro disconnecting all the Sharing Facilities from the BC Hydro transmission system.

## REVENUES FROM CERTAIN FACILITIES WILL VARY BASED ON THE MARKET (OR SPOT) PRICE OF ELECTRICITY

Because the prices for electricity purchased from certain Operating Facilities vary based on the market price for electricity (including the Miller Creek Facility is based on a formula using the Platts mid-C spot price for electricity), revenues from such facilities on the electricity market or under the applicable PPA will vary. Without limiting the generality of the above, for the Miller Creek Facility, if the Platts mid-C index declines from its current levels, the Miller Creek Facility's revenues and adjusted EBITDA will be negatively impacted. An increase in the volatility of the Platts mid-C spot price would add uncertainty to the determination of potential revenues and adjusted EBITDA of the Miller Creek Facility and could have an adverse impact on the Corporation's results.

## RISKS RELATED TO U.S. PRODUCTION AND INVESTMENT TAX CREDITS, CHANGES IN U.S. CORPORATE TAX RATES AND AVAILABILITY OF TAX EQUITY FINANCING

The Corporation owns interest in projects for which on and off-site project activities are or were performed to qualify for U.S. renewable tax incentives (PTCs or ITCs). There can be no assurance that the projects will qualify for PTCs or ITCs or, if they do, that they will qualify for full PTCs or ITCs. There also can be no assurance that the PTCs or ITCs will continue to be available. Any new tax rule, regulation or other guidance promulgated (as the same may be amended, updated or otherwise modified from time to time, including those amendments passed in late 2017) in the U.S. may jeopardize or otherwise impede the effectiveness of such on and off-site project activities qualifying such projects for the full value of PTCs.

Qualification of the projects for PTCs or ITCs is critical to obtaining tax equity financing for wind projects. The inability to qualify the projects for PTCs or ITCs, in whole or in part, would adversely affect the financing options for those projects. If the qualification of a project for PTCs or ITCs is not successful, there may be a material impairment of the Corporation's investment in that project.

Other government actions could be taken that could, directly or indirectly, inhibit the Corporation's ability to raise tax equity financing. For example, following the tax reform enacted in late-2017, lower corporate tax rates in the U.S. may impact the amount of available tax equity investment for specific projects or generally in the market, impeding our ability to obtain enough amounts of tax equity investment on terms and at rates beneficial to the Corporation and its projects.

## HOST COUNTRY ECONOMIC, SOCIAL AND POLITICAL CONDITIONS

Several the Corporation's principal assets are located in foreign domiciles. Although the operating environments in these jurisdictions are considered favourable compared to that in other countries, there are still economic, social and political risks associated with operating in foreign jurisdictions. These risks include, but are not limited to, terrorism, hostage taking, war, civil unrest or military repression, expropriation, repatriation or nationalization without adequate compensation, extreme fluctuations in currency exchange rates, high rates of inflation and labour unrest, renegotiation or nullification of existing concessions, licenses, permits and contracts, difficulties enforcing judgments in such jurisdictions, changes to tax and royalty regimes, changes to environmental regulatory regimes, volatile local political, legal and economic climates, nepotism, subsidies directed at industries competing with ours, difficulties obtaining key equipment and components for equipment, currency control and host-country favourable legislation.

Host country economic, social and political uncertainty can arise as a result of lack of support for our activities in local communities in the vicinity of our properties. Changes in renewable resource, energy or investment policies or shifts in political attitudes may also adversely affect the Corporation's business. The effect of these factors cannot be accurately predicted. Though the effects of competition will increase the likelihood of market efficiencies and benefit our properties, elimination of power cost subsidies may increase the inability of end-use consumers to pay for power and lead to political opposition to privatization initiatives and have an adverse impact on our properties and operations.

## RISKS INHERENT TO ROCKSLIDES, AVALANCHES, TORNADOES, HURRICANES OR OTHER OCCURRENCES OUTSIDE CORPORATION'S CONTROL

Hazards such as unusual or unexpected geologic formations, pressures, downhole conditions, rockslides, other events associated with steep terrain, mechanical failures, blowouts, cratering, localized ground subsidence, localized ground inflation, pollution and other physical and environmental risks can affect our development and production activities. These hazards could result in substantial losses including injury and loss of life, severe damage to and destruction of property and equipment, pollution and other environmental damage and suspension of operations.

## ADVERSE CLAIMS TO PROPERTY TITLE

Although the Corporation has taken reasonable precautions to ensure that legal title to its properties is properly documented, there can be no assurance of title to any of its property interests, or that such title will ultimately be secured. However, the results of the Corporation's investigations should not be construed as a guarantee of title. No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining authorizations nor that such exploration and mining authorizations will not be challenged or impugned by third parties. The Corporation's property interests may also be subject to prior unregistered agreements or transfers or other land claims, and title may be affected by undetected defects and adverse laws and regulations.

The Corporation cannot guarantee that title to its properties will not be challenged. Title insurance is not always available, or available on acceptable terms, and the Corporation's ability to ensure that it has

obtained secure claim to individual properties may be severely constrained. A successful challenge to the precise area and location of these claims could result in the Corporation being unable to operate on its properties as permitted or being unable to enforce its rights with respect to its properties.

## UNKNOWN LIABILITIES

As part of the Corporation's completed and future acquisitions, it has assumed liabilities and risks. While the Corporation conducted due diligence, there may be liabilities or risks that the Corporation failed, or was unable, to discover in the course of performing the due diligence investigations or for which the Corporation was not indemnified. Any such liabilities, individually or in the aggregate, could have a material adverse effect on the Corporation's financial position and results of operations.

## RELIANCE ON INTELLECTUAL PROPERTY AND CONFIDENTIAL AGREEMENTS TO PROTECT OUR RIGHTS AND CONFIDENTIAL INFORMATION

The Corporation's success and competitive position are dependent in part upon our proprietary methods and intellectual property. Although the Corporation seeks to protect its proprietary rights through a variety of means, it cannot guarantee that the protective steps it has taken are adequate to protect these rights.

The Corporation also relies on confidentiality agreements with certain employees, consultants and other third parties to protect, in part, trade secrets and other proprietary information. These agreements could be breached, and the Corporation may not have adequate remedies for such a breach. In addition, others could independently develop substantially equivalent proprietary information or gain access to the Corporation's trade secrets or proprietary information.

## REPUTATIONAL RISKS ARISING FROM MISCONDUCT OF REPRESENTATIVES OF THE CORPORATION

The Corporation's success can be impacted by events affecting its reputation. In some cases, the Corporation may be affected or be held accountable for the actions of directors, officers or employees of the Corporation and those of third parties who act for or on behalf of the Corporation. Although the Corporation seeks to protect its reputation through Corporation's internal policies, procedures and controls, there is a risk that events or actions of certain representatives of the Corporation could affect its reputation. Adverse effects on the Corporation's reputation could affect its relationships with various stakeholders, partners, governments, employees, shareholders and the general public. This could, among other things, result in lost business opportunities, loss of revenue, litigation and reduce the Corporation's ability to raise additional capital. Reputational harm could also reduce our ability to attract new talent or retain officers and key employees, decrease social acceptance of renewable energy projects and affect government support to increase electricity to be generated by independent power producers.

## DIVIDENDS

The declaration and payment of dividends on the Corporation's shares is within the discretion of the Board of Directors. The Board of Directors will determine if and when dividends should be paid in the future based on all relevant circumstances, including the desirability of maintaining capital to finance further growth of the Corporation and the Corporation's financial position at the relevant time. As publicly disclosed, the Corporation currently pays a dividend of \$0.70 per Common Share per annum, payable on a quarterly basis and pays dividends on the Series A Shares and Series C Shares at the applicable rates. See "Description of Capital Structure – General Description of Capital Structure – Preferred Shares – Series A Shares and Series B Shares and Series C Shares".

As of February 27, 2020, the Board of Directors reviewed the Corporation's Dividend Policy on Common shares and approved an increase in the annual dividend from \$0.70 to \$0.72 per Common Share.

The following table sets forth the dividends declared by the Corporation to its shareholders of Common Shares, Series A Shares and Series C Shares during its financial years ended December 2017, December 2018 and December 2019.

TYPE OF SECURITIES	DECEMBER 31, 2019		DECEMBER 31, 2018		DECEMBER 31, 2017	
	TOTAL \$M	AMOUNT PER SHARE ON AN ANNUAL BASIS	TOTAL \$M	AMOUNT PER SHARE ON AN ANNUAL BASIS	TOTAL \$M	AMOUNT PER SHARE ON AN ANNUAL BASIS
Common Shares	95.0	0.70	90.2	0.68	71.6	0.66
Series A Shares	3.0	0.90	3.0	0.90	3.0	0.90
Series C Shares	2.8	1.44	2.8	1.44	2.8	1.44

As of the date of this AIF, the Corporation does not expect to make any changes to its dividend policy. For additional information please see "Risk Factors – Possibility that the Corporation may not declare or pay dividend".

# DESCRIPTION OF CAPITAL STRUCTURE

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## GENERAL DESCRIPTION OF CAPITAL STRUCTURE

The Corporation's authorized share capital consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares issuable in series. As of February 26, 2020, 174,054,386 Common Shares, 3,400,000 Series A Shares, 2,000,000 Series C Shares, \$150.0 million of 4.75% Convertible Debentures and \$125.0 million of 4.65% Convertible Debentures were issued and outstanding.

### Common Shares

Holders of Common Shares are entitled to one vote per share on all matters to be voted on at all meetings of shareholders of the Corporation except meetings at which only the holders of a specified class or series of the share capital of the Corporation are entitled to vote.

Subject to the prior rights of the holders of Preferred Shares, the holders of Common Shares are entitled to receive, as and when declared by the Board of Directors out of the moneys of the Corporation properly applicable to the payment of dividends, dividends in such amounts and payable at such times as the Board of Directors will determine.

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, after payment to the holders of Preferred Shares to the amounts they are entitled to in such event, the remaining assets of the Corporation will be paid to or distributed equally and rateably among the holders of the Common Shares.

There are no rights of pre-emption, redemption or conversion in respect of the Common Shares.

### Preferred Shares

Preferred Shares are issuable in series. The Board of Directors has the right to fix the number of and to determine the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares of each series.

The Preferred Shares of each series, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, rank on a parity with the Preferred Shares of every other series and are entitled to a preference and priority over the Common Shares.

The holders of any series of Preferred Shares are entitled to receive, in priority to the holders of Common Shares, as and when declared by the Board of Directors, dividends in the amounts specified or determinable in accordance with the rights, privileges, restrictions and conditions attaching to the series of which such Preferred Shares form part.

The holders of Preferred Shares are not (except as otherwise provided by law and except for meetings of the holders of Preferred Shares as a class and meetings of holders of Series A Shares, Series B Shares or Series C Shares as a series, as applicable) entitled to receive notice of, attend, or vote at, any meetings

of shareholders of the Corporation, unless and until the Corporation shall have failed to pay eight quarterly dividends on the Series A Shares, the Series B Shares or Series C Shares. In the event of such non-payment, and for only so long as the dividends remain in arrears, the holders of the Series A Shares, the Series B Shares or the Series C Shares, as applicable, will be entitled to receive notice of and to attend each meeting of the Corporation's shareholders, other than meetings at which only holders of another specified class or series are entitled to vote, and be entitled to vote together with all of the voting shares of the Corporation on the basis of one vote in respect of each Series A Share, Series B Share or Series C Share held by such holder, until all such arrears of such dividends have been paid, whereupon such rights shall cease.

The Corporation, subject to any rights attached to any particular series of Preferred Shares, may, at its option, redeem all or from time to time any part of the outstanding Preferred Shares on payment to the holders thereof, for each share to be redeemed, of the redemption price per share, together with all dividends declared thereon and unpaid. If entitled to pursuant to the conditions attached to any particular series of Preferred Shares, a holder of Preferred Shares is entitled to require the Corporation to redeem at any time and from time to time after the date of issue of any Preferred Shares, upon giving notice, all or any number of the Preferred Shares registered in the name of such holder on the books of the Corporation, at the redemption price per share, together with all dividends declared thereon and unpaid.

The Corporation may at any time and from time to time purchase for cancellation the whole or any part of the Preferred Shares outstanding at the lowest price at which, in the opinion of the directors of the Corporation, such shares are obtainable, provided that such price or prices does not in any case exceed the redemption price current at the time of purchase for the shares of the particular series purchased, plus costs of purchase together with all dividends declared thereon and unpaid.

## Series A Shares and Series B Shares

On September 14, 2010, the Corporation completed an offering of the Series A Shares which resulted in the issuance of a total of 3,400,000 Series A Shares (the "**Series A Offering**"). The rights and privileges attached to Series A Shares and Series B Shares are set forth in the Certificate of Amendment dated September 10, 2010 issued by Industry Canada in connection with the Series A Offering (the "**Series A and Series B Shares Terms**"). The following text is a description of the terms of the Series A Shares and the Series B Shares, a copy of which has been filed with the Canadian securities' regulatory authorities on SEDAR at [www.sedar.com](http://www.sedar.com). The following summary of certain provisions of the Series A and Series B Shares Terms is subject to and is qualified in its entirety by reference to the Series A and Series B Shares Terms available on SEDAR at [www.sedar.com](http://www.sedar.com).

For the initial five year period from and including the date of issuance of the Series A Shares to, but excluding January 15, 2016 (the "**Initial Fixed Rate Period**"), holders of Series A Shares were entitled to receive fixed cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the 15th day of January, April, July and October in each year at an annual rate equal to \$1.25 per Series A Share. For each five year period after the Initial Fixed Rate Period (each a "**Subsequent Fixed Rate Period**"), holders of Series A Shares will be entitled to receive fixed cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the 15th day of January, April, July and October in each year during the Subsequent Fixed Rate Period, in an annual amount per share determined by multiplying the Annual Fixed Dividend Rate (as defined in the Series A Shares Prospectus) applicable to such Subsequent Fixed Rate Period by \$25. The Annual Fixed Dividend Rate for each Subsequent Fixed Rate Period will be equal to the sum of the Government of Canada Yield (as defined in the short form prospectus for the Series A Shares dated September 7, 2010 (the "**Series A Shares Prospectus**")) on the 30th day prior to the first day of such Subsequent Fixed Rate Period plus



2.79%. For the five-year period from January 15, 2016 to but excluding January 15, 2021, the dividend on the Series A Shares will be \$0.902 per share per annum.

Each holder of Series A Shares had the right, at its option, to convert all or any of its Series A Shares into Series B Shares on the basis of one Series B Share for each Series A Share converted, subject to certain conditions, on January 15, 2016 and will have the right, at its option, to effect such conversion on January 15 every five years thereafter (the “**Series A Conversion Date**”). The holders of Series B Shares are entitled to receive floating rate cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the 15th day of January, April, July and October in each year, in the annual amount per Series B Share determined in accordance with the formula set out in the Series A Shares Prospectus. As at January 15, 2016, no Series A Shares were converted into Series B Shares as the number of Series A Shares tendered for conversion were fewer than the 1,000,000 shares required for the ability to proceed with the conversion.

In addition, the Series A Shares are not redeemable by the Corporation prior to January 15, 2021. On January 15 every five years thereafter, subject to certain other restrictions set out in the Series A Shares Prospectus, the Corporation may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem for cash all or any number of the outstanding Series A Shares for \$25 per Series A Share, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any tax required to be deducted or withheld by the Corporation).

The Series B Shares are not redeemable by the Corporation on or prior to January 15, 2021. Subject to certain other restrictions set out in the Series A Shares Prospectus, the Corporation may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem all or any number of the outstanding Series B Shares by payment in cash of a per share sum equal to (i) \$25 in the case of redemptions on January 15, 2021 and on January 15 every five years thereafter (each a “**Series B Conversion Date**”), or (ii) \$25.50 in the case of redemptions on any date which is not a Series B Conversion Date after January 15, 2021, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any tax required to be deducted or withheld by the Corporation).

## Series C Shares

On December 11, 2012, the Corporation completed a bought deal offering of Series C Shares (“the “**Series C Offering**”) which resulted in the issuance of a total of 2,000,000 Series C Shares. The rights and privileges attached to Series C Shares are set forth in the Certificate of amendment dated December 6, 2012 issued by Industry Canada in connection with the Series C Offering (the “**Series C Shares Terms**”). The following text is a description of the terms of the Series C Shares, a copy of which has been filed with the Canadian securities’ regulatory authorities on SEDAR at [www.sedar.com](http://www.sedar.com). The following summary of certain provisions of the Series C Shares Terms is subject to and is qualified in its entirety by reference to the Series C Shares Terms available on SEDAR at [www.sedar.com](http://www.sedar.com).

The holders of Series C Shares are entitled to receive fixed cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the 15th day of January, April, July and October in each year at an annual rate equal to \$1.4375 per Series C Share.

The Series C Shares were not redeemable by the Corporation prior to January 15, 2018. Since January 15, 2018, the Corporation may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem all or any number of outstanding Series C Shares by payment in cash of a per share sum equal to (i) \$26 if redeemed on or prior to January 15, 2019; (ii) \$25.75 if redeemed thereafter and on or

prior to January 15, 2020; (iii) \$25.50 if redeemed thereafter and on or prior to January 15, 2021; (iv) \$25.25 if redeemed thereafter and on or prior to January 15, 2022; and (v) \$25 if redeemed thereafter, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption.

The Series C Shares do not have a fixed maturity date and are not redeemable at the option of the holders thereof.

## 4.75% Convertible Debentures

On June 12, 2018, the Corporation completed the offering of the 4.75% Convertible Debentures (the “**4.75% Convertible Debentures**”) in the aggregate principal amount of \$150.0 million.

The 4.75% Convertible Debentures were issued under an indenture dated June 12, 2018 between the Corporation and Computershare Trust Company of Canada (the “**4.75% Convertible Debentures Indenture**”). The following summary of certain provisions of the 4.75% Convertible Debentures Indenture is subject to, and is qualified in its entirety by reference to, the provisions of the 4.75% Convertible Debentures Indenture, available on SEDAR at [www.sedar.com](http://www.sedar.com).

The 4.75% Convertible Debentures have a maturity date of June 30, 2025 (the “**4.75% Maturity Date**”) and bear interest at a rate of 4.75% per annum, payable semi-annually not in advance, on June 30 and December 31 in each year, and are convertible at the option of their holders into Common Shares at a conversion rate of 50 Common Shares per \$1,000 principal amount of 4.75% Convertible Debentures, which is equal to the 4.75% Conversion Price.

On or after June 30, 2021 and prior to June 30, 2023, the 4.75% Convertible Debentures may be redeemed by the Corporation, in whole or in part from time to time, on not more than 60 days and not less than 30 days prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the 4.75% Conversion Price (the “**4.75% Current Market Price**”).

On or after June 30, 2023 and prior to the 4.75% Maturity Date, the 4.75% Convertible Debentures may be redeemed, in whole or in part, at the option of the Corporation on not more than 60 days and not less than 30 days prior notice at a price equal to their principal amount plus accrued and unpaid interest. Subject to required regulatory approval and provided that there is not a current event of default (as defined in the 4.75% Convertible Debentures Indenture), the Corporation may, at its option, elect to satisfy its obligation to pay the principal amount of the 4.75% Convertible Debentures on redemption or at maturity, in whole or in part, through the issuance of freely tradable Common Shares upon at least 40 days and not more than 60 days prior notice, by delivering that number of Common Shares obtained by dividing the principal amount of the 4.75% Convertible Debentures which are to be redeemed or have matured by 95% of the 4.75% Current Market Price. Any accrued or unpaid interest will be paid in cash.

## 4.65% Convertible Debentures

On September 30, 2019, the Corporation completed the offering of the 4.65% Convertible Debentures (the “**4.65% Convertible Debentures**”) in the aggregate principal amount of \$125.0 million.

The 4.65% Convertible Debentures were issued under an indenture dated September 30, 2019 between the Corporation and AST Trust Company (Canada) (the “**4.65% Convertible Debentures Indenture**”). The following summary of certain provisions of the 4.65% Convertible Debentures Indenture is subject to, and is qualified in its entirety by reference to, the provisions of the 4.65% Convertible Debentures Indenture, available on SEDAR at [www.sedar.com](http://www.sedar.com).

The 4.65% Convertible Debentures have a maturity date of October 31, 2026 (the “**4.65% Maturity Date**”) and bear interest at a rate of 4.65% per annum, payable semi-annually not in advance, on October 31 and April 30 in each year, and are convertible at the option of their holders into Common Shares at a conversion rate of 43.6681 Common Shares per \$1,000 principal amount of 4.65% Convertible Debentures, which is equal to the 4.65% Conversion Price.

On or after October 31, 2022 and prior to October 31, 2024, the 4.65% Convertible Debentures may be redeemed by the Corporation, in whole or in part from time to time, on not more than 60 days and not less than 30 days prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the 4.65% Conversion Price (the “**4.65% Current Market Price**”).

On or after October 31, 2024 and prior to the 4.65% Maturity Date, the 4.65% Convertible Debentures may be redeemed, in whole or in part, at the option of the Corporation on not more than 60 days and not less than 30 days prior notice at a price equal to their principal amount plus accrued and unpaid interest. Subject to required regulatory approval and provided that there is not a current event of default (as defined in the 4.65% Convertible Debentures Indenture), the Corporation may, at its option, elect to satisfy its obligation to pay the principal amount of the 4.65% Convertible Debentures on redemption or at maturity, in whole or in part, through the issuance of freely tradable Common Shares upon at least 40 days and not more than 60 days prior notice, by delivering that number of Common Shares obtained by dividing the principal amount of the 4.65% Convertible Debentures which are to be redeemed or have matured by 95% of the 4.65% Current Market Price. Any accrued or unpaid interest will be paid in cash.

## RATINGS

Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities.

	S&P
Innergex Renewable Energy Inc.	BBB-
Series A Shares	P-3
Series C Shares	P-3

The table to the right sets out the ratings of the Corporation, of its Series A Shares and of its Series C Shares received from Standard & Poor's ("S&P") as at February 26, 2020.

The Corporation is rated BBB- with a negative rating outlook by S&P. An S&P's issuer credit rating is a forward-looking opinion about an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. Such opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. S&P ratings for long-term debt instrument range from a high of AAA to a low of CC. Ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. According to S&P rating system, an obligor rated BBB has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. An S&P rating outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). The outlook may be qualified as Positive, Negative, Stable, Developing or N.M. (not meaningful). A negative rating outlook means that a rating may be lowered.

The Series A Shares and the Series C Shares have each been given a Canadian scale rating of P-3 by S&P. Such P-3 rating is the tenth of twenty ratings used by S&P in its Canadian preferred share rating scale (the first rating being the highest and the twentieth rating being the lowest). According to S&P, such a P-3 rating indicates that although the obligation is considered to be less vulnerable to non-payment than other speculative issues, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

The Corporation has paid applicable service fees to S&P for the rating of the Corporation, of the Series A Shares and the Series C Shares and the annual review thereof. The Corporation has not paid any other amounts for other services provided by S&P within the last two years.

Ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

## MARKET FOR SECURITIES

The Corporation's Common Shares, Series A Shares, Series C Shares, 4.75% Convertible Debentures and 4.65% Convertible Debentures are listed on the TSX under the symbols "INE", "INE.PR.A", "INE.PR.C", "INE.DB.B" and "INE.DB.C", respectively. The following table sets forth the reported highest price, lowest price and the daily average volume of each of the Corporation's securities for the periods indicated:

COMMON SHARES			
Period	Highest price	Lowest price	Daily average volume
January 2019	\$14.59	\$12.50	343,396
February 2019	\$14.75	\$14.08	296,942
March 2019	\$14.60	\$14.04	221,537
April 2019	\$14.47	\$13.90	235,076
May 2019	\$14.31	\$13.62	212,593
June 2019	\$14.44	\$13.61	328,829
July 2019	\$15.09	\$13.99	201,850
August 2019	\$15.28	\$14.67	172,187
September 2019	\$15.96	\$14.79	439,998
October 2019	\$16.53	\$15.09	323,367
November 2019	\$17.20	\$16.28	249,567
December 2019	\$17.38	\$16.65	228,360
January 2020	\$18.99	\$16.59	312,696
February 1 to 26, 2020	\$22.28	\$18.76	600,599

SERIES A SHARES			
Period	Highest price	Lowest price	Daily average volume
January 2019	\$16.19	\$14.55	1,951
February 2019	\$15.45	\$14.71	4,495
March 2019	\$15.08	\$14.04	2,524
April 2019	\$14.84	\$14.25	4,947
May 2019	\$14.75	\$13.99	3,561
June 2019	\$14.49	\$13.90	2,354
July 2019	\$14.86	\$14.14	2,707
August 2019	\$14.55	\$13.21	4,174
September 2019	\$13.97	\$13.36	3,747
October 2019	\$14.28	\$13.19	3,124
November 2019	\$14.22	\$13.85	2,939
December 2019	\$14.60	\$13.46	4,291
January 2020	\$15.92	\$14.33	4,349
February 1 to 26, 2020	\$16.97	\$14.89	7,063

SERIES C SHARES			
Period	Highest price	Lowest price	Daily average volume
January 2019	\$21.69	\$20.76	672
February 2019	\$22.00	\$21.26	549
March 2019	\$22.80	\$21.45	808
April 2019	\$23.10	\$22.37	393
May 2019	\$23.18	\$22.80	718
June 2019	\$23.00	\$22.25	327
July 2019	\$22.69	\$22.30	310
August 2019	\$22.99	\$22.49	604
September 2019	\$23.09	\$22.62	396
October 2019	\$23.60	\$22.30	589
November 2019	\$23.72	\$23.00	647
December 2019	\$23.62	\$22.99	730
January 2020	\$23.72	\$22.90	984
February 1 to 26, 2020	\$24.90	\$23.55	1,119

4.75% CONVERTIBLE DEBENTURES			
Period	Highest price	Lowest price	Daily average volume
January 2019	\$98.25	\$94.51	1,082
February 2019	\$99.68	\$97.26	797
March 2019	\$100.51	\$98.50	1,074
April 2019	\$102.84	\$99.70	1,232
May 2019	\$102.50	\$100.50	958
June 2019	\$102.99	\$101.00	911
July 2019	\$103.75	\$102.25	568
August 2019	\$104.50	\$102.50	471
September 2019	\$104.49	\$102.27	1,902
October 2019	\$105.50	\$102.50	1,111
November 2019	\$106.00	\$103.52	1,130
December 2019	\$105.99	\$104.89	885
January 2020	\$110.00	\$104.67	1,011
February 1 to 26, 2020	\$118.12	\$108.16	4,708

Following the closing of the public offering of the 4.65% Convertible Debentures under symbol “INE.DB.C”, they were listed on the TSX on September 30, 2019.

4.65% CONVERTIBLE DEBENTURES			
Period	Highest price	Lowest price	Daily average volume
September 2019	\$101.00	\$99.40	127,940
October 2019	\$101.50	\$100.30	6,401
November 2019	\$104.42	\$101.03	2,133
December 2019	\$102.50	\$101.03	1,142
January 2020	\$105.75	\$101.50	1,566
February 1 to 26, 2020	\$112.00	\$104.97	4,549

Following the Corporation’s redemption of the 4.25% Convertible Debentures under symbol “INE.DB.A”, they were delisted from the TSX on October 8, 2019.

4.25% CONVERTIBLE DEBENTURES			
Period	Highest price	Lowest price	Daily average volume
January 2019	\$103.01	\$100.51	515
February 2019	\$103.67	\$100.54	148
March 2019	\$103.00	\$101.00	478
April 2019	\$102.61	\$101.00	590
May 2019	\$102.99	\$101.00	100
June 2019	\$103.20	\$101.26	116
July 2019	\$104.12	\$102.50	676
August 2019	\$107.18	\$103.00	338
September 2019	\$106.96	\$100.92	10,986
October 2019	\$105.20	\$100.05	6,083

# DIRECTORS AND EXECUTIVE OFFICERS

## DIRECTORS

The following table sets forth the name, province or state and country of residence of each director of the Corporation as of the date of this AIF, his principal occupation and the period during which each has acted as a director. Each director is elected or appointed until the next annual meeting of shareholders or until a successor is elected by shareholders, unless the director resigns or his or her office becomes vacant by removal, death or other cause.

Name, province and country of residence	Director since	Board committees	Principal occupation for the past five year
Jean La Couture <sup>(1)</sup> Québec, Canada	2010	Chairman of the Board	President, Huis Clos Ltée, business management consultants and dispute advisors
Daniel Lafrance <sup>(1)</sup> Québec, Canada	2010	Vice-Chair of the Board Chair of the Audit Committee Member of the Human Resources Committee	Corporate Director
Ross J. Beaty British Columbia, Canada	2018	--	Chairman of Equinox Gold Corp. and Pan American Silver Corp. From May 2008 to February 6, 2018, was Chairman and director of Alterra Power Corp
Nathalie Francisci Québec, Canada	2017	Member of the Corporate Governance Committee Member of the Human Resources Committee	Partner, Governance & Diversity for the firm Odgers Berndtson
Richard Gagnon Québec, Canada	2017	Chair of the Human Resources Committee Member of the Audit Committee	Corporate Director From November 2003 to January 2017, was President and Chief Executive Officer of Humania Assurance Inc.
Michel Letellier Québec, Canada	2002	--	President and Chief Executive Officer of the Corporation
Dalton McGuinty Ontario, Canada	2015	Member of the Corporate Governance Committee	Corporate Director and Senior Advisor (consultant) for Desire2 Learn From January 2015 to September 2015, was a Senior Advisor (consultant) to PwC Canada
Monique Mercier British Columbia, Canada	2015	Chair of the Corporate Governance Committee	Corporate Director From November 2011 to December 31, 2018, she was the Executive Vice President, Corporate Affairs, Chief Legal and Governance Officer of TELUS Corporation, a telecommunications company and from 2011 to December 2018, she also acted as the secretary of the Human Resources and Compensation Committee and acted actively in the compensation disclosure
Ouma Sananikone New York, U.S.	2019	Member of the Audit Committee	Corporate Director Currently serves on the Board of Directors and is the chair of the Compensation Committee and a member of both the Audit and Governance and Nomination committees of Macquarie Infrastructure Corporation. In addition, she serves on the Board of Directors and Remuneration committee of Hafnia BW and on the Board of Directors and is the chair of the Governance Committee and the Ethics Committee of Ivanhoe Cambridge (Canada)
Louis Veci Québec, Canada	2020	-	Senior Director – Facilities Operation, TransEnergie, Hydro-Québec

1. Jean La Couture and Daniel Lafrance were appointed directors of the Corporation on March 29, 2010 upon completion of the strategic combination of the Corporation and Innergex Power Income Fund by way of reverse take-over bid and the filing of articles of arrangement. Prior to the Arrangement, they were, since 2003, trustees of Innergex Power Trust, which was a wholly-owned subsidiary of the Fund which was itself a publicly-traded TSX listed issuer.



## EXECUTIVE OFFICERS

The following table sets forth the name, province or state and country of residence of each executive officer, his or her office and principal occupation and the period of service as an executive officer of the Corporation.

Name, province and country of residence	Officer since	Office/Principal Occupation
Michel Letellier, MBA Québec, Canada	2003	President and Chief Executive Officer
Jean-François Neault, CPA, CMA, MBA <sup>(1)</sup> Québec, Canada	2018	Chief Financial Officer
Jean Trudel, MBA Québec, Canada	2003	Chief Investment and Development Officer
Peter Grover, Eng. Québec, Canada	2005	Senior Vice President – Hydroelectric, Wind and Solar Energy
Renaud, de Batz de Trenquelléon, P.Geo., M.Sc., MBA Santiago, Chile	2005	Senior Vice President – Latin America
Matthew Kennedy, M.Sc., R.P. Bio. British Columbia, Canada	2011	Vice President – Environment
Anne Cliche Québec, Canada	2011	Vice President – Human Resources
Nathalie Thériège, LL.B. Québec, Canada	2010	Vice President – Corporate Legal Affairs and Secretary
Yves Baribeault, LL.B., MBA Québec, Canada	2015	Vice President – Legal Affairs, Operations and Projects

1. During the past five years, each of the above executive officers has held his present principal occupation or other management positions with the Corporation except for Jean-François Neault who was Senior Vice President and Chief Financial Officer of Colabor Group Inc. from June 2013 to September 2018.

## DIRECTORS' AND EXECUTIVE OFFICERS' SHARE OWNERSHIP

As of February 26, 2020, the directors and executive officers of the Corporation as a group beneficially own, directly or indirectly, or exercise control or direction over 10,848,346 Common Shares, representing 6.23% of the Corporation's total issued and outstanding Common Shares.

## BANKRUPTCY, INSOLVENCY, CEASE TRADE ORDER AND PENALTIES

To the knowledge of the Corporation, none of the directors and executive officers of the Corporation (a) is, as of the date of this AIF, nor has been within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of a corporation that (i) was subject to an order issued while such director or executive officer of the Corporation was acting in the capacity of director, chief executive officer or chief financial officer, or (ii) was subject to an order that was issued after such director or executive officer of the Corporation ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity of director, chief executive officer or chief financial officer, (b) is not, as of the date of this AIF, nor has been within ten years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) has, within ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director or executive officer of the Corporation.

For the purposes of the paragraph above, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

## CONFLICTS OF INTEREST

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There are no existing or potential material conflicts of interest between the Corporation or any of its subsidiaries and their respective directors and officers. Certain of the Corporation’s directors and officers also serve as directors or officers of other corporations. Such associations may give rise to conflicts of interest from time to time. Management of the Corporation and the Board of Directors will address any such conflict of interest which may arise in the future in accordance with reasonable expectations and objectives of the Corporation and will act in accordance with any duty of care and any duty to act in good faith owed to the Corporation.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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Neither the Corporation nor its properties is, nor was during the year ended December 31, 2019, subject to any legal proceedings that would have a material adverse effect on it, except for those discussed below. To the Corporation's knowledge, no other such legal proceedings involving the Corporation, or its property are contemplated.

On August 2, 2018, the Supreme Court of Canada dismissed an application for leave to appeal from the judgment of the Court of Appeal for British Columbia filed by Harrison Hydro Project Inc., Fire Creek Project Limited Partnership, Lamont Creek Project Limited Partnership, Stokke Creek Project Limited Partnership, Tipella Creek Project Limited Partnership and Upper Stave Project Limited Partnership (the "**Limited Partnerships**", and together with Harrison Hydro Project Inc., the "**Appellants**"). As a result, water rental rates applicable to the Harrison Operating Facilities are based on the aggregate power generated collectively by the Harrison Operating Facilities, which rates are significantly higher (by approximately \$1.6 million) than the unaggregated output from each of those Harrison Operating Facilities. The aggregate amount of such increase was included in the results of the Corporation for the years 2013 to 2019, as the Corporation owns a 50.0024% indirect interest in the Limited Partnerships.

In addition, on April 20, 2017 the Appellants appealed two orders issued by the Comptroller of Water Rights on March 22 and March 23, 2017, respectively, retroactively adjusting the water rental billings for the Harrison Operating Facilities for the years 2011 and 2012 by aggregating the power produced at the Harrison Operating Facilities. On July 26, 2019, the Environmental Appeal Board of British Columbia rendered a decision granting the appeal and ordering the Comptroller of Water Rights to reimburse to each of the Limited Partnerships its proportionate share of the adjusted water rental amounts overcharged to Harrison for the years 2011 and 2012 (\$3,180,949.94). On November 22, 2019, the Environmental Appeal Board of British Columbia rendered another decision confirming that the principal sum of \$3,180,949.94 will accrue interest starting June 28, 2017 until the date it is refunded to the Appellants. On January 20, 2020, the Comptroller of Water Rights filed with the Supreme Court of British Columbia a petition for judicial review of the Environmental Appeal Board's order to return the \$3,180,949.94 in water rental fees to the Appellants with interest. On January 31, 2020, the Comptroller of Water Rights transferred an amount of \$3,317,536.91, representing the principal sum of \$3,180,949.94 with interest accrued between June 28, 2017 and January 31, 2020, to a trust account established by the Appellants' external legal counsel, bearing interest in favor of the Appellants.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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Other than as set out below, no director or executive officer of the Corporation, no person who beneficially owns, controls or directs, directly or indirectly, more than 10% of any category of shares of the Corporation and no known associate or affiliate of any such person, has or had any material interest, direct or indirect, in any transaction or proposed transaction, within the last three years or during the current financial year, that has materially affected or will materially affect the Corporation.

On October 30, 2017, the Corporation announced the agreement to enter into a 5-year \$150 million subordinated unsecured term loan agreement with CDPQ. This loan agreement was negotiated with CDPQ to finance the capital portion of the Alterra Acquisition negotiated at arm's length with CDPQ and closed on February 6, 2018. At such date, with the dilution of the Alterra Acquisition, CDPQ's ownership

of the Common Shares of the Corporation fell below 10%. On March 17, 2015, Upper Lillooet River Power Limited Partnership and Boulder Creek Power Limited Partnership, which are affiliates of the Corporation, closed a \$491.6 million non-recourse construction and term financing for the Upper Lillooet River and Boulder Creek Projects and on June 22, 2015, Big Silver Creek LP, which is an affiliate of the Corporation, closed a \$197.2 million non-recourse construction and term financing for the Big Silver Creek Facility. These financings were arranged through competitive selection process by the Manufacturers Life Insurance Company, as agent, inter alia, with syndicates of lenders which included CDPQ.

As of the closing of the Acquisition of Alterra, the following transactions had occurred: (i) in 2011, Ross J. Beaty, then chairman of the board of directors and a large shareholder of Alterra, entered into a revolving credit facility with Alterra (the “**Credit Facility**”). The Credit Facility had a borrowing capacity of \$20 million and made funds available to Alterra on a revolving basis at an interest rate of 8% per annum, compounded and payable monthly. In addition, a standby fee in the amount of 0.75% of the Credit Facility and a drawdown fee in the amount of 1.5% of amounts advanced were payable in cash. The Credit Facility matured on March 31, 2018. As of the closing of the Acquisition of Alterra, Alterra borrowed \$17.3 million under the Credit Facility; and (ii) in October 2016, Ross J. Beaty loaned, through a five-year term bond, US\$35.7 million to Alterra’s subsidiary Magma Energy Sweden A.B (the “**Bond**”). The Bond paid interest at 8.5% per annum with an upfront fee of 2% of the principal which was paid at closing of the financing. The Bond was collateralized by 15% of the outstanding shares in HS Orka. To optimize its treasury management, the Corporation repaid all outstanding amounts under both the Credit Facility and the Bond to Ross J. Beaty in the first quarter of 2018. Ross J. Beaty is a director of the Corporation since the closing of the Acquisition of Alterra.

Following the Private Placement completed on February 6, 2020, Hydro-Québec indirectly holds 19.9% of the issued and outstanding Common Shares on a non-diluted basis. Hydro-Québec is one of the major customers of the Corporation under various PPAs, and sales to Hydro-Québec amounted to \$249.0 million in 2019. See “*Industry Overview and Principal Markets – Economic Dependence*”.

Prior to the Private Placement and the Strategic Alliance, the Corporation had obtained EPC contracts with Hydro-Québec through competitive RFPs. In the past three years, the Corporation had renegotiated the PPAs with respect to the St-Paulin Facility, the Windsor Facility and the Chaudière Facility and is currently negotiating the PPAs with respect to the Ste-Marguerite Facility and the Montmagny Facility, for additional details, see section “*Operating Facilities*”.

Hydro-Québec is governed by the *Hydro-Québec Act* which establishes a framework for Hydro-Québec’s activities and defines its mission and rules of governance, as well as by internal bylaws, policies and code of conduct, which regulate the internal operations of various components of Hydro-Québec and prevent conflict of interest in future relationships with the Corporation and any other entity.

## TRANSFER AGENT AND REGISTRAR

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The transfer agent and registrar of the Corporation is AST Trust Company (Canada) for the Common Shares, the Series A Shares, the Series B Shares, the Series C Shares and the 4.65% Convertible Debentures. Computershare Trust Company of Canada continues to be the agent and registrar of the Corporation for the 4.75% Convertible Debentures at their offices in Toronto and Montréal.

## MATERIAL CONTRACTS

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During financial year 2017, the Corporation entered into the following material contracts:

- Alterra Arrangement Agreement for the Alterra Acquisition;
- Fifth Amended and Restated Credit Agreement.

During financial year 2018, the Corporation entered into the following material contracts:

- Sixth Amended and Restated Credit Agreement;
- Seventh Amended and Restated Credit Agreement;
- Credit Agreement between the Corporation and CDPQ Revenu Fixe Inc.;
- 4.75% Convertible Debentures Indenture;
- 4.75% Convertible Debentures Underwriting Agreement; and
- Securities Purchase Agreement for the Cartier Wind Farms acquisition.

During financial year 2019, the Corporation entered into the following material contracts:

- 4.65% Convertible Debentures Indenture;
- 4.65% Convertible Debentures Underwriting Agreement; and
- Share Purchase Agreement for the sale of Magma Energy Sweden A.B.

Since the beginning of the financial year 2020, the Corporation entered into the following material contracts:

- Subscription Agreement with respect to the Private Placement; and
- Investor Rights Agreement with respect to the Private Placement.

All of these material contracts are available on SEDAR at [www.sedar.com](http://www.sedar.com)

## INTEREST OF EXPERTS

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KPMG LLP is the independent auditor of the Corporation and has advised that it is independent with respect to the Corporation within the meaning of the Code of ethics of the Ordre des comptables professionnels agréés du Québec.

## AUDIT COMMITTEE DISCLOSURE

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The Audit Committee is composed entirely of directors who meet the independence and experience requirements of Regulation 52-110 Respecting Audit Committees adopted under the Securities Act (Québec). Daniel Lafrance is Chair of the Audit Committee, Richard Gagnon and Ouma Sananikone are its other current members. Each of them is independent and financially literate within the meaning of Regulation 52-110 Respecting Audit Committees. The charter of the Audit Committee is attached hereto as Schedule B.

In addition to being operationally literate (having substantial experience in the execution of day to day business decisions and strategic business objectives acquired as a result of meaningful past experience with a broad responsibility for operations), the members of the Board of Directors who serve on the

Corporation's Audit Committee must be financially literate in the sense of having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally compared to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements, and otherwise in keeping with applicable governance standards under applicable securities laws and regulations. All members of the Audit Committee are operationally as well as financially literate.

The education and related experience of each of the members of Audit Committee is described below.

**Daniel Lafrance (Chair)** - Daniel Lafrance has acted as a corporate director as his principal occupation since August 2013. From February 1992 to August 2013, he was Senior Vice-President Finance and Procurement, Chief Financial Officer and Secretary of Lantic Inc., wholly owned by Rogers Sugar Inc., a reporting issuer. Holding a bachelor's degree in business (1976) and a specialty in accounting (1977) from the University of Ottawa, Daniel Lafrance is also a member of the Institute of Chartered Accountants of Ontario since 1980. He currently acts as a director and Chair of the Audit Committee of Rogers Sugar Inc., a reporting issuer and of its wholly owned subsidiary Lantic Inc.

**Richard Gagnon** – Richard Gagnon has acted as a corporate director as his principal occupation since January 2017. From November 2003 to January 2017, he was President and Chief Executive Officer of Humania Assurance Inc. (a Canadian health insurance company). Holding a Bachelor of Arts: administration, communication and law (1979), he is also a “**Fellow Administrateur Agréé**” since 1996. Richard Gagnon currently acts as a director of The Professionals Financial and of the l'Ordre des Ingénieurs du Québec.

**Ouma Sananikone** – Ouma Sananikone has acted as a corporate director as her principal occupation since 2006. She was Chief Executive Officer of the two following entities: Aberdeen Asset Management (Australia) and EquitiLink Group (an Australian asset management group, listed on the Sydney Stock Exchange with operations in Australia, US, Canada and the UK) as well as Managing Director of BNP Investment Management (Australia). Other senior positions included Managing Director at Rothschild Asset Management (Australia), Managing Director at BT Financial Services (Westpac Group) and Managing Director, Corporate Strategy and Investments, at NRMA Insurance in Australia. Ouma Sananikone holds a BA (economics and political sciences) from the Australian National University and a Master of Commerce (economics) from the University of New South Wales. She is a recipient of the Centenary Medal from the Australian Government for services to the Australian finance industry. Currently, Ouma Sananikone serves on the Board of Directors of Macquarie Infrastructure Corporation, a reporting issuer listed on the New York Stock Exchange and is its chair of the Compensation Committee and a member of both the Audit and Governance and Nomination committees. In addition, she serves on the Board of Directors and Remuneration committee of Hafnia BW and on the Board of Directors and is the chair of the Governance Committee and the Ethics Committee of Ivanhoe Cambridge (Canada).

The aggregate fees paid, including the Corporation's pro rata share of the fees paid by its joint ventures, for professional services rendered by KPMG LLP and its affiliates for the years ended December 31, 2019 and December 31, 2018 are presented below.

FEES <sup>(1)</sup>	FINANCIAL YEAR ENDED DECEMBER 31, 2019	FINANCIAL YEAR ENDED DECEMBER 31, 2018 <sup>(2)(3)</sup>
Audit Fees	\$1,706,250	\$1,490,740
Audit-Related Fees	\$143,088	\$98,450
Tax Fees	\$848,949	\$622,517
All Other Fees	\$48,425	Ø
<b>Total Fees :</b>	<b>\$2,746,712</b>	<b>\$2,211,707</b>

1. The aggregate fees paid, including the Corporation's pro rata share of the fees paid by its joint ventures, for professional services rendered by KPMG LLP and its affiliates for the year ended December 31, 2019 irrespective of the Corporation's proportionate interest in its joint ventures, totalled \$2,746,712, out of the total, \$275,355 of tax fees were for compliance services and \$573,594 for tax consulting services.
2. As of May 15, 2018, KPMG LLP were appointed as the new auditors of the Corporation. The aggregate fees paid, including the Corporation's pro rata share of the fees paid by its joint ventures, for professional services rendered by KPMG LLP and its affiliates for the year ended December 31, 2018 irrespective of the Corporation's proportionate interest in its joint ventures, totalled \$2,037,257.
3. The aggregate fees paid, including the Corporation's pro rata share of the fees paid by its joint ventures, for professional services rendered by Deloitte LLP and its affiliates from January 1st, 2018 to May 14, 2018 irrespective of the Corporation's proportionate interest in its joint ventures, totalled \$174,450.

In the above table, the terms in the column "**Fees**" have the following meanings: "**Audit fees**" refer to all fees for professional services rendered for the audit of the annual financial statements. They also comprise fees for audit services provided in connection with other statutory and regulatory filings, such as the audit of the financial statements of the subsidiaries of the Corporation, as applicable, as well as services that generally only the Corporation's, auditors can provide, such as comfort letters, consents and assistance with and review of documents filed with the securities commissions; "**Audit-related fees**" refer to the fees for due diligence related to potential mergers and acquisitions and are not reported under "**Audit fees**"; "**Tax fees**" refer to the aggregate fees for income, consumption and other tax compliance, advice and planning services relating to domestic and international taxation; and "**All other fees**" refer to the aggregate fees billed for products and services provided by the Corporation's external auditor, other than "**Audit fees**", "**Audit-related fees**" and "**Tax fees**".

Once a year, the Audit Committee performs an assessment and comprehensive review of the external auditors and communicates the results of such annual assessment to the Board of Directors.

## ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans is contained in the Corporation's information circular prepared in connection with the Corporation's most recent annual shareholders' meeting and is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional financial information on the Corporation is provided in its audited financial statements and its management's discussion and analysis of financial condition and results of operations for the most recently completed financial year which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

All requests for the above-mentioned documents must be addressed to the Secretary of Innergex Renewable Energy Inc. at 1225 Saint-Charles Street West, 10 Floor, Longueuil, Québec, J4K 0B9 or by email at [legal@innergex.com](mailto:legal@innergex.com) or by fax at 450-928-2544.



## GLOSSARY OF TERMS

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“**2017 Bid**” has the meaning attributed thereto under “General Development of the Business – Three-Year Summary – Financial Year 2017”;

“**2019 Bid**” has the meaning attributed thereto under “General Development of the Business – Three-Year Summary – Financial Year 2019”;

“**4.25% Convertible Debentures**” has the meaning attributed under “Description of Capital Structure – 4.25% Convertible Debentures”;

“**4.65% Convertible Debentures**” has the meaning attributed under “Description of Capital Structure – 4.65% Convertible Debentures”;

“**4.65% Convertible Debentures Indenture**” has the meaning attributed under “Description of Capital Structure – 4.65% Convertible Debentures”;

“**4.65% Convertible Debentures Underwriting Agreement**” has the meaning attributed under “General Development of the Business – Three Year Summary – Financial Year 2019”;

“**4.65% Conversion Price**” has the meaning attributed under “Three-Year Summary – Financial Year 2019”;

“**4.65% Current Market Price**” has the meaning attributed thereto under “Description of Capital Structure - 4.65% Convertible Debentures”;

“**4.65% Maturity Date**” has the meaning attributed under “Description of Capital Structure – 4.65% Convertible Debentures”;

“**4.75% Convertible Debentures**” has the meaning attributed under “Description of Capital Structure – 4.75% Convertible Debentures”;

“**4.75% Convertible Debentures Indenture**” has the meaning attributed under “Description of Capital Structure – 4.75% Convertible Debentures”;

“**4.75% Convertible Debentures Underwriting Agreement**” has the meaning attributed under “General Development of the Business – Three Year Summary – Financial Year 2018”;

“**4.75% Conversion Price**” has the meaning attributed under “Three-Year Summary – Financial Year 2018”;

“**4.75% Current Market Price**” has the meaning attributed thereto under “Description of Capital Structure - 4.75% Convertible Debentures”;

“**4.75% Maturity Date**” has the meaning attributed under “Description of Capital Structure – 4.25% Convertible Debentures”;

“**Adjusted EBITDA**” are net earnings (loss) to which are added (deducted) provision (recovery) for income tax expenses, finance cost, depreciation and amortization, other net expenses, share of (earnings) loss of joint ventures and associates and unrealized net (gain) loss on financial instruments. Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance. Readers are cautioned that Adjusted EBITDA should not be construed as an alternative to net earnings, as determined in accordance with IFRS, as further detailed under the “Cautionary Statement on Forward-Looking Information – Principal Assumptions – Projected Adjusted EBITDA” section;

“**Alterra**” means Alterra Power Corp;

“**Alterra Acquisition**” has the meaning attributed under the section “General Development of the Business – Three Year Summary – Financial Year 2018”;

“**Antoigné Wind Farm**” means the 8 MW wind farm located in Maine-et-Loire, France;

“**Appellants**” means collectively Harrison Hydro Project Inc., Fire Creek Project Limited Partnership, Lamont Creek Project Limited Partnership, Stokke Creek Project Limited Partnership, Tipella Creek Project Limited Partnership and Upper Stave Project Limited Partnership;

“**Arrangement**” means the definitive arrangement agreement entered on January 31, 2010 between the Corporation and the Fund to undertake a strategic combination of the two entities whereby the Fund acquired the Corporation by way of a reverse take-over, thereby effecting at the same time the conversion of the Fund to a corporation;

“**Alterra Arrangement Agreement**” means the arrangement agreement between the Corporation and Alterra where the Corporation acquired all of the issued and outstanding shares of Alterra;

“**Ashlu Creek Facility**” means the 49.9 MW hydroelectric power facility located on Ashlu Creek in BC;

“**BayWa**” means BayWa r.e.;

“**BC**” means the Province of British Columbia, Canada;

“**BC Hydro**” means British Columbia Hydro and Power Authority;

“**BCUC**” means the British Columbia Utilities Commission;

“**BCUC Order**” means the Order G-278-19, dated November 8, 2019;

“**Beaumont Wind Farm**” means the 25 MW wind farm located in Berlise and Le Thuel, Aisne, France;

“**Big Silver Creek Facility**” means the 40.6 MW hydroelectric facility located approximately 40 km north of Harrison Hot Springs in BC;

“**Big Silver Creek LP**” means Big Silver Creek Limited Partnership;

“**BlackRock**” means BlackRock Real Assets which owns 49% of the Flat Top Wind Farm located in the U.S.;

“**Bois d’Anchat Wind Farm**” means the 10 MW wind farm located in Beauce-la-Romaine (previous name Ouzouer-le-Marché), Loir-et-Cher, France;

“**Brown Lake EPA**” as the meaning attributed under “General Development of the Business – Three Year Summary – Financial Year 2018”;

“**Cartier Operating Entities**” has the meaning attributed under the “General Development of the Business – Three Year Summary – Financial Year 2018”;

“**Cartier Credit Facility**” as the meaning attributed under “General Development of the Business – Three Year Summary – Financial Year 2018”;

“**Cartier Wind Farms**” means collectively Baie-des-Sables, Carleton, Gros-Morne, L’Anse-à-Valleau and Montagne Sèche wind farms located in Québec;

“**CDPQ**” means la Caisse de dépôt et placement du Québec;

“**CfD Contract**” has the meaning attributed under “Renewable Power In Some Other Markets”;

“**CHI**” has the meaning attributed thereto under “Description of the Business and Assets of the Corporation - Operating Facilities – Operating Facilities – Hydroelectric Operating Facilities”;

“**Cholletz Wind Farm**” means the 11.8 MW wind farm located in Conchy-les-Pots, Oise, France;

“**COD**” means commercial operation date in respect of a project in accordance with its PPA;

“**Common Shares**” has the meaning attributed thereto under “Corporate Structure”;

“**Corporation**” means Innergex Renewable Energy Inc. and includes its subsidiaries, unless the context requires otherwise;

“**CPI**” means the consumer price index for Canada;

“**CPP**” means the Clean Power Plan as further detailed under the “Renewable Power in the U.S.” section;

“**Credit Ratings**” has the meaning attributed thereto under sub-section “Credit rating may not reflect actual performance of the Corporation or a lowering of (downgrade) the credit rating may occur” under “Risk Factors”;

“**CREZ**” means Competitive Renewable Energy Zones as further detailed under the “Renewable Power in the U.S.” section.

“**Development Projects**” has the meaning attributed thereto under “Description of the Business and Assets of the Corporation - Portfolio of Assets”;

“**DFN**” means the Douglas First Nation band;

“**Douglas Creek Facility**” means the 27 MW hydroelectric power generating facility located nearby the confluence of Douglas Creek with Little Harrison Lake in BC;

“**Duquenco Facility**” means two hydro facilities of a total of 140 MW located in Chile;

“**ecoENERGY Initiative**” means an initiative from the Federal Government for renewable energy providing for an incentive payment of \$10 per MWh for its first ten years of operations;

“**EDF**” means Électricité de France;

“**E-Llaima**” means Energia Llaima SpA;

“**EPC**” means engineering, procurement and construction;

“**ERCOT**” means the Electricity Reliability Council of Texas as further detailed under the “Renewable Power in the U.S.” section;

“**Flat Top Wind Farm**” means the 200 MW wind farm located in Texas, U.S.;

“**Fire Creek Facility**” means the 23 MW hydroelectric power project located nearby the confluence of Fire Creek with State River in BC;

“**Flat Top Wind Farm**” means the 200 MW wind farm is located in the U.S.;

“**Foard City Wind Farm**” means the 300 MW wind farm located in Texas, U.S.;

“**Foard City PPA**” as the meaning attributed under “General Development of the Business – Three Year Summary – Financial Year 2018”;

“**Frontera Hydro Project**” means the 109 MW hydro facility located near the Biobio river, 500 km south of Santiago, Chile.

“**Glen Miller Facility**” means the 8 MW hydroelectric power facility located on the Trent River in Trenton, Ontario;

“**GWh**” one million watts per hour or one million kilowatt hours;

“**Gros-Morne Wind Farm**” means the 211.5 MW wind power facility located in the Municipalities of Mont-Louis and Sainte-Madeleine-de-la-Rivière-Madeleine, Québec;

“**Hale Kuawehi Solar Project**” means the 30 MW<sub>AC</sub> solar project located in Hawaii.

“**Harrison Operating Facilities**” means the six run-of-river hydroelectric facilities having a combined installed gross capacity of 150 MW, namely the Douglas Creek Facility, the Fire Creek Facility, the Stokke Creek Facility, the Tipella Creek Facility, the Upper Stave River Facility and the Lamont Creek Facility;

“**Hillcrest Solar Project**” means the 200 MW<sub>AC</sub> solar project located in the Brown County, Ohio.

“**HHLP**” means Harrison Hydro Limited Partnership;

“**Horseshoe Bend Facility**” means the 9.5 MW hydroelectric power generating facility located on the Payette River in Idaho, USA;

“**HS Orka**” means HS Orka hf a corporation owned directly at 53.9% by the Corporation;

“**HS Orka Transaction**” has the meaning attributed under the “General Development of the Business – Three Year Summary – Financial Year 2019”;

“**IESO**” Independent Electricity System Operator;

“**Initial Fixed Rate Period**” has the meaning attributed thereto under “Description of Capital Structure – General Description of Capital – Series A shares and Series B Shares”;

“**Investment Tax Credit**” or “**ITC**” means an investment tax credit under the United States Internal Revenue Code;

“**Innavik Hydro Project**” means the 7.5 MW hydro facility located near Inukjuak, in northern Québec;

“**IRP**” means the Integrated Resource Plan from BC Hydro.

“**Jarövarmi**” means Jarövarmi slhf the entity that purchase the Magma Sweden A.B.”;

“**km**” means kilometer;

“**Kokomo Solar Farm**” means a 6 MW solar farm located in the U.S.;

“**Kwoiek Creek Facility**” means the 49.9 MW hydroelectric power project located on Kwoiek Creek in BC;

“**Lamont Creek Facility**” means the 27 MW hydroelectric power project located near Harrison Lake in south-western BC on Lamont Creek;

“**Les Renardières Wind Farm**” means the 21 MW wind farm located in France;

“**Limited Partnerships**” means collectively Fire Creek Project Limited Partnership, Lamont Creek Project Limited Partnership, Stokke Creek Project Limited Partnership, Tipella Creek Project Limited Partnership and Upper Stave Project Limited Partnership;

“**Longueval Wind Farm**” means the 10 M wind farm located in the north-east of France, in the Grand Est region, near the town of Reims;

“**LTA**” has the meaning attributed thereto under the “Cautionary Statement on Forward-Looking Information – Principal Assumptions – Expected Production” section;

“**Maggie Facility**” means the 40.6 MW hydroelectric power generating station located on the Maggie River, in the municipality of Rivière-Saint-Jean and approximately 150 km east of Sept-Îles, Québec;

“**Magma Energy Sweden A.B**” means the entity that has an equity interest of 53.9% in HS Orka hf;

“**Mesgi’g Ugju’s’n (MU) Wind Farm**” means the 150 MW wind farm located in the Gaspé Peninsula, in Québec;

“**Mesgi’g Ugju’s’n (MU) LP**” means Mesgi’g Ugju’s’n (MU) Wind Farm, L.P.;

“**Miller Creek Facility**” means the 33 MW hydroelectric power generating facility located on Miller Creek, near Pemberton, BC, approximately 30 km northeast of the Resort Municipality of Whistler, BC;

“**Montjean Wind Farm**” means the 12 MW wind farm located in Nouvelle-Aquitaine, France;

“**Montagne Sèche Wind Farm**” means the 58.5 MW wind power facility located in the Municipality of the Canton of Cloridorme, Québec;

“**MW**” means one million watts or one megawatt;

“**MWh**” means one million watts per hour or one megawatt per hour;

“**Northwest Stave River Facility**” means the 17.5 MW hydroelectric power generating facility located approximately 35 km north of Mission, BC;

“**OPG**” Ontario Power Generation’s;

“**Operating Facilities**” has the meaning attributed thereto under “Description of the Business and Assets of the Corporation - Portfolio of Assets”;

“**Paris Agreement**” has the meaning attributed thereto under “Industry Overview and Principal Markets – Renewable Power Generation Industry”;

“**Paeahu Solar Project**” means the 15 MW<sub>AC</sub> solar project located in Hawaii.

“**Phoebe Solar Farm**” means the 250MW<sup>A</sup>/315 MW<sup>DC</sup> photovoltaic solar farm located in Texas, U.S.;

“**Pituvik**” means Pituvik Landholding Corporation;

“**Plan Fleury Wind Farm**” means the 22 MW wind farm located in France;

“**Porcien Wind Farm**” means the 10 MW wind farm located in Château-Porcien and Saint Fergueux, Ardennes, France;

“**Portneuf Facilities**” means the three Portneuf Facilities namely, Portneuf – 1 of 8 MW, Portneuf – 2 of 9.9 MW and Portneuf – 3 of 8 MW located the Portneuf River in Sainte-Anne-de-Portneuf and Saint-Paul-du-Nord-Sault-au-Mouton within the Seigneurie des Milles-Vaches, Province of Québec;

“**PPA**” or “**EPA**” means a power purchase agreement, an electricity supply agreement, an electricity purchase agreement, a renewable energy supply contract power hedge or contract for difference;

“**Preferred Shares**” has the meaning attributed thereto under “Corporate Structure”;

“**Private Placement**” has the meaning attributed thereto under “General Development of the Business”;

“**Prospective Projects**” has the meaning attributed thereto under “Description of the Business and Assets of the Corporation - Portfolio of Assets”;

“**Production Tax Credit**” or “**PTC**” means a production tax credit under the United States Internal Revenue Code.

“**Request for Proposals**” or “**RFP**” means a request for proposals issued by a provincial government or an entity created by such government for such purpose;

“**Rougemont-1 Wind Farm**” means the 36.1 MW wind farm located in France;

“**Rougemont-2 Wind Farm**” means the 44.5 MW wind farm located in France;

“**S&P**” means Standard & Poor’s;

“**Saint-Paulin Facility**” means the 8 MW hydroelectric power-generating facility located in the Municipality of Saint-Paulin, Province of Québec;

“**Securities Purchase Agreement**” means the agreement for the acquisition of the Cartier Wind Farms, as further details under the section “General Development of the Business – Three Year Summary – Financial Year 2018”;

“**Seller**” means wpd europe GmbH a German company and seller of the Wpd Projects;

“**Series A Shares**” has the meaning attributed thereto under “Corporate Structure”;

“**Series B Shares**” has the meaning attributed thereto under “Corporate Structure”;

“**Series C Shares**” has the meaning attributed thereto under “Corporate Structure”;

“**Series A Offering**” has the meaning attributed thereto under “Description of Capital Structure – General Description of Capital – Series A shares and Series B Shares”;

“**Series A Conversion Date**” has the meaning attributed thereto under “Description of Capital Structure – General Description of Capital – Series A shares and Series B Shares”;

“**Series A Shares Prospectus**” has the meaning attributed thereto under “Description of Capital Structure – General Description of Capital – Series A shares and Series B Shares”;

“**Series A and Series B Terms**” has the meaning attributed thereto under “Description of Capital Structure – General Description of Capital – Series A shares and Series B Shares”;

“**Series B Conversion Date**” has the meaning attributed thereto under “Description of Capital Structure – General Description of Capital – Series A shares and Series B Shares”;

“**Series C Terms**” has the meaning attributed thereto under “Description of Capital Structure – General Description of Capital – Series C shares”;

“**Shannon Wind Farm**” means the 204 MW wind farm located in the U.S.;

“**Sharing Facilities**” means collectively the six Harrison Operating Facilities, the Northwest Stave River Facility, the Tretheway Creek Facility and the Big Silver Creek Facility;

“**Spartan Solar Farm**” means a 11 MW solar farm located in the U.S.;

“**Standing Offer Program**” or “**SOP**” means a program or mechanism, established by a provincial government or an entity created by such government for such purpose, through which a standard and simplified contracting process and contractual terms are provided for independent power producers to enter into PPAs for relatively small renewable electricity generating projects;

“**Stokke Creek Facility**” means the 22 MW hydroelectric power project located near Harrison Lake in south-western BC on Stokke Creek;

“**Strategic Alliance**” has the meaning attributed thereto under “General Development of the Business”;

“**Subsequent Fixed Rate Period**” has the meaning attributed thereto under “Description of Capital Structure – General Description of Capital – Series A shares and Series B Shares”;

“**Theil Rabier Wind Farm**” means the 12 MW wind farm located in Nouvelle-Aquitaine, France;

“**Tipella Creek Facility**” means the 18 MW hydroelectric power project located near Harrison Lake in south-western BC on Tipella Creek;

“**Tretheway Creek Facility**” means the 21.2 MW hydroelectric facility located approximately 50 km north of Harrison Hot Springs in BC;

“**TSX**” means the Toronto Stock Exchange;

“**TWh**” means 1,000 gigawatts per hour or one million megawatts per hour;

“**Umbata Falls Facility**” means the 23 MW Umbata Falls hydroelectric power facility located on the White River in Ontario;

“**Upper Stave River Facility**” means the 33 MW hydroelectric power generating facility located near Harrison Lake in south-western BC on Stave River;

“**Vaite Wind Farm**” means the 38.9 MW wind farm located in France;

“**Vallottes Wind Farm**” means the 12 MW wind farm located in Bovée-sur-Barboure and Broussey-en-Blois, Meuse, France;

“**Velocita**” Velocita Energy Developments (France) Limited;

“**Viger-Denonville Wind Farm**” means the 24.6 MW wind power facility located in the Municipalities of Saint-Paul-de-la-Croix and Saint-Épiphan, Québec;

“**Walden EPA**” has the meaning attributed thereto under “General Development of the Business – Three-Year Summary – Financial Year 2018”;

“**Walden North Facility**” means a 16 MW facility located on private land in Cayoosh Creek near Lillooet, BC;

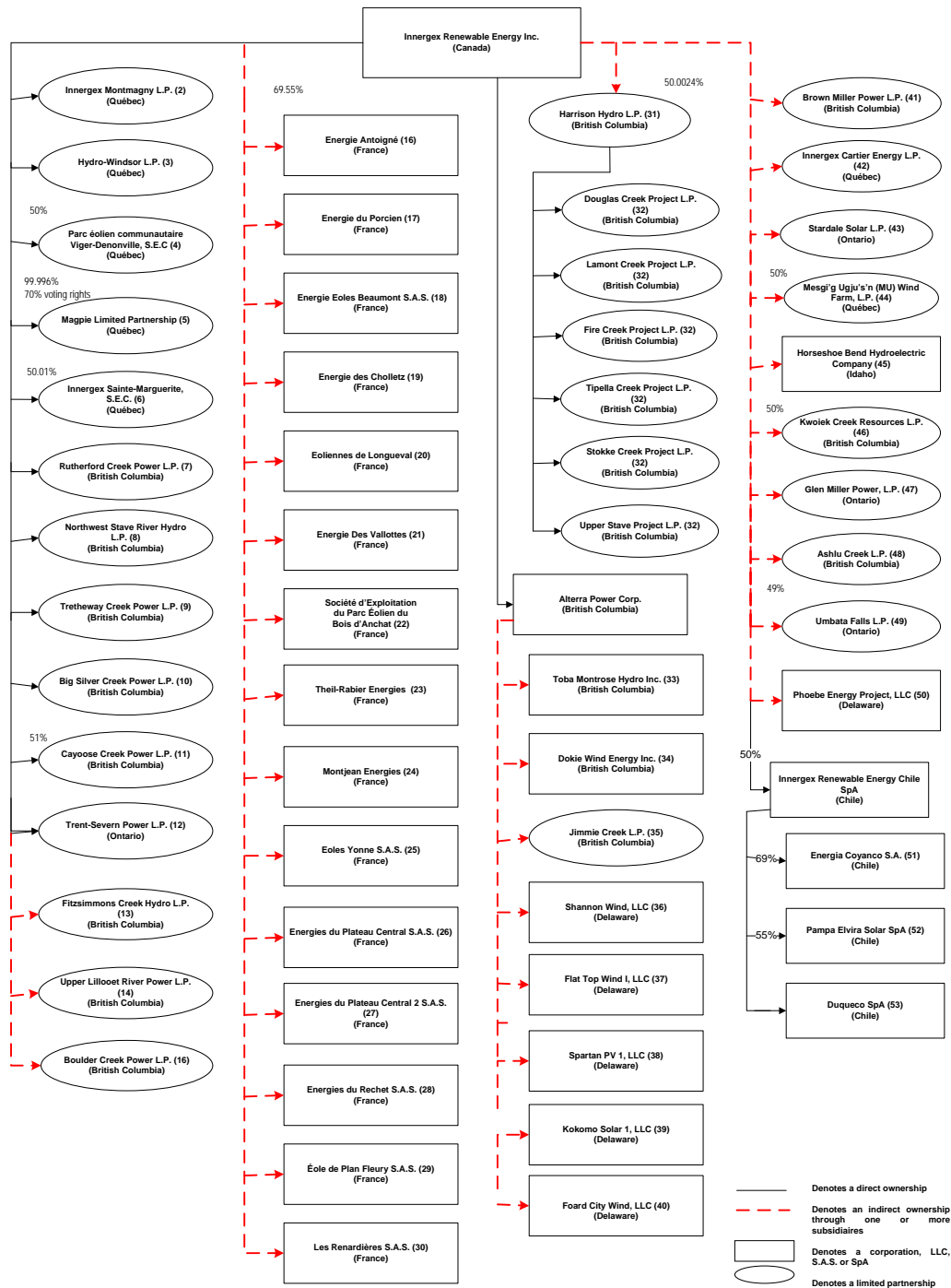
“**Windsor Facility**” means the 5.5 MW hydroelectric power generating facility located on the St-François River, near Windsor, Province of Québec;

“**Yonne Wind Farm**” means the 44 MW wind farm located in the region of Bourgogne in France.

SCHEDULE A

CORPORATE STRUCTURE

The following chart outlines the corporate structure of the Corporation and its material subsidiaries<sup>(1)</sup> as well as certain other material ownership interests held by the Corporation as at the date of this AIF.



- (1) Unless otherwise indicated, the Corporation has a 100% direct or indirect interest in the entity. The Corporation has a 100% direct or indirect interest in the general partners of the limited partnership unless described otherwise in the following notes.
- (2) Innergex Montmagny, L.P. owns the Montmagny Facility.
- (3) Hydro-Windsor, L.P. owns the Windsor Facility.
- (4) Parc éolien communautaire Viger-Denonville, S.E.C. owns the Viger-Denonville Wind Farm and its general partner is Parc éolien communautaire Viger-Denonville Inc., which is 50% owned by Innergex Inc.
- (5) Magpie Limited Partnership owns the Magpie Facility.
- (6) Innergex Sainte-Marguerite, S.E.C. owns the Ste-Marguerite Facility.
- (7) Rutherford Creek Power L.P. owns the Rutherford Creek Facility.
- (8) Northwest Stave River Hydro Limited Partnership owns the Northwest Stave Facility.
- (9) Tretheway Creek Power Limited Partnership owns the Tretheway Creek Facility.
- (10) Big Silver Creek Power Limited Partnership owns the Big Silver Creek Facility.
- (11) Cayoose Creek Power L.P. owns the Walden North Facility and its general partner is Cayoose Creek Power Inc., which is 80% owned by the Corporation.
- (12) Trent-Severn Power, LP owns the Batawa Facility.
- (13) Fitzsimmons Creek Hydro LP owns the Fitzsimmons Creek Facility.
- (14) Upper Lillooet River Power Limited Partnership owns the Upper Lillooet River Facility.
- (15) Boulder Creek Power Limited Partnership owns the Boulder Creek Facility.
- (16) The Corporation owns 69.55% of Energie Antoigné which owns the Antoigné Wind Farm.
- (17) The Corporation owns 69.55% of Energie du Porcien which owns the Porcien Wind Farm.
- (18) The Corporation owns 69.55% of Energie Eoles Beaumont S.A.S. which owns the Beaumont Wind Farm.
- (19) The Corporation owns 69.55% of Energie des Cholletz which owns the Cholletz Wind Farm.
- (20) The Corporation owns 69.55% of Eoliennes de Longueval which owns the Longueval Wind Farm.
- (21) The Corporation owns 69.55% of Energie des Vallottes which owns the Vallottes Wind Farm.
- (22) The Corporation owns 69.55% of Société d'Exploitation du Parc Éolien du Bois d'Anchat which owns the Bois d'Anchat Wind Farm.
- (23) The Corporation owns 69.55% of Theil-Rabier Energies which owns the Theil-Rabier Wind Farm.
- (24) The Corporation owns 69.55% of Montjean Energies which owns the Montjean Wind Farm.
- (25) The Corporation owns 69.55% of Éoles Yonne S.A.S. which owns the Yonne Wind Farm.
- (26) The Corporation owns 69.55% of Energies du Plateau Central S.A.S. which owns the Rougemont-1 Wind Farm.
- (27) The Corporation owns 69.55% of Energies du Plateau Central 2 S.A.S. which owns the Rougemont-2 Wind Farm.
- (28) The Corporation owns 69.55% of Energies du Rechet S.A.S. which owns the Vaite Wind Farm.
- (29) The Corporation owns 69.55% of Éoles de plan Fleury S.A.S. which owns the Plan Fleury Wind Farm.
- (30) The Corporation owns 69.55% of Les Renardières S.A.S. which owns the Les Renardières Wind Farm.
- (31) Harrison Hydro Limited Partnership owns the limited partnership units of each of the 6 Harrison Operating Facilities. The general partner of Harrison Hydro Limited Partnership is Harrison Hydro Inc., wholly-owned by Cloudworks Holdings Inc., which is 50% owned by the Corporation.
- (32) The 6 Harrison Operating Facilities consisting of Douglas Creek Project Limited Partnership, Fire Creek Project Limited Partnership, Lamont Creek Project Limited Partnership, Stokke Creek Project Limited Partnership, Tipella Creek Project Limited Partnership and Upper Stave Project Limited Partnership own their respective projects and their general partner is Harrison Hydro Project Inc., which is wholly-owned subsidiary of Harrison Hydro Limited Partnership.
- (33) Toba Montrose Hydro Inc. owns 100% of the East Toba and the Montrose Creek Hydroelectric Facilities, which is 40% owned by the Corporation.
- (34) Dokie Wind Energy Inc. owns 100% of the Dokie Wind Farm, which is 25.5% owned by the Corporation.
- (35) Jimme Creek Limited Partnership owns 100% of the Jimme Creek Hydroelectric Facility, which is 51% owned by the Corporation.
- (36) Shannon Wind, LLC owns 100% of the Shannon Wind Farm, which the Corporation owns a 50% sponsor equity interest.
- (37) Flat Top Wind I, LLC owns 100% of the Flat Top Wind Farm, which the Corporation owns a 51% sponsor equity interest.
- (38) Spartan PV 1, LLC owns 100% of the Spartan Solar Farm, which the Corporation owns a 100% sponsor equity interest.
- (39) Kokomo Solar 1, LLC owns 100% of the Kokomo Solar Farm, which the Corporation owns a 90% sponsor equity interest.
- (40) Foard City Wind, LLC owns 100% of the Foard City Wind Farm.
- (41) Brown Miller Power Limited Partnership owns the Brown Lake and the Miller Creek Facilities.
- (42) Innergex Cartier Energy L.P. owns 100% of the AAV, CAR, GM and MS Wind Farms.
- (43) Stardale Solar LP owns the Stardale Solar Farm.
- (44) Mesgi'g Ugnu's'n (MU) Wind Farm, L.P., owns the Mesgi'g Ugnu's'n (MU) Wind Farm and its general partner is Mesgi'g Ugnu's'n (MU) Wind Farm Inc., which is 50% owned by Innergex.
- (45) Innergex USA, Inc. owns a 100% of the Horseshoe Bend Facility.
- (46) Kwoiek Creek Resources L.P. owns the Kwoiek Creek Facility and its general partner is Kwoiek Creek Resources GP Inc., which is 50% owned by Innergex.
- (47) Glen Miller Power, LP owns Glen Miller Facility.
- (48) Ashlu Creek Investments L.P. owns the Ashlu Creek Facility.
- (49) Umbata Falls L.P. owns the Umbata Falls Facility and its general partner is Begetekong Power Corporation, which is 49% owned by Innergex.
- (50) Phoebe Energy Project, LLC owns 100% of the Phoebe Solar Farms.
- (51) Energia Coyanco S.A. owns 100% of the Guayacán Facility.
- (52) Pampa Elvira Solar SpA owns 100% of the Pampa Elvira Solar Farm.
- (53) Duqueco SpA owns 100% of the Mampil and Peuchén Facilities.



# SCHEDULE B

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## CHARTER OF THE AUDIT COMMITTEE

This Charter prescribes the role of the Audit Committee of the Board (the “**Committee**”) of Innergex Renewable Energy Inc. (the “**Corporation**”). This Charter is subject to the provisions of the Corporation's Articles and By-Laws and to applicable laws.

### 1. Role

In addition to the powers and authorities conferred upon the Directors in the Corporation's Articles and By-Laws and as prescribed by applicable laws, the mandate of the Committee is to oversee the:

- A. Compliance of the Corporation with respect to applicable governmental and authorities' legislation and regulation pertaining to financial information disclosure;
- B. Adequacy of the accounting principles and decisions regarding the presentation of financial statements, in accordance with generally accepted accounting principles;
- C. Fair presentation of the Corporation's financial situation in its quarterly and annual financial statements;
- D. Timely disclosure of relevant information to shareholders and to the general public; and
- E. Implementation of efficient internal controls for all of the Corporation's transactions and review of such controls on a regular basis.

### 2. Composition

#### 2.1 Number and criteria

The Committee must be constituted as required under Regulation 52-110 – Respecting Audit Committees, as it may be amended from time to time (“**Regulation 52 110**”). The Committee is comprised only of members who are qualified as independent (as that term is defined in Regulation 52-110) and are financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements).

The Committee shall consist of at least three members.

#### 2.2 Selection and Chair

The members of the Committee and its Chair shall be appointed by the Board on an annual basis after the shareholders' annual meeting at which the directors are elected, or until their successors are duly appointed. The Chair shall designate from time to time a person who may, but not necessarily, be a member of the Committee to act as secretary.

Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee Membership.

Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a director of the Corporation. The Board may fill vacancies on the Committee by appointing from among the Board. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all of its powers so long as a quorum remains.

## **2.3 Remuneration**

Members of the Committee and its Chair shall receive such remuneration for their services as the Board may determine from time to time.

## **3. Meetings**

The Committee shall meet at least four times annually, or more frequently as circumstances require.

Quorum for the transaction of business at any meeting of the Committee shall be a majority of members of the Committee or such greater number as the Committee shall determine by resolution.

Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon reasonable notice to each of its members, which shall not be less than 48 hours. The notice period may be waived by all members of the Committee.

The Committee shall determine any desired agenda items.

The Committee should record minutes of its meetings and the Chair shall report to the whole Board on a timely basis.

The Chair may ask members of Management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and the external auditor of the Corporation and others as they consider appropriate.

In order to foster open communication, the Committee or its Chair shall meet at least quarterly with Management, the external auditor and the internal auditor, in separate sessions, to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee or its Chair should meet with Management quarterly in connection with the Corporation's quarterly financial statements.

## **4. Responsibilities**

Without limiting the generality of its role as described in section 1 above, the Committee shall, inter alia:

### **4.1 Relationship with external auditor**

- Recommend to the Board the appointment and compensation of the external auditor;



- Review the scope and plans of the external auditor's audit and reviews. The Committee may authorize the external auditor to perform supplemental reviews or audits as the Committee may deem desirable;
- Oversee the work of the external auditor, including the resolution of any issues between the external auditor and Management;
- Pre-approve all non-audit services (or delegating such pre-approval if and to the extent permitted by law) to be provided to the Corporation or its subsidiaries by the external auditor;
- Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Corporation to assess their independence;
- Review the performance of the external auditor and any proposed discharge of the external auditor when circumstances warrant;
- Periodically consult with the external auditor without Management about significant risks or exposures, internal controls and other steps that Management has taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper;
- Arrange for the external auditor to be available to the Committee and the Board as needed; and
- Consider the external auditor's judgment about the quality, transparency, appropriateness and not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and underlying estimates, and whether those principles are common practices or are minority practices.

## **4.2 Financial information and public disclosure**

- Review all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related to third party transactions;
- Consider any proposed major changes to the Corporation's accounting principles and practices;
- If considered appropriate, establish separate systems of reporting to the Committee by the Management and the external auditor;
- Review and recommend the approval of the annual and quarterly financial statements, related management discussion and analysis, annual and interim earnings press releases and Annual Information Form before such information is publicly disclosed;
- Oversee the implementation of adequate procedures for the review of the Corporation's public disclosure of financial information, other than those described in the above paragraph, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures;
- Review the public disclosure regarding the Committee required by Regulation 52 110;
- Review the integrity of the financial reporting processes, both internal and external, in consultation with the external and the internal auditors;
- Periodically meet with the internal auditor;
- Following completion of the annual audit and, if applicable, quarterly reviews, review separately with the Management, the internal auditor and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the internal auditor and the external auditor received during the course of the audit and, if applicable, reviews; and
- Review with the external auditor, the internal auditor and Management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as

approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.

### **4.3 Other matters**

- Establish procedures for (i) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or audit matters, and (ii) the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- Review and approve the Corporation's hiring policies regarding current or former partners or employees of the current and former auditors of the Corporation or its subsidiaries;
- Review activities, organizational structure and qualifications of the Chief Financial Officer and the staff in the financial reporting area and see to it that matters related to succession planning are raised for consideration by the Board; and
- Review Management's program of risk assessment and steps taken to address significant risks or exposures of all types, including insurance coverage and tax compliance and, in particular, assess the Corporation's financial risks and supervise Management's program to address such risks.
- Notwithstanding the foregoing, it is not the duty of the Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with International Financial Reporting Standards, to conduct investigations, or to assure compliance with laws and regulations or the Corporation's internal policies, procedures and controls, as these are the responsibility of Management and in certain cases the external auditor, as the case may be.

## **5. Advisors**

The Committee may hire outside advisors at the expense of the Corporation in order to assist the Committee in the performance of its duties and set and pay the compensation for such advisors.

The Committee is authorized to communicate directly with the external and internal auditors as it sees fit.

If considered appropriate, the Committee is authorized to conduct or authorize investigations into any matters within the Committee's scope of responsibilities, and to perform any other activities as the Committee deems necessary or appropriate.

The Board has determined that any committee who wishes to hire a non-management advisor to assist on matters involving the committee members' responsibilities at the expense of the Corporation, should review the request with, and obtain the authorization of, the Chairman of the Board.

## **6. Assessment**

On an annual basis the Committee shall follow the process established by it (and approved by the Board) for assessing performance and effectiveness of the Committee.

## 7. Charter review

The Committee should review this Charter on an annual basis and recommend to the Board changes, as considered appropriate from time to time.

## 8. General

The Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Corporation's shareholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to securityholders of the Corporation or other liability whatsoever.