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## News Release For Immediate Distribution

### INNERGEX COMPLETES ACQUISITION OF 40.6 MW MAGPIE HYDRO FACILITY IN QUEBEC

- 8% increase in consolidated long-term average annual production to 2,592 GWh
- 7% increase in net installed capacity to 617 MW
- Purchase price of \$28.6M paid cash, plus assumption of all project-level debt

**LONGUEUIL, Quebec, July 25, 2013** – Innergex Renewable Energy Inc. (TSX:INE) (“Innergex” or the “Corporation”) has completed the previously announced acquisition from Hydromega Group of Companies (“Hydromega”) of the Magpie run-of-river hydroelectric facility located in Quebec, Canada.

#### *Summary of asset acquired*

Magpie is a 40.6 MW run-of-river hydroelectric facility located on Crown lands in the Minganie Regional County Municipality, in Northeastern Quebec. This facility began commercial operations in 2007, and all of the electricity it produces is sold to Hydro-Québec under a 25-year fixed-price power purchase agreement, which provides for an annual increase to the selling price of 1%. Magpie has an average annual production of approximately 185,000 MWh, enough to power almost 11,000 Quebec households each year.

The addition of this facility increases the Corporation’s net installed capacity by 7% to 617 MW and its consolidated long-term average annual production by almost 8% to 2,592 GWh. Magpie is expected to generate annualized revenues of approximately \$10.6 million in 2013 (including payments received under the ecoENERGY program) and Adjusted EBITDA of approximately \$8.2 million.

“We are very pleased with the acquisition of Magpie, which further strengthens our presence in hydro with a new, long-term facility, and further diversifies our hydro operations”, states Mr. Michel Letellier, President and Chief Executive Officer of the Corporation. “We look forward to developing our relationship with a new partner, the Minganie Regional County Municipality”, adds Mr. Letellier.

#### *Terms of the acquisition*

The Corporation has acquired 99.999% of the common units of the facility. However, the Minganie Regional County Municipality holds 30% of the voting units, as well as a convertible debenture with a nominal value of \$3.0 million, which carries an annual interest payment of approximately \$465,000, and a \$2.0 million non-interest bearing debenture repayable over the next five years. The convertible debenture entitles the municipality to a 30% interest in the facility upon conversion of the debenture on January 1, 2025; once the non-interest bearing debenture has been repaid, the Corporation will have the option to trigger the conversion of this debenture at any time prior to this date.

The Corporation has paid the final purchase price of \$28.6 million in cash and assumes project-level debt totalling \$55.4 million, which includes \$50.4 million in non-recourse financing with blended monthly payments of approximately \$406,000 until 2017, and approximately \$379,000 thereafter until 2031, for a blended fixed interest rate of 6.35%, as well as the two debentures held by the Minganie Regional County Municipality mentioned above. These debts will be adjusted to fair value upon consolidation by the Corporation. Net cash flows from the facility which have been accruing to the Corporation since August 31, 2012 are included in the cash balance transferred to the Corporation upon closing.

#### *Letter of intent and deposit agreement*

Concurrent with the announcement of the Magpie acquisition in July 2012, the Corporation signed an exclusive letter of intent with Hydromega to acquire its ownership interest in several other assets, including one 30.5 MW hydroelectric facility in Quebec, four hydroelectric projects under construction totaling 22.0 MW in Ontario, and one 10.0 MW hydroelectric project under development, also in Ontario.

The Corporation continues to advance negotiations under this letter of intent with Hydromega to acquire other assets, while at the same time taking into consideration the impact of the recent increase in long-term interest rates and the decline in the Corporation's share price, in order to ensure that these acquisitions will be accretive. Given current market conditions, the Corporation does not intend to do a public offering of common shares at this time.

Also concurrent with the announcement of the Magpie acquisition in July 2012, the Corporation had entered into a \$25 million deposit agreement with Hydromega, bearing interest at a rate of 7% annually, to be applied against the purchase price of any Hydromega asset. This deposit was not used to fund the acquisition of Magpie and remains in place to fund the eventual purchase of other Hydromega assets. The deposit agreement also contains a right of first offer for, as well as an option to acquire, the 30.5 MW operating facility in Quebec.

#### *Risk exposure associated with the recent increase in long-term interest rates*

The recent increase in long-term interest rates has little impact on the Corporation's current operating performance, since the project-level debts and most of its revolving term credit facility have fixed interest rates, and therefore fixed interest expenses. Furthermore, two of the Corporation's projects under construction (Kwoiek Creek and Northwest Stave River) already have project-level financing in place with fixed interest rates, and the third (Viger-Denonville) is protected from higher interest rates through the use of derivative instruments. As at March 31, 2013, 95% of the Corporation's outstanding debt was fixed or hedged against interest rate fluctuations.

However, the Corporation currently has five other projects under development, for which project-level financing has not yet been secured. As it has done in the past, the Corporation will seek to lock-in interest rates for their financing through the use of derivative instruments, and enter into negotiations with potential lenders for project-level financing. Until then, the rate of return on these projects could be adversely affected by higher interest rates. At this time, the Corporation estimates the impact of the recent increase in interest rates on the expected rates of return of the projects under development to be modest.

Projects that do not yet have a power purchase agreement will reflect higher interest rate assumptions in their modelling; in this case, higher interest rates are associated with the possibility of higher selling prices for electricity.

#### *About Innergex Renewable Energy Inc.*

Innergex Renewable Energy Inc. (TSX: INE) is a leading Canadian independent renewable power producer. Active since 1990, the Company develops, owns, and operates run-of-river hydroelectric facilities, wind farms, and solar photovoltaic farms and carries out its operations in Quebec, Ontario, British Columbia, and Idaho, USA. Its portfolio of assets currently consists of: (i) interests in 29 operating facilities with an aggregate net installed capacity of 617 MW (gross 1,072 MW), including 23 hydroelectric operating facilities, five wind farms, and one solar photovoltaic farm; (ii) interests in eight projects under development or under construction with an aggregate net installed capacity of 265 MW (gross 413 MW), for which power purchase agreements have been secured; and (iii) prospective projects with an aggregate net capacity totaling 2,900 MW (gross 3,125 MW). Innergex Renewable Energy Inc. is rated BBB- by S&P and BB (high) by DBRS (unsolicited rating).

The Corporation's strategy for building shareholder value is to develop or acquire high-quality facilities generating sustainable cash flows and providing a high return on invested capital, and to distribute a stable dividend.

#### *Non-IFRS Measures Disclaimer*

Adjusted EBITDA is not a measure recognized by IFRS and has no standardized meaning prescribed by IFRS. References in this press release to "Adjusted EBITDA" are to operating revenues less operating expenses, general and administrative expenses and prospective project expenses. Investors are cautioned that this non-IFRS measure should not be construed as an alternative to net earnings as determined in accordance with IFRS.

#### *Forward-Looking Information Disclaimer*

This press release contains forward-looking information within the meaning of securities legislation. All information and statements other than statements of historical facts contained in this press release are forward-looking information. Such statements and information may be identified by looking for words such as "about", "approximately", "may", "believes", "expects", "will", "intend", "should", "plan", "predict", "potential", "project", "anticipate", "estimate", "continue" or similar words or the negative thereof or other comparable terminology. Such forward-looking information includes, without limitation, statements with respect to the benefits which may accrue to Innergex and its shareholders as a result of the acquisition of Magpie, the potential acquisition of additional hydroelectric sites from Hydromega, benefits which may accrue to Innergex and its shareholders as a result of the

contemplated acquisitions, average annual electricity production, business strategy, and plans and objectives of or involving Innergex.

The forward-looking information includes forward-looking financial information or financial outlook, such as estimated electricity production, projected revenues and EBITDA, debt payments, and future investments, to inform investors of the potential financial impact of the acquisition on the Corporation's results. Such information may not be appropriate for other purposes.

The forward-looking information is based on certain key expectations and assumptions made by Innergex as of the date of this press release, including expectations and assumptions concerning the availability of capital resources, performance of operating facilities, as well as estimates, forecasts and opinions of the Corporation. Although Innergex believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information since no assurance can be given that they will prove to be correct. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, potential undisclosed liabilities associated with the acquisition of Magpie, failure to realize the benefits of the acquisition (including cost synergies and operational efficiencies), energy generation, equipment failure, performance of third-party suppliers and other risks generally attributable to the business of Innergex. For additional information with respect to risks and uncertainties, refer to the Annual Information Form of Innergex filed on SEDAR's website at [www.sedar.com](http://www.sedar.com). The forward-looking information contained herein is made as of the date of this press release 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 required by legislation.

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**For additional information, please contact:**

Marie-Josée Privyk, CFA, SIPC  
Director – Investor Relations  
450-928-2550, ext. 222  
[mjprivyk@innegex.com](mailto:mjprivyk@innegex.com)

[www.innergex.com](http://www.innergex.com)