

A photograph of several wind turbines in a rural landscape with rolling hills and fields. The sky is blue with some clouds. The image is partially overlaid with a teal gradient on the left side.

QUARTERLY REPORT 2017

INNERGEX 

INNERGEX RENEWABLE ENERGY INC. 

FOR THE
PERIOD ENDED
MARCH 31, 2017

These condensed consolidated financial statements have neither
been audited nor reviewed by the Corporation's independent auditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(in thousands of Canadian dollars, except as noted, and amounts per share)

Innergex Renewable Energy Inc. is a leading Canadian independent renewable power producer. Active since 1990, the Corporation develops, owns, and operates run-of-river hydroelectric facilities, wind farms and solar photovoltaic farms and carries out its operations in Quebec, Ontario and British Columbia in Canada, in France and in Idaho, USA. The Corporation's shares are listed on the Toronto Stock Exchange ("TSX") under the symbols INE, INE.PR.A and INE.PR.C and its convertible debentures under the symbol INE.DB.A.

Innergex's mission is to increase its production of renewable energy by developing and operating high-quality facilities while respecting the environment and balancing the best interests of the host communities, its partners and its investors.

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is a discussion of the operating results, cash flows and financial position of Innergex Renewable Energy Inc. ("Innergex" or the "Corporation") for the three-month period ended March 31, 2017, and reflects all material events up to May 9, 2017, the date on which this MD&A was approved by the Corporation's Board of Directors.

The MD&A should be read in conjunction with the unaudited condensed consolidated financial statements and the accompanying notes for the three-month period ended March 31, 2017, and with the Corporation's Financial Review at December 31, 2016.

The unaudited condensed consolidated financial statements attached to this MD&A and the accompanying notes for the three-month period ended March 31, 2017, along with the 2016 comparative figures, have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Some amounts included in this MD&A have been rounded to make reading easier, which may affect some calculations.

Q1 2017 HIGHLIGHTS

- Production was 88% of the long-term average ("LTA").
- Revenues increased 19% to \$74.5 million compared with the same period last year.
- Adjusted EBITDA rose 7% to \$50.9 million compared with the same period last year.
- Innergex completed the acquisition of the 44 MW Yonne wind farm, which was under construction when Innergex announced the acquisition of seven wind farms in 2016. Innergex owns a 69.55% interest in the wind farm and Desjardins Group Pension Plan owns the remaining 30.45%.
- In British Columbia, the 81.4 MW Upper Lillooet River hydroelectric facility began commercial operation on March 30, 2017.

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ESTABLISHMENT AND MAINTENANCE OF DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The President and Chief Executive Officer and the Chief Financial Officer of the Corporation have designed, or caused to be designed, under their supervision:

- Disclosure controls and procedures (“DC&P”) to provide reasonable assurance that: (i) material information relating to the Corporation is accumulated and communicated by others to the President and Chief Executive Officer and the Chief Financial Officer in a timely manner, particularly during the period in which the interim and annual filings are being prepared; and (ii) the information required to be disclosed by the Corporation in its annual filings, interim filings and other reports filed or submitted by it under applicable securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.
- Internal control over financial reporting (“ICFR”) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS applicable to the Corporation.

In accordance with *Regulation 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings*, the President and Chief Executive Officer and the Chief Financial Officer of the Corporation have certified that: (a) there were no material weaknesses relating to the DC&P and ICFR for the three-month period ended March 31, 2017; (b) they have limited the scope of the Corporation's design of DC&P and ICFR to exclude the controls policies and procedures of Eoles Yonne S.A.S., Montjean Energies and Theil Rabier Energies; and (c) there was no change to the ICFR that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR during the three-month period ended March 31, 2017. The design and evaluation of the operating effectiveness of the DC&P and ICFR for the Eoles Yonne S.A.S., Montjean Energies and Theil Rabier Energies will be completed in the 12 months following the dates of acquisition. A summary of the financial information about Eoles Yonne S.A.S., Montjean Energies and Theil Rabier Energies is presented in the Non-wholly Owned Subsidiaries section of this MD&A.

FORWARD-LOOKING INFORMATION

To inform readers of the Corporation's future prospects, this MD&A contains forward-looking information within the meaning of applicable securities laws (“Forward-Looking Information”). Forward-Looking Information can generally be identified by the use of words such as “approximately”, “may”, “will”, “could”, “believes”, “expects”, “intends”, “should”, “plans”, “potential”, “project”, “anticipates”, “estimates”, “scheduled” or “forecasts”, or other comparable terminology 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 MD&A.

Future-oriented financial information: Forward-Looking Information includes future-oriented financial information or financial outlook within the meaning of securities laws, such as expected production, projected revenues, projected Adjusted EBITDA, projected Free Cash Flow and estimated project costs, to inform readers of the potential financial impact of expected results, of the expected commissioning of Development Projects, of the potential financial impact of the acquisitions, of the Corporation's ability to sustain current dividends and dividend increases and of its ability 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 those concerning hydrology, wind regimes and solar irradiation, performance of operating facilities, financial market conditions and the Corporation's success in developing new facilities.

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 Corporation's *Annual Information Form* in the “Risk Factors” section 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 capital markets; liquidity risks related to derivative financial instruments (“Derivatives”); variability in hydrology, wind regimes and solar irradiation; delays and cost overruns in the design and construction of projects; the ability to secure new power purchase agreements or to renew any power purchase agreement; 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; 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

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of major counterparties; social acceptance of renewable energy projects; relationships with stakeholders; equipment supply; the exposure to many different forms of taxation in various jurisdictions; changes in general economic conditions; regulatory and political risks; the ability to secure appropriate land; reliance on power purchase agreements; availability and reliability of transmission systems; 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 sun resources and associated electricity production; dam failure; natural disasters and *force majeure*; cybersecurity; sufficiency of insurance coverage limits and exclusions; a credit rating that may not reflect the Corporation's actual performance or a lowering (downgrade) of the credit rating; potential undisclosed liabilities associated with acquisitions; integration of the facilities and projects acquired and to be acquired; failure to realize the anticipated benefits of acquisitions; reliance on shared transmission and interconnection infrastructure; and the fact that revenues from the Miller Creek facility will vary based on the spot price of electricity.

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 made as at the date of this MD&A 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.

Forward-Looking Information in This MD&A

The following table outlines the Forward-Looking Information contained in this MD&A, 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>Expected production</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 taken into account 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 long-term average. On a consolidated basis, the Corporation estimates the LTA by adding together the expected LTA of all the facilities in operation that it consolidates (excludes Umbata Falls and Viger-Denonville, which are accounted for using the equity method).</p>	<p>Improper assessment of water, wind and sun resources and associated electricity production</p> <p>Variability in hydrology, wind regimes and solar irradiation</p> <p>Equipment failure or unexpected operations and maintenance activity</p> <p>Natural disaster</p>
<p>Projected revenues</p> <p>For each facility, expected annual revenues are estimated by multiplying the LTA by a price for electricity stipulated in the power purchase agreement secured with a public utility or other creditworthy counterparty. These agreements stipulate a base price and, in some cases, a price adjustment depending on the month, day and hour of delivery, except for the Miller Creek hydroelectric facility, which receives a price based on a formula using the Platts Mid-C pricing indices, and the Horseshoe Bend hydroelectric 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, power purchase agreements also contain an annual inflation adjustment based on a portion of the Consumer Price Index. On a consolidated basis, the Corporation estimates annual revenues by adding together the projected revenues of all the facilities in operation that it consolidates (excludes Umbata Falls and Viger-Denonville, which are accounted for using the equity method).</p>	<p>Production levels below the LTA caused mainly by the risks and uncertainties mentioned above</p> <p>Unexpected seasonal variability in the production and delivery of electricity</p> <p>Lower-than-expected inflation rate</p>

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Principal Assumptions	Principal Risks and Uncertainties
<p>Projected Adjusted EBITDA</p> <p>For each facility, the Corporation estimates annual operating earnings by subtracting from the estimated revenues the budgeted annual operating costs, which consist primarily of operators' salaries, insurance premiums, operations and maintenance expenditures, property taxes and royalties; these are predictable and relatively fixed, varying mainly with inflation (except for maintenance expenditures). On a consolidated basis, the Company estimates annual Adjusted EBITDA by adding together the projected operating earnings of all the facilities in operation that it consolidates (excludes Umbata Falls and Viger-Denonville, which are accounted for using the equity method), from which it subtracts budgeted general and administrative expenses, comprised essentially of salaries and office expenses, and budgeted prospective project expenses, which are determined based on the number of prospective projects the Corporation chooses to develop and the resources required to do so.</p>	<p>Variability of facility performance and related penalties</p> <p>Changes to water and land rental expenses</p> <p>Unexpected maintenance expenditures</p> <p>Changes in the purchase price of electricity upon renewal of a PPA</p>
<p>Estimated project costs, expected obtainment of permits, start of construction, work conducted and start of commercial operation for Development Projects or Prospective Projects</p> <p>For each development project, the Corporation provides an estimate of project costs based on its extensive experience as a developer, directly related incremental internal costs, site acquisition costs and financing costs, which are eventually adjusted for the projected costs provided by the engineering, procurement and construction ("EPC") contractor retained for the project.</p> <p>The Corporation provides indications regarding scheduling and construction progress for its Development Projects and indications regarding its Prospective Projects, based on its extensive experience as a developer.</p>	<p>Performance of counterparties, such as the EPC contractors</p> <p>Delays and cost overruns in the design and construction of projects</p> <p>Obtainment of permits</p> <p>Equipment supply</p> <p>Interest rate fluctuations and financing risk</p> <p>Relationships with stakeholders</p> <p>Regulatory and political risks</p> <p>Higher-than-expected inflation</p> <p>Natural disaster</p>
<p>Projected Free Cash Flow and intention to pay dividend quarterly</p> <p>The Corporation estimates Projected Free Cash Flow as projected cash flows from operating activities before changes in non-cash operating working capital items, less estimated maintenance capital expenditures net of proceeds from disposals, scheduled debt principal payments, preferred share dividends declared and the portion of Free Cash Flow attributed to non-controlling interests, plus cash receipts by the Harrison Hydro L.P. for the wheeling services to be provided to other facilities owned by the Corporation over the course of their power purchase agreement, plus or minus other elements that are not representative of the Corporation's long-term cash generating capacity, such as transaction costs related to realized acquisitions (which are financed at the time of the acquisition), realized losses or gains on derivative financial instruments used to hedge the interest rate on project-level debt or the exchange rate on equipment purchases.</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>	<p>Adjusted EBITDA below expectations caused mainly by the risks and uncertainties mentioned above and by higher prospective project expenses</p> <p>Project costs above expectations caused mainly by the performance of counterparties and delays and cost overruns in the design and construction of projects</p> <p>Regulatory and political risk</p> <p>Interest rate fluctuations and financing risk</p> <p>Financial leverage and restrictive covenants governing current and future indebtedness</p> <p>Unexpected maintenance capital expenditures</p> <p>Possibility that the Corporation may not declare or pay a dividend</p>
<p>Intention to submit projects under requests for proposals</p> <p>The Corporation provides indications of its intention to submit projects under requests for proposals based on the state of readiness of some of its Prospective Projects and their compatibility with the announced terms of these requests for proposals.</p>	<p>Regulatory and political risks</p> <p>Ability of the Corporation to execute its strategy for building shareholder value</p> <p>Ability to secure new PPAs</p>

NON IFRS MEASURES

This MD&A has been prepared in accordance with IFRS. However, some measures referred to in this MD&A are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Innergex believes that 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 Margin, Adjusted Net (Loss) Earnings, Free Cash Flow and Payout Ratio are not measures recognized by IFRS and have no standardized meaning prescribed by IFRS.

References in this document to "Adjusted EBITDA" are to revenues less operating expenses, general and administrative expenses and prospective project expenses.

References in this document to "Adjusted EBITDA Margin" are to Adjusted EBITDA divided by revenues.

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References to "Adjusted Net (Loss) Earnings" are to net earnings or losses of the Corporation, to which the following elements are added (subtracted): unrealized net (gain) loss on financial instruments; realized (gain) loss on financial instruments; income tax expense (recovery) related to the above items; and the share of unrealized net (gain) loss on derivative financial instruments of joint ventures, net of related tax. Innergex uses derivative financial instruments to hedge its exposure to various risks, such as interest rate and foreign exchange risks. Accounting for derivatives under International Accounting Standards requires that all derivatives are marked-to-market with changes in the mark-to-market of the derivatives for which hedge accounting is not applied being taken to the profit and loss account. The application of this accounting standard results in a significant amount of profit and loss volatility arising from the use of derivatives that are not designated for hedge accounting. The Adjusted Net (Loss) Earnings of the Corporation aims to eliminate the impact of the mark-to-market rules on derivatives on the profit and loss of the Corporation.

References to "Free Cash Flow" are to cash flows from operating activities before changes in non-cash operating working capital items, less maintenance capital expenditures net of proceeds from disposals, scheduled debt principal payments, preferred share dividends declared and the portion of Free Cash Flow attributed to non-controlling interests, plus cash receipts by the Harrison Hydro L. P. for the wheeling services to be provided to other facilities owned by the Corporation over the course of their power purchase agreement, plus or minus other elements that are not representative of the Corporation's long-term cash generating capacity, such as transaction costs related to realized acquisitions (which are financed at the time of the acquisition), realized losses or gains on derivative financial instruments used to hedge the interest rate on project-level debt or the exchange rate on equipment purchases.

References to "Payout Ratio" are to dividends declared on common shares divided by Free Cash Flow.

Readers are cautioned that Adjusted EBITDA and Adjusted Net (Loss) Earnings should not be construed as an alternative to net earnings and Free Cash Flow should not be construed as an alternative to cash flows from operating activities, as determined in accordance with IFRS.

ADDITIONAL INFORMATION AND UPDATES

Additional information relating to Innergex, including its *Annual Information Form*, can be found on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR") at sedar.com or on the Corporation's website at innergex.com. Information contained in or otherwise accessible through our website does not form part of this MD&A and is not incorporated into the MD&A by reference.

OVERVIEW

The Corporation is a developer, owner and operator of renewable power-generating facilities with a focus on hydroelectric, wind power and solar photovoltaic ("PV") projects that benefit from low operating and management costs and simple, proven technologies.

Portfolio of Assets

As at the date of this MD&A, the Corporation owns interests in three groups of power-generating projects:

- 48 facilities in commercial operation (the "Operating Facilities"). Commissioned between 1992 and March 2017, the facilities have a weighted average age of approximately 7.4 years. They sell the generated power under long-term Power Purchase Agreements ("PPA") that have a weighted average remaining life of 20.2 years (based on gross long-term average production);
- One project scheduled to begin commercial operations in the second quarter of 2017 (the "Development Project");
- Numerous projects that have secured land rights, for which an investigative permit application has been filed or for which a proposal has either been or could be submitted under a Request for Proposal or a Standing Offer Program (collectively the "Prospective Projects"). These projects are at various stages of development.

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The following chart features the Corporation's direct and indirect interests in the Operating Facilities, Development Projects and Prospective Projects.

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	Operating Facilities	Development Projects	Prospective Projects
Hydro			
Gross capacity:	706.2 MW	25.3 MW	990.0 MW
Net capacity ¹ :	541.9 MW	16.8 MW	840.0 MW
Wind			
Gross capacity:	918.2 MW	-	2,800.0 MW
Net capacity ¹ :	418.6 MW	-	2,570.0 MW
Solar			
Gross capacity:	33.2 MW	-	150.0 MW
Net capacity ¹ :	33.2 MW	-	150.0 MW
Total			
Gross capacity:	1657.6 MW	25.3 MW	3,940.0 MW
Net capacity ¹ :	993.7 MW	16.8 MW	3,560.0 MW

1. Net capacity represents the proportional share of the total capacity attributable to Innergex, based on its ownership interest in these facilities and projects. The remaining capacity is attributable to the partners' ownership share.

BUSINESS STRATEGY

The Corporation's strategy for building shareholder value is to develop or acquire 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.

Dividend Policy

The Corporation currently distributes an annual dividend of \$0.66 per common share, payable quarterly.

The Corporation's dividend policy is determined by its Board of Directors and is based on the Corporation's operating results, cash flows, financial condition, debt covenants, long-term growth prospects, solvency tests imposed under corporate law for the declaration of dividends and other relevant factors.

Use Key Performance Indicators

The Corporation measures its performance using key performance indicators that include or could include comparing power generated in megawatt-hours ("MWh") and gigawatt-hours ("GWh") with a long-term average, Adjusted EBITDA and Adjusted EBITDA Margin, Free Cash Flow, Adjusted Net (Loss) Earnings and Payout Ratio. These indicators are not recognized measures under IFRS, have no standardized meaning prescribed by IFRS and therefore may not be comparable with those presented by other issuers. The Corporation believes that these indicators are important, as they provide management and the reader with additional information about the Corporation's production and cash generating capabilities, its ability to sustain current

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dividends and dividend increases and its ability to fund its growth. These indicators also facilitate the comparison of results over different periods. Please refer to the "Non-IFRS Measures" section for more information.

Maintain Diversification of Energy Sources

The amount of electricity generated by the Operating Facilities is generally dependent on the availability of water flows, wind regimes and solar irradiation. Lower-than-expected water flows, wind regimes or solar irradiation in any given year could have an impact on the Corporation's revenues and hence on its profitability. Innergex owns interests in 30 hydroelectric facilities, which draw on 27 watersheds, 17 wind farms and 1 solar farm, providing significant diversification in terms of operating revenue sources. Furthermore, the nature of hydroelectric, wind and solar power generation partially offsets any seasonal variations, as illustrated in the following table:

In GWh and %	Consolidated long-term average production ¹								
	Q1		Q2		Q3		Q4		Total
HYDRO	368.0	13%	1,034.4	35%	955.4	33%	569.1	19%	2,926.9
WIND	479.5	30%	343.9	22%	300.5	19%	458.9	29%	1,582.8
SOLAR	7.2	19%	12.4	33%	12.5	33%	5.7	15%	37.8
Total	854.7	19%	1,390.7	30%	1,268.4	28%	1,033.7	23%	4,547.5

1. The consolidated long-term average production is the annualized LTA for the facilities in operation at May 9, 2017. 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, which is presented in the Investments in Joint Ventures section.

FIRST QUARTER UPDATE

Summary of Operating and Financial Performance

	Three months ended March 31	
	2017	2016
PRODUCTION		
Power generated (MWh)	722,273	664,387
LTA (MWh)	820,634	557,022
Production as percentage of LTA	88%	119%
STATEMENT OF EARNINGS		
Revenues	74,527	62,481
Adjusted EBITDA	50,942	47,681
Adjusted EBITDA Margin	68.4%	76.3%
Net (loss) earnings	(2,334)	7,197
DIVIDENDS		
Dividend declared per Class A Preferred Share	0.2255	0.2255
Dividend declared per Class C Preferred Share	0.359375	0.359375
Dividend declared per common share	0.1650	0.1600

For the three-month period ended March 31, 2017, production was 88% of the LTA, due mainly to below-average water flows in British Columbia and below-average wind regimes in Quebec and France. Production increased 9%, revenues increased 19% and Adjusted EBITDA increased 7% compared with the same period last year. These increases are attributable mainly to the contribution of the Mesgi'g Ugnu's'n wind farm and the Big Silver Creek hydro facility commissioned in 2016 and to the 10 wind facilities in France acquired in 2016 and 2017; they were partly offset by lower production at most of our hydro and wind facilities, which explains the smaller Adjusted EBITDA increase in comparison to the increase in revenues. The Adjusted EBITDA was also impacted by a \$3.2 million aggregate payment for water rights, which were reassessed for the years 2011 and 2012 for Fire Creek, Lamont Creek, Stokke Creek, Tipella Creek and Upper Stave River. This payment results from the decision by the British Columbia Ministry of Forests, Lands and Natural Resource Operations to apply higher rental rates based

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on the combined production of these facilities rather than applying lower rates for each facility based on its individual production, as had previously been its practice. The Corporation has filed an appeal of this decision with the Environmental Appeal Board. Since 2013, these facilities water rights' fees have been paid at the higher rental rates. A 49.99% portion of the water rights payment is allocated to the non-controlling interests.

The \$2.3 million net loss for the three-month period ended March 31, 2017, compared with a \$7.2 million net earnings for the same period last year, is attributable mainly to higher finance costs and amortization and depreciation related primarily to the greater number of operating facilities, partly offset by the increase in Adjusted EBITDA and the unrealized net gain on derivative financial instruments.

Adjusted Net (Loss) Earnings

When evaluating its operating results and to provide a more accurate picture of its renewable energy operating results, a key performance analysis for the Corporation is the "Adjusted Net (Loss) Earnings", which is a non-IFRS measure of the Corporation.

Impact on net (loss) earnings of financial instruments	Three months ended March 31	
	2017	2016
Net (loss) earnings	(2,334)	7,197
Add (Subtract):		
Unrealized net gain on financial instruments	(5,075)	(1,287)
Income tax expense related to above item	1,132	335
Share of unrealized net (gain) loss on financial instruments of joint ventures, net of related income tax	(34)	540
Adjusted Net (Loss) Earnings	(6,311)	6,785

Excluding the gains and losses on financial instruments and the related income taxes, the net loss for the three-month period ended March 31, 2017, would have been \$6.3 million, compared with net earnings of \$6.8 million in 2016. The decrease is attributable mainly to the \$9.8 million increase in finance costs and a \$10.1 million increase in depreciation and amortization, partly offset by a \$3.3 million increase in Adjusted EBITDA. The below-average production this year compared to an above-average production last year also explains the smaller Adjusted EBITDA increase in comparison to the increase in revenues.

Payout Ratio

	Trailing 12 months ended March 31	
	2017	2016
Free Cash Flow ¹	73,659	77,217
Payout Ratio ¹	95%	84%

1. For more information on the calculation and explanation of the Corporation's Free Cash Flow and Payout Ratio, please refer to the "Free Cash Flow and Payout Ratio" section.

For the trailing twelve-month period ended March 31, 2017, the dividends on common shares declared by the Corporation corresponded to 95% of Free Cash Flow, compared with 84% for the corresponding prior twelve-month period. This negative change is due mainly to greater scheduled debt principal payments and higher cash flows attributed to the minority interest and to no wheeling fees being received, partly offset by higher cash flows from operating activities before changes in non-cash operating working capital items and realized losses on derivative financial instruments. Moreover, higher dividend payments resulting from the higher number of common shares outstanding due to the issuance of 3,906,250 shares to three Desjardins Group-affiliated entities under a private placement of common shares of Innergex and to the issuance of 94,000 shares following the exercise of stock options and 368,104 shares related to the DRIP, also diluted the payout ratio.

Conversion of Big Silver Creek Loan

On June 22, 2015, Big Silver Creek Power Limited Partnership closed a \$197.2 million non-recourse construction and term project financing for the Big Silver Creek River run-of-river hydroelectric project. On January 31, 2017, the loan was converted into a 39.5-year term loan.

The loan comprises three facilities or tranches:

- A \$51.0 million construction loan carrying a fixed interest rate of 4.57%; in 2017 it was converted into a 25-year term loan and the principal will begin to be amortized over a 22-year period starting in 2019;

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- A \$128.3 million construction loan carrying a fixed interest rate of 4.76%; in 2017 it was converted into a 39.5-year term loan and the principal will be amortized after the 25-year term loan reaches maturity;
- A \$17.9 million construction loan carrying a fixed interest rate of 4.76%; in 2017 it was converted into a 39.5-year term loan and its principal will be reimbursed at maturity.

Financing of the French Subsidiaries

On February 10, 2017, Innergex and Desjardins Group Pension Plan raised €8.5 million of subordinated debt from a French infrastructure fund through their French subsidiaries created for the acquisition of wind farms in France in April 2016. The subordinated loan carries an interest rate of 7.25% and has an eight-year tenor; its principal will be reimbursed at maturity.

Completion of the Acquisition of the Yonne Wind Farm

On February 21, 2017, Innergex completed the acquisition of the 44 MW Yonne wind farm located in northern France. This wind farm acquisition was announced simultaneously to the acquisition of seven wind farms in 2016. At the time, the facility was under construction and its acquisition was to be concluded once the commissioning was completed. The commissioning activities began in the fourth quarter of 2016 and were completed at the end of January 2017. Innergex owns a 69.55% interest in the wind farm and Desjardins Group Pension Plan owns the remaining 30.45%.

The total purchase price amounts to €35.2 million (equivalent to \$49.0 million) subject to certain adjustments and includes €3.8 million (equivalent to \$5.3 million) of working capital. A €10.0 million (equivalent to \$13.9 million) deposit had already been provided by the Corporation when the acquisition was first announced in March 2016. Innergex's net additional investment to pay for the purchase totals €10.7 million (equivalent to \$14.9 million) and it fulfilled its obligation to pay its portion of the purchase price through available funds. The remainder of the purchase price is paid by Desjardins Group Pension Plan in the amount of €6.2 million (equivalent to \$8.6 million) and with the funds generated by the financing of two French subsidiaries on February 10, 2017, in the amount of €8.4 million (equivalent to \$11.6 million).

In its first full year of operation, the Yonne wind farm's average annual production is estimated to reach 100,400 MWh, enough to power about 21,000 French households. The facility is expected to generate revenues and Adjusted EBITDA of approximately €8.6 million (equivalent to \$12.0 million) and €7.2 million (equivalent to \$10.0 million) respectively. All the electricity it produces will be sold under a power purchase agreement (PPA) with Electricité de France (EDF) for an initial term of 15 years. The PPA comes to term on October 19, 2031.

The project financing of €59.5 million (equivalent to \$82.8 million), which is already in place, will remain at the acquired project level.

Extension and Amendment of the Revolving Credit Facility

On February 21, 2017, Innergex executed a Fifth Amended and Restated Credit Agreement of its existing \$425 million revolving credit facility. These amendments give the Corporation flexibility in borrowing in euros using EURIBOR loans. The Corporation also extended its revolving term from 2020 to 2021 (except for one lender of \$42.5 million, whose commitment remains in effect until 2020) to provide greater financing flexibility. Moreover, a Letter of Credit Facility of up to \$30 million guaranteed by Export Development Canada (EDC) has been added and will be put in place.

DEVELOPMENT PROJECT AND COMMISSIONING ACTIVITIES

Commissioning Activities

On December 30, 2016, the Mesgi'g Ugju's'n wind farm began commercial operation in Quebec. Construction activities were completed during the first quarter and all related costs were evaluated, leading to savings of approximately \$15.0 million over the previously disclosed total estimated project costs of \$305.0 million.

On March 30, 2017, the Upper Lilloet River hydroelectric facility began commercial operation in British Columbia. The Boulder Creek hydroelectric facility in British Columbia should begin commercial operation in the second quarter of 2017. Total estimated project costs for these two projects combined were increased by \$13.6 million from \$451.2 million to \$464.8 million mainly due to the tunnel construction costs.

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(in thousands of Canadian dollars, except as noted, and amounts per share)

	Ownership %	Gross installed capacity (MW)	Gross estimated LTA ¹ (GWh)	PPA term (years)	Total project costs		Expected year-one	
					Estimated ¹ (\$M)	As at March 31 (\$M)	Revenues ¹ (\$M)	Adjusted EBITDA ¹ (\$M)
<i>HYDRO (British Columbia)</i>								
Upper Lillooet River	66.7	81.4	334.0	40	341.2	331.8	33.0	27.5
<i>Wind (Quebec)</i>								
Mesgi'g Uguj's'n	50.0	150.0	562.5	20	290.0	289.7	59.6	52.5
		231.4	896.5		631.2	621.5	92.6	80.0

1. This information is intended to inform readers of the projects' potential impact on the Corporation's results. Actual results may vary.

Upper Lillooet River

In the first quarter, the Corporation began commercial operation of the 81.4 MW Upper Lillooet River run-of-river hydroelectric facility located in British Columbia. Construction began in October 2013 and was completed in March 2017. The Commercial Operation Date (COD) Certificate delivered to BC Hydro shows an effective commissioning date of March 30, 2017. The Upper Lillooet River facility's average annual production is estimated to reach 334,000 MWh, enough to power more than 31,850 households.

In its first full year of operation, it is expected to generate revenues and Adjusted EBITDA of approximately \$33.0 million and \$27.5 million respectively. All the electricity the facility produces is covered by a 40-year fixed-price power purchase agreement with BC Hydro, which was obtained under that province's 2008 Clean Power Call Request for Proposals and which provides for an annual adjustment to the selling price based on a portion of the Consumer Price Index. On March 17, 2015, the Corporation announced the closing of a \$491.6 million non-recourse construction and term project financing for the Boulder Creek and Upper Lillooet River projects, which received the Clean Energy BC's Finance Award for 2015 and the 2016 Hydro Power Deal of the Year from the World Finance Magazine.

The insurance claims process for the fire continues, with interim progress payments being made. The Corporation expects to receive an indemnity, which should cover most of the financial consequences from the fire.

Construction Activities

The total project costs for the Development Project were as follows:

PROJECTS UNDER CONSTRUCTION	Ownership %	Gross installed capacity (MW)	Expected COD	Gross estimated LTA ^{1,2} (GWh)	PPA term (years)	Total project costs		Expected year-one	
						Estimated ¹ (\$M)	As at March 31 (\$M)	Revenues ¹ (\$M)	Adjusted EBITDA ¹ (\$M)
<i>HYDRO (British Columbia)</i>									
Boulder Creek	66.7	25.3	2017 ⁴	92.5	40	123.6 ³	120.1 ³	9.0 ³	7.5 ³

1. This information is intended to inform readers of the projects' potential impact on the Corporation's results. Actual results may vary. These estimates are up-to-date as at the date of the MD&A.

2. Upon commissioning, LTA figures may be updated to reflect design optimization or constraints or selection of different turbines. Please refer to the Forward-Looking Information section for more information.

3. Corresponding to 100% of this facility.

4. The COD should be reached in the second quarter of 2017 for the Boulder Creek hydroelectric facility. Commercial operation has been delayed due to the forest fire that forced the interruption of construction activities in the summer 2015. BC Hydro has agreed that the fire constitutes a force majeure event and consequently confirmed that the COD could be delayed up to 98 force majeure days. If financial consequences nonetheless result from the fire, the Boulder Creek project expects to be indemnified for such delays under its insurance coverage.

Boulder Creek

The construction of the Boulder Creek hydroelectric facility began in October 2013. On March 17, 2015, the Corporation announced the closing of a \$491.6 million non-recourse construction and term project financing for both Boulder Creek and Upper Lillooet River projects, which received the Clean Energy BC's Finance Award for 2015 and the 2016 Hydro Power Deal of the Year from the World Finance Magazine.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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As at the date of this MD&A, the construction of the Boulder Creek hydroelectric facility has been fully completed. The tunnel was filled in mid-April, the commissioning activities are ongoing and the COD is expected in May 2017.

The insurance claims process for the fire continues, with interim progress payments being made. The Corporation expects to receive an indemnity, which should cover most of the financial consequences from the fire.

PROSPECTIVE PROJECTS

With a combined potential net installed capacity of 3,560 MW (gross 3,940 MW), all the Prospective Projects are in the preliminary development stage.

Some Prospective Projects are targeted toward specific ongoing and future energy procurement processes in the provinces of New Brunswick, Alberta and Saskatchewan. Other Prospective Projects are maintained or continue to be advanced and will be available for future requests for proposals yet to be announced or are targeted toward negotiated power purchase agreements with public utilities or other creditworthy counterparties in Quebec, Alberta and Ontario or in other countries such as France and the United States. There is no certainty that any Prospective Project will be realized.

OPERATING RESULTS

Electricity production in the last quarter was 88% of the LTA production due mainly to below-average water flows in the hydroelectric sector in British Columbia and lower wind regimes in Quebec and France, which were partly offset by above-average water flows in the hydroelectric sector in Quebec.

Production increased 9%, revenues 19% and Adjusted EBITDA 7%. These increases are attributable mainly to the contribution of the facilities commissioned in 2016 and the 10 wind facilities in France acquired in 2016 and 2017; they were partly offset by lower production at our hydro facilities in British Columbia and our wind farms in Quebec. The Adjusted EBITDA was also impacted by a payment related to water rights in British Columbia, which were reassessed.

The Corporation's operating results for the three-month period ended March 31, 2017, are compared with the operating results for the same period in 2016.

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Electricity Production

When evaluating its operating results, a key performance indicator for the Corporation is to compare actual electricity generation with a long-term average for each hydroelectric facility, wind farm and solar farm. These LTA are determined to allow long-term forecasting of the expected power generation for each of the Corporation's facilities.

Three months ended March 31	2017			2016		
	Production (MWh) ¹	LTA (MWh)	Production as a % of LTA	Production (MWh) ¹	LTA (MWh)	Production as a % of LTA
HYDRO						
Quebec	133,487	124,170	108%	134,252	124,170	108%
Ontario	23,524	24,294	97%	22,156	24,294	91%
British Columbia	168,730	201,464	84%	283,429	179,795	158%
United States	6,728	7,927	85%	8,131	7,927	103%
Subtotal	332,469	357,855	93%	447,968	336,186	133%
WIND						
Quebec	304,048	367,014	83%	208,595	213,605	98%
France	77,953	88,584	88%	—	—	—%
Subtotal	382,001	455,598	84%	208,595	213,605	98%
SOLAR						
Ontario	7,803	7,181	109%	7,824	7,231	108%
Total	722,273	820,634	88%	664,387	557,022	119%

1. The Umbata Falls hydroelectric facility and the Viger-Denonville wind farm are treated as joint ventures and accounted for using the equity method; their revenues are not included in the Corporation's consolidated revenues and, for the sake of consistency, their electricity production figures have been excluded from the production table. For more information on the Corporation's joint ventures, please refer to the Investments in Joint Ventures section.

During the three-month period ended March 31, 2017, the Corporation's facilities produced 722,273 MWh of electricity or 88% of the LTA of 820,634 MWh. Overall, the hydroelectric facilities produced 93% of their LTA due mainly to below-average water flows in all markets except Quebec. Overall, the wind farms produced 84% of their LTA due to the below-average wind regimes in Quebec and France. The Stardale solar farm produced 109% of its LTA due to an above-average solar regime. For more information on operating segment results, please refer to the Segment Information section.

The 9% production increase over the same period last year is due mainly to the contribution of the recently commissioned or acquired facilities, which was partly offset by lower water flows in British Columbia and lower wind regimes in Quebec.

The overall performance of the Corporation's facilities for the period ended March 31, 2017, demonstrates the benefits of geographic diversification and the complementarity of hydroelectric, wind and solar power generation.

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(in thousands of Canadian dollars, except as noted, and amounts per share)

Financial Results

	Three months ended March 31			
	2017		2016	
Revenues	74,527	100.0%	62,481	100.0%
Operating expenses	16,089	21.6%	9,397	15.0%
General and administrative expenses	4,578	6.1%	3,686	5.9%
Prospective project expenses	2,918	3.9%	1,717	2.7%
Adjusted EBITDA	50,942	68.4%	47,681	76.3%
Finance costs	29,297		19,494	
Other net revenues	(360)		(174)	
Depreciation and amortization	29,582		19,437	
Share of (earnings) loss of joint ventures (note 1)	(715)		452	
Unrealized net gain on financial instruments	(5,075)		(1,287)	
Income taxes expenses	547		2,562	
Net (loss) earnings	(2,334)		7,197	
Net earnings attributable to:				
Owners of the parent	2,456		8,333	
Non-controlling interests	(4,790)		(1,136)	
	(2,334)		7,197	
Basic net earnings per share (\$)	0.01		0.07	

1. The Umbata Falls hydroelectric facility and Viger Denonville wind farm are treated as joint ventures and the Corporation's interests in these facilities are required to be accounted for using the equity method. For more information on the Corporation's joint ventures, please refer to the Investments in Joint Ventures section.

Revenues

For the three-month period ended March 31, 2017, the Corporation recorded revenues of \$74.5 million, compared with \$62.5 million for three-month period ended March 31, 2016. This 19% increase is attributable mainly to the contribution of the Mesgi'g Ugnu's'n wind farm and the Big Silver Creek hydro facility commissioned in 2016 and to the acquisition of 10 wind facilities in France in 2016 and 2017, which was partly offset by lower production at our hydro facilities in British Columbia and at our Quebec wind farms.

Expenses

Operating expenses consist primarily of the operators' salaries, insurance premiums, expenditures related to operation and maintenance, property taxes and royalties. For the three-month period ended March 31, 2017, the Corporation recorded operating expenses of \$16.1 million (\$9.4 million in 2016). This 71% increase for the period is due mainly to a \$3.2 million aggregate payment related to water rights for 2011 and 2012 for Fire Creek, Lamont Creek, Stokke Creek, Tipella Creek and Upper Stave River, which were reassessed following the decision by the British Columbia Ministry of Forests, Lands and Natural Resource Operations to apply higher rental rates based on the combined production of these facilities rather than apply lower rates for each facility based on its individual production, as had previously been its practice. The Corporation has filed an appeal of this decision with the Environmental Appeal Board. Since 2013, these facilities' water rights fees have been paid at the higher rates. A 49.99% portion of the water rights payment is allocated to the non-controlling interests. The increase is also due to the commissioning of the Mesgi'g Ugnu's'n wind farm in December 2016 and the Big Silver Creek hydro facility in July 2016 and to the acquisition of 10 wind facilities in France between April 2016 and February 2017.

General and administrative expenses consist primarily of salaries, professional fees and office expenses. For the three-month period ended March 31, 2017, general and administrative expenses totalled \$4.6 million (\$3.7 million in 2016). The 24% increase stems mainly from the greater number of facilities in operation and from legal fees related to the PPA renewals.

Prospective project expenses include the costs incurred for the development of Prospective Projects. They result from the number of Prospective Projects that the Corporation chooses to advance and the resources required to do so. For the three-month period ended March 31, 2017, prospective project expenses totalled \$2.9 million (\$1.7 million in 2016). This 70% increase

MANAGEMENT'S DISCUSSION AND ANALYSIS

(in thousands of Canadian dollars, except as noted, and amounts per share)

is related mainly to pursuing opportunities in new international markets, to current and future requests for proposals and expressions of interest in the Canadian provinces and to the advancement of a number of prospective projects.

Adjusted EBITDA

Adjusted EBITDA, which is defined as revenues less operating expenses, general and administrative expenses and prospective project expenses, is a key performance indicator when evaluating the Corporation's financial results.

For the three-month period ended March 31, 2017, the Corporation recorded Adjusted EBITDA of \$50.9 million, compared with \$47.7 million for the same period last year. This increase of 7% for the three-month period is due mainly to the production and revenues from new facilities, partly offset by higher operating expenses, general and administrative expenses and prospective project expenses. The Adjusted EBITDA Margin decreased from 76.3% to 68.4% for the three-month period due mainly to the payment related to water rights for 2011 and 2012 in British Columbia and to lower production at our hydro facilities in British Columbia and at our Quebec wind farms.

Finance Costs

Finance costs include interest on long-term debt and convertible debentures, inflation compensation interest, amortization of financing fees, accretion of long-term debt and convertible debentures, accretion expenses on other liabilities and other finance costs. For the three-month period ended March 31, 2017, finance costs totalled \$29.3 million (\$19.5 million in 2016). The increase is due mainly to expenses related to the recently commissioned or acquired facilities (the Mesgi'g Ugju's'n wind farm and the Big Silver Creek hydroelectric facility commissioned respectively in December and July 2016 and the acquisition of the 10 wind facilities in France in 2016 and 2017) and to positive inflation compensation interest on the real-return bonds attributable to higher inflation during the period (compared with negative inflation compensation interest in 2016).

The effective all-in interest rate on the Corporation's debt and convertible debentures was 4.69% as at March 31, 2017 (4.79% as at December 31, 2016).

Depreciation and Amortization

For the three-month period ended March 31, 2017, depreciation and amortization expenses totalled \$29.6 million (\$19.4 million in 2016). This increase is attributable mainly to the Mesgi'g Ugju's'n wind farm commissioned in December 2016, the Big Silver Creek hydroelectric facility commissioned in July 2016 and the French wind farms acquired in April 2016, December 2016 and February 2017.

Share of (Earnings) Loss of Joint Ventures

For the three-month period ended March 31, 2017, the Corporation recorded a share of net earnings of joint ventures of \$0.7 million (a share of net loss of \$0.5 million in 2016). Please refer to the Investments in Joint Ventures section for more information.

Unrealized Net Gain on Financial Instruments

Derivatives are used by the Corporation to manage its exposure to the risk of rising interest rates on its existing and upcoming debt financing and to reduce the Corporation's foreign exchange risk, thereby protecting the economic value of its projects.

For the three-month period ended March 31, 2017, the Corporation recognized a \$5.1 million unrealized net gain on financial instruments resulting mainly from an unrealized net gain on the foreign exchange rate swap due to a favorable change in the CAD-EUR foreign exchange rate and from the conversion of an intragroup loan. On consolidation, although the intragroup loan has been eliminated from the consolidated statement of financial position, the related exchange (gain) loss recognized in the consolidated statement of earnings survives the consolidation process.

For the period ended March 31, 2017, the Corporation had no Derivatives to be settled upon the closing of project financing, as all the project financings were put in place in 2015.

Income Tax Expense (Recovery)

For the three-month period ended March 31, 2017, the Corporation recorded a current income tax expense of \$0.9 million (\$0.6 million in 2016) and a income tax recovery of \$0.3 million (deferred income tax expense of \$1.9 million in 2016). The deferred income tax recovery is due mostly to the recognition of an accounting loss before income taxes. The deferred income tax expense for the same period last year was due primarily to the recognition of accounting earnings before income taxes.

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Net (Loss) Earnings

For the three-month period ended March 31, 2017, the Corporation recorded a net loss of \$2.3 million (basic and diluted net earnings of \$0.01 per share), compared with net earnings of \$7.2 million (basic and diluted net earnings of \$0.07 per share) in 2016. The \$9.5 million decrease in net earnings can be explained mainly by the \$9.8 million increase in finance costs and the \$10.1 million increase in depreciation and amortization, partly offset by a \$3.3 million increase in Adjusted EBITDA and a \$3.8 million unrealized net gain on derivative financial instruments.

Main items explaining the change in net loss for the three-month period ended March 31, 2017, compared with the net earnings for the corresponding period in 2016

Main items – Positive impact	Change	Explanation
Adjusted EBITDA	3,261	Due mainly to the increase in production and revenues, partly offset by higher operating expenses, general and administrative expenses and prospective project expenses.
Unrealized net gain on financial instruments	3,788	Due mainly from an unrealized net gain on the foreign exchange rate swap due to a favorable change in the CAD-EUR foreign exchange rate and from the conversion of the intragroup loan.
Deferred income tax expense	2,273	Due mainly to the recognition in 2017 of an accounting loss by the Corporation. The deferred income tax expense for the same period last year was due primarily to the recognition of accounting earnings before income taxes.
Main items – Negative impact	Change	Explanation
Finance costs	9,803	Due mainly to expenses related to the recently commissioned or acquired facilities and to positive inflation compensation interest on the real-return bonds attributable to higher inflation during the period (compared with negative inflation compensation interest in 2016).
Depreciation and amortization	10,145	Due mainly to the Mesgi'g Ugnu's'n wind farm commissioned in December 2016, the Big Silver Creek hydroelectric facility commissioned in July 2016 and the French wind farms acquired in April 2016, December 2016 and February 2017.

Non-controlling Interests

Non-controlling interests are related to the Harrison Hydro Limited Partnership ("HHLP"), the Creek Power Inc. subsidiaries, the Mesgi'g Ugnu's'n (MU) Wind Farm, L.P., the Innergex Europe (2015) Limited Partnership, the Kwoiek Creek Resources Limited Partnership, the Magpie Limited Partnership, the Innergex Sainte-Marguerite S.E.C. entity, the Cayoose Creek Power Limited Partnership and their respective general partners. For the three-month period ended March 31, 2017, the Corporation allocated losses of \$4.8 million to non-controlling interests (losses of \$1.1 million in 2016). The larger amount of the losses allocated to non-controlling interests in the first quarter of 2017 compared with 2016 is due mainly to a loss in HHLP facilities related to lower production this quarter compared with last year and to the payment related to water rights for 2011 and 2012, partly offset by a gain in Mesgi'g Ugnu's'n following its first quarter of operations.

Number of Common Shares Outstanding

Weighted average number of common shares outstanding (000s)	Three months ended March 31	
	2017	2016
Weighted average number of common shares	108,341	103,996
Effect of dilutive elements on common shares ¹	954	645
Diluted weighted average number of common shares	109,295	104,641

1. During the three-month period ended March 31, 2017, 3,331,684 of the 3,457,432 stock options (all of the 3,425,684 for the three-month period ended March 31, 2016) were dilutive. During the three-month period ended March 31, 2017, none of the 6,666,667 shares that can be issued on conversion of convertible debentures were dilutive (none of the 6,666,667 shares were dilutive for the same period in 2016).

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The Corporation's Equity Securities

As at	May 9, 2017	March 31, 2017	March 31, 2016
Number of common shares	108,443,695	108,375,159	104,006,805
Number of 4.25% convertible debentures	100,000	100,000	100,000
Number of Series A Preferred Shares	3,400,000	3,400,000	3,400,000
Number of Series C Preferred Shares	2,000,000	2,000,000	2,000,000
Number of stock options outstanding	3,457,432	3,457,432	3,425,684

As at the date of this MD&A and since March 31, 2017, the increase in the number of common shares of the Corporation is attributable to the Corporation's Dividend Reinvestment Plan ("DRIP").

As at March 31, 2017, the increase in the number of common shares since March 31, 2016, is attributable mainly to the issuance of 3,906,250 shares to three Desjardins Group-affiliated entities under a private placement of Innergex common shares, to the issuance of 94,000 shares following the exercise of stock options and to 368,104 shares related to the DRIP.

LIQUIDITY AND CAPITAL RESOURCES

For the three-month period ended March 31, 2017, the Corporation generated cash flows from operating activities of \$15.8 million, compared with the generation of \$20.9 million for the same period last year. This three-month period, the Corporation generated funds from financing activities of \$54.0 million and used funds for investing activities of \$62.7 million, mainly to pay for the construction of its Upper Lillooet River, Boulder Creek and Mesgi'g Ugnu's'n facilities as well as the acquisition of the Yonne facility, partly offset by a decrease of restricted cash and short-term investments and cash acquired on business acquisitions. As at March 31, 2017, the Corporation had cash and cash equivalents amounting to \$62.4 million, compared with \$56.2 million as at December 31, 2016.

Cash Flows from Operating Activities

For the three-month period ended March 31, 2017, cash flows generated by operating activities totalled \$15.8 million (\$20.9 million generation in 2016). The change of \$5.2 million is attributable to the \$3.3 million increase in Adjusted EBITDA, which was more than offset by higher finance costs and a negative variation in non-cash operating working capital items.

Cash Flows from Financing Activities

For the three-month period ended March 31, 2017, cash flows generated by financing activities totalled \$54.0 million (compared with \$27.3 million generated in 2016). The cash flows from the financing activities are attributable mainly to a \$69.3 million net increase in long-term debt partly offset by the payment of \$16.1 million in dividends.

The \$69.3 million net increase in long-term debt is attributable mainly to drawings made on the revolving credit facility related to the acquisition of the Yonne facility, drawings made on Mesgi'g Ugnu's'n project financing and the raising of subordinated debt from a French infrastructure fund via the French subsidiaries created for the acquisition of seven wind farms in France in April 2016. The subordinated loan carries an interest rate of 7.25% and has an eight-year tenor; its principal will be reimbursed at maturity.

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Use of Financing Proceeds	Three months ended March 31	
	2017	2016
Proceeds from issuance of long-term debt (including revolving credit facility)	88,856	197,487
Repayment of long-term debt (including revolving credit facility)	(19,119)	(151,354)
Payment of deferred financing costs	(476)	(1,632)
Sub-total: net increase in long-term debt	69,261	44,501
Investments from non-controlling interests	2,090	—
Generation of financing proceeds	71,351	44,501
Business acquisitions	(35,061)	(8,330)
Decrease of restricted cash and short-term investments	5,379	26,354
Net funds withdrawn from (invested into) the reserve accounts	498	(35)
Additions to property, plant and equipment	(38,421)	(54,492)
Additions to other long-term assets	(40)	(14,528)
Net use of financing proceeds	(67,645)	(51,031)
Increase (reduction) in working capital	3,706	(6,530)

During the three-month period ended March 31, 2017, the Corporation borrowed a net amount of \$69.3 million, mainly to pay for the acquisition of the Yonne wind farm in February 2017 and for the construction of the Mesgi'g Ugu's'n facility. It also used \$5.4 million in restricted cash to continue construction of Upper Lillooet River and Boulder Creek facilities.

Cash Flows from Investing Activities

For the three-month period ended March 31, 2017, cash flows used by investing activities amounted to \$62.7 million (\$51.0 million in 2016). During this period, the main investing activities that impacted cash flows were as follows: additions to property, plant and equipment accounted for a \$38.4 million outflow (\$54.5 million outflow in 2016); fluctuations in restricted cash and short-term investments accounted for a \$5.4 million inflow (\$26.4 million inflow in 2016); additions to other long-term assets accounted for a small outflow (\$14.5 million outflow in 2016); and business acquisitions accounted for a net amount of \$30.1 million outflow (\$8.3 million in 2016) for the acquisition of the Yonne facility in February 2017.

Cash and Cash Equivalents

As at March 31, 2017, the Corporation had cash and cash equivalents amounting to \$62.4 million (\$56.2 million as at December 31, 2016). For the three-month period ended March 31, 2017, cash and cash equivalents increased by \$6.1 million (decreased by \$2.6 million in 2016). The increase stems mainly from the cash generated from operating activities.

DIVIDENDS

The following dividends were declared by the Corporation:

	Three months ended March 31	
	2017	2016
Dividends declared on common shares ¹	17,882	16,641
Dividends declared on common shares (\$/share)	0.1650	0.1600
Dividends declared on Series A Preferred Shares	767	767
Dividends declared on Series A Preferred Shares (\$/share)	0.2255	0.2255
Dividends declared on Series C Preferred Shares	719	719
Dividends declared on Series C Preferred Shares (\$/share)	0.359375	0.359375

1. The increase in dividends declared on common shares is also attributable to the issuance of 3,906,250 shares to three Desjardins Group-affiliated entities under a private placement of common shares of Innergex, to the issuance of 94,000 shares following the exercise of stock options as well as to the issuance of 368,104 shares under the DRIP.

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The following dividends will be paid by the Corporation on July 17, 2017:

Date of announcement	Record date	Payment date	Dividend per common share (\$)	Dividend per Series A Preferred Share (\$)	Dividend per Series C Preferred Share (\$)
05/09/2017	6/30/2017	7/17/2017	0.1650	0.2255	0.359375

On February 23, 2017, the Board of Directors increased the annual dividend from \$0.64 to \$0.66 per common share, payable quarterly.

FINANCIAL POSITION

As at March 31, 2017, the Corporation had \$3,762 million in total assets, \$3,295 million in total liabilities, including \$2,782 million in long-term debt, and \$467.0 million in shareholders' equity. The Corporation also had a working capital ratio of 1.10:1.00 (1.14:1.00 as at December 31, 2016). In addition to cash and cash equivalents amounting to \$62.4 million, the Corporation had restricted cash and short-term investments of \$84.4 million and reserve accounts of \$49.0 million. The explanations below highlight the most significant changes in the statement of financial position items during the three-month period ended March 31, 2017.

Assets

Highlights of significant changes in total assets during the three-month period ended March 31, 2017

- A \$113.6 million increase in property, plant and equipment, due mainly to the acquisition of the Yonne facility on February 21, 2017 and the construction of the Upper Lillooet River and Boulder Creek facilities, partly offset by the depreciation for the period; and
- A \$26.9 million increase in intangible assets, due to the acquisition of the Yonne facility, partly offset by the amortization for the period.

Working Capital Items

Working capital was positive at \$25.2 million, as at March 31, 2017, with a working capital ratio of 1.10:1.00. As at December 31, 2016, working capital was positive at \$31.9 million, with a working capital ratio of 1.14:1.00. The decrease in the working capital ratio is due to higher accounts receivable related mainly to the acquisition of the Yonne facility, offset by higher accounts payable, by the ongoing construction of Upper Lillooet River and Boulder Creek, by an increase in the short-term portion of the long-term debt due to the acquisition of the Yonne facility and by the Mesgi'g Ugu's'n facility's debt payable in the short-term. The Corporation considers its current level of working capital to be sufficient to meet its needs. The Corporation can also use its \$425.0 million revolving term credit facility if necessary. As at March 31, 2017, the Corporation had drawn \$204.8 million and US\$13.9 million as cash advances, while \$38.1 million had been used for issuing letters of credit, leaving \$168.2 million available.

Cash and cash equivalents amounted to \$62.4 million as at March 31, 2017, compared with \$56.2 million as at December 31, 2016. The increase stems mainly from the cash acquired with the Yonne facility in February 2017.

Restricted cash and short-term investments amounted to \$84.4 million as at March 31, 2017, compared with \$89.7 million as at December 31, 2016. The decrease stems mainly from the amounts used to pay for construction of the Upper Lillooet River and Boulder Creek facilities and from the cash released upon the conversion of the Big Silver Creek non-recourse construction and term project financing into a term loan, partly offset by drawings on the Montjean and Theil-Rabier project financings.

Accounts receivable increased from \$98.8 million to \$122.8 million between December 31, 2016, and March 31, 2017, due mainly to accounts receivable related to commodity taxes acquired with the Yonne facility in France.

Accounts payable and other payables from December 31, 2016, to March 31, 2017, increased from \$85.9 million to \$105.7 million, due mainly to construction costs related to Upper Lillooet River and Boulder Creek hydro facilities and to payments remaining to be made on the Mesgi'g Ugu's'n project.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(in thousands of Canadian dollars, except as noted, and amounts per share)

Current portion of long-term debt amounted to \$113.5 million as at March 31, 2017, compared with \$99.4 million as at December 31, 2016. The increase stems mainly from the portion of the Mesgi'g Ugju's'n facility's debt payable in the short-term and its substation loan as well as from the acquisition of the Yonne facility.

Reserve Accounts

Reserve accounts consist of a hydrology/wind reserve, established at the start of commercial operation at a facility to compensate for the variability of cash flows related to fluctuations in hydrology or wind regimes and to other unpredictable events, and a major maintenance reserve, established in order to prefund any major plant repairs that may be required to maintain the Corporation's generating capacity. The Corporation had \$49.0 million in long-term reserve accounts as at March 31, 2017, compared with \$49.5 million as at December 31, 2016. The decrease is mainly due to some drawings on reserve accounts, partly offset by mandatory investments during the period.

The availability of funds in the hydrology/wind and major maintenance reserve accounts are in large part restricted by credit agreements.

Property, Plant and Equipment

Property, plant and equipment are comprised mainly of hydroelectric facilities, wind farms and a solar farm that are either in operation or under construction. As at March 31, 2017, the Corporation had \$2,814 million in property, plant and equipment, compared with \$2,700 million as at December 31, 2016. The increase stems mainly from the acquisition of the Yonne facility on February 21, 2017 and the construction of the Upper Lilloet River and Boulder Creek facilities, partly offset by the depreciation for the period.

Intangible Assets

Intangible assets consist of various power purchase agreements, permits and licenses. The Corporation had \$571.7 million in intangible assets as at March 31, 2017, compared with \$544.9 million as at December 31, 2016. The increase is due mainly to the acquisition of the Yonne facility, partly offset by the amortization.

Liabilities and Shareholders' Equity

Derivative Financial Instruments and Risk Management

The Corporation uses derivative financial instruments ("Derivatives") to manage its exposure to the risk of increasing interest rates on its debt financing and its exposure to exchange rate fluctuations on the future repatriation of cash flows from its French operations. The Corporation does not own or issue any Derivatives for speculation purposes.

Interest rate swap contracts allow the Corporation to eliminate the risk of interest rate increases on actual floating-rate debts. These totalled \$686.0 million as at March 31, 2017.

Overall, Derivatives had a net negative value of \$57.6 million at March 31, 2017 (net negative value of \$60.1 million at December 31, 2016). The decrease in negative value is due mainly to a favorable change in CAD-EUR foreign exchange rate and to the amortization of the interest rate swaps held by the Corporation, partly offset by the negative value of the swap from the Yonne acquisition. These figures exclude the impact of Derivatives used to hedge loans of the Corporation's joint ventures. For information on the impact of derivative financial instruments used in the Corporation's joint ventures, please refer to the Investments in Joint Ventures section.

Accrual for Acquisition of Long-Term Assets

Accrual for acquisition of long-term assets consists of long-term debt commitments that have been secured and will be drawn to finance the Corporation's projects. As at March 31, 2017, accrual for acquisition of long-term assets was \$4.1 million (\$37.4 million as at December 31, 2016). The \$33.3 million decrease results mainly from payments made in relation to the Mesgi'g Ugju's'n facility and the two French facilities in Nouvelle-Aquitaine acquired in December 2016, for which drawings were made from the long-term financing in place.

Long-Term Debt

As at March 31, 2017, long-term debt totalled \$2,782 million (\$2,607 million as at December 31, 2016). The \$175.3 million increase results mainly from the addition of the Yonne facility, the addition of the subordinated debt financing for two of the French subsidiaries and additional drawings on Innergex's credit facility as well as Mesgi'g Ugju's'n, Theil-Rabier and Montjean financings and the issuance of a debenture carrying an 8.0% interest rate to Desjardins for its investment in the acquisition of Yonne, partly offset by the scheduled repayment of project-level debts.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(in thousands of Canadian dollars, except as noted, and amounts per share)

On February 21, 2017, Innergex executed a Fifth Amended and Restated Credit Agreement of its existing \$425 million revolving credit facility. These amendments increase the Corporation's flexibility in borrowing euros through EURIBOR loans. The Corporation also extended its revolving term from 2020 to 2021 (except for one lender of \$42.5 million, whose commitment remains in effect until 2020) to provide greater financing flexibility. Moreover, a Letter of Credit Facility of up to \$30 million guaranteed by Export Development Canada (EDC) was added and will be put in place.

As at March 31, 2017, 97% of the Corporation's outstanding debt, including convertible debentures, was fixed or hedged against interest rate movements (99% as at December 31, 2016).

Since the beginning of the 2017 fiscal year, the Corporation and its subsidiaries have met all the financial and non-financial conditions related to their credit agreements, trust indentures and PPAs. Were they not met, certain financial and non-financial covenants included in the credit agreements or trust indentures entered into by various subsidiaries of the Corporation could limit the capacity of these subsidiaries to transfer funds to the Corporation. These restrictions could have a negative impact on the Corporation's ability to meet its obligations.

Shareholders' Equity

As at March 31, 2017, the Corporation's shareholders' equity totalled \$467.0 million, including \$11.1 million of non-controlling interests, compared with \$485.2 million as at December 31, 2016, and which included \$14.7 million of non-controlling interests. This \$18.3 million decrease in total shareholders' equity is attributable mainly to \$19.4 million in dividends declared on common and preferred shares, the recognition of \$2.3 million in net losses and the recognition of other items of comprehensive loss totalling \$0.4 million, partly offset by \$2.7 million in shares issued under the DRIP.

Off-Balance-Sheet Arrangements

As at March 31, 2017, the Corporation had issued letters of credit totaling \$95.1 million to meet its obligations under its various PPAs and other agreements. Of this amount, \$38.1 million was issued under its revolving term credit facility, for the most part on a temporary basis during the construction of the Upper Lillooet River and Boulder Creek facilities, with the remainder being issued under the projects' non-recourse credit facilities. As at that date, Innergex had also issued a total of \$24.8 million in corporate guarantees used mainly to support the performance of the Brown Lake and Miller Creek hydroelectric facilities and the construction of the Mesgi'g Ugnu's'n project.

FREE CASH FLOW AND PAYOUT RATIO

Free Cash Flow

When evaluating its operating results, a key performance indicator for the Corporation is the cash flows available for distribution to common shareholders and for reinvestment to fund the Corporation's growth. Free Cash Flow is a non-IFRS measure that the Corporation calculates as cash flows from operating activities before changes in non-cash operating working capital items, less maintenance capital expenditures net of proceeds from disposals, scheduled debt principal payments and preferred share dividends declared. It also subtracts the portion of Free Cash Flow attributed to non-controlling interests regardless of whether an actual distribution to non-controlling interests is made in order to reflect the fact that such distribution may not occur in the period the Free Cash Flow is generated, and adds back cash receipts by the Harrison Hydro L.P. for the wheeling services to be provided to other facilities owned by the Corporation over the course of their PPAs. The Corporation also adjusts for other elements that represent cash inflows or outflows that are not representative of the Corporation's long-term cash generating capacity. Such adjustments include adding back transaction costs related to realized acquisitions (which are financed at the time of the acquisition) and adding back realized losses or subtracting realized gains on derivative financial instruments used to hedge the interest rate on project-level debt prior to securing such debt or the exchange rate on equipment purchases.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(in thousands of Canadian dollars, except as noted, and amounts per share)

Free Cash Flow and Payout Ratio calculation	Trailing 12 months ended March 31	
	2017	2016
Cash flows from operating activities	71,600	72,872
<i>Add (Subtract) the following items:</i>		
Changes in non-cash operating working capital items	60,969	(6,626)
Maintenance capital expenditures net of proceeds from disposals	(2,587)	(3,404)
Scheduled debt principal payments	(46,093)	(32,755)
Free Cash Flow attributed to non-controlling interests ¹	(6,256)	(2,825)
Dividends declared on Preferred shares	(5,942)	(6,829)
Cash receipt for wheeling services to be provided by the Harrison Hydro L.P. to other facilities ²	—	3,327
<i>Adjust for the following elements:</i>		
Transaction costs related to realized acquisitions	1,968	1,947
Realized losses on derivative financial instruments	—	51,510
Free Cash Flow	73,659	77,217
Dividends declared on common shares	69,765	64,623
Payout Ratio - before the impact of the DRIP	95%	84%
Dividends declared on common shares and paid in cash ³	64,394	60,074
Payout Ratio - after the impact of the DRIP	87%	78%

1. The portion of Free Cash Flow attributed to non-controlling interests is subtracted, regardless of whether or not an actual distribution to non-controlling interests is made, in order to reflect the fact that such distributions may not occur in the period they are generated.

2. These amounts represent cash receipts by the Harrison Hydro L.P. for the wheeling services to be provided to the Big Silver Creek facility, 49.99% of which was included in the Free Cash Flow attributed to non-controlling interests.

3. Represents dividends declared on common shares outstanding that were not registered in the DRIP at the time of the declaration; the dividends declared on common shares registered in the DRIP were paid in common shares.

For the trailing twelve-month period ended March 31, 2017, the Corporation generated Free Cash Flow of \$73.7 million, compared with \$77.2 million for the same period last year. This slight decrease in Free Cash Flow is due mainly to greater scheduled debt principal payments and higher free cash flows attributed to non-controlling interests, which were partly offset by higher cash flows from operating activities before changes in non-cash operating working capital items and realized losses on derivative financial instruments. The realized loss on derivative financial instruments in the prior period was related to the settlement of the Big Silver and Mesgi'g Ugnu's'n bond forwards contracts at the closing of the projects' financing. The Corporation also committed to invest more to pursue growth opportunities in new international markets, which also reduced cash flows from operating activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(in thousands of Canadian dollars, except as noted, and amounts per share)

Payout Ratio

The Payout Ratio represents the dividends declared on common shares divided by Free Cash Flow. The Corporation believes it is a measure of its ability to sustain current dividends and dividend increases as well as its ability to fund its growth.

For the trailing twelve-month period ended March 31, 2017, the dividends on common shares declared by the Corporation amounted to 95% of Free Cash Flow, compared with 84% for the corresponding period last year. This negative impact is due mainly to a slightly lower Free Cash Flow than in 2016 and by higher dividend payments as a result of a higher number of common shares outstanding due to the issuance of 3,906,250 shares to three Desjardins Group-affiliated entities under a private placement of Innergex common shares and to the issuance of 94,000 shares following the exercise of stock options and 368,104 shares related to the DRIP.

The Payout Ratio reflects the Corporation's decision to invest yearly in advancing the development of its Prospective Projects, which investments must be expensed as incurred. The Corporation considers such investments essential to its long-term growth and success, as it believes that the greenfield development of renewable energy projects offers the greatest potential internal rates of return and represents the most efficient use of management's expertise and value-added skills. For the trailing twelve-month period ended March 31, 2017, the Corporation incurred prospective project expenses of \$11.5 million, compared with \$8.0 million for the corresponding period last year. This 37% increase is attributable mainly to the advancement of a number of prospective projects and to pursuing opportunities in new international markets. Excluding these discretionary expenses, the Corporation's Payout Ratio would have been approximately 13% points lower for the twelve-month period ended March 31, 2017, and approximately 8% points lower for the prior twelve-month period.

Furthermore, the Corporation does not expect to require additional equity in order to complete its Boulder Creek project under construction, given the anticipated increase in cash flows from operations once this project has been commissioned, the project-level financing that the Corporation has secured for the project and the additional equity provided by the DRIP.

SEGMENT INFORMATION

Geographic Segments

As at March 31, 2017, the Corporation had interests in 29 hydroelectric facilities, seven wind farms and one solar farm in Canada, 10 wind farms in Europe and one hydroelectric facility in the United States. The Corporation operates in three principal geographical areas, which are detailed below.

	Three months ended March 31	
	2017	2016
Revenues		
Canada	64,489	61,829
Europe	9,480	—
United States	558	652
	74,527	62,481

As at	March 31, 2017	December 31, 2016
Non-current assets, excluding financial instruments and deferred tax assets		
Canada	3,008,991	3,005,720
Europe	442,081	318,924
United States	7,199	7,365
	3,458,271	3,332,009

MANAGEMENT'S DISCUSSION AND ANALYSIS

(in thousands of Canadian dollars, except as noted, and amounts per share)

Canada

For the three-month period ended March 31, 2017, the Corporation recorded revenues in Canada of \$64.5 million, compared with \$61.8 million last year. The increase in Canadian revenues is attributable mainly to the contribution of the recently commissioned facilities, namely the Big Silver Creek hydro facility commissioned in July 2016 and the Mesgi'g Ugju's'n wind farm commissioned in December 2016, which was partly offset by lower revenues from most of our hydroelectric facilities across the country and from the wind farms in Quebec.

For the three-month period ended March 31, 2017, the increase in non-current assets, excluding financial instruments and deferred income tax assets in Canada, stems mainly from the construction of the Upper Lillooet River and Boulder Creek projects, partly offset by amortization and depreciation.

Europe

For the three-month period ended March 31, 2017, the increase in revenues and in non-current assets, excluding financial instruments and deferred income tax assets in France, stems from the seven wind facilities acquired on April 15, 2016, two wind facilities acquired on December 22, 2016, and one wind facility acquired on February 21, 2017.

United States

For the three-month period ended March 31, 2017, the Corporation recorded revenues in the United States of \$0.6 million, compared with \$0.7 million last year. The decrease in United States revenues is attributable to lower water flows at the Horseshoe Bend hydro facility. For the period ended March 31, 2017, the decrease in non-current assets stems mainly from depreciation.

Operating Segments

As at March 31, 2017, the Corporation had four operating segments: hydroelectric generation, wind power generation, solar power generation and site development. For the segment descriptions, please refer to the "Operating Segments" section of the Corporation's Financial Review at December 31, 2016.

SUMMARY OPERATING RESULTS Three months ended March 31, 2017	Hydroelectric Generation	Wind Power Generation	Solar Power Generation	Site Development	Total
Power generated (MWh)	332,469	382,001	7,803	—	722,273
Revenues	34,358	36,892	3,277	—	74,527
Expenses:					
Operating expenses	10,739	5,175	175	—	16,089
General and administrative expenses	2,765	1,422	55	336	4,578
Prospective project expenses	—	—	—	2,918	2,918
Adjusted EBITDA	20,854	30,295	3,047	(3,254)	50,942
Three months ended March 31, 2016					
Power generated (MWh)	447,968	208,595	7,824	—	664,387
Revenues	42,440	16,755	3,286	—	62,481
Expenses:					
Operating expenses	7,110	2,130	157	—	9,397
General and administrative expenses	1,952	948	40	746	3,686
Prospective project expenses	—	—	—	1,717	1,717
Adjusted EBITDA	33,378	13,677	3,089	(2,463)	47,681

MANAGEMENT'S DISCUSSION AND ANALYSIS

(in thousands of Canadian dollars, except as noted, and amounts per share)

FINANCIAL POSITION As at March 31, 2017	Hydroelectric Generation	Wind Power Generation	Solar Power Generation	Site Development	Total
Goodwill	8,269	—	—	—	8,269
Total assets	2,331,972	1,180,658	106,441	142,766	3,761,837
Total liabilities	2,002,324	1,032,128	112,987	147,428	3,294,867
Acquisition of property, plant and equipment during the period	247	107,379	11	24,754	132,391
As at December 31, 2016					
Goodwill	8,269	—	—	—	8,269
Total assets	1,993,033	1,003,964	108,231	498,976	3,604,204
Total liabilities	1,537,791	847,148	113,538	620,495	3,118,972
Acquisition of property, plant and equipment during the year	3,420	219,813	11	369,723	592,967

Hydroelectric Generation Segment

For the three-month period ended March 31, 2017, this segment produced 93% of the LTA and generated revenues of \$34.4 million, compared with production at 133% of the LTA and revenues of \$42.4 million last year. The revenue and production decreases in this segment are due mainly to production being below the long-term average in all locations except Quebec during the period, partly offset by the contribution of the Big Silver Creek hydroelectric facility, which began commercial operation in July 2016. Expenses in the quarter were higher due mainly to a \$3.2 million aggregate payment related to water rights for 2011 and 2012 for Fire Creek, Lamont Creek, Stokke Creek, Tipella Creek and Upper Stave River, which were reassessed following the decision by the British Columbia Ministry of Forests, Lands and Natural Resource Operations to apply higher rental rates based on the combined production of these facilities rather than applying lower rates for each facility based on its individual production, as had previously been its practice. Since 2013, these facilities' water rights fees have been paid at the higher rates. A 49.99% portion of the water rights payment is allocated to the non-controlling interests.

The increase in total assets since December 31, 2016, stems mainly from the Upper Lillooet River hydroelectric project being transferred from the Site Development Segment to the Hydroelectric Generation Segment following its commissioning in March 2017, which was partly offset by depreciation of property, plant and equipment and amortization of intangible assets.

The increase in total liabilities since December 31, 2016, is attributable mainly to the transfer of the project financing of the Upper Lillooet River project from the Site Development Segment to the Hydroelectric Generation Segment following its commissioning, which was partly offset by the scheduled repayment of long-term debt.

Wind Power Generation Segment

For the three-month period ended March 31, 2017, this segment produced 84% of the LTA and generated revenues of \$36.9 million, compared with production at 98% of the LTA and revenues of \$16.8 million for the same period last year. The decrease in the percentage of the LTA is due mainly to the lower wind regimes in Quebec and France. The revenue increase is due mainly to the commissioning of the Mesgi'g Ugu's'n wind farm and the 10 wind facilities in France acquired in April 2016, December 2016 and February 2017.

The increase in total assets since December 31, 2016, is mainly attributable to the acquisition of the Yonne facility in February 2017, which was partly offset by depreciation of property, plant and equipment and amortization of intangible assets.

The increase in total liabilities since December 31, 2016, is attributable mainly to the acquisition of the Yonne facility in February 2017, which was partly offset by the scheduled repayment of long-term debt.

Solar Power Generation Segment

For the three-month period ended March 31, 2017, this segment produced 109% of the LTA and generated revenues of \$3.3 million, compared with production at 108% of the LTA and revenues of \$3.3 million for the same period last year. Comparable results can be explained by a similar solar irradiation than last year.

The decrease in total assets since December 31, 2016, results mainly from depreciation of property, plant and equipment and from amortization of intangible assets.

The decrease in total liabilities since December 31, 2016, results mainly from the scheduled repayment of long-term debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(in thousands of Canadian dollars, except as noted, and amounts per share)

Site Development Segment

For three-month period ended March 31, 2017, site development expenses were \$3.3 million, compared with \$2.5 million in 2016. The increase is due mainly to investments made to pursue growth opportunities in international markets.

The decrease in total assets since December 31, 2016, stems mainly from the Upper Lillooet River project being transferred from the Site Development Segment to the Hydroelectric Generation Segment following its commissioning in March 2017, partly offset by the construction of the Boulder Creek hydroelectric facility.

Since December 31, 2016, the decrease in total liabilities has been due mainly to the transfer of the Upper Lillooet River project from the Site Development Segment to the Hydroelectric Generation Segment following its commissioning in March 2017.

QUARTERLY FINANCIAL INFORMATION

(in millions of dollars, unless otherwise stated)	Three months ended			
	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
Power generated (MWh)	722,273	848,967	831,840	1,176,451
Revenues	74.5	73.3	69.3	87.8
Adjusted EBITDA	50.9	50.3	51.2	66.9
Realized and unrealized net gain (loss) on financial instruments	5.1	2.2	(1.3)	2.2
Impairment of project development costs	—	—	—	—
Net (loss) earnings	(2.3)	8.8	0.4	15.7
Net earnings attributable to owners of the parent	2.5	9.8	3.4	14.4
Net earnings attributable to owners of the parent (\$ per share – basic and diluted)	0.01	0.08	0.02	0.12
Dividends declared on preferred shares	1.5	1.5	1.5	1.5
Dividends declared on common shares	17.9	17.3	17.3	17.3
Dividends declared on common shares, \$ per share	0.165	0.160	0.160	0.160

(in millions of dollars, unless otherwise stated)	Three months ended			
	Mar. 31, 2016	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015
Power generated (MWh)	664,387	647,062	777,975	904,172
Revenues	62.5	56.3	62.7	70.2
Adjusted EBITDA	47.7	38.8	48.6	53.4
Realized and unrealized net gain (loss) on financial instruments	1.3	2.0	(2.7)	18.6
Impairment of project development costs	—	(51.7)	—	—
Net earnings (loss)	7.2	(34.4)	1.3	22.5
Net earnings (loss) attributable to owners of the parent	8.3	(30.6)	5.8	22.8
Net earnings (loss) attributable to owners of the parent (\$ per share – basic and diluted)	0.07	(0.31)	0.04	0.21
Dividends declared on preferred shares	1.5	1.8	1.8	1.8
Dividends declared on common shares	16.6	16.1	16.2	15.7
Dividends declared on common shares, \$ per share	0.160	0.155	0.155	0.155

MANAGEMENT'S DISCUSSION AND ANALYSIS

(in thousands of Canadian dollars, except as noted, and amounts per share)

Comparing the results for the most recent quarters illustrates the seasonality that is characteristic of the Corporation's production and the variability of power generated, revenues and Adjusted EBITDA from quarter to quarter. As the Corporation's annualized consolidated LTA is 64% hydroelectric, this seasonality can be explained by water flows that are normally at their highest in the second quarter due to the snow melt season and at their lowest in the first quarter due to the cold temperatures, which limit precipitation in the form of rain. However, premiums for the electricity generated during the coldest months of the year included in some PPAs of the Corporation's hydroelectric facilities attenuate this seasonality. Wind regimes are generally best in the first quarter, while solar irradiation is at its highest during the summer months and at its lowest during the winter months.

Readers may expect the net earnings or losses to reflect this seasonality characteristic of run-of-river hydroelectric facilities, wind farms and solar farms. However, other factors also influence these figures, some of which have a relatively stable quarter-to-quarter impact while others are more variable. For the Corporation, the factors responsible for the largest fluctuations in net earnings (loss) are the impairment of project development costs and the unrealized and realized gains (losses) on financial instruments arising from the increase (decrease) in benchmark interest rates, and foreign exchange fluctuations. Historical analysis of net earnings (losses) should take these factors into account. It should be borne in mind that the unrealized changes in market value of derivative financial instruments result from interest rate fluctuations and foreign exchange fluctuations and do not have an impact on the Corporation's Adjusted EBITDA, finance costs, cash flows from operating activities, Free Cash Flow or Payout Ratio.

INVESTMENTS IN JOINT VENTURES

The Corporation's material joint ventures at the end of the reporting period were Umbata Falls Limited Partnership ("Umbata Falls, L.P.") (49% interest) and Parc éolien communautaire Viger-Denonville, s.e.c. (Viger-Denonville, L.P.) (50% interest). A summary of the electricity production and financial information for the Corporation's material joint ventures is presented below. The summarized financial information corresponds to amounts shown in the joint ventures' financial statements prepared in accordance with IFRS.

Electricity Production

Three months ended March 31	2017			2016		
	Production (MWh) ¹	LTA (MWh) ¹	Production as a % of LTA	Production (MWh) ¹	LTA (MWh) ¹	Production as a % of LTA
Umbata Falls	25,928	16,927	153%	28,109	16,927	166%
Viger-Denonville	20,429	20,300	101%	21,767	20,300	107%

1. Corresponds to 100% of the facility's electricity production and LTA.

Umbata Falls, L.P.

Summary Statements of Earnings and Comprehensive Income – Umbata Falls, L.P.

	Three months ended March 31	
	2017	2016
Revenues	2,208	2,388
Operating and general and administrative expenses	217	235
Adjusted EBITDA	1,991	2,153
Finance costs	601	631
Other net revenues	(8)	(8)
Depreciation and amortization	1,004	1,004
Unrealized net loss on financial instruments	33	1,448
Net earnings (loss) and comprehensive income (loss)	361	(922)

For the three-month period ended March 31, 2017, production was 153% of the LTA, due mainly to above-average water flows during the period.

The decrease in Adjusted EBITDA for the three-month period ended March 31, 2017, is due mainly to lower production levels compared with the same period last year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(in thousands of Canadian dollars, except as noted, and amounts per share)

For the three-month period ended March 31, 2017, Umbata Falls L.P. recorded \$0.4 million in net earnings and comprehensive income, compared with a \$0.9 million net loss and comprehensive loss for the same period last year. The income for the three-month period reflects the impact of a smaller unrealized net loss on financial instruments compared with the same period last year.

Summary Statements of Financial Position – Umbata Falls, L.P.

	As at	March 31, 2017	December 31, 2016
Current assets		3,056	2,090
Non-current assets		63,649	64,647
		66,705	66,737
Current liabilities		3,455	3,033
Non-current liabilities		45,358	46,173
Partners' equity		17,892	17,531
		66,705	66,737

As at March 31, 2017, the increase in partners' equity stems from the recognition of \$0.4 million in net earnings and comprehensive income. To manage its exposure to the risk of increasing interest rates on its debt financing, Umbata Falls, L.P. uses a derivative financial instrument but does not own or issue any derivative financial instruments for speculation purposes. An amortizing interest-rate swap totaling \$42.7 million used to hedge the interest rate on the Umbata Falls loan had a net negative value of \$7.6 million at March 31, 2017 (negative value of \$7.6 million at December 31, 2016).

Viger-Denonville, L.P.

Summary Statements of Earnings and Comprehensive Income – Viger-Denonville, L.P.

	Three months ended March 31	
	2017	2016
Revenues	3,062	3,254
Operating and general and administrative expenses	514	506
Adjusted EBITDA	2,548	2,748
Finance costs	874	929
Other net revenues	(8)	(3)
Depreciation and amortization	730	731
Unrealized net gain on financial instruments	(124)	(123)
Net earnings	1,076	1,214
Other comprehensive loss	(129)	(1,453)
Total other comprehensive income (loss)	947	(239)

For the three-month period ended March 31, 2017, production was 101% of the LTA, due mainly to the average wind regime. The decrease in Adjusted EBITDA is due mainly to lower production levels and revenues than for the same period last year.

For the three-month period ended on March 31, 2017, the decrease in net earnings, compared with last year, is due mainly to lower revenues and production levels.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(in thousands of Canadian dollars, except as noted, and amounts per share)

Summary Statements of Financial Position – Viger-Denonville, L.P.

	As at	March 31, 2017	December 31, 2016
Current assets		2,422	2,249
Non-current assets		55,859	56,583
		58,281	58,832
Current liabilities		4,473	4,375
Non-current liabilities		53,206	54,223
Partners' equity		602	234
		58,281	58,832

As at March 31, 2017, the increase in partners' equity stems mainly from the recognition of \$0.9 million in net earnings and other comprehensive income, partly offset by a \$0.6 million distribution to the partners. Viger-Denonville, L.P. uses a derivative financial instrument to manage its exposure to the risk of increasing interest rates on its debt financing and does not own or issue any derivative financial instruments for speculation purposes. An amortizing interest-rate swap totaling \$50.8 million used to hedge the interest rate of the Viger-Denonville loan had a net negative value of \$5.5 million at March 31, 2017 (negative \$5.5 million at December 31, 2016).

NON-WHOLLY OWNED SUBSIDIARIES

Montjean, Theil-Rabier and Yonne French facilities

The following figures are excluded from the Corporation's control policies and procedures, as stated in the Establishment and Maintenance of DC&P and ICFR section of this MD&A.

Summary financial information about the Montjean, Theil-Rabier and Yonne is set out below:

Summary Statements of Earnings and Comprehensive (Loss) Income – Montjean, Theil-Rabier

	Three months ended March 31, 2017	Period of 9 days ended December 31, 2016
Revenues	2,008	65
Adjusted EBITDA	1,652	14
Net (loss) earnings and comprehensive (loss) income	(14)	25

Summary Statements of Financial Position – Montjean, Theil-Rabier

	As at	March 31, 2017	December 31, 2016
Current assets		17,600	12,971
Non-current assets		82,965	84,451
		100,565	97,422
Current liabilities		20,202	16,529
Non-current liabilities		64,014	64,592
Equity		16,349	16,301
		100,565	97,422

MANAGEMENT'S DISCUSSION AND ANALYSIS

(in thousands of Canadian dollars, except as noted, and amounts per share)

Summary Statements of Earnings and Comprehensive Loss – Yonne

	Period of 39 days ended March 31, 2017
Revenues	1,550
Adjusted EBITDA	1,244
Net loss	(314)
Other comprehensive loss	(7)
Total comprehensive loss	(321)

Summary Statements of Financial Position – Yonne

	As at	March 31, 2017
Current assets		24,721
Non-current assets		142,175
		166,896
Current liabilities		7,787
Non-current liabilities		137,980
Equity		21,129
		166,896

ACCOUNTING CHANGES

IFRS Issued but Not Yet Effective

IFRS 2 – Share-based Payments

In June 2016, the IASB issued amendments to IFRS 2 Share-based Payments, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Employees of the Corporation have taken training course in order to start evaluating the impact this standard is expected to have on its consolidated financial statements.

IFRS 9 – Financial Instruments (2014)

In July 2014, the IASB issued the complete IFRS 9 (2014), Financial Instruments ("IFRS 9 (2014)"). IFRS 9 (2014) differs in some regards from IFRS 9 (2013) which the Corporation early adopted effective October 1, 2014. IFRS 9 (2014) includes updated guidance on the classification and measurement of financial assets. The final standard also amends the impairment model by introducing a new expected credit loss model for calculating impairment. The mandatory effective date of IFRS 9 (2014) is for annual periods beginning on or after January 1, 2018, and must be applied retrospectively with some exemptions. Early adoption is permitted. Employees of the Corporation have taken training course in order to start evaluating the impact of the adoption of this standard on its consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15"). This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue-Barter Transactions Involving Advertising Services. IFRS 15 applies to all contracts with customers except those that are within the scope of other IFRSs. IFRS 15 is effective for annual periods commencing on or after January 1, 2018, with early adoption permitted. Employees of the Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS

(in thousands of Canadian dollars, except as noted, and amounts per share)

have taken training course in order to start evaluating the impact this standard is expected to have on its consolidated financial statements.

IFRS 16 – Leases (IFRS 16)

On January 13, 2016, the IASB issued IFRS 16 that provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17 Leases and its associated interpretive guidance. Significant changes were made to lessee accounting with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast, IFRS 16 does not include significant changes to the requirements for lessors. IFRS 16 is effective January 1, 2019, with earlier application permitted. Employees of the Corporation have taken training course in order to start evaluating the impact of the adoption of this standard on its consolidated financial statements.

SUBSEQUENT EVENTS

Final Agreement to Acquire Three Wind Projects in France

On May 3, 2017, the Corporation and Desjardins Group Pension Plan announced that a final agreement has been signed with Velocita Energy Developments (France) Limited (affiliate of Riverstone Holdings LLC) to purchase three wind projects in France, with a total aggregate installed capacity of 119.5 MW. The electricity to be produced will be sold under power purchase agreements at fixed price, of which a portion is adjusted according to inflation indexes, for an initial term of 15 years, with Electricité de France. The purchase price of the equity is approximately €51.4 million (or \$76.2 million), subject to certain adjustments. Innergex's net share of the purchase price will amount to €31.3 million (or \$46.4 million) and will be paid through available funds under its corporate revolving credit facility. Non-recourse debts related to the projects, which are already in place, will amount to €174.3 million (or \$258.4 million) at the end of construction and will remain at the project level. The Corporation will reduce its exposure to exchange rate fluctuations by entering into long-term currency hedging instruments. Innergex will have a 69.55% interest in the wind farms and Desjardins Group Pension Plan will own the remaining 30.45%.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(in thousands of Canadian dollars, except as noted, and amounts per share)

		Three months ended March 31	
		2017	2016
Revenues	Notes	74,527	62,481
Expenses			
Operating	4	16,089	9,397
General and administrative		4,578	3,686
Prospective projects		2,918	1,717
Earnings before finance costs, income taxes, depreciation, amortization, other net revenues, share of (earnings) loss of joint ventures and unrealized net gain on financial instruments		50,942	47,681
Finance costs	5	29,297	19,494
Other net revenues	6	(360)	(174)
Earnings before income taxes, depreciation, amortization, share of (earnings) loss of joint ventures and unrealized net gain on financial instruments		22,005	28,361
Depreciation	4, 9	21,817	13,783
Amortization	4	7,765	5,654
Share of (earnings) loss of joint ventures		(715)	452
Unrealized net gain on financial instruments		(5,075)	(1,287)
(Loss) earnings before income taxes		(1,787)	9,759
Income taxes expenses			
Current		885	627
Deferred		(338)	1,935
		547	2,562
Net (loss) earnings		(2,334)	7,197
Net (loss) earnings attributable to:			
Owners of the parent		2,456	8,333
Non-controlling interests		(4,790)	(1,136)
		(2,334)	7,197
Weighted average number of common shares outstanding (in 000s)	7	108,341	103,996
Basic net earnings per share (\$)	7	0.01	0.07
Diluted weighted average number of common shares outstanding (in 000s)	7	109,295	104,641
Diluted net earnings per share (\$)	7	0.01	0.07

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands of Canadian dollars, except as noted, and amounts per share)

	Three months ended March 31	
	2017	2016
Net (loss) earnings	(2,334)	7,197
Items of comprehensive income (loss) that will be subsequently reclassified to earnings:		
Foreign exchange loss on translation of self-sustaining foreign subsidiaries	(17)	(580)
Related deferred tax	—	88
Foreign exchange gain on the designated hedges on the investments in self-sustaining foreign subsidiaries	291	666
Related deferred tax	(76)	(88)
Change in fair value of hedging instruments	(895)	(12,115)
Related deferred tax	240	3,205
Share of non-controlling interests in:		
Foreign exchange gain on translation of self-sustaining foreign subsidiaries	32	—
Foreign exchange gain on the designated hedges on the investments in self-sustaining foreign subsidiaries	79	—
Change in fair value of hedging instruments	(26)	(939)
Related deferred tax	2	84
Other comprehensive loss	(370)	(9,679)
Total comprehensive loss	(2,704)	(2,482)
Other comprehensive loss attributable to:		
Owners of the parent	(457)	(8,824)
Non-controlling interests	87	(855)
	(370)	(9,679)
Total comprehensive income (loss) attributable to:		
Owners of the parent	1,999	(491)
Non-controlling interests	(4,703)	(1,991)
	(2,704)	(2,482)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars, except as noted, and amounts per share)

As at		March 31, 2017	December 31, 2016
	Notes		
Assets			
Current assets			
Cash and cash equivalents		62,373	56,227
Restricted cash and short-term investments		84,363	89,742
Accounts receivable		122,794	98,847
Derivative financial instruments		1,718	1,527
Prepaid and others		9,266	5,886
		280,514	252,229
Non-current assets			
Reserve accounts		48,983	49,489
Property, plant and equipment	9	2,813,580	2,700,007
Intangible assets		571,730	544,865
Investments in joint ventures		9,184	8,758
Derivative financial instruments		11,821	8,117
Deferred tax assets		11,231	11,849
Goodwill		8,269	8,269
Other long-term assets		6,525	20,621
		3,761,837	3,604,204

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars, except as noted, and amounts per share)

As at		March 31, 2017	December 31, 2016
	Notes		
Liabilities			
Current liabilities			
		19,367	18,795
Dividends payable to shareholders		105,688	85,850
Accounts payable and other payables		1,496	1,292
Income tax payable		14,995	14,541
Derivative financial instruments		113,457	99,397
Current portion of long-term debt		311	495
Current portion of other liabilities		255,314	220,370
Non-current liabilities			
		56,152	55,194
Derivative financial instruments		4,078	37,401
Accrual for acquisition of long-term assets		2,668,482	2,507,236
Long-term debt	10	30,556	26,966
Other liabilities		95,186	94,840
Liability portion of convertible debentures		185,099	176,965
Deferred tax liabilities		3,294,867	3,118,972
Shareholders' equity			
		165,557	162,862
Common share capital		775,413	775,413
Contributed surplus from reduction of capital on common shares		131,069	131,069
Preferred shares		2,223	2,199
Share-based payment		1,877	1,877
Equity portion of convertible debentures		(618,068)	(601,157)
Deficit		(2,200)	(1,743)
Accumulated other comprehensive loss		455,871	470,520
Equity attributable to owners		11,099	14,712
Non-controlling interests		466,970	485,232
Total shareholders' equity		3,761,837	3,604,204

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of Canadian dollars, except as noted, and amounts per share)

For the three-month period ended March 31, 2017	Equity attributable to owners									Non-controlling interests	Total shareholders' equity
	Number of common shares (In 000s)	Common shares capital account	Contributed surplus from reduction of capital on common shares	Preferred shares	Share-based payment	Equity portion of convertible debentures	Deficit	Accumulated other comprehensive loss	Total		
Balance January 1, 2017	108,181	162,862	775,413	131,069	2,199	1,877	(601,157)	(1,743)	470,520	14,712	485,232
Net earnings (loss)							2,456		2,456	(4,790)	(2,334)
Other items of comprehensive (loss) income								(457)	(457)	87	(370)
Total comprehensive income (loss)	—	—	—	—	—	—	2,456	(457)	1,999	(4,703)	(2,704)
Common shares issued through dividend reinvestment plan	194	2,695							2,695		2,695
Share-based payment					24				24		24
Distributions to non-controlling interests									—	(1,000)	(1,000)
Investments from non-controlling interests									—	2,090	2,090
Dividends declared on common shares							(17,882)		(17,882)		(17,882)
Dividends declared on preferred shares							(1,485)		(1,485)		(1,485)
Balance March 31, 2017	108,375	165,557	775,413	131,069	2,223	1,877	(618,068)	(2,200)	455,871	11,099	466,970

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of Canadian dollars, except as noted, and amounts per share)

For the three-month period ended March 31, 2016	Equity attributable to owners										
	Number of common shares (In 000s)	Common shares capital account	Contributed surplus from reduction of capital on common shares	Preferred shares	Share-based payment	Equity portion of convertible debentures	Deficit	Accumulated other comprehensive loss	Total	Non-controlling interests	Total shareholders' equity
Balance January 1, 2016	103,938	108,541	775,413	131,069	2,174	1,877	(567,848)	(1,576)	449,650	21,907	471,557
Net earnings (loss)							8,333		8,333	(1,136)	7,197
Other items of comprehensive loss								(8,824)	(8,824)	(855)	(9,679)
Total comprehensive income (loss)	—	—	—	—	—	—	8,333	(8,824)	(491)	(1,991)	(2,482)
Common shares issued through dividend reinvestment plan	68	726							726		726
Share-based payment					20				20		20
Investments from non-controlling interests									—	21	21
Dividends declared on common shares							(16,641)		(16,641)		(16,641)
Dividends declared on preferred shares							(1,485)		(1,485)		(1,485)
Balance March 31, 2016	104,006	109,267	775,413	131,069	2,194	1,877	(577,641)	(10,400)	431,779	19,937	451,716

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars, except as noted, and amounts per share)

		Three months ended March 31	
		2017	2016
	Notes		
Operating activities			
Net (loss) earnings		(2,334)	7,197
Items not affecting cash:			
Depreciation		21,817	13,783
Amortization		7,765	5,654
Share of (earnings) loss of joint ventures		(715)	452
Unrealized net gain on financial instruments		(5,075)	(1,287)
Inflation compensation interest	5	875	(893)
Amortization of financing fees	5	761	250
Accretion of long-term debt and convertible debentures	5	201	462
Accretion expenses on other liabilities	5	232	96
Share-based payment		24	21
Deferred income taxes		(338)	1,935
Others		(35)	—
Interest on long-term debt and convertible debentures	5	26,979	19,398
Interest paid		(25,218)	(20,065)
Gain on contingent considerations	6	(257)	—
Distributions received from joint ventures		290	625
Current income tax expense		885	627
Net income taxes paid		(674)	(731)
Effect of exchange rate fluctuations		905	(811)
		26,088	26,713
Changes in non-cash operating working capital items	11	(10,307)	(5,779)
		15,781	20,934
Financing activities			
Dividends paid on common shares		(14,614)	(15,385)
Dividends paid on preferred shares		(1,485)	(1,781)
Distributions to non-controlling interests		(1,000)	—
Investments from non-controlling interests		2,090	—
Increase of long-term debt		88,856	197,487
Repayment of long-term debt		(19,119)	(151,354)
Payment of deferred financing costs		(476)	(1,632)
Payment of other liabilities		(246)	—
		54,006	27,335

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars, except as noted, and amounts per share)

	Notes	Three months ended March 31	
		2017	2016
Investing activities			
Cash acquired on business acquisitions	3	4,989	—
Business acquisitions	3	(35,061)	(8,330)
Decrease of restricted cash and short-term investments		5,379	26,354
Net funds withdrawn from (invested into) the reserve accounts		498	(35)
Additions to property, plant and equipment		(38,421)	(54,492)
Additions to other long-term assets		(40)	(14,528)
Proceeds from disposal of property, plant and equipment		1	—
		(62,655)	(51,031)
Effects of exchange rate changes on cash and cash equivalents		(986)	145
Net increase (decrease) in cash and cash equivalents		6,146	(2,617)
Cash and cash equivalents, beginning of period		56,227	40,663
Cash and cash equivalents, end of period		62,373	38,046
<i>Cash and cash equivalents is comprised of:</i>			
Cash		60,109	21,155
Short-term investments		2,264	16,891
		62,373	38,046

Additional information is presented in Note 11.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars, except as noted, and amounts per share)

DESCRIPTION OF BUSINESS

Innergex Renewable Energy Inc. ("Innergex" or the "Corporation") was incorporated under the *Canada Business Corporation Act* on October 25, 2002. The Corporation is a developer, owner and operator of renewable power-generating facilities, essentially focused on the hydroelectric, wind power and solar photovoltaic sectors. The head office of the Corporation is located at 1225 St-Charles Street West, 10th floor, Longueuil, Qc, J4K 0B9, Canada.

These unaudited condensed consolidated financial statements were approved by the Board of Directors on May 9, 2017.

The Corporation's revenues are variable with each season and are normally at their lowest in the first quarter due to cold temperature. As a result, earnings of interim periods should not be considered as indicative of results for an entire year.

1. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These condensed consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The condensed consolidated financial statements are in compliance with IAS-34 Interim Financial Reporting. The same accounting policies and methods of application as described in the Corporation's latest annual report have been used. However, these condensed consolidated financial statements do not include all disclosures required under IFRS and, accordingly, should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Corporation's latest annual report.

The condensed consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values as described in the significant accounting policies included in the Corporation's latest annual report.

2. APPLICATION OF IFRS

2.1 IFRS issued but not yet effective

IFRS 2- Share-based Payments

In June 2016, the IASB issued amendments to IFRS 2 Share-based Payments, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Employees of the Corporation have taken training course in order to start evaluating the impact this standard is expected to have on its consolidated financial statements.

IFRS 9 - Financial Instruments (2014)

In July 2014, the IASB issued the complete IFRS 9 (2014), Financial Instruments ("IFRS 9 (2014)"). IFRS 9 (2014) differs in some regards from IFRS 9 (2013) which the Corporation early adopted effective October 1, 2014. IFRS 9 (2014) includes updated guidance on the classification and measurement of financial assets. The final standard also amends the impairment model by introducing a new expected credit loss model for calculating impairment. The mandatory effective date of IFRS 9 (2014) is for annual periods beginning on or after January 1, 2018, and must be applied retrospectively with some exemptions. Early adoption is permitted. Employees of the Corporation have taken training course in order to start evaluating the impact of the adoption of this standard on its consolidated financial statements.

IFRS 15- Revenue from Contracts with Customers

In May 2014, IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15"). This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue-Barter Transactions Involving Advertising Services. IFRS 15 applies to all contracts with customers except those that are within the scope of other IFRSs. IFRS 15 is effective for annual periods commencing on or after January 1, 2018, with early adoption permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars, except as noted, and amounts per share)

Employees of the Corporation have taken training course in order to start evaluating the impact this standard is expected to have on its consolidated financial statements.

IFRS 16 Leases (IFRS 16)

On January 13, 2016, the IASB issued IFRS 16 that provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17 Leases and its associated interpretive guidance. Significant changes were made to lessee accounting with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast, IFRS 16 does not include significant changes to the requirements for lessors. IFRS 16 is effective January 1, 2019, with earlier application permitted. Employees of the Corporation have taken training course in order to start evaluating the impact of the adoption of this standard on its consolidated financial statements.

3. BUSINESS ACQUISITIONS

a. Acquisition of assets of Yonne in France

On February 21, 2017, the Corporation finalized the acquisition of an operating wind facility located in France ("Yonne"). The purchase price for the wind power project is a net cash consideration of €35,184 (all amounts in € are in thousands of €) (\$48,983), subject to certain adjustments. A €10,000 (\$13,922) deposit had already been provided by the Corporation last year.

All power generated from the operating facility is sold to Electricité de France.

Additional cash flows generated from the asset acquired are expected to further increase the Corporation's liquidity and flexibility to fund the development of future projects. Yonne added an additional gross installed capacity of 44 MW to the Corporation's portfolio of operational wind farms.

The following table reflects the preliminary purchase price allocation of the purchase price to the fair value of the net assets acquired:

	Preliminary purchase price allocation	
	€	\$
Cash and cash equivalents	3,583	4,989
Accounts receivable	12,125	16,880
Prepaid and others	351	488
Property, plant and equipment	76,629	106,683
Intangible assets	24,138	33,605
Accounts payable and other payables	99	138
Long-term debt	(72,753)	(101,287)
Derivative financial instruments	(683)	(951)
Asset retirement obligations	(1,855)	(2,582)
Deferred tax liabilities	(6,450)	(8,980)
Net assets acquired	35,184	48,983

The purchase price allocation remains subject to the completion of the valuation of working capital adjustments, property, plant and equipment, intangible assets, deferred tax liabilities and consequential adjustments.

The transaction costs relating to this acquisition have been expensed as transaction costs of the business combination in accordance with IFRS 3 (see note 6).

If the acquisition had taken place on January 1, 2017, the consolidated revenues and net loss for the three-month period ended March 31, 2017 would have been \$75,988 and \$1,718 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars, except as noted, and amounts per share)

The amounts of revenues and net loss of the facilities since February 21, 2017 included in the consolidated statement of earnings are \$1,550 and \$314 respectively for the 39 days ended March 31, 2017.

b. Acquisition of 7 operating wind facilities in France

The final valuation of the acquisition of 7 operating wind facilities has been made and no adjustment was required to the purchase price allocation since the latest annual report.

4. OPERATING EXPENSES

	Three months ended March 31	
	2017	2016
Salaries	1,277	1,113
Insurance	877	662
Operation and maintenance	5,550	3,571
Property taxes and royalties	8,385	4,051
	16,089	9,397

Depreciation and amortization recorded in the consolidated statements of earnings are mainly related to operating expenses incurred to generate revenues.

5. FINANCE COSTS

	Three months ended March 31	
	2017	2016
Interest on long-term debt and on convertible debentures	26,979	19,398
Inflation compensation interest	875	(893)
Amortization of financing fees	761	250
Accretion of long-term debt and convertible debentures	201	462
Accretion expenses on other liabilities	232	96
Others	249	181
	29,297	19,494

6. OTHER NET REVENUES

	Three months ended March 31	
	2017	2016
Transaction costs	683	911
Realized gain on foreign exchange	(67)	(510)
Gain on contingent considerations	(257)	—
Other net revenues	(719)	(290)
Recovery of loan impairment	—	(285)
	(360)	(174)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars, except as noted, and amounts per share)

7. EARNINGS PER SHARE

The net earnings per share is computed as follows:

	Three months ended March 31	
	2017	2016
Net earnings attributable to owners of the parent	2,456	8,333
Dividends declared on preferred shares	(1,485)	(1,485)
Net earnings available to common shareholders	971	6,848
Weighted average number of common shares (in 000s)	108,341	103,996
Basic net earnings per share (\$)	0.01	0.07
Weighted average number of common shares (in 000s)	108,341	103,996
Effect of dilutive elements on common shares (in 000s) (a)	954	645
Diluted weighted average number of common shares (in 000s)	109,295	104,641
Diluted net earnings per share (\$)	0.01	0.07

- a. Stock options for which the exercise price was above the average market price of common shares are excluded from the calculation of diluted weighted average number of shares outstanding. During the three-month period ended March 31, 2017, 3,331,684 of the 3,457,432 stock options (all of the 3,425,684 for the the three-month period ended March 31, 2016) were dilutive.

During the the three-month period ended March 31, 2017, none of the 6,666,667 shares that can be issued on conversion of convertible debentures were dilutive (none of the 6,666,667 shares were dilutive for the same period in 2016).

8. DERIVATIVE FINANCIAL INSTRUMENTS

As part of the Yonne Acquisition, the Corporation entered into hedge agreements to reduce the Corporation's foreign exchange risk.

Contracts	Maturity	Early termination option	Notional Amounts	
			March 31, 2017	December 31, 2016
Contracts used to hedge the foreign exchange risk				
Foreign exchange forwards amortizing until 2041, allowing translation at a fixed rate of CAD 1.7150/Euro	2019	None	113,938	—

As part of the Yonne Acquisition, the wind farm holds hedge agreements to mitigate the risk of fluctuations in the interest rates on its long-term debt. Hedge accounting is applied on these contracts.

Contracts	Maturity	Early termination option	Notional Amounts	
			March 31, 2017	December 31, 2016
Contracts used to hedge the interest rate risk				
Interest rate swap, 0.78%, amortizing, translated at CAD 1.4222/Euro	2031	None	63,430	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars, except as noted, and amounts per share)

9. PROPERTY, PLANT AND EQUIPMENT

	Lands	Hydroelectric facilities	Wind farm facilities	Solar facility	Facilities under construction	Other equipments	Total
Cost							
As at January 1, 2017	3,011	1,613,017	876,569	124,303	426,059	10,830	3,053,789
Additions	—	106	579	11	24,500	512	25,708
Business acquisition (Note 3)	40	—	106,643	—	—	—	106,683
Transfer of assets upon commissioning	—	331,629	(1,131)	—	(330,498)	—	—
Dispositions	—	—	—	—	—	(43)	(43)
Other changes	—	—	9	—	—	—	9
Net foreign exchange differences	—	(75)	3,095	—	—	(2)	3,018
As at March 31, 2017	3,051	1,944,677	985,764	124,314	120,061	11,297	3,189,164
Accumulated depreciation							
As at January 1, 2017	—	(194,633)	(123,831)	(27,775)	—	(7,543)	(353,782)
Depreciation	—	(8,164)	(11,827)	(1,489)	—	(337)	(21,817)
Dispositions	—	—	—	—	—	43	43
Net foreign exchange differences	—	30	(57)	—	—	(1)	(28)
As at March 31, 2017	—	(202,767)	(135,715)	(29,264)	—	(7,838)	(375,584)
Carrying amount as at March 31, 2017	3,051	1,741,910	850,049	95,050	120,061	3,459	2,813,580

All of the property, plant and equipment are given as securities under the respective project financing or for corporate financing.

Additions in the current the period include \$5,751 of capitalized financing costs incurred prior to their intended use.

The financing costs related to a specific project financing are entirely capitalized to the specific property, plant and equipment. Financing costs related to the revolving credit facility are capitalized for the portion of the financing actually used for a specific property, plant and equipment.

The cost of the facilities were reduced by investment tax credits of \$3,003 (\$3,003 as at December 31, 2016).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars, except as noted, and amounts per share)

10. LONG-TERM DEBT

(references to US\$ and € are in thousands)

a. Revolving credit facility

On February 21, 2017, the Corporation executed a Fifth Amended and Restated Credit Agreement of its existing \$425,000 revolving credit facility. These amendments give the Corporation flexibility in borrowing in euros using EURIBOR loans. The Corporation also extended its revolving term from 2020 to 2021 (except for one lender of \$42,500 whose commitment remains until 2020) to provide greater financing flexibility. Moreover, a Letter of Credit Facility of an amount of up to \$30 000 guaranteed by Export Development Canada (EDC) was added and will be put in place.

b. Financing of two of the French subsidiaries

On February 10, 2017, each of Innergex Champagne S.A.S. and Innergex Lorraine S.A.S. concluded a €4,250 subordinated debt financing with a French Infrastructure fund. The subordinated loans carry an interest rate of 7.25%, have an eight year tenor and their principal will be reimbursed at maturity.

c. Long-term debt for wind farm in France

As part of the Yonne Acquisition, the Corporation assumed the related loan facilities for a total value of €70,587.

- A €11,123 loan bearing a variable interest rate at 0.93% and fully repayable in 2017. It is a bridge financing dedicated to the consumer taxes and recoverable from the government.
- A €14,864 loan bearing interest at a fixed rate of 1.90% , repayable in quarterly installments and maturing in 2028. The principal repayments are set to €3,809 for the twelve month period ending March 31, 2018. The loan was accounted for at its fair market value of €15,313 for an effective rate of 1.08%.
- A €44,600 loan bearing interest at a fixed rate of 1.95%, repayable in quarterly installments and maturing in 2031. No principal repayments are set for the twelve month period ending March 31, 2018. The loan was accounted for at its fair market value of €46,055 for an effective rate of 1.54%. As at March 31, 2017, the all-in effective interest rate was 2.32% after accounting for the interest rate swap.

The debt is secured by the assets of Éoles Yonne SAS with a carrying value of approximately €117,350.

d. Long-term debt

	Interests rate 2017	Maturity	March 31, 2017
Loans (Non-recourse to the Corporation)			
Innergex Champagne S.A.S. (€ 4,250)	7.25%	2025	6,044
Innergex Lorraine S.A.S. (€ 4,250)	7.25%	2025	6,044
Yonne (€ 11,123)	0.93%	2017	15,819
Yonne (€ 15,313)	1.08%	2028	21,779
Yonne (€ 46,055)	1.54%	2031	65,499

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars, except as noted, and amounts per share)

11. ADDITIONAL INFORMATION TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

a. Changes in non-cash operating working capital items

	Three months ended March 31	
	2017	2016
Accounts receivable and income tax receivable	(5,842)	4,008
Prepaid and others	(2,648)	(835)
Accounts payable and other payables and income tax payable	(1,817)	(8,952)
	(10,307)	(5,779)

b. Additional information

	Three months ended March 31	
	2017	2016
Interest paid (including \$5,676 capitalized interest (\$10,268 in 2016))	30,894	30,333
<i>Non-cash transactions</i>		
in unpaid property, plant and equipment	(14,106)	1,755
in common shares issued through dividend reinvestment plan	(2,695)	(726)
loans to partners in exchange of non-controlling interests in subsidiaries	—	(21)

c. Changes in liabilities arising from financing activities

	Three months ended March 31	
	2017	2016
Long-term debt at beginning of the period	2,606,633	2,215,433
Increase of long-term debt	88,856	197,487
Repayment of long-term debt	(19,119)	(151,354)
Payment of deferred financing costs	(476)	(1,632)
Business acquisition (Note 3)	101,287	—
Other changes	2,149	(456)
Net foreign exchange differences	2,609	(1,185)
Long-term debt at end of the period	2,781,939	2,258,293

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars, except as noted, and amounts per share)

12. SUBSIDIARIES

Yonne

An investment of \$8,568 including a debenture of \$6,478 was made by Régime de rentes du Mouvement Desjardins into Innergex Europe (2015) Limited Partnership to partly finance a portion of the acquisition of Yonne on February 21, 2017.

The summarized financial information below represents amounts before intragroup eliminations.

As at	March 31, 2017
Summary Statement of Financial Position	
Current assets	24,721
Non-current assets	142,175
	166,896
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Current liabilities	7,787
Non-current liabilities	137,980
Equity attributable to owners	21,129
	166,896
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	Period of 39 days ended March 31, 2017
Summary Statement of Earnings and Comprehensive loss	
Revenues	1,550
Expenses	1,864
Net loss	(314)
Other comprehensive loss	(7)
Total comprehensive loss	(321)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars, except as noted, and amounts per share)

13. SEGMENT INFORMATION

Geographic segments

The Corporation had interests in 29 hydroelectric facilities, seven wind farms and one solar farm in Canada, ten wind farms in France and one hydroelectric facility in the United States. The Corporation operates in three principal geographical areas, which are detailed below:

	Three months ended March 31	
	2017	2016
Revenues		
Canada	64,489	61,829
Europe	9,480	—
United States	558	652
	<u>74,527</u>	<u>62,481</u>

As at	March 31, 2017	December 31, 2016
Non-current assets, excluding financial instruments and deferred tax assets		
Canada	3,008,991	3,005,720
Europe	442,081	318,924
United States	7,199	7,365
	<u>3,458,271</u>	<u>3,332,009</u>

Operating segments

The Corporation has four operating segments: (a) hydroelectric generation (b) wind power generation (c) solar power generation and (d) site development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars, except as noted, and amounts per share)

Three months ended March 31, 2017					
Operating segments	Hydroelectric generation	Wind power generation	Solar power generation	Site development	Total
Revenues	34,358	36,892	3,277	—	74,527
Expenses:					
Operating	10,739	5,175	175	—	16,089
General and administrative	2,765	1,422	55	336	4,578
Prospective projects	—	—	—	2,918	2,918
Earnings (loss) before finance costs, income taxes, depreciation, amortization, other net revenues, share of earnings of joint ventures and unrealized net gain on financial instruments	20,854	30,295	3,047	(3,254)	50,942
Finance costs					29,297
Other net revenues					(360)
Earnings before income taxes, depreciation, amortization, share of earnings of joint ventures and unrealized net gain on financial instruments					22,005
Depreciation					21,817
Amortization					7,765
Share of earnings of joint ventures					(715)
Unrealized net gain on financial instruments					(5,075)
Loss before income taxes					(1,787)

As at March 31, 2017					
Goodwill	8,269	—	—	—	8,269
Total assets	2,331,972	1,180,658	106,441	142,766	3,761,837
Total liabilities	2,002,324	1,032,128	112,987	147,428	3,294,867
Acquisition of property, plant and equipment during the period	247	107,379	11	24,754	132,391

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars, except as noted, and amounts per share)

Three months ended March 31, 2016					
Operating segments	Hydroelectric generation	Wind power generation	Solar power generation	Site development	Total
Revenues	42,440	16,755	3,286	—	62,481
Expenses:					
Operating	7,110	2,130	157	—	9,397
General and administrative	1,952	948	40	746	3,686
Prospective projects	—	—	—	1,717	1,717
Earnings (loss) before finance costs, income taxes, depreciation, amortization, other net revenues, share of loss of joint ventures and unrealized net gain on financial instruments	33,378	13,677	3,089	(2,463)	47,681
Finance costs					19,494
Other net revenues					(173)
Earnings before income taxes, depreciation, amortization, share of loss of joint ventures and unrealized net gain on financial instruments					28,360
Depreciation					13,783
Amortization					5,654
Share of loss of joint ventures					452
Unrealized net gain on financial instruments					(1,287)
Earnings before income taxes					9,758

As at December 31, 2016					
Goodwill	8,269	—	—	—	8,269
Total assets	1,993,033	1,003,964	108,231	498,976	3,604,204
Total liabilities	1,537,791	847,148	113,538	620,495	3,118,972
Acquisition of property, plant and equipment during the year	3,420	219,813	11	369,723	592,967

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars, except as noted, and amounts per share)

14. SUBSEQUENT EVENTS

a. Dividends declared by the Board of Directors

Date of announcement	Record date	Payment date	Dividend per common share (\$)	Dividend per Series A Preferred Share (\$)	Dividend per Series C Preferred Share (\$)
05/09/2017	06/30/2017	07/17/2017	0.1650	0.2255	0.359375

b. Agreement to Acquire Three Wind Projects in France

On May 3, 2017, the Corporation and Desjardins Group Pension Plan announced that a final agreement has been signed with Velocita Energy Developments (France) Limited (affiliate of Riverstone Holdings LLC) to purchase three wind projects in France with a total aggregate installed capacity of 119.5 MW. The electricity to be produced will be sold under power purchase agreements at fixed price, of which a portion is adjusted according to inflation indexes, for an initial term of 15 years, with Electricité de France. The purchase price of the equity is approximately €51,380 (or \$76,197), subject to certain adjustments. Innergex's net share of the purchase price will amount to €31,278 (or \$46,385) and will be paid through available funds under its corporate revolving credit facility. Non-recourse debts related to the projects, which are already in place, will amount to €174,258 (or \$258,425) at the end of construction and will remain at the project level. The Corporation will reduce its exposure to exchange rate fluctuations by entering into long-term currency hedging instruments. Innergex will have a 69.55% interest in the wind farms and Desjardins Group Pension Plan will own the remaining 30.45%.

INFORMATION FOR INVESTORS

Stock Exchange Listing

Common shares of Innergex Renewable Energy Inc. are listed on the TSX under the symbol INE.
Series A Preferred Shares of Innergex Renewable Energy Inc. are listed on the TSX under the symbol INE.PR.A.
Series C Preferred Shares of Innergex Renewable Energy Inc. are listed on the TSX under the symbol INE.PR.C.
Convertible Debentures of Innergex Renewable Energy Inc. are listed on the TSX under the symbol INE.DB.A.

Rating Agencies

Innergex Renewable Energy Inc. is rated BBB- by S&P.
Series A Preferred Shares of Innergex Renewable Energy Inc. are rated P-3 by S&P.
Series C Preferred Shares of Innergex Renewable Energy Inc. are rated P-3 by S&P.

Transfer Agent and Registrar

Computershare Investor Services Inc.
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Telephone: 1 800 564-6253 or 514 982-7555
Email: service@computershare.com

Dividend Reinvestment Plan

Innergex Renewable Energy Inc. implemented a Dividend Reinvestment Plan (DRIP) for its common shareholders, which enables eligible holders of common shares to acquire additional common shares of the Corporation by reinvesting all or part of their cash dividends. For more information about the Corporation's DRIP, please visit our website or contact the DRIP administrator, Computershare Trust Company of Canada.

Independent Auditor

Deloitte LLP

Investor Relations

If you have inquiries, please visit our website or contact:

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