Renewable Energy.
Sustainable Development.

News Release
For Immediate Distribution

INNERGEX AND THE DESJARDINS GROUP PENSION PLAN ACQUIRE THE 30.5 MW SM-1 HYDROELECTRIC FACILITY IN QUEBEC

- Long-term hydro asset
- Immediately accretive to Free Cash Flow
- Transaction structure optimizes after-tax internal rate of return

LONGUEUIL, Quebec, June 20, 2014 – Innergex Renewable Energy Inc. (TSX: INE) (“Innergex” or the “Corporation”) and the Desjardins Group Pension Plan (“Desjardins”) have completed the acquisition from Hydroméga Group of Companies (“Hydroméga”) of the Sainte-Marguerite-1 (“SM-1”) run-of-river hydroelectric facility located in Quebec, Canada. The transaction is closed in escrow effective today pending customary confirmatory release conditions, which are expected to be satisfied within the next few business days.

“The acquisition of the SM-1 facility provides us with both immediate contributions to cash flows and a quality hydro asset with a very high long-term value. Furthermore, we are very pleased to have developed a transaction structure that allows us to compete in acquiring renewable energy infrastructure assets at prevailing market prices, while leveraging the low capital cost and long-term horizon of a pension fund, as well as our expertise as an operator, to achieve an attractive after-tax internal rate of return for our shareholders. We intend to replicate this structure for future acquisitions of renewable energy assets”, states Michel Letellier, President and Chief Executive Officer of Innergex.

“The Desjardins Group Pension Plan is proud to partner with Innergex for an investment of this nature, here in Quebec”, states Sylvain Gareau, Vice President responsible for the plan. “We have been associated with Innergex since its inception and this partnership is important, both for our organization and for our participants. Our portfolio of infrastructure assets is nearing the billion dollar mark and is growing rapidly. Over the last five years, we have become an important actor in this asset class in Canada”, adds Mr. Gareau.

Benefits of the acquisition for the Corporation

- Increases annualized Free Cash Flow by approximately $5.0 million
- Reduces the Corporation’s Payout Ratio by approximately three percentage points on an annual basis
- Adds a high-quality, long-term hydro asset
- Provides a new watershed with a regulated water flow
- Carries perpetual land and water rights
- Introduces a new capital structure that optimizes the return on acquired assets
- Deposit refund reduces the outstanding balance of the revolving term credit facility

Summary of asset acquired

The 30.5 MW SM-1 hydroelectric facility is located on private land near the town of Sept-Iles, in Quebec. Its long-term average annual production is expected to reach 166,500 MWh after completion of a capital improvement program already underway. The facility was commissioned in 1993 with one turbine providing an initial capacity of 8.5 MW; two other turbines installed in 2002 provide additional capacity of 22.0 MW. All of the electricity the facility produces is covered by two fixed-price 25-year power purchase agreements with Hydro-Québec: one for 8.5 MW maturing in 2018, which provides for an annual increase in the selling price of 3% to 6%; and one for 22.0 MW maturing in 2027, which provides for an annual increase in the selling price of 2%. Both power purchase agreements contain a renewal option for an additional 25-year term. The water rights for this facility are owned in perpetuity. In addition, regulated water flows on the Sainte-Marguerite River from the operation of Hydro-Québec’s 800 MW Sainte-Marguerite-3 hydroelectric facility upstream results in regular production levels throughout the year. The SM-1 facility is expected to generate annualized revenues of approximately $11.0 million and Adjusted EBITDA of approximately $9.0 million.

Capital improvement program

Hydroméga has undertaken a $5.2 million capital improvement program comprising the installation of a variable crest weir over the existing dam, which will increase the expected long-term average annual production of the facility by 9% or 14,000 MWh, to 166,500 MWh. Work began in May and is expected to be completed by the end of the year; any lost revenues expected during construction have been included in the capital improvement budget, which will be funded equally by the Corporation and Desjardins.

Partnership with Desjardins

The Corporation and Desjardins respectively own 50.01% and 49.99% of the common units of Innergex Sainte-Marguerite, S.E.C. (the "Limited Partnership"). Concurrent with the acquisition of the SM-1 facility, Desjardins subscribed to a debenture issued by the Limited Partnership for total proceeds of approximately $40.4 million. This debenture carries an interest rate of 8.0%, has no predetermined repayment schedule and matures in 2064.

Terms of the acquisition

The purchase price of the SM-1 facility is approximately $82.1 million, plus assumption of $30.8 million in non-recourse, project-level debt carrying a fixed interest rate of 7.4% and maturing in 2025. This debt will be adjusted to fair market value upon consolidation by the Corporation. In addition, the final purchase price will be reduced by the amount of net cash flows generated by the facility since January 1, 2014, which are attributable to the purchasers.

The purchase price of approximately $82.1 million was paid as follows: approximately $40.4 million in cash and approximately $41.7 million by the issuance of preferred units of the Limited Partnership, which the seller immediately transferred to Innergex in exchange for 4,027,051 newly issued common shares of the Corporation at a price of $10.36 per common share. The preferred units of the Limited Partnership that the Corporation now holds carry a preferred distribution rate of 10.5% until January 1, 2024 and 11.3% thereafter.

Concurrently with the closing of the acquisition, the seller used a portion of the cash proceeds to repay to the Corporation the $25.0 million deposit it received in July 2012, plus accrued interest income of $3.5 million. Innergex will use these proceeds to reduce the outstanding balance on its revolving term credit facility. The repayment of this deposit in effect terminates the letter of intent and exclusivity held by the Corporation with respect to other assets of Hydroméga.

Also concurrently with the closing of the acquisition, the second-rank guarantee provided by the SM-1 facility for another of Hydromega's projects has been lifted.

Cash flow distributions

Until January 1, 2024, all cash flows generated each year by the facility, after principal payment and interest expense on the existing project-level debt, will first go towards paying the preferred distribution to the Corporation; any remaining cash flows will then go towards paying the interest expense to Desjardins; and then any remaining cash flow will be distributed between the partners on a 50.01%-49.99% basis. Any unpaid preferred distribution will be accrued and any unpaid interest expense will be accrued and compounded.

Starting in 2024, cash flows generated each year by the facility, after principal payment and interest expense on the existing project-level debt, if any, will be shared between the partners to service the distribution and the interest on the debenture concurrently. Any remaining cash flow will then be distributed between the partners on a 50.01%-49.99% basis.

Taking into account the preferred distribution and the operating and management fees it will receive, all of which will be adjusted annually for inflation, the Corporation expects this acquisition to contribute approximately $5.0 million annually to its Free Cash Flow and to reduce its Payout Ratio by approximately three percentage points.

About the Desjardins Group Pension Plan

The Desjardins Group Pension Plan, acting through its Retirement Committee, provides a defined benefit pension plan to more than 57,000 beneficiaries. With $8.3 billion in net assets at the end of 2013, the Desjardins Group Pension Plan ranks 8th among private pension plans in Canada. As of the end of 2013, the market value of its infrastructure portfolio was $800.0 million.

About Innergex Renewable Energy Inc.

Innergex Renewable Energy Inc. (TSX: INE) is a leading Canadian independent renewable power producer. Active since 1990, the Company develops, owns and operates run-of-river hydroelectric facilities, wind farms and solar photovoltaic farms and carries out its operations in Quebec, Ontario and British Columbia and in Idaho, USA. Its portfolio of assets currently consists of: (i) interests in 33 operating facilities with an aggregate net installed capacity of 687 MW (gross 1,194 MW), including 26 hydroelectric operating facilities, six wind farms, and one solar photovoltaic farm; (ii) interests in five projects under development or under construction with an aggregate net installed capacity of 210 MW (gross 321 MW), for which power purchase agreements have been secured; and (iii) prospective projects with an aggregate net capacity totaling 2,900 MW (gross 3,125 MW). Innergex Renewable Energy Inc. is rated BBB- by S&P and BB (high) by DBRS (unsolicited rating).

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

Non-IFRS Measures

Readers are cautioned that Adjusted EBITDA, Free Cash Flow and Payout Ratio are not measures recognized by International Financial Reporting Standards (IFRS) and have no meaning prescribed by it, 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. References to "Adjusted EBITDA" are to revenues less operating expenses, general and administrative expenses and prospective project expenses. References to "Free Cash Flow" are to cash flows from operations 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 such as transaction costs related to realized acquisitions (which are financed at the time of the acquisition) and realized losses or gains on derivative financial instruments used to hedge the interest rate on project-level debt. References to "Payout Ratio" are to dividends declared on common shares divided by Free Cash Flow. Readers are cautioned that Adjusted EBITDA 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.

Forward-looking information

In order to inform readers of the Corporation's future prospects, this press release contains forward-looking information that can generally be identified by the use of words such as "projected", "potential", "expect", "will", "should", "estimate", "forecasts", "intends", or other comparable terminology that states that certain events will or will not occur. It represents the estimates and expectations of the Corporation relating to future results and developments as of the date of this press release. It includes future-oriented financial information, such as estimated electricity production, revenues and Adjusted EBITDA, estimated capital improvement program, contribution to Free Cash Flow and reduction in the Payout Ratio, to inform readers of the potential financial impact of acquiring the SM-1 hydroelectric facility. Such information may not be appropriate for other purposes.

The material risks and uncertainties that may cause actual results and developments to be materially different from current expressed Forward-Looking Information 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; its ability to access sufficient capital resources; liquidity risks related to derivative financial instruments; changes in hydrology, wind regimes and solar irradiation; delays and cost overruns in the design and construction of projects; the ability to develop new facilities; variability of installation performance and related penalties; potential undisclosed liabilities associated with the acquisition of the SM-1 facility; the ability to integrate the acquired facility; failure to realize the benefits of this acquisition; and failure to release the transaction from escrow.

Forward-Looking Information in this press release is based on certain principal assumptions made by the Corporation. The following table outlines Forward-Looking Information contained in this press release, 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***
Estimated production, revenues and Adjusted EBITDA For each facility, the Corporation determines an **annual long-term average level of electricity production (LTA)** over the expected life of the facility, based on several factors that include, without limitation, historically observed water flows or wind or solar irradiation conditions, turbine or panel technology, 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. The Corporation then estimates expected **annual revenues** for each facility by multiplying its 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. In most cases, power purchase agreements also contain an annual inflation adjustment based on a portion of the Consumer Price Index. The Corporation then estimates annual operating earnings (**Adjusted EBITDA of the facility**) 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.	Improper assessment of water, wind and sun resources and associated electricity production Variability in hydrology, wind regimes and solar irradiation Equipment failure or unexpected operations & maintenance activity Unexpected seasonal variability in the production and delivery of electricity Variability of facility performance and related penalties Changes to water and land rental expenses Unexpected maintenance expenditures Lower-than-expected inflation
Estimated capital improvement program The Corporation provides indications of the costs of the capital improvement program based on the projected costs provided by the contractor, and provides indications regarding scheduling, progress and expected benefits of the program based on its extensive experience as a developer.	Performance of counterparties, such as the contractor Delays and cost overruns in the execution of the capital improvements Equipment supply
Projected Free Cash Flow and Payout Ratio The Corporation estimates Free Cash Flow as projected cash flow from operations 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 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. It also adjusts for other elements, which represent cash inflows or outflows that are not representative of the Corporation's long-term cash generating capacity, such as 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 derivate financial instruments used to fix the interest rate on project-level debt. The Corporation estimates the Payout Ratio by dividing the most recent declared annual common share dividend by the projected Free Cash Flow.	Adjusted EBITDA below expectations caused mainly by the risks and uncertainties mentioned above and by higher prospective project expenses Projects costs above expectations caused mainly by the performance of counterparties and delays and cost overruns in the design and construction of projects Regulatory and political risk Interest rate fluctuations and availability of financing Financial leverage and restrictive covenants governing current and future indebtedness Unexpected maintenance capital expenditures Declaration of dividends at the discretion of the Board

Although the Corporation believes that the expectations and assumptions on which Forward-Looking Information is based are reasonable, readers of this press release are cautioned not to rely unduly on this Forward-Looking Information since no assurance can be given that they will prove to be correct. 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 of this press release, unless so required by legislation.

- 30 -

For additional information, please contact:

Jean Trudel, MBA
Chief Investment Officer and Senior Vice President – Communications
450 928-2550, ext. 252
jtrudel@innergex.com

Marie-Josée Privyk, CFA, SIPC
Director – Investor Relations
450 928-2550, ext. 222
mjprivyk@innergex.com

www.innergex.com