



QUARTERLY REPORT 2019

FOR THE PERIOD ENDED
MARCH 31, 2019



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

INNERGEX

Renewable Energy.
Sustainable Development.

Innergex Renewable Energy Inc. is a leading Canadian independent renewable power producer. Active since 1990, the Corporation develops, acquires, owns and operates hydroelectric facilities, wind farms and solar farms and carries out its operations in Canada, the United States, France and Chile¹. The Corporation's shares are listed on the Toronto Stock Exchange under the symbols INE, INE.PR.A and INE.PR.C and its convertible debentures are listed under the symbols INE.DB.A and INE.DB.B.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2019, and reflects all material events up to May 14, 2019, 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 interim consolidated financial statements and the accompanying notes for the three-month period ended March 31, 2019.

The unaudited condensed interim consolidated financial statements attached to this MD&A and the accompanying notes for the three-month period ended March 31, 2019, along with the 2018 comparative figures, have been prepared in accordance with International Financial Reporting Standards ("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. Please refer to the "Non-IFRS Measures" section for more information.

All dollar amounts are in thousands of Canadian dollars, except amounts per share or unless otherwise indicated. Some amounts included in this MD&A have been rounded to make reading easier, which may affect some calculations.

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"). Please refer to the "Forward-Looking Information" section for more information.

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.

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1. Innergex also owns an equity interest in geothermal facilities in Iceland for which a sale agreement was reached in March 2019 and should be completed by the end of the second quarter.

FINANCIAL HIGHLIGHTS

- Production was 99% of the long-term average ("LTA") for the three-month period ended March 31, 2019.
- Revenues increased 24% to \$126.4 million for the three-month period ended March 31, 2019.
- Adjusted EBITDA rose 27% to \$93.2 million for the three-month period ended March 31, 2019, corresponding to an improved Adjusted EBITDA Margin of 73.8%.
- Adjusted EBITDA Proportionate increased 27% to \$99.7 million for the three-month period ended March 31, 2019.
- Agreement to sell equity interest in HS Orka hf ("HS Orka") for a purchase price of US\$304.8 million (\$408.8 million). The activities of HS Orka include two geothermal facilities, which are now treated as discontinued operations. For more information, please refer to the "Discontinued Operations" section of this MD&A. As a result, the comparative figures have been restated.

	Three months ended March 31 ¹	
	2019	2018
OPERATING RESULTS		Restated ^{4,5}
Production (MWh)	1,308,505	944,108
Revenues	126,419	101,788
Adjusted EBITDA ²	93,243	73,566
Adjusted EBITDA Margin ²	73.8%	72.3%
Net loss from continuing operations	(4,420)	(9,695)
Net loss	(854)	(14,840)
Adjusted Net Loss from continuing operations ²	(11,026)	(10,216)
PROPORTIONATE		
Production Proportionate (MWh) ²	1,589,827	1,047,770
Revenues Proportionate ²	141,228	109,153
Adjusted EBITDA Proportionate ²	99,674	78,650
COMMON SHARES		
Dividends declared	23,360	22,495
Weighted Average Number of Common Shares (in 000s)	132,865	122,593
	Trailing twelve months ended March 31	
	2019	2018
CASH FLOW	Restated ^{4,5}	Restated ^{4,5}
Cash Flow From Operating Activities	212,780	226,981
Free Cash Flow ^{2,3}	119,055	96,372
Payout Ratio ^{2,3}	77%	79%
	As at	
	March 31, 2019	December 31, 2018
FINANCIAL POSITION⁶		
Total Assets	6,705,477	6,481,284
Total Liabilities	5,800,348	5,521,723
Non-Controlling Interests	305,543	329,769
Equity Attributable to Owners	599,586	629,792

1. Results from continuing operations unless otherwise indicated.

2. Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Loss from continuing operations, Production Proportionate, Revenues Proportionate, Adjusted EBITDA Proportionate, Free Cash Flow and Payout Ratio are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Production Proportionate is a key performance indicator for the Corporation, which cannot be reconciled with an IFRS measure. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

3. 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.

4. For more information on the restatement, please refer to the "Accounting Changes" section.

5. For more information, please refer to the "Discontinued Operations" section.

6. Financial Position items include assets/liabilities held for sale as well as assets/liabilities of continuing operations. Please refer to the "Financial Position" section for more information.

OVERVIEW

The Corporation is a developer, acquirer, owner and operator of renewable power-generating facilities with a focus on hydroelectric, wind and solar power that benefit from simple, proven technologies.

Discontinued Operations

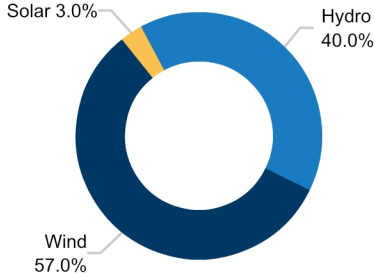
On March 25, 2019, the Corporation announced that an agreement has been reached to sell its wholly owned subsidiary Magma Energy Sweden A.B. ("Magma Sweden") which owns an equity interest of approximately 53.9% in HS Orka, owner of two geothermal operations, one hydro project in development and prospective projects in Iceland. The Geothermal Power Generation Segment is now accounted for as discontinued operations. For more information, please refer to the "Discontinued Operations" section of this MD&A. As a result, the comparative figures have been restated. The figures presented in this MD&A are for the continuing operations unless otherwise indicated.

Segments

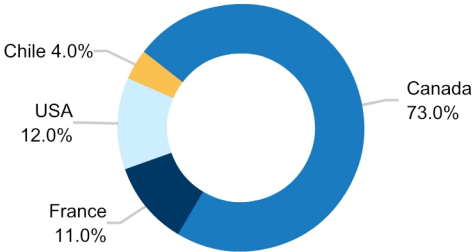
As at March 31, 2019, the Corporation has three operating segments and four geographic segments.

Operating Segments	Geographic Segments
Hydroelectric Power Generation	Canada
Wind Power Generation	France
Solar Power Generation	United States
	Chile

Net Installed Capacity by Operating Segment



Net Installed Capacity by Geographic Segment



Portfolio of Assets

As at the date of this MD&A, the Corporation owns interests in three groups of projects at various stages: the Operating Facilities, the Development Projects and the Prospective Projects.

Operating Facilities

The Corporation owns and operates 66 facilities in commercial operation (the “Operating Facilities”). Commissioned between 1993 and March 2018, the facilities have a weighted average age of approximately 7.7 years.

They mostly sell the generated power under long-term power purchase agreements, power hedge contracts and short- and long-term industrial contracts (each, a “PPA”) to rated public utilities or other creditworthy counterparties or on the open market. The PPAs have a weighted average remaining life of 16.4 years (based on gross long-term average production).

For most Operating Facilities in Canada and in France, PPAs include a base price and, in some cases, a price adjustment depending on the month, day and hour of delivery. For most Operating Facilities in the United States, power generated is sold through PPAs or on the open market supported by financial or physical power hedges to address market price risk exposure. In Chile, Operating Facilities sell the power generated through PPAs to industrial customers or on the open market.

	Number of Operating Facilities	Installed Capacity (MW)	
		Gross ²	Net ³
HYDRO			
Canada	33	1,019	713
United States	1	10	10
Chile	3	152	74
Subtotal	37	1,181	797
WIND			
Canada	8	908	714
France	15	317	221
United States	2	404	204
Subtotal	25	1,629	1,139
SOLAR			
Canada	1	27	27
United States	2	17	16
Chile	1	34	9
Subtotal	4	78	52
Total	66	2,888	1,988

1. The number of Operating Facilities includes all facilities owned and operated by the Corporation, including non-wholly owned subsidiaries and joint ventures and associates.

2. Gross installed capacity is the total capacity of all Operating Facilities of Innergex, including non-wholly owned subsidiaries and joint ventures and associates.

3. Net capacity is the proportional share of the total capacity attributable to Innergex based on its ownership interest in each facility.

Development Projects

The Corporation holds interests in seven projects under development, two of which are currently under construction. These projects are scheduled to begin commercial operation between 2019 and 2022 (the "Development Projects"). For more information on the Development Projects, please refer to the "First Quarter Update" section.

	Number of Development Projects	Installed Capacity (MW)	
		Gross ¹	Net ²
HYDRO			
Chile	2	125	47
WIND			
United States ³	1	328	328
SOLAR			
United States	4	495	495
Total	7	948	870

1. Gross installed capacity is the total capacity of all Development Projects of Innergex, including non-wholly owned subsidiaries and joint ventures and associates.

2. Net capacity is the proportional share of the total capacity attributable to Innergex based on its ownership interest in each facility.

3. Management expects to receive approval for a 327.6 MW layout at the Foard City wind project. For more information, please refer to the "First Quarter Update" section.

Prospective Projects

The Corporation also owns interests in numerous prospective projects at various stages of development. Some have secured land rights, for which an investigative permit application has been filed or for which a proposal has been or could be submitted under a Request for Proposal or a Standing Offer Program (collectively the "Prospective Projects"). The list of Prospective Projects is revised regularly to add or remove projects, according to their advancement potential.

There is no certainty that any Prospective Project will be realized.

	Prospective Projects			
	Gross Projected Capacity (MW) ¹			
	Hydro	Wind	Solar	Total
Canada	1,007	4,825	400	6,232
United States	—	920	95	1,015
France	—	205	—	205
Chile	125	162	28	315
Total	1,132	6,112	523	7,767

1. Only Gross Installed Capacity is disclosed for Prospective Projects as the net capacity is not yet defined at this stage.

Shared Ownership

The Corporation shares ownership of some Operating Facilities, Development Projects and Prospective Projects with a corporate, financial, local community or Indigenous partner.

Non-Wholly Owned Subsidiaries

Some Operating Facilities have material non-controlling interests and are treated as non-wholly owned subsidiaries. These facilities' results are included in the Corporation's consolidated results. Their summary statements of earnings and comprehensive income and summary statements of financial position are presented at the end of each financial year in the Annual Report.

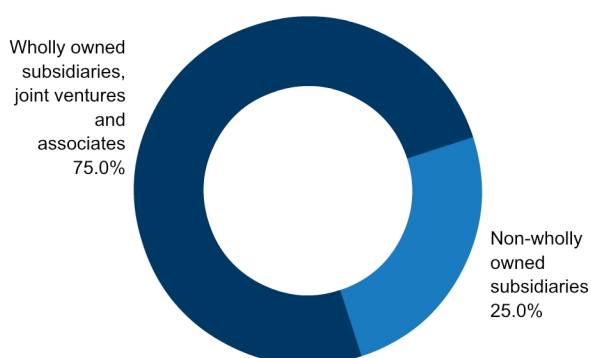
	Operating Facilities	Gross Installed Capacity (MW)	Net Installed Capacity (MW)	Sources of Energy	Principal place of operation	Proportion of ownership interest and voting rights held by the Corporation
						March 31, 2019
Spartan Holdings, LLC	Spartan	11	11	Solar	Michigan	100.00% ¹
Muko Partnership Holdings, LLC	Kokomo	6	5	Solar	Indiana	90.00% ¹
Harrison Hydro Limited Partnership and its subsidiaries	Douglas Creek, Fire Creek, Lamont Creek, Stokke Creek, Tipella Creek and Upper Stave	150	75	Hydro	British Columbia	50.01%
Kwoiek Creek Resources Limited Partnership	Kwoiek Creek	50	25	Hydro	British Columbia	50.00% ²
Innergex Sainte-Marguerite S.E.C.	Sainte-Marguerite	31	15	Hydro	Quebec	50.01%
Innergex Europe (2015) Limited Partnership and its subsidiaries	15 wind farms located in France	317	221	Wind	France	69.55%
Mesgi'g Ugju's'n (MU) Wind Farm L.P.	Mesgi'g Ugju's'n	150	75	Wind	Quebec	50.00% ^{2,3}
		715	427			

1. Ownership interest in the sponsor equity. However, tax equity partners hold 100% of the tax equity interests.

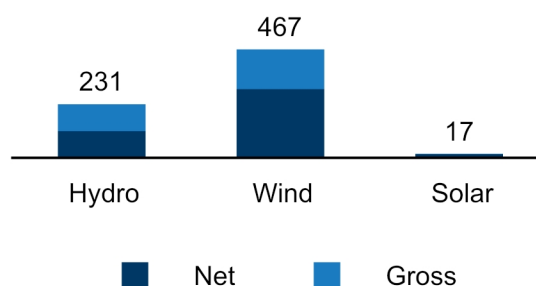
2. The Corporation owns more than 50% of the economic interest in the subsidiary.

3. The Corporation owns a 50% voting interest and a participation interest of 72.4% in 2019 (participation interest to decline over the years).

Gross Installed Capacity Attributable to Non-Wholly Owned Subsidiaries



Installed Capacity of Non-Wholly Owned Subsidiaries by Operating Segment



Joint Ventures and Associates

Some Operating Facilities and Development Projects are treated as joint ventures and associates and accounted for using the equity method. Their summary statements of earnings and comprehensive income as well as their summary of financial position are presented at the end of each financial year in the Annual Report in the section "Investments in Joint Ventures and Associates". Innergex's share of Production, Revenues and Adjusted EBITDA of the joint ventures and associates are included in the Corporation's proportionate measures.

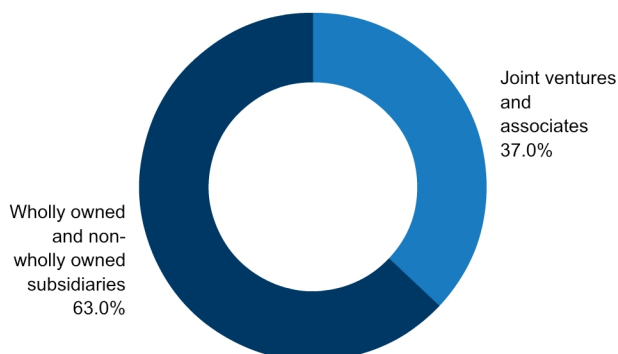
Operating Facilities	Gross Installed Capacity (MW)	Net Installed Capacity (MW)	Sources of Energy	Principal place of operation	Proportion of ownership interest and voting rights held by the Corporation	
					March 31, 2019	
Toba Montrose General Partnership	East Toba and Montrose Creek	235	94	Hydro	British Columbia	40.00% ¹
Shannon Group Holdings, LLC	Shannon	204	102	Wind	Texas	50.00% ²
Flat Top Group Holdings LLC	Flat Top	200	102	Wind	Texas	51.00% ^{2,3}
Dokie General Partnership	Dokie	144	37	Wind	British Columbia	25.50%
Jimmie Creek Limited Partnership	Jimmie Creek	62	32	Hydro	British Columbia	50.99% ³
Energia Llaima SpA	Guayacan, Peuchén, Mampil and Pampa Elvira	186	84	Hydro Solar	Chile	50.00%
Umbata Falls L.P.	Umbata Falls	23	11	Hydro	Ontario	49.00%
Parc éolien communautaire Viger-Denonville, S.E.C.	Viger-Denonville	25	12	Wind	Quebec	50.00%
		1,079	474			

1. The Corporation holds a 51% voting interest and 40% participating economic interest. In 2046, the Corporation's economic interest will increase to 51% for no additional consideration.

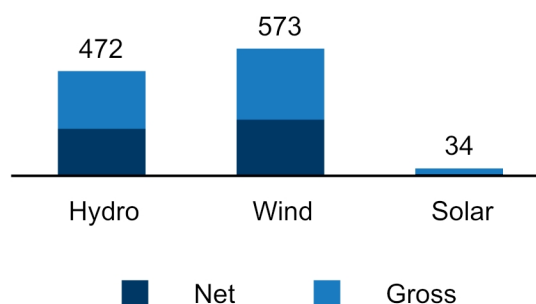
2. Ownership interest in the sponsor equity. However, tax equity partners hold 100% of the tax equity interests.

3. The Corporation does not consolidate the entity as it does not have complete control over the decision-making process.

Gross Installed Capacity Attributable to Joint Ventures and Associates



Installed Capacity of Joint Ventures and Associates by Operating Segment



Tax Equity Investment

The Corporation owns equity interests in some facilities which are eligible for tax incentives available for renewable energy facilities in the United States. With its current portfolio of renewable energy facilities, Innergex cannot fully monetize such tax incentives. To take full advantage of these incentives, the Corporation partners with Tax Equity Investors ("TEI") who invest in these facilities in exchange for the tax credits.

Production Tax Credit Program ("PTC")

Current United States tax law allows wind energy facilities to receive tax credits that are created for each MWh of generation for the first 10 years of the facility's operation. The TEI are allocated a portion of the renewable energy facility's taxable income (losses) and PTCs produced and a portion of the cash generated by the facility until they achieve an agreed upon after-tax investment return ("Flip Point"). After the Flip Point, TEI will be allocated a lesser portion of the cash and the taxable income (losses) generated by the facility.

	Commercial Operation Date	Expected TEI Flip Point ¹	Initial TEI Investment (M\$)	TEI Allocation of Taxable Income (Loss) and PTCs	TEI Allocation of Cash Distributions
Shannon ²	2015	2025	292.4	99.00%	64.10%
Flat Top ²	2018	2028	282.4	99.00%	55.98%

1. TEI cash allocations are based on quarterly test measurement of cumulative generation for the project since commercial operation date. Lower production could result in a higher cash allocation to the TEI or a change to the Flip Point.

2. TEI in U.S. projects generally require certain sponsor guaranties as a condition for their investment. To support the tax equity investments at Shannon and Flat Top, Alterra, a subsidiary of Innergex, executed a guarantee indemnifying the tax equity investors against certain breaches of project-level representations, warranties and covenants. The Corporation believes these indemnifications cover matters which are substantially within its control, and are very unlikely to occur.

Investment Tax Credit Program ("ITC")

Current United States tax law allows solar facilities to receive a one-time federal tax credit, calculated on the basis of the facility's construction cost. Projects that began construction through 2019 are eligible for 30% ITC. This credit steps down to 26% for facilities that began construction in 2020, 22% in 2021 and 10% thereafter.

	Commercial Operation Date	Expected TEI Flip Point	Initial TEI Investment (M\$)	TEI Allocation of Taxable Income (Loss) and ITC	TEI Preferred Allocation of Cash
Kokomo ¹	2016	2022	5.2	99.00%	2.00% of Initial TEI Investment ²
Spartan ¹	2017	2023	13.0	99.00%	2.00% of Initial TEI Investment ²

1. TEI in U.S. projects generally require certain sponsor guaranties as a condition for their investment. To support the tax equity investments at Kokomo and Spartan, Alterra, a subsidiary of Innergex, executed a guarantee indemnifying the tax equity investors against certain breaches of project-level representations, warranties and covenants. The Corporation believes these indemnifications cover matters which are substantially within its control, and are very unlikely to occur.

2. The 2.00% of initial TEI investment preferred allocation of cash will last for 5 years from the COD for both Kokomo (until December 31, 2021) and Spartan (until December 31, 2022). After that date, the TEI will get a proportion of the project cash distributions, representing 17.5% for Kokomo and 10.86% for Spartan.

KEY PERFORMANCE INDICATORS

The Corporation measures its performance using key performance indicators ("KPIs").

Production KPIs

When evaluating its operating results, a key performance indicator for the Corporation is to compare actual electricity generation with a long-term average ("LTA") which is determined to allow long-term forecasting of the expected power generation of each facility.

- Production in comparison with LTA in megawatt/hours ("MWh") and gigawatt/hours ("GWh")
- Production and Production Proportionate

Financial KPIs

- Revenues and Revenues Proportionate
- Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBITDA Proportionate
- Adjusted Net Earnings (Loss)
- Free Cash Flow
- Payout Ratio

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 dividends and dividend increases and its ability to fund its growth. The indicators also facilitate the comparison of results over different periods.

These indicators are not recognized measures under IFRS, have no standardized meaning prescribed by IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

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 sustainable dividend.

Produce Renewable Energy

The Corporation is committed to producing energy exclusively from sustainable renewable sources by balancing economic, social and environmental considerations.

Maintain Diversification of Energy Sources

The Corporation strives to maintain a diversified portfolio of assets in terms of geography and sources of energy to alleviate any seasonal and production variations. 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 resources in any given year could have an impact on the Corporation's revenues and hence on its profitability.

Innergex owns interests in 37 hydroelectric facilities, which draw on 31 watersheds, 25 wind farms and 4 solar farms, providing significant diversification in terms of operating revenue sources. Furthermore, the nature of hydroelectric, wind and solar partially offsets any seasonal variations, as illustrated in the following table:

In GWh and %	Consolidated LTA and Quarterly Seasonality ¹									
	Q1		Q2		Q3		Q4		Total	
HYDRO	370	12%	1,065	35%	1,002	33%	581	19%	3,018	49%
WIND	945	31%	658	22%	563	18%	885	29%	3,051	50%
SOLAR	12	20%	20	33%	20	33%	9	15%	61	1%
Total	1,327	22%	1,743	28%	1,585	26%	1,475	24%	6,130	100%
GEOHERMAL	320	25%	320	25%	320	25%	320	25%	1,280	100%

1. The consolidated long-term average production is the annualized LTA for the facilities in operation at May 14, 2019. 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. Production in comparison to the LTA is a key performance indicator for the Corporation. For more information, please refer to the "Key Performance Indicators" section.

Acquire Quality Assets

Acquisitions are an important component of the Corporation's business strategy. Gaining a foothold in a new market increases our reach, diversity and opportunities for growth. Similarly, increasing our presence in established locations allows us to consolidate our position as a renewable energy leader, such as in the Canadian market. Our focus will remain on generating energy solely from renewable sources and we will continue to explore new technologies that could bring further opportunities.

Build Strategic Relationships

Nurturing relationships to develop long-term partnerships is at the core of our business strategy and values. Our projects flourish with our financial, corporate, Indigenous or municipal partners who share the ownership of our facilities as well as our vision of collaboration, transparency, integrity and responsibility.

Pursue Growth Opportunities

The transition to a low-carbon economy will be led by the renewable energy sector. Innergex stands well positioned to continue its strategic growth by further developing, acquiring and operating high-quality renewable energy projects and will continue to champion the advancement of renewable energy solutions.

Deliver Exceptional Results

Innergex recognizes that what we have accomplished and what is yet to come would not be possible without our highly skilled team of employees and our culture that promotes excellence, accountability and collaboration. Their collective knowledge, talent, abilities, experience and sound judgment have always been key to our long-term success. Our management team has a proven track record of delivering projects on-time and on-budget. Furthermore, we have nurtured a pool of specialized partners we can rely on to provide services outside our realm of expertise when necessary, from engineering firms to environmental monitoring professionals.

FIRST QUARTER UPDATE

Corporate Development

Divestment of HS Orka

- On March 25, 2019, Innergex announced that an agreement has been reached to sell its wholly owned subsidiary Magma Sweden, which owns an equity interest of approximately 53.9% in HS Orka for US\$304.8 million (approximately \$408.8 million) to a Macquarie Infrastructure and Real Assets managed European infrastructure fund, subject to customary closing adjustments.
- The transaction is subject to the satisfaction of certain closing conditions, including receipt of key third party consents, a right of first refusal in respect of the shares of Magma Sweden (exercisable for two months on the same terms and conditions), as well as other customary conditions. All required conditions are expected to be satisfied in the second quarter of 2019 with closing of the transaction to be completed after the satisfaction of such conditions.
- Net proceeds will be used to reimburse the \$228 million one-year credit facility contracted in October 2018 at the time of the acquisition of the remaining interest in the Cartier Wind Farms and Operating Entities, to deleverage corporate facilities and for general corporate purposes. On April 23, 2019, the one-year credit facility was amended to add additional capacity of \$100 million to be drawn as needed. Please refer to the "Subsequent Event" section for more information.

Development Activities

	Location	Gross installed capacity (MW)	Expected COD	Gross estimated LTA ¹ (GWh)	PPA term (years)
HYDRO (Chile)					
Frontera	Biobío	109.0	2022	464.0	- ²
El Canelo	Cordillera	16.0	2022	90.0	- ²
SOLAR (United States)					
Hillcrest	Ohio	200.0	2020	410.0	- ²
Hale Kuawehi	Hawaii	30.0 ³	2022	87.4	25
Paeahu	Hawaii	15.0 ³	2022	41.2	25

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 this MD&A.

2. Power to be sold on the open market or through PPAs yet to be signed.

3. Solar project with a battery storage capacity of 120 MWh for Hale Kuawehi and 60 MWh for Paeahu.

Frontera

- The financing process, which is critical to the project's success, is ongoing. The project has obtained most of the rights and permits needed to proceed with construction, including technical and environmental approvals, and is almost shovel-ready. Delays in construction could result in the expiry of certain permits.

El Canelo

- The project is being redesigned to address various issues, which has delayed the issuance of permits.

Hillcrest

- Hillcrest's interconnection service agreement is in place.
- All of the land required has been secured through land leases, easements and options.
- The Corporation is involved in several advanced discussions to sell the power produced by the facility through a long-term energy sale agreement.
- Innergex is moving swiftly to secure construction and major equipment contracts in the second quarter of 2019 in order to be ready for the start of construction in the second half of 2019.

Hale Kuawehi

- The Public Utilities Commission approved the PPA.
- Environmental studies are ongoing as are other permitting-related activities.

Paeahu

- The Public Utilities Commission's procedural schedule for the approval of the PPA is pending.
- Environmental studies are ongoing as are other permitting-related activities.

Construction Activities

	Ownership %	Gross installed capacity (MW)	Expected COD	Gross estimated LTA ¹ (GWh)	PPA term (years)	Total project cost	Expected first full year	
						Estimated ¹ (\$M)	Revenues ¹ (\$M)	Adjusted EBITDA ^{1,2} (\$M)
WIND (United States)								
Foard City	100.0 ³	327.6 ⁴	2019 ⁴	1,230.0 ⁴	12 ⁶	513.4 ⁵	— ⁴	— ⁴
SOLAR (United States)								
Phoebe	100.0 ³	250.0	2019	738.0	12	524.0	34.6	26.7
Total		577.6		1,968.0		1,037.4	34.6	26.7

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 this MD&A.

2. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

3. Ownership interest is 100% of the sponsor equity in Phoebe and Foard City. However, following tax equity funding, a tax equity partner will hold 100% of the tax equity interests.

4. Management expects to receive approval of a layout of 327.6 MW for the Foard City wind project from the Federal Aviation Administration ("FAA") in the coming months. To date, 94 turbines out of 130 have received approval. Gross estimated LTA, total project cost, Projected Revenues and Projected Adjusted EBITDA have been revised accordingly. Projected revenues and projected Adjusted EBITDA could reach up to \$26.9 million and \$13.5 million respectively. Commercial operation date remains Q4 2019. (Figures in Canadian dollars compared to US dollars in Q4 2018.)

5. Figure in Canadian dollars compared to US dollars in Q4 2018.

6. PPA for 300 MW to start upon the facility reaching commercial operation.

Foard City

In early Q2 2019, the project was resized from 352.8 MW to 327.6 MW (130 turbines). The FAA and the Corporation came to an agreement regarding turbine layout and subsequently, in April, the project received 94 Determinations of No Hazard from the FAA. The remaining 36 Determinations of No Hazard are expected to be released in the coming months.

- On May 8, 2019, closing of a construction financing, tax equity commitment and a term loan facility was announced. Please refer to the "Subsequent Events" section for more information.
- Despite permitting delays, construction progresses on-site with an objective of reaching its commercial operation date in Q4 2019.
- Construction costs are aligned with expectations at US\$105.4 million (\$140.8 million) as at March 31, 2019.
- 67% of the 130 turbine foundations completed and roads and collectors construction in progress.
- The substation is 75% complete and the two main power transformers have been delivered to the site and installed on their pads.
- Delivery of turbines to site commenced in early April and all 130 turbines are scheduled to be delivered gradually to the site throughout the summer.
- Turbine erection commenced mid-April.

Phoebe

- The contractor has completed clearing of the site. Installation of the piles and trackers is ongoing and expected to be completed in June 2019.
- Delivery of the modules started in early February and will continue into June, with over 750,000 modules to be delivered.
- Substation construction is nearly complete and the main power transformers have been delivered, installed and commissioned.
- Construction costs are in line with the budget at this stage and stand at US\$227.9 million (\$304.4 million).
- The project is expected to begin commercial operation in the third quarter of 2019.
- The Phoebe project will sell 100% of its output to the ERCOT power grid and receive a fixed price on 89% of the energy produced under a 12-year PPA.

OPERATING RESULTS

The Corporation's operating results for the three-month period ended March 31, 2019 are compared with the operating results for the same period in 2018.

Electricity Production

Energy Segment	Three months ended March 31					
	2019			2018 (Restated ³)		
	Production (MWh) ¹	LTA (MWh)	Production as a % of LTA	Production (MWh) ¹	LTA (MWh)	Production as a % of LTA
HYDRO						
Quebec	134,814	124,170	109%	126,301	124,170	102%
Ontario	24,244	24,294	100%	24,530	24,294	101%
British Columbia	127,787	213,291	60%	179,432	213,291	84%
United States	5,747	7,927	72%	10,206	7,927	129%
Subtotal	292,592	369,682	79%	340,469	369,682	92%
WIND						
Quebec ²	782,230	717,338	109%	352,315	382,945	92%
France	222,700	227,706	98%	241,375	227,706	106%
Subtotal	1,004,930	945,044	106%	593,690	610,651	97%
SOLAR						
Ontario	7,553	7,080	107%	6,549	7,130	92%
United States ⁴	3,430	4,673	73%	3,400	3,340	102%
Subtotal	10,983	11,753	93%	9,949	10,470	95%
Total	1,308,505	1,326,479	99%	944,108	990,803	95%
GEOTHERMAL^{4,5}						
Iceland	348,546	319,740	109%	195,637	195,128	100%

1. Some facilities are treated as joint ventures and associates and accounted for using the equity method; their revenues are not included in the Corporation's consolidated revenues and, for consistency, their electricity production figures have been excluded from the production table.

2. Production and LTA reflects the 62% acquired interest in the Cartier Wind Farms on October 24, 2018. LTA were revised at the acquisition.

3. For more information on the restatement, please refer to the "Accounting Changes" section.

4. Production and LTA for the period from February 6, 2018, to March 31, 2018, as opposed to a complete period in 2019.

5. For more information, please refer to the "Discontinued Operations" section.

Overall, the **hydroelectric** facilities produced 79% of their LTA due to:

- below-average water flows in British Columbia from cold temperatures.

This item was partly offset by:

- above-average water flows in Quebec.

Overall, the **wind** farms produced 106% of their LTA due to:

- above-average wind regimes in Quebec.

The **solar** farms produced 93% of their LTA due to:

- below-average solar regimes in the United States.

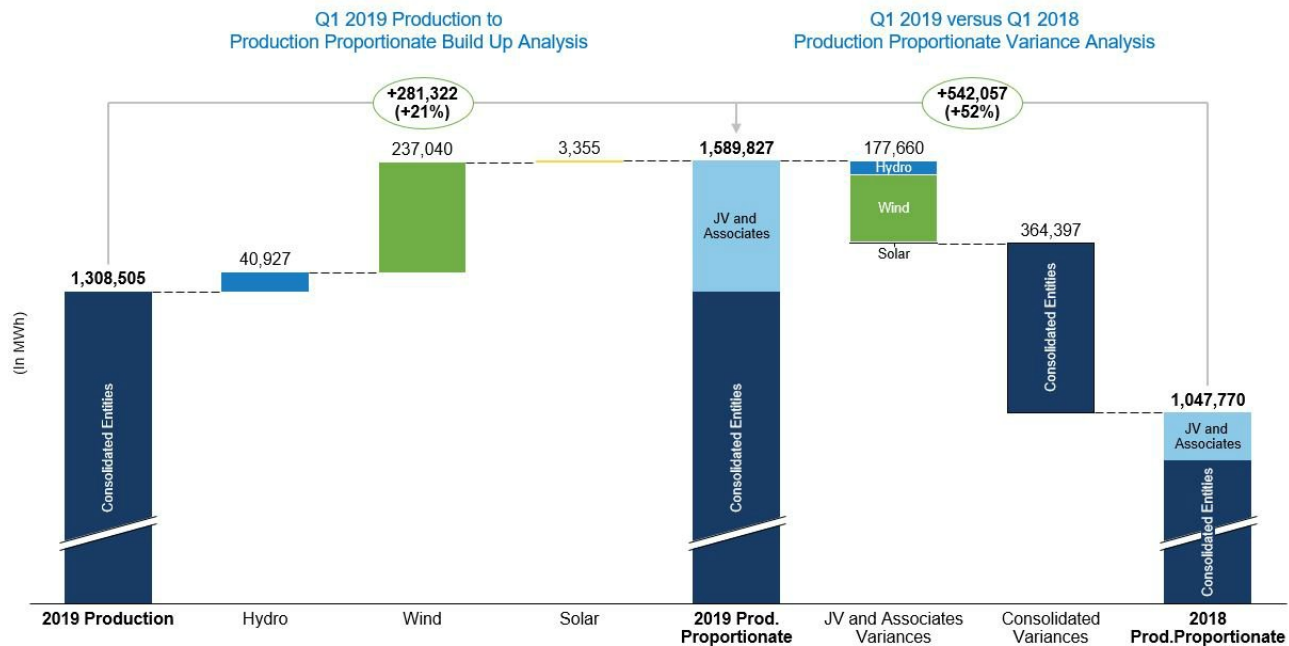
This item was partly offset by:

- above-average solar regimes in Ontario.

The 39% production increase in the three-month period ended March 31, 2019, over the same period last year is due mainly to the contribution of the 62% interest in the Cartier Wind Farms acquired in 2018, partly offset by lower production in France and in British Columbia.

Geothermal facilities produced 109% of their LTA. Combined with our continuing operations, production represents 101% of the overall LTA. This performance demonstrates the benefits of geographic diversification and complementarity of energy sources.

Production Proportionate¹



1. Production Proportionate is a "Key performance indicator" for the corporation, which cannot be reconciled with an IFRS measure and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

The production proportionate of the joint ventures and associates' **hydroelectric facilities** was 40,927 MWh (102% of their LTA) in the first quarter of 2019, compared with 11,461 MWh (89% of their LTA) for the same quarter last year, a 257% increase due mainly to:

- the investment in Energía Llaima in July 2018; and
- the contribution of the Alterra acquisition achieved on February 6, 2018.

The production proportionate of the joint ventures and associates' **wind farms** was 237,040 MWh (99% of their LTA) in the first quarter of 2019 compared with 92,201 MWh (101% of their LTA) for the same period last year, a 157% increase due mainly to:

- the contribution of the Flat Top wind farm commissioned on March 23, 2018; and
- the contribution of the Alterra acquisition achieved on February 6, 2018.

Joint ventures and associates **solar farm** production proportionate was 3,355 MWh (55% of its LTA) in the first quarter of 2019. The Pampa Elvira solar facility was part of the investment in Energía Llaima in July 2018.

Financial Results

	Three months ended March 31			
	2019	2018	Change	
		Restated ^{3,4}		
Revenues	126,419	101,788	24,631	24 %
Operating expenses	20,058	17,478	2,580	15 %
General and administrative expenses	8,687	6,447	2,240	35 %
Prospective project expenses	4,431	4,297	134	3 %
Adjusted EBITDA ¹	93,243	73,566	19,677	27 %
Adjusted EBITDA margin ¹	73.8%	72.3%		
Finance costs	52,971	43,903	9,068	21 %
Other net expenses	726	3,888	(3,162)	(81)%
Depreciation and amortization	46,466	36,241	10,225	28 %
Share of loss (earnings) of joint ventures and associates ²	6,890	(1,067)	7,957	(746)%
Unrealized net (gain) loss on financial instruments	(5,312)	2,283	(7,595)	(333)%
Recovery of income taxes	(4,078)	(1,987)	(2,091)	105 %
Net loss from continuing operations	(4,420)	(9,695)	5,275	(54)%
Net earnings (loss) from discontinued operations	3,566	(5,145)	8,711	(169)%
Net loss	(854)	(14,840)	13,986	(94)%
Net (loss) earnings attributable to:				
Owners of the parent	(6,747)	(6,617)	(130)	2 %
Non-controlling interests	5,893	(8,223)	14,116	(172)%
	(854)	(14,840)	13,986	(94)%
Basic and diluted net loss per share from continuing operations attributable to owners (\$)	(0.07)	(0.04)		
Basic and diluted net loss per share attributable to owners (\$)	(0.06)	(0.07)		

1. Adjusted EBITDA and Adjusted EBITDA Margin are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

2. Some facilities are treated as joint ventures and associates and accounted for using the equity method; their revenues are not included in the Corporation's consolidated revenues.

3. For more information on the restatement, please refer to the "Accounting Changes" section.

4. For more information, please refer to the "Discontinued Operations" section.

Revenues

Up 24% to \$126.4 million for the three-month period ended March 31, 2019

Energy Segment	Three months ended March 31		
	2019	2018	Change
		Restated ^{1,2}	
Hydro	28,038	34,663	(6,625)
Wind	94,826	64,051	30,775
Solar	3,555	3,074	481
Revenues	126,419	101,788	24,631

1. For more information on the restatement, please refer to the "Accounting Changes" section.

2. For more information, please refer to the "Discontinued Operations" section.

For the three-month period ended on March 31, 2019, compared with the same period last year

The decrease in revenues from the **hydroelectric** power generation segment is due mainly to:

- lower revenues from most facilities in British Columbia due to lower production.

The increase in revenues from the **wind** power generation segment is due mainly to:

- the 62% interest in the Cartier Wind Farms acquired in October 2018; and
- higher revenues at the Mesgi'g Ugju's'n facility from higher production.

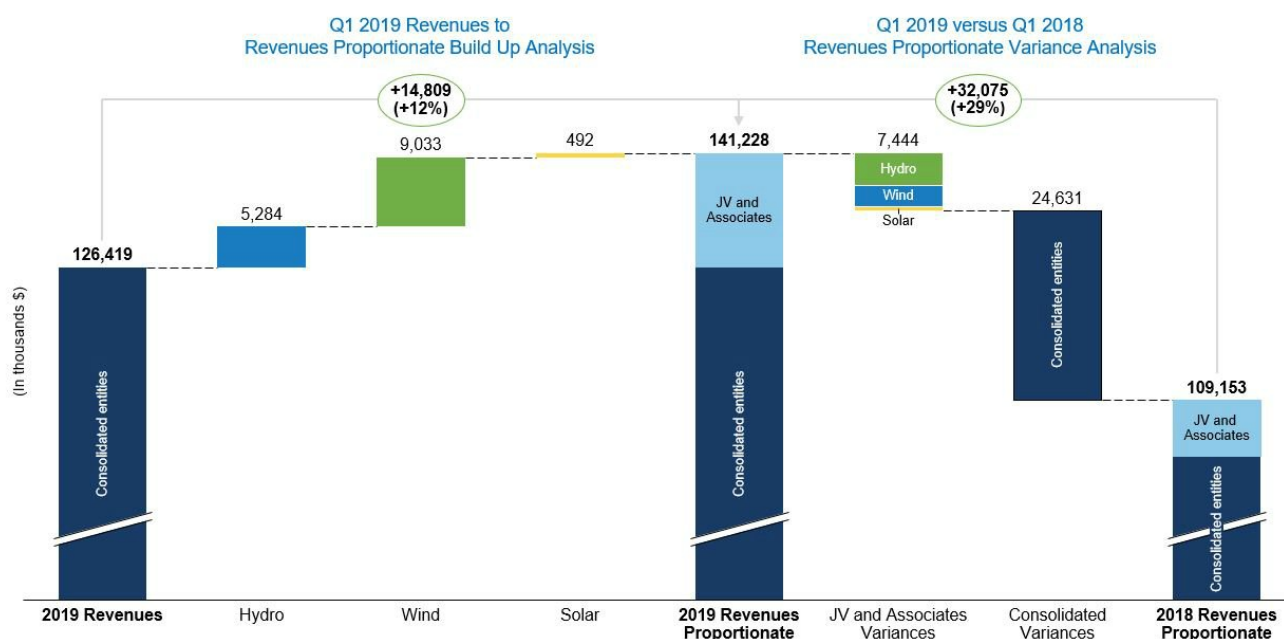
These items were partly offset by:

- lower revenues at the French wind facilities.

The increase in revenues from the **solar** power generation segment is due to:

- higher revenues at the Stardale facility; and
- the contribution of Spartan and Kokomo facilities acquired as part of Alterra on February 6, 2018.

Revenues Proportionate¹



1. Revenues Proportionate is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

For the three-month period ended on March 31, 2019, compared with the same period last year

Joint ventures and associates **hydroelectric facilities** contributed \$5.3 million to revenues proportionate in the first quarter of 2019, compared with \$1.1 million for the same quarter last year, a 377% increase due mainly to:

- the investment in Energía Llama in July 2018; and
- the contribution of the Alterra acquisition achieved on February 6, 2018.

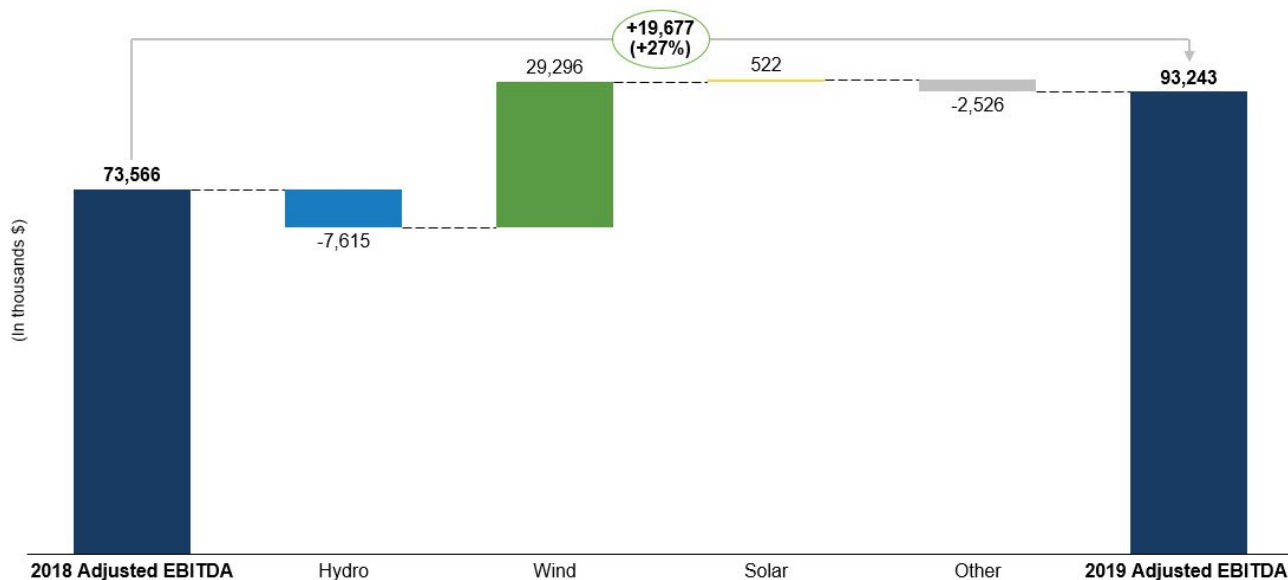
Joint ventures and associates **wind farms** contributed \$9.0 million to revenues proportionate in the first quarter of 2019, compared with \$6.3 million for the same quarter last year, a 44% increase due mainly to:

- the contribution of the Alterra acquisition achieved on February 6, 2018;
- the contribution of the Flat Top wind farm commissioned on March 23, 2018; and
- higher production at the Viger-Denonville facility.

Joint ventures and associates **solar farm** contributed \$0.5 million to revenues proportionate in the first quarter of 2019. The Pampa Elvira solar facility was part of the investment in Energía Llama in July 2018.

Adjusted EBITDA¹

Up 27% to \$93.2 million for the three-month period ended March 31, 2019



1. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

For the three-month period ended on March 31, 2019, compared with the same period last year

The decrease in Adjusted EBITDA from the **hydroelectric** power generation segment is due mainly to:

- lower revenues in British Columbia and Quebec.

The increase in Adjusted EBITDA from the **wind** power generation segment is due mainly to:

- higher revenues in Quebec.

This item is partly offset by:

- lower revenues at the French wind facilities.

The increase in Adjusted EBITDA from the **solar** power generation segment is mainly due to:

- higher revenues at the Stardale facility; and
- the contribution of the Spartan and Kokomo facilities acquired as part of Alterra on February 6, 2018.

The increase in other expenses is mainly due to:

- higher general and administrative expenses related to the acquisitions and investments made in 2018.

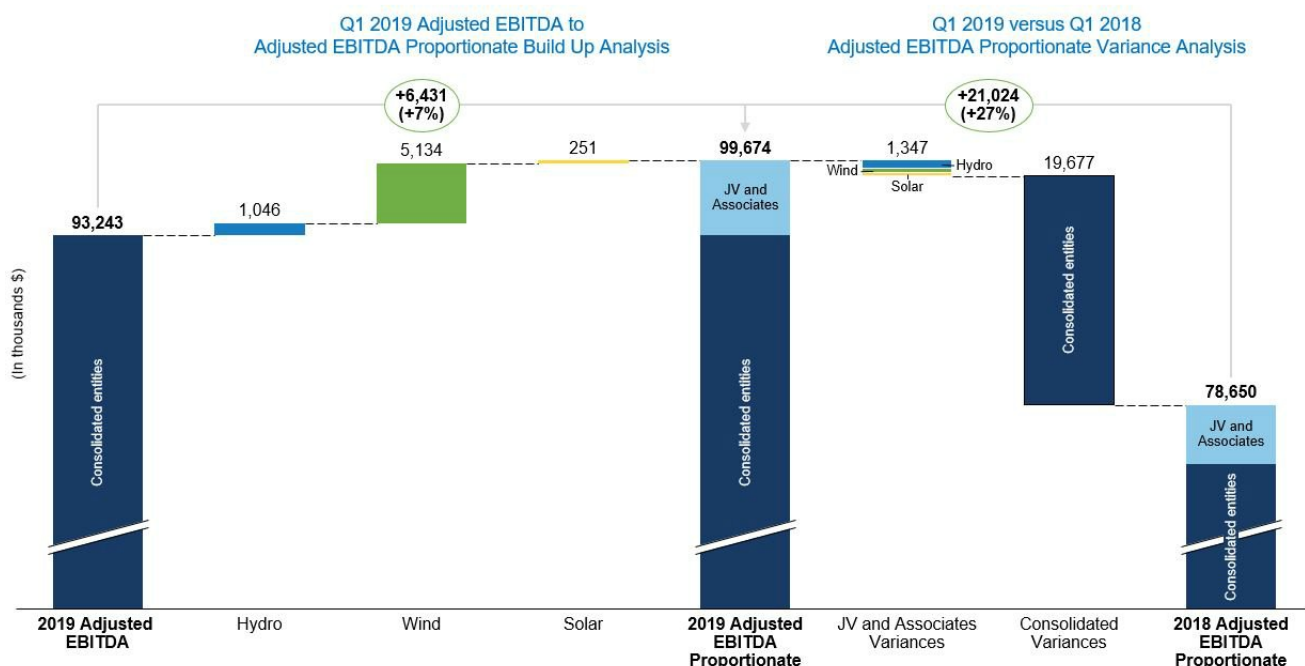
Adjusted EBITDA Margin² increased from 72.3% to 73.8% for the three-month period.

The increase is mainly explained by:

- changes in our mix of segments as wind generation now represents a higher proportion of Adjusted EBITDA since the acquisition of the remaining 62% interest in the Cartier Wind Farms in October 2018. Wind activities have typically have a better return on revenues than hydro due to lower operating costs.

2. Adjusted EBITDA Margin is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

Adjusted EBITDA Proportionate¹



1. Adjusted EBITDA Proportionate is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

For the three-month period ended on March 31, 2019, compared with the same period last year

The joint ventures and associates' **hydroelectric facilities** contributed \$1.0 million to Adjusted EBITDA Proportionate in the first quarter of 2019, compared with \$0.3 million for the same quarter last year, a 215% increase due mainly to:

- the investment in Energía Llaima in July 2018.

The increase was partly offset by:

- lower Adjusted EBITDA at Jimmie Creek and Toba Montrose facilities resulting from higher maintenance and operating costs due to seasonality.

The joint ventures and associates' **wind farms** contributed \$5.1 million to Adjusted EBITDA Proportionate for the first quarter of 2019, compared with \$4.8 million for the same quarter last year, a 8% increase due mainly to:

- the contribution of the Flat Top wind farm commissioned on March 23, 2018; and
- higher production at the Dokie and Viger-Denonville facilities.

The increase was partly offset by:

- lower Adjusted EBITDA stemming from higher operating costs due to an increase in property taxes at the Shannon facility.

The joint ventures and associates' **solar farm** contributed \$0.3 million to Adjusted EBITDA Proportionate in the first quarter of 2019. The Pampa Elvira solar facility was part of the investment in Energía Llaima in July 2018.

Finance Costs

Up 21% to \$53.0 million for the three-month period ended March 31, 2019

The increase for the three-month period is due mainly to:

- expenses related to the acquisitions and investments made in 2018; and
- the 4.75% convertible debentures offering on June 12, 2018.

The increase was partly offset by:

- lower inflation compensation interest on real-return bonds.

The effective all-in interest rate on the Corporation's debt and convertible debentures was 4.48% as at March 31, 2019 (4.48% as at December 31, 2018).

Depreciation and Amortization

Up 28% to \$46.5 million for the three-month period ended March 31, 2019

This increase is attributable mainly to:

- the 62% acquired interest in the Cartier Wind Farms.

Share of Loss (Earnings) of Joint Ventures and Associates

Share of loss of \$6.9 million for the three-month period ended March 31, 2019, compared with a share of earnings of \$1.1 million for the corresponding period in 2018

The variation is mainly attributable to:

- a decrease in the earnings allocated to Innergex on the basis of the Shannon wind project's hypothetical liquidation at book value ("HLBV" model);
- a higher loss attributable to innergex from the Flat Top wind facility in Texas, related exclusively to a higher loss allocation calculated by the HLBV model, as the net loss from Flat Top improved from the prior quarter;
- a higher loss from Toba Montrose and Jimmie Creek hydro facilities in British Columbia; and
- a loss from the Energía Llaima joint venture.

Unrealized Net Loss (Gain) on Financial Instruments

Unrealized net gain of \$5.3 million for the three-month period ended March 31, 2019, compared with an unrealized net loss of \$2.3 million for the corresponding period in 2018

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 facilities.

The unrealized net gain on financial instruments for the three-month period ended March 31, 2019, is due mainly to:

- a favourable variation of the CAD-EUR foreign exchange rate swap; and
- the amortization of the accumulated losses from the pre-hedge accounting period.

These items were partly offset by:

- an unrealized loss on the conversion of intragroup loans.

Income Tax Recovery

Income tax recovery of \$4.1 million for the three-month period ended March 31, 2019

For the three-month period ended March 31, 2019, the Corporation recorded :

- a current income tax expense of \$2.4 million (\$2.5 million for the corresponding period in 2018); and
- and a deferred income tax recovery of \$6.5 million (\$4.5 million for the corresponding period in 2018).

The increase in the recovery of deferred income taxes is due mainly to:

- non-recognition of deferred income taxes on unrealized gains on financial instruments,

partly offset by:

- increase in deferred income tax expenses on adjustments recognized in the current period in relation to the deferred income taxes of the prior year.

Net loss from continuing operations

Down 54% to \$4.4 million for the three-month period ended March 31, 2019

For the three-month period ended March 31, 2019, the Corporation recorded a net loss from continuing operations of \$4.4 million (basic and diluted net loss from continuing operations of \$0.07 per share), compared with a net loss from continuing operations of \$9.7 million (basic and diluted net loss from continuing operations of \$0.04 per share) for the corresponding period in 2018.

The \$5.3 million improvement can be explained by:

- a \$19.7 million increase in Adjusted EBITDA;
- a \$7.6 million favourable variation in unrealized net (gain) loss on financial instruments; and
- a \$3.2 million decrease in other net expenses.

These items were partly offset by:

- a \$10.2 million increase in depreciation and amortization;
- a \$9.1 million increase in finance costs; and
- an \$8.0 million negative change in the share of earnings of joint ventures and associates.

Adjusted Net Loss from continuing operations

Up to \$11.0 million for the three-month period ended March 31, 2019

When evaluating its operating results and to provide a more accurate picture of them, a key performance indicator for the Corporation is Adjusted Net Loss from continuing operations. Adjusted Net Loss from continuing operations is not a recognized measure under IFRS, has no standardized meaning prescribed by IFRS and therefore may not be comparable with measures presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

Impact on net loss of financial instruments	Three months ended March 31	
	2019	2018
Net loss from continuing operations	(4,420)	(9,695)
<i>Add (Subtract):</i>		Restated ^{1,2}
Unrealized net (gain) loss on financial instruments	(5,312)	2,283
Realized gain on financial instruments	—	(828)
Income tax (recovery) expenses related to above items	(675)	2,647
Share of unrealized net gain on financial instruments of joint ventures and associates, net of related income tax	(619)	(4,623)
Adjusted Net Loss from continuing operations	(11,026)	(10,216)

1. For more information on the restatement, please refer to the "Accounting Changes" section.

2. For more information, please refer to the "Discontinued Operations" section.

Excluding loss (gains) on financial instruments and the related income taxes, Adjusted Net Loss from continuing operations for the three-month period ended March 31, 2019, would have been \$11.0 million, compared with Adjusted Net Loss from continuing operations of \$10.2 million in 2018.

The increase in the Adjusted Net Loss from continuing operations is due mainly to:

- increase in finance costs;
- negative change in the share of earnings of joint ventures and associates; and
- increase in depreciation and amortization.

partly offset by:

- higher Adjusted EBITDA;
- positive change in other net expenses (revenues); and
- positive change in income taxes.

Non-controlling Interests

Attribution of earnings of \$5.9 million for the three-month period ended March 31, 2019, compared with an attribution of losses of \$8.2 million for the corresponding period in 2018

Non-controlling interests are related to the non-wholly owned subsidiaries identified in the "Overview" section and to Creek Power Inc. and subsidiaries ("Creek Power") which is wholly owned since May 15, 2018.

The non-controlling interests figures include the activities of HS Orka which are now treated as discontinued operations.

The attribution of earnings from continuing operations to non-controlling interests of \$3.0 million for the three-month period ended March 31, 2019, compared with an attribution of losses of \$6.8 million last year results mainly from:

- the absence of loss allocated to Creek Power due to the acquisition of the remaining interest;
- net earnings in 2019 at Innergex Europe, mostly explained by a favourable variation of unrealized gain on financial instruments, compared to a net loss in 2018, from an unrealized loss on financial instruments;
- net earnings as calculated by the Hypothetical Liquidation Book Value ("HLBV") model, attributable to Kokomo and Spartan; and
- the higher revenues at the Mesgi'g Ugju's'n wind facility.

These items were partly offset by:

- lower revenues at HHLP.

The attribution of earnings from discontinued operations of \$2.9 million for the three-month period ended March 31, 2019, compared with an attribution of losses of \$1.4 million for the corresponding period in 2018 is mainly explained by:

- an unrealized gain on the change in the fair value of embedded derivatives compared to a loss in the previous year.

GEOGRAPHIC SEGMENTS

As at March 31, 2019, and excluding its investments in joint ventures and associates which are accounted for using the equity method, the Corporation had interests in the following operating assets: 29 hydroelectric facilities, six wind farms and one solar farm in Canada, 15 wind farms in France and one hydroelectric facility and two solar farms in the United States. The Corporation operates in four principal geographical areas, which are detailed below.

	Three months ended March 31	
	2019	2018
Revenues		Restated ^{1,2}
Canada	96,131	68,430
France	29,461	32,219
United States	827	1,139
Chile	—	—
	126,419	101,788

1. For more information on the restatement, please refer to the "Accounting Changes" section.

2. For more information, please refer to the "Discontinued Operations" section.

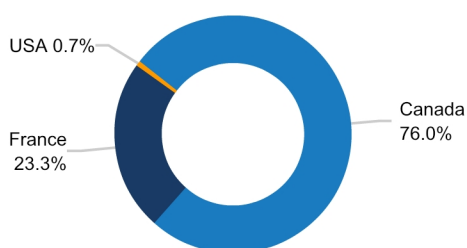
	As at	
	March 31, 2019	December 31, 2018
Non-current assets, excluding derivative financial instruments and deferred tax assets ^{1,2}		
Canada	3,706,655	3,757,207
France	935,729	956,214
United States ³	743,384	526,716
Chile	149,397	154,299
	5,535,165	5,394,436

1. Includes the investments in joint ventures and associates.

2. For more information, please refer to the "Discontinued Operations" section.

3. Includes the Phoebe solar project and the Foard City wind project under construction.

Q1 2019 Revenues by Country



Q1 2018 Revenues by Country (Restated)



Canada

Revenues up 40% to \$96.1 million for the three-month period ended March 31, 2019

Non-current assets, excluding derivative financial instruments and deferred tax assets down 1% to \$3,706.7 million at March 31, 2019, compared with December 31, 2018

The increase in Canadian revenues for three-month period is attributable mainly to:

- the 62% acquired interest in the Cartier Wind Farms; and
- higher production at the Quebec wind farms.

These items were partly offset by:

- lower revenues at most hydro facilities in British Columbia due to lower production; and
- lower revenues at some Quebec hydro facilities.

The decrease in non-current assets, excluding derivative financial instruments and deferred income tax assets in Canada is attributable mainly to:

- depreciation of property, plant and equipment and amortization of intangible assets.

These items were partly offset by:

- increase in assets due to application of the IFRS 16 standard.

France

Revenues down 9% to \$29.5 million for the three-month period ended March 31, 2019

Non-current assets, excluding derivative financial instruments and deferred tax assets, down 2% to \$935.7 million at March 31, 2019 compared to December 31, 2018

The decrease in French revenues for the three-month period is attributable mainly to:

- lower production at the French wind facilities.

The decrease in non-current assets, excluding derivative financial instruments and deferred income tax assets in France is attributable mainly to:

- depreciation of property, plant and equipment and amortization of intangible assets; and
- foreign exchange rate effect.

These items were partly offset by:

- increase in assets due to application of the IFRS 16 standard.

United States

Revenues down 27% to \$0.8 million for the three-month period ended March 31, 2019

Non-current assets, excluding derivative financial instruments and deferred tax assets up 41% to \$743.4 million at March 31, 2019, compared with December 31, 2018

The decrease in the U.S. revenues for the three-month period is attributable mainly to:

- lower production at the hydro facility.

This item was partly offset by:

- the contribution of Spartan and Kokomo facilities acquired as part of Alterra on February 6, 2018.

The increase in non-current assets, excluding derivative financial instruments and deferred income tax assets in the United States is attributable mainly to:

- the addition of the Phoebe solar project and the Foard City wind project, both being under construction; and
- increase in assets due to application of the IFRS 16 standard.

This item was partly offset by:

- depreciation of property, plant and equipment and amortization of intangible assets.

Chile

Non-current assets, excluding derivative financial instruments and deferred tax assets, down 3% at \$149.4 million at March 31, 2019, compared with December 31, 2018

The Corporation's investment in Energía Llaima in Chile is accounted for using the equity method; therefore its revenues are not consolidated.

For the period ended March 31, 2019, the decrease in non-current assets is attributable to the reduction in the investment value due to a comprehensive loss attributable to Energía Llaima.

DISCONTINUED OPERATIONS FINANCIAL RESULTS

	Three months ended March 31, 2019			Three months ended March 31, 2018		
	Innergex ¹	HS Orka ²	Total	Innergex ¹	HS Orka ²	Total
				Restated ³		
Production	1,308,505	348,546	1,657,051	944,108	195,637	1,139,745
Revenues	126,419	26,594	153,013	101,788	16,417	118,205
Adjusted EBITDA	93,243	9,769	103,012	73,566	6,034	79,600
Net (loss) earnings	(4,420)	3,566	(854)	(9,695)	(5,145)	(14,840)

1. Equivalent to continuing operations.

2. Equivalent to discontinued operations.

3. For more information on the restatement, please refer to the "Accounting Changes" section.

	March 31, 2019
Current assets	24,701
Non-current assets	842,316
	867,017
Current liabilities	44,083
Non-current liabilities	227,385
Equity attributable to owners of the parent	335,786
Non-controlling interests	259,763
	867,017

SHARE CAPITAL STRUCTURE

Information on Capital Stock

Number of Common Shares Outstanding

	Three months ended March 31	
	2019	2018
Weighted average number of common shares (in 000s)	132,865	122,593
Shares that may be issued from the following equity instruments that are potentially dilutive ¹ (in 000s):		
Share options	208	719
Shares held in trust related to the PSP plan	131	203
	339	922
Shares that may be issued from the following equity instruments that are excluded from the potentially dilutive elements (in 000s):		
Share options	281	203
Convertible debentures	14,167	6,667
	14,448	6,870
Total contingent shares that may be issued from the outstanding equity instruments	14,787	7,792

1. Share options for which the exercise price was below the average market price of common shares are included in the calculation of potentially dilutive equity instruments. Contingent share issuances have an anti-dilutive effect on loss per share. As such for the three months ended March 31, 2019, and 2018, Diluted net loss per share is equal to Basic net loss per share.

The Corporation's Equity Securities

	As at		
	May 14, 2019	March 31, 2019	March 31, 2018
Number of common shares	133,559,963	133,485,728	132,321,661
Number of 4.75% convertible debentures	150,000	150,000	—
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 share options outstanding	917,729	917,729	2,782,599

As at the opening of the market on May 14, 2019, and since March 31, 2019, the increase in the number of common shares of the Corporation is attributable to the issuance of 74,235 shares related to the Corporation's Dividend Reinvestment Plan ("DRIP").

As at March 31, 2019, the increase in the number of common shares since March 31, 2018, was attributable mainly to the issuance of 736,678 shares related to the DRIP and the issuance of 427,389 shares following the exercise of options.

Dividends

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 test imposed under corporate law for the declaration of dividends and other relevant factors.

The following dividends were declared by the Corporation:

	Three months ended March 31	
	2019	2018
Dividends declared on common shares ¹	23,360	22,495
Dividends declared on common shares (\$/share)	0.175	0.170
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 attributable to the increase in quarterly dividend, to the issuance of shares following the exercise of share options and to the issuance of shares under the DRIP.

The following dividends will be paid by the Corporation on July 15, 2019:

Date of announcement	Record date	Payment date	Dividend per common share (\$)	Dividend per Series A Preferred Share (\$)	Dividend per Series C Preferred Share (\$)
05/14/2019	6/28/2019	7/15/2019	0.1750	0.2255	0.359375

On February 27, 2019, the Board of Directors increased the quarterly dividend from \$0.170 to \$0.175 per common share, corresponding to an annual dividend of \$0.70 per common share. This is the sixth consecutive \$0.02 annual dividend increase.

Normal Course Issuer Bid

In August 2017, the Corporation proceeded with a normal course issuer bid on its Common Shares (the "Bid") covering the period between August 17, 2017, and August 16, 2018. The Corporation could purchase for cancellation up to 2,000,000 of its Common Shares, corresponding to approximately 1.84% of the 108,640,790 issued and outstanding Common Shares as at August 14, 2017.

Under the Bid, the Corporation has entered into an automatic purchase plan agreement with a designated broker to allow for purchases of Common Shares at times when it would ordinarily not be permitted to do so due to self-imposed blackout periods or regulatory restrictions.

Under the Bid, the Corporation purchased for cancellation 697,212 Common Shares at an average price of \$13.60 per share, for an aggregate consideration of \$9.5 million during the year ended December 31, 2018.

FINANCIAL POSITION

As at	March 31, 2019	December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	97,972	79,586
Restricted cash	30,457	29,981
Other current assets	85,837	118,710
Currents assets before the assets held for sale	214,266	228,277
Assets held for sale	867,017	—
Total current assets	1,081,283	228,277
Non-current assets		
Property, plant and equipment	4,240,154	4,482,928
Intangible assets	709,775	925,009
Investments in joint ventures and associates	453,268	604,773
Goodwill	61,505	109,995
Other long-term assets	159,492	130,302
Total non-current assets	5,624,194	6,253,007
	6,705,477	6,481,284
LIABILITIES		
Current liabilities		
Current liabilities before the liabilities directly associated with the assets held for sale	722,950	641,500
Liabilities directly associated with the assets held for sale	271,468	—
Total current liabilities	994,418	641,500
Non-current liabilities		
Long-term debt	3,966,097	4,024,324
Convertible debentures	239,339	238,648
Other liabilities	600,494	617,251
Total non-current liabilities	4,805,930	4,880,223
	5,800,348	5,521,723
SHAREHOLDERS' EQUITY		
Total shareholders' equity	905,129	959,561
	6,705,477	6,481,284

Working Capital Items

Current assets

Current assets, excluding the assets held for sale, amounted to \$214.3 million as at March 31, 2019, compared with \$228.3 million as at December 31, 2018, a decrease of \$14.0 million due mainly to:

- a decrease of \$33.6 million in accounts receivable stemming primarily from the reclassification of HS Orka's receivables as assets held for sale and to lower revenues in March 2019 compared to December 2018.

This decrease was partly offset by:

- an increase of \$18.4 million in cash and cash equivalents derived from operating, financing and investing activities, partly offset by the cash and cash equivalents balance held for sale as at March 31, 2019.

Current liabilities

Current liabilities, excluding the liabilities directly associated with the assets held for sale, amounted to \$723.0 million as at March 31, 2019, compared to \$641.5 million as at December 31, 2018, an increase of \$81.5 million due mainly to:

- an increase in accounts payable of \$27.6 million from the construction of the Foard City and Phoebe construction projects, partly offset by the reclassification of HS Orka's accounts payable as liabilities directly associated with the assets held for sale; and
- a \$62.9 million increase of the current portion of the long-term debt and other liabilities due to drawings on the Phoebe tax equity bridge loan.

Working capital, excluding the assets held for sale and the liabilities directly associated, was negative at \$508.7 million, as at March 31, 2019, with a working capital ratio of 0.30:1.00 (as at December 31, 2018, working capital was negative at \$413.2 million, with a working capital ratio of 0.36:1.00), a deterioration of \$95.5 million due to the items explained above.

The Corporation considers its current level of working capital to be sufficient to meet its needs, considering that Innergex is currently in the process of selling its equity interest in HS Orka and that the tax equity bridge loan for the construction of the Phoebe solar project will be reimbursed through the tax equity investment at commercial operation. As at March 31, 2019, the Corporation had \$700.0 million in revolving term credit facilities and had drawn \$212.6 million and US\$189.4 million as cash advances, while \$166.6 million had been used for issuing letters of credit, leaving \$66.6 million available. On April 23, 2019, Innergex amended its one-year credit facility contracted in October 2018, at the time of the acquisition of the Cartier Wind Farms and Operating Entities to add additional capacity of \$100 million to be drawn as needed to provide greater flexibility. On May 8, 2019, closing of a construction financing, tax equity commitment and a term loan facility for the Foard City wind project was announced. Please refer to the "Subsequent Events" section for more information.

Non-current assets

Non-current assets amounted to \$5,624.2 million as at March 31, 2019, compared to \$6,253.0 million as at December 31, 2018, a decrease of \$628.8 million due mainly to:

- a \$842.3 million decrease stemming from the classification of HS Orka's non-current assets as assets held for sale, which consist of:
 - \$450.5 million in property, plant and equipment;
 - \$191.3 million in intangible assets;
 - \$15.7 million in Development costs;
 - \$129.8 million in investments in joint ventures and associates of the Blue Lagoon Spa which is part of HS Orka;
 - \$47.3 million in Goodwill;
 - \$7.7 million in other long-term assets;
- depreciation and amortization; and
- a decrease due to the EUR/CAD exchange effect on our operations in France.

These items were partly offset by:

- a \$123.9 million increase stemming from the initial application of IFRS 16 (please refer to the "Accounting Changes" section); and
- a \$160.6 million increase due to the advancement of the Foard City and Phoebe projects.

Non-current liabilities

Non-current liabilities amounted to \$4,805.9 million as at March 31, 2019, compared with \$4,880.2 million as at December 31, 2018, a decrease of \$74.3 million mainly due to:

- a \$227.4 million decrease stemming from the classification of HS Orka's non-current liabilities as liabilities directly associated with the assets held for sale, which consist mainly of:
 - \$32.6 million in financial instruments;
 - \$88.9 million in long-term debt;
 - \$1.2 million related to lease obligation;
 - \$40.0 million in other liabilities related to pension fund; and
 - \$64.7 million in deferred tax liabilities.
- a decrease due to the EUR/CAD exchange effect on our operations in France.

These items were partly offset by:

- a \$13.2 million net increase in derivative financial instruments due to an overall decrease in interest rates;
- a \$36.6 million net increase in long-term debt due mainly to drawings made on the corporate revolving facilities for the construction of the Foard City wind project, which were partly offset by scheduled debt principal repayments and the favourable fluctuation in exchange rate; and
- a \$117.2 million increase in lease liabilities stemming from the initial application of IFRS 16 (please refer to the "Accounting Changes" section).

As at March 31, 2019, the Corporation and its subsidiaries have met all material financial and non-financial conditions, unless indicated below, related to their credit agreements, trust indentures and PPAs. Were they not met, certain financial and non-financial covenants included in the credit agreements, trust indentures and PPAs 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. Financial ratios were not met for the \$54.0 million Valottes Beaumont and Porcien credit agreements due to low production. As lenders have the right to request repayment, the three loans were reallocated to the current portion of long-term debt.

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, its exposure to exchange rate fluctuations on the future repatriation of cash flows from its French operations and to reduce exposure to the risk of decreasing power prices.

As at March 31, 2019	Currency	Current Notional		Fair Value After Credit Adjustment	
		Currency of origin	CAD	Currency of origin	CAD
Interest rate swaps	CAD	1,082,068	1,082,068	(62,270)	(62,270)
Interest rate swaps	USD	343,671	459,247	(6,436)	(8,595)
Interest rate swaps	EUR	198,484	297,765	(11,416)	(17,126)
Foreign exchange forward contracts	CAD	553,692	830,648	(15,009)	(15,009)
Power Hedges	USD	N/A	N/A	40,186	53,704
				(54,945)	(49,296)

Shareholders' Equity

Shareholders' equity amounted \$905.1 million as at March 31, 2019, compared with \$959.6 million as at December 31, 2018, a decrease of \$54.4 million mainly due to:

- a comprehensive loss of \$22.2 million;
- dividends declared on common and preferred shares totaling \$24.8 million; and
- distributions declared to non-controlling interests of \$6.4 million.

Contingencies

In February 2016, HS Orka issued a legal letter to HS Veitur hf ("HS Veitur") demanding full payment of a long-term receivable related to the shared pension liability. A \$9.5 million claim was filed and is included in the assets held for sale on the statement of financial position. This occurred after receipt from HS Veitur of a notice of termination of an agreement regarding payment of the pension liability, sent on December 31, 2015. The two companies had reached an agreement on HS Veitur's share in 2011 and, based on this agreement, HS Orka considers its claim to be fully valid. Negotiations have not settled the matter. The court proceedings took place in March 2018. On April 17, 2018, the First Court of Iceland ruled in favour of HS Orka. HS Veitur filed an appeal to the Court of Appeal, which is a court of second instance. The trial took place on February 21, 2019, and the Court of Appeal handed down its judgment on March 8, 2019, overturning the District Court of Reykjanes' judgment and acquitted HS Veitur's claims. On April 5, 2019, HS Orka sent the Supreme Court a request for leave to appeal the Court of a Appeal's

judgment, arguing that its decision was flawed and wrong in a number of aspects. HS Veitur has submitted its objections to the request. The Supreme Court's ruled in favor of the appeal on May 6, 2019.

Off-Balance-Sheet Arrangements

As at March 31, 2019, the Corporation had issued letters of credit totaling \$166.6 million to meet its obligations under its various PPAs and other agreements. These letters were issued as payment securities for various projects under construction (including the Phoebe solar project and the Foard City wind project) and as performance or financial guarantees under PPAs and other contractual obligations. As at that date, Innergex had also issued a total of \$59.3 million in corporate guaranties used mainly to guarantee the long-term currency hedging instruments of its operations in France. The corporate guaranties were also used to support the performance of the Brown Lake and Miller Creek hydroelectric facilities, the post-commissioning activities at the Mesgi'g Ugnu's'n facility, the Foard City development project and , Griffin Trail and Boswell as well as other prospective projects.

Tax equity investors in U.S. projects generally require sponsor guaranties as a condition to their investment. To support the tax equity investments at Shannon, Kokomo, Spartan, Flat Top and Phoebe, Alterra, a subsidiary of Innergex, has executed guaranties effective on funding of the tax equity investments indemnifying the tax equity investors against certain breaches of project-level representations, warranties and covenants and other events. The Corporation believes these indemnifications cover matters that are substantially under its control and are very unlikely to occur. With respect to the Phoebe project, Alterra has also provided a guarantee to the lenders related to debt-service payments, which will become effective only in the unlikely event that the Phoebe tax equity investors call upon their corresponding guarantee.

LIQUIDITY AND CAPITAL RESOURCES

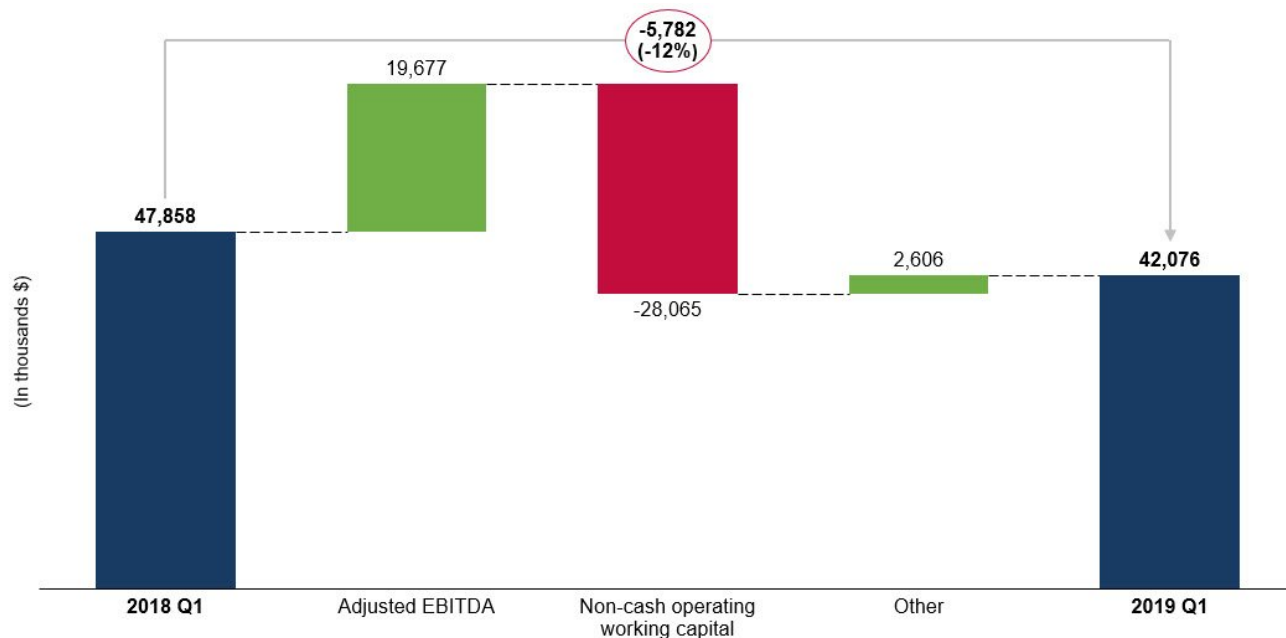
	Three months ended March 31	
	2019	2018
		Restated ^{1,2}
OPERATING ACTIVITIES		
Cash flows from operating activities from continuing operations before changes in non-cash operating working capital items	57,501	35,218
Changes in non-cash operating working capital items	(15,425)	12,640
Cash flows from operating activities from continuing operations	42,076	47,858
Cash flows from operating activities from discontinued operations	10,542	2,453
	52,618	50,311
FINANCING ACTIVITIES		
Cash flows from financing activities from continuing operations	94,178	100,720
Cash flows from financing activities from discontinued operations	(630)	3,895
	93,548	104,615
INVESTING ACTIVITIES		
Cash flows from investing activities from continuing operations	(104,371)	(137,982)
Cash flows from investing activities from discontinued operations	(18,562)	(6,070)
	(122,933)	(144,052)
Effects of exchange rate changes on cash and cash equivalents	(683)	1,009
Net increase in cash and cash equivalents	22,550	11,883
Less: Cash and cash equivalents held for sale	(4,164)	—
Cash and cash equivalents, beginning of period	79,586	61,914
Cash and cash equivalents, end of period	97,972	73,797

1. For more information on the restatement, please refer to the "Accounting Changes" section.

2. For more information, please refer to the "Discontinued Operations" section.

Cash Flows from Operating Activities from Continuing Operations

Down \$5.8 million to \$42.1 million for the three-month period ended March 31, 2019



The decrease in cash flows from operating activities from continuing operations is primarily attributable to:

- a \$28.1 million unfavourable change in non-cash operating working capital items, due mainly to:
 - an \$11.1 million unfavourable variation in non-cash operating working capital changes from accounts receivable; and
 - a \$16.2 million unfavourable variation in non-cash operating working capital changes from accounts payable and other payables;

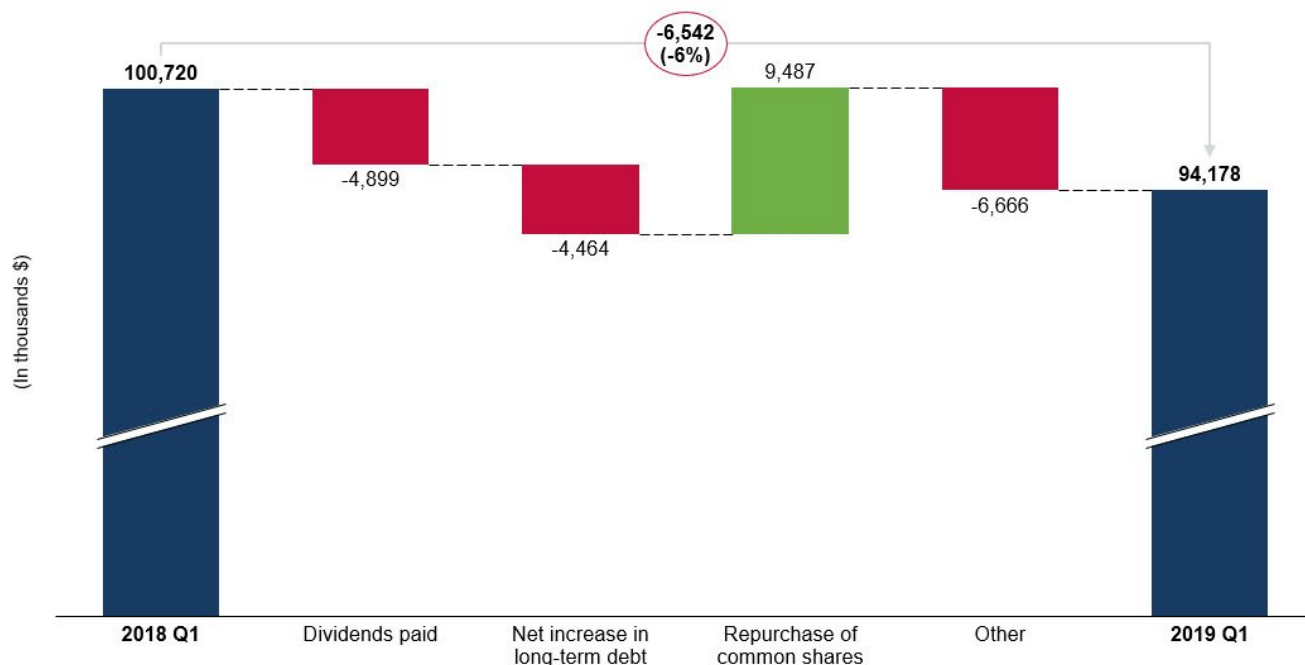
The decrease was partly offset by:

- a \$19.7 million increase in Adjusted EBITDA.

Discontinued operations also contributed to increasing cash flows from operating activities by \$8.1 million, from \$2.5 million in 2018 to \$10.5 million in 2019.

Cash Flows from Financing Activities from Continuing Operations

Down \$6.5 million to \$94.2 million for the three-month period ended March 31, 2019



The decrease in cash flows from financing activities from continuing operations stems mainly from:

- a \$4.9 million increase in the payment of dividends on common shares following the issuance of 24,327,225 common shares pursuant to the Acquisition of Alterra on February 6, 2018; and
- a \$125.0 million net increase in long-term debt in 2019, compared with a \$129.5 million net increase in long-term debt in 2018. The \$125.0 million net increase in long-term debt in 2019 is mainly attributable to:
 - a \$97.7 million draw on the corporate revolving credit facilities, largely used toward the construction of the Foard City wind project; and
 - a \$69.1 million draw on the Phoebe construction loan used toward the Phoebe solar project;

The above increases in long-term debt were partly offset by:

- a \$15.5 million repayment made on the corporate revolving credit facilities; and
- scheduled repayments of project loans.

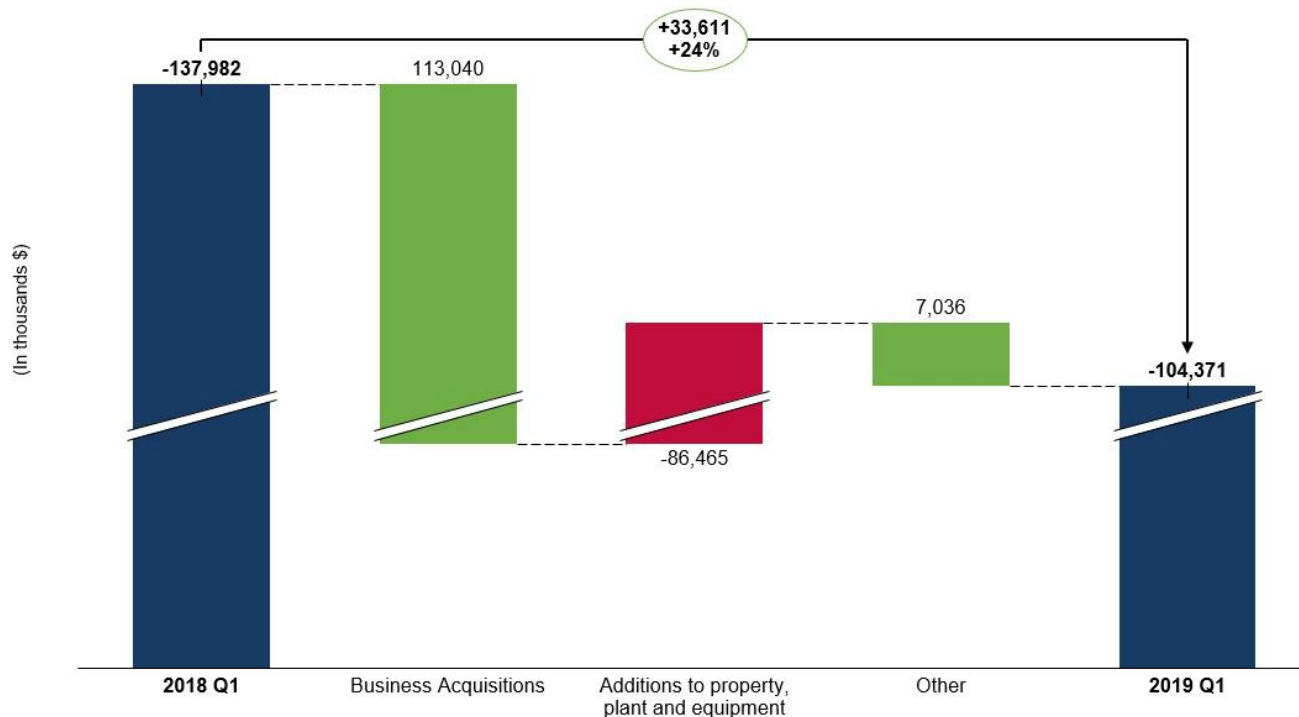
These items were partly offset by:

- a \$9.5 million favourable variance stemming from the non-recurring repurchase of common shares during the period ended March 31, 2018.

Discontinued operations also contributed to decreasing cash flows from financing activities by \$4.5 million, from an inflow of \$3.9 million in 2018, to an outflow of \$0.6 million in 2019.

Cash Flows from Investing Activities from Continuing Operations

Outflow down \$33.6 million to \$104.4 million for the three-month period ended March 31, 2019



The decrease in cash outflow from investing activities from continuing operations is mainly related to:

- a decrease in cash outlays toward business acquisitions, from \$113.0 million in 2018 in relation to the Alterra acquisition, to nil in 2019 as the Corporation remains focused on the construction of its Phoebe and Foard City projects;

The decrease in cash outflow from investing activities from continuing operations is partly offset by:

- increased additions to property, plant and equipment of \$86.5 million, from an \$11.8 million outflow in 2018 to \$98.3 million in 2019, related to a large extent to the construction of the Phoebe solar and Foard City wind projects.

Discontinued operations partly offset the decrease in cash outflows from investing activities by \$12.5 million from an outflow of \$6.1 million in 2018 to an outflow of \$18.6 million in 2019.

FREE CASH FLOW AND PAYOUT RATIO

Free Cash Flow and Payout Ratio calculation ¹	Trailing twelve months ended March 31	
	2019 Restated ^{4,5}	2018 Restated ^{4,5}
Cash flows from operating activities	212,780	226,981
<i>Add (Subtract) the following items:</i>		
Changes in non-cash operating working capital items	36,131	(44,857)
Maintenance capital expenditures net of proceeds from disposals	(10,405)	(5,210)
Scheduled debt principal payments	(97,643)	(70,809)
Free Cash Flow attributed to non-controlling interests ²	(26,053)	(13,744)
Dividends declared on Preferred shares	(5,942)	(5,942)
<i>Adjust for the following elements:</i>		
Transaction costs related to realized acquisitions	3,267	10,781
Realized loss (gain) on derivative financial instruments	6,920	(828)
Free Cash Flow	119,055	96,372
Dividends declared on common shares	91,080	76,234
Payout Ratio	77%	79%
Dividends declared on common shares and paid in cash ³	83,534	70,368
Payout Ratio - after the impact of the DRIP	70%	73%
Free cash flow excluding prospective project expenses	138,970	110,420
Adjusted payout ratio excluding prospective project expenses after the impact of the DRIP	60%	64%

- Free Cash Flow and Payout ratio are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.
- The portion of Free Cash Flow attributed to non-controlling interests is subtracted, regardless of whether 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.
- These are 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 more information on the restatement, please refer to the "Accounting Changes" section.
- For more information, please refer to the "Discontinued Operations" section.

Free Cash Flow

For the trailing twelve months ended March 31, 2019, the Corporation generated Free Cash Flow of \$119.1 million, compared with \$96.4 million for the corresponding period last year.

The increase in Free Cash Flow is due mainly to:

- higher cash flows from operating activities before changes in non-cash working capital items.

This item was partly offset by:

- greater scheduled debt principal payments, mainly from the acquisition of Cartier, HS Orka and the France projects that reached term conversion in 2018;
- higher Free Cash Flow attributed to non-controlling interests;
- higher maintenance capital expenditures net of proceeds from disposals.

Payout Ratio

For the trailing twelve months ended March 31, 2019, the dividends on common shares declared by the Corporation amounted to 77% of Free Cash Flow, compared with 79% for the corresponding period last year.

This change results mainly from:

- higher dividend payments as a result of the issuance of 24,327,225 shares on February 6, 2018, related to the Alterra acquisition;
- increase in the quarterly dividend;
- additional shares issued under 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.

QUARTERLY FINANCIAL INFORMATION

<i>(in millions of dollars, unless otherwise stated)</i>	Three months ended			
	March 31, 2019	Dec. 31, 2018	Sept. 30, 2018	June 30, 2018
		Restated ^{2,3}	Restated ^{2,3}	Restated ^{2,3}
Production (MWh)	1,308,505	1,396,066	1,236,722	1,509,599
Revenues	126.4	138.3	116.5	124.9
Adjusted EBITDA ¹	93.2	103.3	83.7	91.7
Net (loss) earnings	(0.9)	14.2	9.5	16.9
Net (loss) earnings from continuing operations attributable to owners of the parent	(7.4)	17.4	8.8	10.0
Net (loss) earnings from continuing operations attributable to owners of the parent (\$ per share – basic and diluted)	(0.07)	0.12	0.06	0.06
Net (loss) earnings attributable to owners of the parent	(6.7)	15.2	10.7	13.3
Net (loss) earnings attributable to owners of the parent (\$ per share – basic and diluted)	(0.06)	0.10	0.07	0.09
Dividends declared on common shares	23.4	22.6	22.6	22.5
Dividends declared on common shares, \$ per share	0.175	0.170	0.170	0.170

1. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

2. For more information on the restatement, please refer to the "Accounting Changes" section.

3. For more information, please refer to the "Discontinued Operations" section.

<i>(in millions of dollars, unless otherwise stated)</i>	Three months ended			
	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017
	Restated ^{2,3}			
Production (MWh)	944,108	1,106,060	1,243,099	1,322,781
Revenues	101.8	108.0	108.2	109.5
Adjusted EBITDA ¹	73.6	80.1	81.8	85.9
Net (loss) earnings	(14.8)	3.4	4.2	13.9
Net (loss) earnings from continuing operations attributable to owners of the parent	(2.9)	7.0	5.7	14.4
Net (loss) earnings from continuing operations attributable to owners of the parent (\$ per share – basic and diluted)	(0.04)	0.05	0.04	0.12
Net (loss) earnings attributable to owners of the parent	(6.6)	7.0	5.7	14.4
Net (loss) earnings attributable to owners of the parent (\$ per share – basic and diluted)	(0.07)	0.05	0.04	0.12
Dividends declared on common shares	22.5	17.9	17.9	17.9
Dividends declared on common shares, \$ per share	0.170	0.165	0.165	0.165

1. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

2. For more information on the restatement, please refer to the "Accounting Changes" section.

3. For more information, please refer to the "Discontinued Operations" section.

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 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. Innergex's share of Revenues of joint ventures and associates, Revenues Proportionate, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted EBITDA Proportionate, Innergex's share of Adjusted EBITDA of joint ventures and associates, Adjusted Net Loss from continuing operations, Free Cash Flow and Payout Ratio are not measures recognized by IFRS and have no standardized meaning prescribed by IFRS.

Revenues Proportionate

References in this document to "Innergex's share of Revenues of joint ventures and associates" are to Innergex's ownership interest in the equity or in the sponsors' equity, when applicable, of the Revenues of the joint ventures and associates. Readers are cautioned that Innergex's share of Revenues of joint ventures and associates should not be construed as an alternative to Revenues, as determined in accordance with IFRS.

References in this document to "Revenues Proportionate" are to Revenues plus Innergex's share of Revenues of the joint ventures and associates. Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance. Readers are cautioned that Revenues Proportionate should not be construed as an alternative to Revenues, as determined in accordance with IFRS. Please refer to the "Operating Results" section for more information.

	Three months ended March 31	
	2019	2018
Revenues	126,419	Restated ^{1,2} 101,788
Innergex's share of Revenues of joint ventures and associates:		
Toba Montrose (40%) ³	536	228
Shannon (50%) ^{3,5}	2,124	3,094
Flat Top (51%) ^{4,5}	2,597	183
Dokie (25.5%) ³	2,320	1,298
Jimmie Creek (50.99%) ³	142	55
Umbata Falls (49%)	701	824
Viger-Denonville (50%)	1,992	1,683
Duqueco (50%) ⁶	3,302	—
Guayacan (50%) ⁶	603	—
Pampa Elvira (50%) ⁶	492	—
	14,809	7,365
Revenues Proportionate	141,228	109,153

1. For more information on the restatement, please refer to the "Accounting Changes" section.

2. For more information, please refer to the "Discontinued Operations" section.

3. For the period from January 1, 2019 to March 31, 2019, and February 6, 2018, to March 31, 2018.

4. For the period from January 1, 2019 to March 31, 2019, and March 23, 2018, to March 31, 2018.

5. Ownership interest is in the sponsor equity of Shannon and Flat Top. However, tax equity partners hold 100% of the tax equity interests.

6. Innergex owns a 50% interest in Energia Llaima, which owns the Guayacan (69.47% interest) and the Pampa Elvira (55% interest) facilities and Duqueco, which includes the Mampil (100% interest) and Peuchén (100% interest) facilities.

Adjusted EBITDA and Adjusted EBITDA Margin

References in this document to "Adjusted EBITDA" are to net earnings (loss) from continuing operations, to which are added (deducted) provision (recovery) for income tax expenses, finance cost, depreciation and amortization, other net expenses, share of (earnings) loss of joint ventures and associates and unrealized net (gain) loss on financial instruments. Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance. Readers are cautioned that Adjusted EBITDA should not be construed as an alternative to net earnings, as determined in accordance with IFRS.

References in this document to "Adjusted EBITDA Margin" are to Adjusted EBITDA divided by revenues. Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance.

	Three months ended March 31	
	2019	2018
		Restated ^{1,2}
Net loss from continuing operations	(4,420)	(9,695)
Recovery of income taxes	(4,078)	(1,987)
Finance costs	52,971	43,903
Depreciation and amortization	46,466	36,241
EBITDA	90,939	68,462
Other net expenses	726	3,888
Share of loss (earnings) of joint ventures and associates	6,890	(1,067)
Unrealized net (gain) loss on financial instruments	(5,312)	2,283
Adjusted EBITDA	93,243	73,566
Adjusted EBITDA margin	73.8%	72.3%

1. For more information on the restatement, please refer to the "Accounting Changes" section.

2. For more information, please refer to the "Discontinued Operations" section.

Adjusted EBITDA Proportionate

References in this document to "Innergex's share of Adjusted EBITDA of the joint ventures and associates" are to Innergex's ownership interest in the equity or in the sponsors' equity, when applicable, of the Adjusted EBITDA of the joint ventures and associates.

References in this document to "Adjusted EBITDA Proportionate" are to Adjusted EBITDA plus Innergex's share of Adjusted EBITDA of the joint ventures and associates. Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance. Readers are cautioned that Adjusted EBITDA Proportionate should not be construed as an alternative to net earnings, as determined in accordance with IFRS. Please refer to the "Operating Results" section of this MD&A for more information.

	Three months ended March 31	
	2019	2018
		Restated ^{1,2}
Adjusted EBITDA	93,243	73,566
Innergex's share of Adjusted EBITDA of joint ventures and associates:		
Toba Montrose (40%) ³	(988)	(91)
Shannon (50%) ^{3,5}	959	2,331
Flat Top (51%) ^{4,5}	730	(21)
Dokie (25.5%) ³	1,793	1,024
Jimmie Creek (50.99%) ³	(376)	(282)
Umbata Falls (49%)	426	704
Viger-Denonville (50%)	1,652	1,419
Duqueco (50%) ⁶	1,579	—
Guayacan (50%) ⁶	405	—
Pampa Elvira (50%) ⁶	251	—
	6,431	5,084
Adjusted EBITDA Proportionate	99,674	78,650

1. For more information, please refer to the "Accounting Changes" section.

2. For more information, please refer to the "Discontinued Operations" section.

3. For the period from January 1, 2019, to March 31, 2019, and February 6, 2018, to March 31, 2018.

4. For the period from January 1, 2019, to March 31, 2019, and March 23, 2018, to March 31, 2018.

5. Ownership interest is in the sponsor equity of Shannon and Flat Top. However, tax equity partners hold 100% of the tax equity interests.

6. Innergex owns a 50% interest in Energía Llaima, which owns the Guayacan (69.47% interest) and the Pampa Elvira (55% interest) facilities, and Duqueco, which includes the Mampil (100% interest) and Peuchén (100% interest) facilities.

Adjusted Net Loss from continuing operations

References to "Adjusted Net Loss from continuing operations" are to net earnings or losses from continuing operations 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 and associates, net of related tax. Innergex uses derivative financial instruments to hedge its exposure to various risks. Accounting for derivatives under IFRS 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 from continuing operations of the Corporation aims to eliminate the impact of the mark-to-market rules on derivatives on the profit and loss of the Corporation. Innergex believes the analysis and presentation of net earnings or loss on this basis enhances understanding of the Corporation's operating performance. Readers are cautioned that Adjusted Net Loss from continuing operations should not be construed as an alternative to net earnings, as determined in accordance with IFRS. Please refer to the "Operating Results" section for reconciliation of the Adjusted Net Loss from continuing operations.

Free Cash Flow and Payout Ratio

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 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. Innergex believes that presentation of this measure enhances the understanding of the Corporation's cash generation capabilities, its ability to sustain current dividends and dividend increases and its ability to fund its growth. Readers are cautioned that Free Cash Flow should not be construed as an alternative to cash flows from operating activities, as determined in accordance with IFRS. Please refer to the "Free Cash Flow and Payout Ratio" section for the reconciliation of Free Cash Flow.

References to "Payout Ratio" are to dividends declared on common shares divided by Free Cash Flow. Innergex believes that this is a measure of its ability to sustain current dividends and dividend increases as well as its ability to fund its growth.

Production KPIs

Production Proportionate

References in this document to "Innergex's share of Production of the joint ventures and associates" are to Innergex's ownership interest in the equity or in the sponsors' equity, when applicable, of the Production of the joint ventures and associates.

References in this document to "Production Proportionate" are to Production plus Innergex's share of Production of the joint ventures and associates. Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance. Please refer to the "Operating Results" section of this MD&A for more information.

(in MWh)	Three months ended March 31	
	2019	2018
Production	1,308,505	944,108
Innergex's share of Production of joint ventures and associates:		Restated ^{1,2}
Toba Montrose (40%) ³	4,470	1,506
Shannon (50%) ^{3,5}	91,609	60,872
Flat Top (51%) ^{4,5}	115,676	10,015
Dokie (25.5%) ³	16,576	10,122
Jimmie Creek (50.99%) ³	765	313
Umbata Falls (49%)	9,244	9,642
Viger-Denonville (50%)	13,179	11,192
Duqueco (50%) ⁶	19,800	—
Guayacan (50%) ⁶	6,648	—
Pampa Elvira (50%) ⁶	3,355	—
	281,322	103,662
Production Proportionate	1,589,827	1,047,770

1. For more information on the restatement, please refer to the "Accounting Changes" section.

2. For more information, please refer to the "Discontinued Operations" section.

3. For the period from January 1, 2019, to March 31, 2019, and February 6, 2018, to March 31, 2018.

4. For the period from January 1, 2019, to March 31, 2019, and March 23, 2018, to March 31, 2018.

5. Ownership interest is in the sponsor equity of Shannon and Flat Top. However, tax equity partners hold 100% of the tax equity interests.

6. Innergex owns a 50% interest in Energía Llaima, which owns the Guayacan (69.47% interest) and Pampa Elvira (55% interest) facilities, and Duqueco, which includes the Mampil (100% interest) and Peuchén (100% interest) facilities.

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", "would", "plans", "potential", "project", "anticipates", "estimates", "scheduled" or "forecasts", or other comparable terms that state that certain events will or will not occur. It represents the projections and expectations of the Corporation relating to future events or results as of the date of this MD&A.

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

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

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

There are also risks inherent to the sale of the wholly owned subsidiary Magma Sweden, which owns an equity interest of approximately 53.9% in HS Orka, including failure to satisfy the closing conditions; exercise of termination rights by Innergex or the purchaser; and failure to obtain the requisite third-party consents. Accordingly, there can be no assurance that the sale will occur, or that it will occur on the terms and conditions, or at the time, contemplated in this MD&A. The sale could be modified, restructured or terminated. There can also be no assurance that the strategic, operational or financial benefits and effects expected to result from the sale will be realized.

Although the Corporation believes that the expectations and assumptions on which Forward-Looking Information is based are reasonable under the current circumstances, readers are cautioned not to rely unduly on this Forward-Looking Information, as no assurance can be given that it will prove to be correct. Forward-Looking Information contained herein is provided as at the date of this 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; for solar energy, the historical solar irradiation conditions, panel technology and expected solar panel degradation; and for geothermal power facilities, the historical geothermal resources, natural depletion of geothermal resources over time, the technology used and the potential of energy loss to occur before delivery. 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 LTA. On a consolidated basis, the Corporation estimates its LTA by adding together the expected LTAs of all the facilities in operation, for the facilities that it consolidates. This consolidation excludes, however, the facilities that are accounted for using the equity method (Dokie, East Toba, Flat Top, Guayacan, Jimmie Creek, Mampil, Montrose Creek, Pampa Elvira, Peuchén, Shannon, Umbata Falls and Viger-Denonville).</p>	<p>Improper assessment of water, wind, solar and geothermal resources and associated electricity production</p> <p>Variability in hydrology, wind regimes, solar irradiation and geothermal resources</p> <p>Risks inherent in geothermal resource</p> <p>Equipment supply risk, including failure or unexpected operations and maintenance activity</p> <p>Natural disasters and force majeure</p> <p>Regulatory and political risks affecting production</p> <p>Health, safety and environmental risks affecting production</p> <p>Variability of installation performance and related penalties</p> <p>Availability and reliability of transmission systems</p> <p>Litigation</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 PPA secured with a public utility or other creditworthy counterparty. In most cases these PPAs stipulate a base price for electricity produced and, in some cases, a price adjustment depending on the month, day and hour of its delivery. This excludes facilities that receive revenues based on the market (or spot) price for electricity, including the Miller Creek hydroelectric facility, which receives a price based on a formula using the Platts Mid-C pricing indices; 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. Revenues at the HS Orka facilities also fluctuate with the price of aluminum, as certain of those PPAs are linked to such price. 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. This consolidation excludes, however, the facilities that are accounted for using the equity method (Dokie, East Toba, Flat Top, Guayacan, Jimmie Creek, Mampil, Montrose Creek, Pampa Elvira, Peuchén, Shannon, Umbata Falls and Viger-Denonville).</p>	<p>See principal assumptions, risks and uncertainties identified under "Expected Production"</p> <p>Reliance on various forms of PPAs</p> <p>Revenues from certain facilities will vary based on the market (or spot) price of electricity</p> <p>Fluctuations affecting prospective power prices</p> <p>Changes in general economic conditions</p> <p>Ability to secure new Power Purchase Agreements or renew any Power Purchase Agreement</p>
<p>Projected Adjusted EBITDA</p> <p>For each facility, the Corporation estimates annual operating earnings by adding (deducting) to net earnings (loss) provision (recovery) for income tax expenses, finance cost, depreciation and amortization, other net expenses, share of (earnings) loss of joint ventures and associates and unrealized net (gain) loss on financial instruments. The Adjusted EBITDA consolidated excludes, however, the facilities that are accounted for using the equity method (Dokie, East Toba, Flat Top, Guayacan, Jimmie Creek, Mampil, Montrose Creek, Pampa Elvira, Peuchén, Shannon, Umbata Falls and Viger-Denonville). Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance. Readers are cautioned that Projected Adjusted EBITDA should not be construed as an alternative to net earnings, as determined in accordance with IFRS.</p>	<p>See principal assumptions, risks and uncertainties identified under "Expected Production" and "Expected Revenues"</p> <p>Variability of facility performance and related penalties</p> <p>Unexpected maintenance expenditures</p>

Principal Assumptions	Principal Risks and Uncertainties
<p>Projected Adjusted EBITDA Proportionate</p> <p>On a consolidated basis, the Company estimates annual Adjusted EBITDA Proportionate by adding to the projected Adjusted EBITDA Innergex's share of Adjusted EBITDA of the joint ventures (Dokie, East Toba, Flat Top, Guayacan, Jimmie Creek, Mampil, Montrose Creek, Pampa Elvira, Peuchén, Shannon, Umbata Falls and Viger-Denonville).</p>	<p>See principal assumptions, risks and uncertainties identified under "Expected Production", "Projected Revenues" and "Projected Adjusted EBITDA".</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 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. 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>See principal assumptions, risks and uncertainties identified under "Expected Production", "Projected Revenues" and "Projected Adjusted EBITDA".</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>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 and Prospective Project, the Corporation may provide (where available) an estimate of potential installed capacity, estimated project costs, project financing terms and each project's development and construction schedule, based on its extensive experience as a developer, in addition to information directly related to incremental internal costs, site acquisition costs and financing costs, which are eventually adjusted for the projected costs and construction schedule provided by the engineering, procurement and construction ("EPC") contractor retained for the project.</p> <p>The Corporation provides indications based on assumptions regarding its current strategic positioning and competitive outlook, as well as scheduling and construction progress, for its Development Projects and its Prospective Projects, which the Corporation evaluates based on its experience as a developer.</p>	<p>Uncertainties surrounding development of new facilities</p> <p>Performance of major counterparties, such as suppliers or contractors</p> <p>Delays and cost overruns in the design and construction of projects</p> <p>Ability to secure appropriate land</p> <p>Obtainment of permits</p> <p>Health, safety and environmental risks</p> <p>Higher-than-expected inflation</p> <p>Equipment supply</p> <p>Interest rate fluctuations and financing risk</p> <p>Risks related to U.S. PTCs and ITCs, changes in U.S. corporate tax rates and availability of tax equity financing</p> <p>Regulatory and political risks</p> <p>Natural disaster</p> <p>Relationships with stakeholders</p> <p>Foreign market growth and development risks</p> <p>Outcome of insurance claims</p>
<p>Intention to respond to requests for proposals</p> <p>The Corporation provides indications of its intention to submit proposals in response to requests for proposals ("Request for Proposals" or "RFP") based on the state of readiness of some of its Prospective Projects and their compatibility with the announced terms of these RFPs.</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> <p>Changes in governmental support to increase electricity to be generated from renewable sources by independent power producers</p> <p>Social acceptance of renewable energy projects</p> <p>Relationships with stakeholders</p>

Principal Assumptions	Principal Risks and Uncertainties
<p>Qualification for PTCs and ITC and Tax Equity Investment Flip Point For certain Development Projects in the United States, the Corporation has conducted on- and off-site activities expected to qualify its Development Projects for PTCs or ITC at the full rate and to obtain tax equity financing on such a basis. To assess the potential qualification of a project, the Corporation takes into account the construction work performed and the timing of such work. The expected Flip Point for tax equity investment is determined according to the LTAs and revenues of each such project and is subject in addition to the related risks mentioned above.</p>	<p>Risks related to U.S. PTCs and ITC, changes in U.S. corporate tax rates and availability of tax equity financing</p> <p>Regulatory and political risks</p> <p>Delays and cost overruns in the design and construction of projects</p> <p>Obtainment of permits</p>
<p>Expected closing of the sale of equity interest in HS Orka The Corporation reasonably expects that the closing conditions will be completed within the deadlines.</p>	<p>Satisfaction of closing conditions</p> <p>Third-party consents and right of first refusal</p>

ACCOUNTING CHANGES

New Accounting Standards and Interpretations Adopted During the Year

IFRS 16, Leases

On January 13, 2016, the IASB issued IFRS 16, *Leases* (“IFRS 16”) which 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. The Corporation adopted this standard retrospectively on January 1, 2019 without restating the figures for the comparative periods, as permitted under the specific transitional provisions in the standard (modified retrospective approach).

The following table shows the effects of the application of IFRS 16 on the opening balances on the consolidated statement of financial position as at January 1, 2019:

	Hydroelectric	Wind	Solar	Site development/ Corporate	Total
Current assets					
Prepaid and others	—	(1,640)	(50)	—	(1,690)
Non-current assets					
Right-of-use assets presented in Property, plant and equipment	2,775	56,652	839	63,622	123,888
Current liabilities					
Accounts payable and other payables	—	(72)	—	—	(72)
Lease liabilities presented in other liabilities	50	2,410	12	2,612	5,084
	50	2,338	12	2,612	5,012
Non-current liabilities					
Lease liabilities presented in other liabilities	2,725	52,674	777	61,010	117,186

Non-wholly owned subsidiaries

Prior to its acquisition by the Corporation on February 6, 2018, Alterra was accounting for Kokomo and Spartan as joint ventures using the equity method. On December 31, 2018, the Corporation completed its review of the various partnership agreements and concluded it has control over these entities and as such, they should be consolidated. This change has been reflected in the consolidated financial statements for the year ended December 31, 2018, but these entities were accounted for as joint ventures using the equity method in all of the 2018 condensed interim consolidated financial statements. As such, the comparative figures presented in this condensed interim consolidated financial statements for the period ended March 31, 2018 have been restated to reflect this reassessment.

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

In accordance with Regulation 52-109 respecting 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 they 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 made known to the President and Chief Executive Officer and the Chief Financial Officer by others, particularly during the period in which the interim 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 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.

During the period beginning on January 1, 2019, and ended on March 31, 2019, there was no change in the ICFR that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

The President and Chief Executive Officer and the Chief Financial Officer have also limited the scope of the Corporation's design of DC&P and ICFR to exclude the controls, policies and procedures of the investment in Energía Llaima for 50% ownership, which comprises the Duqueco hydro project (collectively "entities excluded from the Corporation's control policies and procedures"). The evaluation of the design and operating effectiveness of the DC&P and ICFR for these entities will be completed in the 12 months following their dates of acquisition. A summary of the financial information about the entities excluded is presented in the "Entities Excluded from the Corporation's Control Policies and Procedures" section.

ENTITIES EXCLUDED FROM THE CORPORATION'S CONTROL POLICIES AND PROCEDURES

As stated in the "Establishment and Maintenance of DC&P and ICFR" section, the figures for the 50% interest in the Energía Llaima joint venture, which comprises the Duqueco River hydro project, are excluded from the Corporation's control policies and procedures.

The results, assets and liabilities of the Energía Llaima joint venture are incorporated into these consolidated financial statements using the equity method of accounting. Summary financial information about Energía Llaima is set out below:

Summary Statement of Earnings and Comprehensive Income (Loss) – Energía Llaima

	Three-month period ended March 31, 2019
Revenues	10,020
Adjusted EBITDA ¹	3,976
Net loss and comprehensive loss	(2,400)
Other comprehensive loss	(7,927)
Total comprehensive loss	(10,327)

1. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

Summary Statement of Financial Position – Energía Llaima

	As at March 31, 2019
Current assets	64,254
Non-current assets	551,077
	615,331
Current liabilities	15,777
Non-current liabilities	238,656
Equity attributable to owners of Energía Llaima	294,490
Non-controlling interests	66,408
	615,331

SUBSEQUENT EVENTS

Increase of the One-Year Credit Facility

On April 23, 2019, Innergex amended its one-year credit facility contracted in October 2018, at the time of the acquisition of the Cartier Wind Farms and Operating Entities, to add additional capacity of \$100 million to be drawn as needed to provide greater flexibility. The maturity date remained October 2019. Should this additional amount be used, Innergex intends to repay the facility with the net proceeds of the sale of its equity interest in HS Orka.

Closing of the Financing of the Foard City Wind Project

On May 8, 2019, the Corporation announced the closing of a construction loan and tax equity commitment for the Foard City wind project. The construction financing amounts to US\$290.9 million (\$388.7 million), backed by a US\$275.0 million (\$367.5 million) tax equity commitment and a US\$23.3 million (\$31.1 million) 7-year term loan facility with a 10-year amortization period to be provided by lenders upon the commercial operation date.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

	Notes	Three months ended March 31	
		2019	2018
			(Restated Notes 3,4)
Revenues		126,419	101,788
Expenses			
Operating		20,058	17,478
General and administrative		8,687	6,447
Prospective projects		4,431	4,297
Earnings before the following:		93,243	73,566
Depreciation	6	36,446	26,165
Amortization		10,020	10,076
Earnings from operations		46,777	37,325
Finance costs		52,971	43,903
Other net expenses		726	3,888
Share of loss (earnings) of joint ventures and associates		6,890	(1,067)
Unrealized net (gain) loss on financial instruments		(5,312)	2,283
Loss before income taxes		(8,498)	(11,682)
Recovery of income taxes		(4,078)	(1,987)
Net loss from continuing operations		(4,420)	(9,695)
Net earnings (loss) from discontinued operations	4	3,566	(5,145)
Net loss		(854)	(14,840)
Net (loss) earnings attributable to:			
Owners of the parent		(6,747)	(6,617)
Non-controlling interests		5,893	(8,223)
		(854)	(14,840)
Loss per share from continuing operations attributable to owners:			
Basic net loss per share (\$)	5	(0.07)	(0.04)
Diluted net loss per share (\$)	5	(0.07)	(0.04)
Loss per share attributable to owners:			
Basic net loss per share (\$)	5	(0.06)	(0.07)
Diluted net loss per share (\$)	5	(0.06)	(0.07)

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Notes	Three months ended March 31	
		2019	2018
		(Restated Notes 3,4)	
Net loss		(854)	(14,840)
Items of comprehensive income (loss) that will be subsequently reclassified to earnings:			
Foreign currency translation differences for foreign operations		(6,665)	6,300
Foreign exchange gain (loss) on the designated hedges on the net investments in foreign operations		6,062	(2,740)
Change in fair value of financial instruments designated as cash flow hedges		22,291	3,604
Change in fair value of financial instruments of joint ventures and associates designated as cash flow hedges		(2,120)	(7,935)
Related deferred income taxes		(3,095)	472
Other comprehensive (loss) income from continuing operations		16,473	(299)
Other comprehensive (loss) income from discontinued operations	4	(37,790)	36,861
Other comprehensive (loss) income		(21,317)	36,562
Total comprehensive (loss) income		(22,171)	21,722
Total comprehensive (loss) income attributable to:			
Owners of the parent		(4,337)	14,630
Non-controlling interests		(17,834)	7,092
		(22,171)	21,722

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at		March 31, 2019	December 31, 2018
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents		97,972	79,586
Restricted cash		30,457	29,981
Accounts receivable		70,286	103,886
Derivative financial instruments		2,902	2,370
Prepaid and others		12,649	12,454
		214,266	228,277
Assets held for sale	4	867,017	—
Total current assets		1,081,283	228,277
Non-current assets			
Property, plant and equipment	6	4,240,154	4,482,928
Intangible assets		709,775	925,009
Project development costs		11,996	30,119
Investments in joint ventures and associates		453,268	604,773
Derivative financial instruments		68,192	9,817
Deferred tax assets		20,837	16,465
Goodwill		61,505	109,995
Other long-term assets		58,467	73,901
		6,705,477	6,481,284
LIABILITIES			
Current liabilities			
Accounts payable and other payables		192,703	165,068
Derivative financial instruments		20,908	29,999
Current portion of long-term debt and other liabilities		509,339	446,433
		722,950	641,500
Liabilities directly associated with the assets held for sale	4	271,468	—
Total current liabilities		994,418	641,500
Non-current liabilities			
Derivative financial instruments		98,657	118,002
Long-term debt		3,966,097	4,024,324
Other liabilities		244,149	173,345
Convertible debentures		239,339	238,648
Deferred tax liabilities		257,688	325,904
		5,800,348	5,521,723
SHAREHOLDERS' EQUITY			
Total shareholders' equity	7	905,129	959,561
		6,705,477	6,481,284

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the three-month period ended March 31, 2019	Equity attributable to owners						Total	Non-controlling interests	Total shareholders' equity
	Common share capital account	Contributed surplus	Preferred shares	Convertible debentures	Deficit	Accumulated other comprehensive income (loss)			
Balance January 1, 2019	6,546	1,272,604	131,069	3,976	(748,890)	(35,513)	629,792	329,769	959,561
Net (loss) earnings	—	—	—	—	(6,747)	—	(6,747)	5,893	(854)
Other comprehensive income (loss)	—	—	—	—	—	2,410	2,410	(23,727)	(21,317)
Total comprehensive (loss) income	—	—	—	—	(6,747)	2,410	(4,337)	(17,834)	(22,171)
Common shares issued through dividend reinvestment plan	980	—	—	—	—	—	980	—	980
Share-based payments	—	14	—	—	—	—	14	—	14
Common share options exercised	1,181	(4,256)	—	—	—	—	(3,075)	—	(3,075)
Shares vested - Performance Share Plan	1,057	—	—	—	—	—	1,057	—	1,057
Dividends declared on common shares	—	—	—	—	(23,360)	—	(23,360)	—	(23,360)
Dividends declared on preferred shares	—	—	—	—	(1,485)	—	(1,485)	—	(1,485)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(6,392)	(6,392)
Balance March 31, 2019	9,764	1,268,362	131,069	3,976	(780,482)	(33,103)	599,586	305,543	905,129

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the three-month period ended March 31, 2018	Equity attributable to owners						Total	Non-controlling interests	Total shareholders' equity
	Common shares capital account	Contributed surplus	Preferred shares	Convertible debentures	Deficit	Accumulated other comprehensive (loss) income			
Balance January 1, 2018	2,867	940,760	131,069	1,877	(645,297)	9,929	441,205	14,920	456,125
Net loss (Restated Note 3)	—	—	—	—	(6,617)	—	(6,617)	(8,223)	(14,840)
Other comprehensive income	—	—	—	—	—	21,247	21,247	15,315	36,562
Total comprehensive (loss) income	—	—	—	—	(6,617)	21,247	14,630	7,092	21,722
Common shares issued on February 6, 2018	330,607	—	—	—	—	—	330,607	—	330,607
Business acquisition	—	—	—	—	—	—	—	296,534	296,534
Common shares issued through dividend reinvestment plan	1,191	—	—	—	—	—	1,191	—	1,191
Buyback of common shares	(20)	(6,010)	—	—	(3,457)	—	(9,487)	—	(9,487)
Share-based payments	—	21	—	—	—	—	21	—	21
Shares vested - Performance Share Plan	948	—	—	—	—	—	948	—	948
Investments from non-controlling interests	—	—	—	—	—	—	—	218	218
Dividends declared on common shares	—	—	—	—	(22,495)	—	(22,495)	—	(22,495)
Dividends declared on preferred shares	—	—	—	—	(1,485)	—	(1,485)	—	(1,485)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(3,794)	(3,794)
Balance March 31, 2018 (Restated Note 3)	335,593	934,771	131,069	1,877	(679,351)	31,176	755,135	314,970	1,070,105

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Three months ended March 31	
		2019	2018
			(Restated Notes 3,4)
OPERATING ACTIVITIES			
Net loss		(854)	(14,840)
Net (earnings) loss from discontinued operations		(3,566)	5,145
Net loss from continuing operations		(4,420)	(9,695)
Items not affecting cash:			
Depreciation and amortization		46,466	36,241
Share of loss (earnings) of joint ventures and associates		6,890	(1,067)
Unrealized net (gain) loss on financial instruments		(5,312)	2,283
Others		(163)	(97)
Interest expense		52,162	43,193
Interest paid		(36,480)	(35,350)
Distributions received from joint ventures and associates		3,273	1,386
Recovery of income taxes		(4,078)	(1,987)
Net income taxes paid		(1,548)	(837)
Effect of exchange rate fluctuations		711	1,148
		57,501	35,218
Changes in non-cash operating working capital items	8	(15,425)	12,640
Cash flows from operating activities from continuing operations		42,076	47,858
Cash flows from operating activities from discontinued operations		10,542	2,453
		52,618	50,311
FINANCING ACTIVITIES			
Dividends paid on common shares		(21,628)	(16,729)
Dividends paid on preferred shares		(1,485)	(1,485)
Distributions to non-controlling interests		(3,082)	(1,259)
Investments from non-controlling interests		—	218
Increase of long-term debt, net of deferred financing costs		165,893	294,753
Repayment of long-term debt		(40,895)	(165,291)
Payment of other liabilities		(1,550)	—
Repurchase of common shares		—	(9,487)
Payment of payroll deductions on exercise of share options		(3,075)	—
Cash flows from financing activities from continuing operations		94,178	100,720
Cash flows from financing activities from discontinued operations		(630)	3,895
		93,548	104,615
INVESTING ACTIVITIES			
Business acquisitions, net of cash acquired		—	(113,040)
Increase of restricted cash		(4,897)	(10,498)
Net funds invested in the reserve accounts		(1,033)	(1,388)
Additions to property, plant and equipment		(98,273)	(11,808)
Additions to intangible assets		—	(1,432)
Additions to project development costs		(755)	—
Additions to other long-term assets		(15)	—
Proceeds from disposal of property, plant and equipment		602	184
Cash flows from investing activities from continuing operations		(104,371)	(137,982)
Cash flows from investing activities from discontinued operations		(18,562)	(6,070)
		(122,933)	(144,052)
Effects of exchange rate changes on cash and cash equivalents		(683)	1,009
Net increase in cash and cash equivalents		22,550	11,883
Less: Cash and cash equivalents held for sale		(4,164)	—
Cash and cash equivalents, beginning of period		79,586	61,914
Cash and cash equivalents, end of period		97,972	73,797

Additional information is presented in Note 8.

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

DESCRIPTION OF BUSINESS

Innergex Renewable Energy Inc. (“Innergex” or the “Corporation”) was incorporated under the *Canada Business Corporation Act* on October 25, 2002, and its shares and convertible debentures are listed on the Toronto Stock Exchange. The Corporation is a developer, acquirer, owner and operator of renewable power-generating facilities, essentially focused on the hydroelectric, wind, geothermal and solar power sectors. The Corporation’s head office is located at 1225 St-Charles Street West, 10th floor, Longueuil, QC, J4K 0B9, Canada.

These unaudited condensed interim consolidated financial statements have neither been audited nor reviewed by the Corporation’s independent auditors and were approved by the Board of Directors on May 14, 2019.

The Corporation’s revenues are variable with each season and 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. 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

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The condensed interim consolidated financial statements are in compliance with IAS 34, *Interim Financial Reporting*. Except as described below, the same accounting policies and methods of application as described in the Corporation’s latest annual report have been used. However, these unaudited condensed interim 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.

Basis of Measurement

The unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments and assets and liabilities acquired in business combinations at acquisition date that are measured at fair value, as described in the significant accounting policies included in the Corporation’s latest annual report. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional Currency and Presentation Currency

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is the Corporation’s functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES

Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets and assets arising from employee benefits, which are specifically exempt from this requirement.

Non-current assets are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities directly associated with the assets classified as held for sale continue to be recognized.

Assets classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities directly associated with the assets classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

A discontinued operation is a component of the Corporation's business that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations and is part of a single coordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the consolidated statement of earnings. Comparative figures are adjusted on the consolidated statement of earnings and on the consolidated statement of comprehensive income as if the operations had been discontinued from the beginning of the comparative period.

Project development costs

Project development costs are recorded at cost less any impairment losses, as applicable, and represent costs incurred for the acquisition of prospective projects and for the design and development of hydroelectric, wind farm and solar sites. Borrowing costs directly attributable to the acquisition or development are capitalized as project development costs.

The Corporation defers project development costs when it becomes probable that the project will be completed and that it will generate future economic benefits that will flow to the Corporation. The Corporation makes this determination by taking into consideration various factors, either individually or combined, such as (amongst others):

- whether a prospective project has been granted, or whether it is probable that it will be granted, the required permits;
- rights of access to the required land have been secured or it is probable that they will be secured;
- the announcement, or the probability thereto, that a prospective project is awarded a power-purchase agreement; and
- access to an open market if the project is not in a market where it is expected to be awarded a power-purchase agreement.

These costs are transferred to property, plant and equipment or intangible assets at the commencement of construction. When it is no longer probable that a project will be carried out, the project's development costs deferred to that date are expensed. Current costs for prospective projects are expensed as incurred.

Leases (policy applicable from January 1, 2019)

Nature of leasing activities

The Corporation typically leases land and offices. Lease agreements are generally made for fixed long-term periods based on each project's estimated length at inception. Land leases for a given project are usually negotiated jointly, with governments, for government-owned land, or directly with groups of private landowners for privately-owned land. Office and other leases are negotiated on an individual basis and contain a wide range of different terms and conditions. Being negotiated for long-term periods, most land leases provide for additional payments based on changes in inflation. In addition, leases generally include an option to renew the lease for an additional period after the non-cancellable contract period. The Corporation assesses at lease commencement whether it is reasonably certain to exercise the extension options.

Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Corporation. Each lease payment is allocated between the lease liability and finance costs. The finance costs are charged to earnings or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(i) Lease liabilities

Lease liabilities are recognized in other liabilities in the consolidated statement of financial position at the present value of the future lease payments, discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. When determining the amount of the future lease payments, the Corporation takes the following information into account:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable; and
- variable lease payment that are based on an index or a rate;

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in earnings or loss. Short-term leases correspond to lease agreement with a term of 12 months or less.

Lease liabilities are subsequently measured at amortized cost using the effective interest method. A remeasurement of the lease liabilities occur when there is a change in future lease payments arising from a variation in the relevant index or rate.

(ii) Right-of-use assets

Right-of-use assets are recognized in property, plant and equipment in the consolidated statement of financial position at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date and any initial direct costs.

Right-of-use asset are subsequently depreciated on a straight-line basis over the lesser of (i) the estimated useful lives of the assets or (ii) the lease term, including, when it is reasonably certain that they will be exercised, options to extend the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

3. CHANGES IN ACCOUNTING STANDARDS

3.1 New accounting standards and interpretations adopted during the year

The Corporation has adopted the following new standards and interpretations, with a date of initial application of January 1, 2019:

IFRS 16, Leases

On January 13, 2016, the IASB issued IFRS 16, *Leases* (“IFRS 16”) which 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. The Corporation adopted this standard retrospectively on January 1, 2019 without restating the figures for the comparative periods, as permitted under the specific transitional provisions in the standard (modified retrospective approach).

The initial adoption of IFRS 16 resulted in the recognition of lease liabilities in the consolidated statement of financial position, in relation to leases which had previously been classified as operating leases under the principles of IAS 17, *Leases*, with the recognition of a corresponding right-of-use asset. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of January 1, 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 3.79%.

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the corresponding lease agreement recognized in the consolidated statement of financial position as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Upon initial application of IFRS 16, the Corporation has used the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

A reconciliation of the lease liability as at January 1, 2019 is as follows:

	As at January 1, 2019
Operating lease commitments comprised in the total commitments disclosed as at December 31, 2018	188,983
Discounted using the lessee’s incremental borrowing rate at the date of initial application	122,270
Lease liability recognized as at January 1, 2019	122,270
Add: net lease-related prepaid as at December 31, 2018	1,618
Right-of-use asset recognized as at January 1, 2019	123,888

The following table shows the effects of the application of IFRS 16 on the opening balances on the consolidated statement of financial position as at January 1, 2019:

	Hydroelectric	Wind	Solar	Site development/ Corporate	Total
Current assets					
Prepaid and others	—	(1,640)	(50)	—	(1,690)
Non-current assets					
Right-of-use assets presented in Property, plant and equipment	2,775	56,652	839	63,622	123,888
Current liabilities					
Accounts payable and other payables	—	(72)	—	—	(72)
Lease liabilities presented in other liabilities	50	2,410	12	2,612	5,084
	50	2,338	12	2,612	5,012
Non-current liabilities					
Lease liabilities presented in other liabilities	2,725	52,674	777	61,010	117,186

The impacts of the application of IFRS 16 to the consolidated statement of earnings are a decrease in operating expenses (formerly – operating land leases) and general and administrative expenses (formerly – office space operating leases), offset by an increase in finance costs (originating from the lease liabilities) and depreciation (originating from the corresponding right-of-use assets).

Critical judgments and estimates

The Corporation makes a number of estimates and judgments in the application of its leases accounting policy.

Critical judgments include: (i) identifying whether a contract includes a lease, and (ii) determining whether the Corporation has reasonable certainty that an extension option will be exercised. Key sources of estimation uncertainty include the determination of the appropriate discount rate to be used in the calculation of the present value of the future lease payments.

Unanticipated changes in these judgments or estimates could affect the amounts recognized for the lease liabilities and the right-of-use assets at initial recognition, as well as the subsequent measurement of the lease liabilities and the right-of-use assets. These items could potentially result in changes to amounts reported in the consolidated statements of earnings and consolidated statements of financial position.

3.2 Non-wholly-owned subsidiaries

Prior to its acquisition by the Corporation on February 6, 2018, Alterra was accounting for Kokomo and Spartan as joint ventures using the equity method. On December 31, 2018, the Corporation completed its review of the various partnership agreements and concluded it has control over these entities and as such, they should be consolidated. This change has been reflected in the consolidated financial statements for the year ended December 31, 2018, but these entities were accounted for as joint ventures using the equity method in all of the 2018 condensed interim consolidated financial statements. As such, the comparative figures presented in this condensed interim consolidated financial statements for the period ended March 31, 2018 have been restated to reflect this reassessment.

4. DISCONTINUED OPERATIONS

On March 25, 2019, the Corporation reached an agreement to dispose of its ownership interest in HS Orka hf ("HS Orka"), representing both its Iceland geographic segment and its geothermal operating segment. The fair value less selling costs was estimated to be in excess of the carrying value of the net assets held for sale. As at March 31, 2019 the criteria for assets held for sale were met, requiring the assets and liabilities of HS Orka to be classified as held for sale.

The following table summarizes the net earnings from discontinued operations:

	Three-month period ended March 31, 2019	Period of 54 days ended March 31, 2018
Revenues	26,594	16,417
Expenses	21,452	23,795
Share of earnings of joint ventures and associates	(2,284)	(2,073)
Earnings (loss) before income taxes	7,426	(5,305)
Provision for income taxes (recovery)	926	(160)
Earnings (loss) before transaction costs	6,500	(5,145)
Transaction costs	2,934	—
Net earnings (loss) from discontinued operations	3,566	(5,145)
Other comprehensive (loss) income from discontinued operations	(37,790)	36,861
Total comprehensive (loss) income from discontinued operations	(34,224)	31,716
Net earnings (loss) from discontinued operations attributable to:		
Owners of the parent	664	(3,727)
Non-controlling interests	2,902	(1,418)
	3,566	(5,145)
Total comprehensive (loss) income from discontinued operations attributable to:		
Owners of the parent	(16,052)	18,333
Non-controlling interests	(18,172)	13,383
	(34,224)	31,716
Net earnings (loss) per share from discontinued operations		
Basic net earnings (loss) per share (\$)	0.01	(0.03)
Diluted net earnings (loss) per share (\$)	0.01	(0.03)

	March 31, 2019
Current assets	24,701
Non-current assets	842,316
	867,017
Current liabilities	44,083
Non-current liabilities	227,385
Equity attributable to owners of the parent	335,786
Non-controlling interests	259,763
	867,017

5. EARNINGS PER SHARE

	Three months ended March 31	
	2019	2018
		(Restated Notes 3,4)
Net loss from continuing operations attributable to owners	(7,411)	(2,890)
Dividends declared on preferred shares	(1,485)	(1,485)
Net loss from continuing operations available to common shareholders	(8,896)	(4,375)
Net loss attributable to owners of the parent	(6,747)	(6,617)
Dividends declared on preferred shares	(1,485)	(1,485)
Net loss available to common shareholders	(8,232)	(8,102)
Weighted average number of common shares (in 000s)	132,865	122,593
Basic and diluted net loss per share from continuing operations (\$)	(0.07)	(0.04)
Basic and diluted net loss per share (\$)	(0.06)	(0.07)

	Three months ended March 31	
	2019	2018
Shares that may be issued from the following equity instruments that are potentially dilutive ¹ (in 000s):		
Share options	208	719
Shares held in trust related to the PSP plan	131	203
	339	922
Shares that may be issued from the following equity instruments that are excluded from the potentially dilutive elements (in 000s):		
Share options	281	203
Convertible debentures	14,167	6,667
	14,448	6,870
Total contingent shares that may be issued from the outstanding equity instruments	14,787	7,792

1. Share options for which the exercise price was below the average market price of common shares are included in the calculation of potentially dilutive equity instruments. Contingent share issuances have an anti-dilutive effect on loss per share. As such for the three months ended March 31, 2019 and 2018, Diluted net loss per share is equal to Basic net loss per share.

6. PROPERTY, PLANT AND EQUIPMENT

	Lands	Hydroelectric facilities	Wind farm facilities	Solar facilities	Geothermal facilities	Facilities under construction	Other equipments	Total
Cost								
As at January 1, 2019	3,095	2,089,405	2,025,711	165,273	418,317	339,137	17,518	5,058,456
Change in accounting policy (see note 3.1)	115,319	97	—	—	—	—	8,472	123,888
Adjusted balance as at January 1, 2019	118,414	2,089,502	2,025,711	165,273	418,317	339,137	25,990	5,182,344
Additions ¹	—	1,671	23	173	—	169,000	525	171,392
Assets held for sale	—	—	—	—	(418,317)	(62,739)	—	(481,056)
Dispositions	—	—	(668)	—	—	—	—	(668)
Net foreign exchange differences	(2,195)	(205)	(30,344)	(861)	—	(4,743)	(34)	(38,382)
As at March 31, 2019	116,219	2,090,968	1,994,722	164,585	—	440,655	26,481	4,833,630
Accumulated depreciation								
As at January 1, 2019	—	(270,622)	(236,218)	(41,329)	(16,290)	—	(11,069)	(575,528)
Depreciation ²	(1,097)	(9,834)	(23,277)	(1,920)	—	—	(714)	(36,842)
Assets held for sale	—	—	—	—	16,290	—	—	16,290
Dispositions	—	—	180	—	—	—	—	180
Net foreign exchange differences	2	67	2,300	46	—	—	9	2,424
As at March 31, 2019	(1,095)	(280,389)	(257,015)	(43,203)	—	—	(11,774)	(593,476)
Carrying amount as at March 31, 2019 ³	115,124	1,810,579	1,737,707	121,382	—	440,655	14,707	4,240,154

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

1. 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 facilities are capitalized for the portion of the financing actually used for a specific property, plant and equipment. Additions in the current period include \$5,812 of capitalized financing costs incurred prior to commissioning.
2. An amount of \$396 of the depreciation expenses for the land is capitalized as a construction cost in facilities under construction.
3. Included in property, plant and equipment are right-of-use assets with a carrying amount of \$120,371 pursuant to lease agreements.

7. SHAREHOLDERS' CAPITAL

Share-based payments

During the first quarter of 2019, 1,943,012 share options have been exercised at different prices per share resulting in 427,389 common shares issued cashless. The difference between the 1,943,012 options exercised and the 427,389 shares issued is the result of the exercise of the options without disbursement by the holders and the withholding of deductions at source by the Corporation, as authorized by the share option plan and the Board of Directors.

Also 78,142 share options were granted during the three months ended March 31, 2019. The options granted under the share options plan vest in equal amounts on a yearly basis over a period of four years following the grant date. Options must be exercised before August 2026 at an exercise price of \$14.41.

Year of granting	Exercise price (\$)	Options outstanding, January 1, 2019 (000's)	Number of options exercised (000's)	Options outstanding, March 31, 2019 (000's)
2010	8.75	618	(366)	252
2011	9.88	770	(770)	—
2012	10.70	397	(397)	—
2013	9.13	397	(221)	176
2014	10.96	397	(189)	208
2016	14.65	126	—	126
2017	14.52	77	—	77
2019	14.41	78	—	78
		2,860	(1,943)	917

Dividend Declared on common shares

The following dividends on common shares were declared by the Corporation during the three months ended March 31:

	Three months ended March 31	
	2019	2018
Dividends declared on common shares (\$/share)	0.175	0.170

Dividend Declared on common shares not recognized at the end of the reporting period

The following dividends will be paid by the Corporation on July 15, 2019:

Date of announcement	Record date	Payment date	Dividend per common share (\$)	Dividend per Series A Preferred Share (\$)	Dividend per Series C Preferred Share (\$)
05/14/2019	6/28/2019	7/15/2019	0.1750	0.2255	0.359375

8. ADDITIONAL INFORMATION TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

a. Changes in non-cash operating working capital items

	Three months ended March 31	
	2019	2018
		(Restated Notes 3,4)
Accounts receivable	17,125	28,232
Prepaid and others	(1,885)	(1,132)
Accounts payable and other payables	(30,665)	(14,460)
	(15,425)	12,640

b. Additional information

	Three months ended March 31	
	2019	2018
		(Restated Notes 3,4)
Interest paid (including \$2,994 capitalized interest (2018 - \$nil))	(39,474)	(35,350)
<i>Non-cash transactions:</i>		
Unpaid property, plant and equipment	70,986	(4,656)
Shares vested in PSP plan	1,057	948
Unpaid project development costs	(752)	—
Common shares issued through share options exercised	1,181	—
Unpaid distributions to non-controlling interests in subsidiaries	3,310	2,535
Remeasurement of asset retirement obligations	—	167
Common shares issued through dividend reinvestment plan	980	1,191
Common shares issued upon the acquisition of Alterra	—	330,607
Investment from non-controlling interests in subsidiaries	—	(218)

c. Changes in liabilities arising from financing activities

	Three months ended March 31	
	2019	2018
Changes in long-term debt		
Long-term debt at beginning of the period	4,470,252	3,157,458
Reclassified as held for sale	(96,515)	—
Increase of long-term debt	166,820	302,086
Repayment of long-term debt	(40,895)	(166,104)
Payment of deferred financing costs	(927)	(2,614)
Business acquisitions	—	305,045
Other non-cash finance costs	2,327	(4,284)
Net foreign exchange differences	(31,338)	38,846
Long-term debt at end of the period	4,469,724	3,630,433
Changes in convertible debentures		
Convertible debentures at beginning of the period	238,648	96,246
Accretion of convertible debentures	691	346
Convertible debentures at end of the period	239,339	96,592

9. SEGMENT INFORMATION

Operating segments

The Corporation produces and sells electricity generated by its hydroelectric, wind and solar facilities to publicly owned utilities or other creditworthy counterparties. The Corporation's Management analyses the results and manages operations based on the type of technology, resulting in different cost structures and skillset requirements for the operating teams. The Corporation consequently has three operating segments: (a) hydroelectric power generation (b) wind power generation and (c) solar power generation.

During the period ended March 31, 2019, concurrent with reaching an agreement to sell its ownership interests in HS Orka, the Corporation's geothermal power generation segment has been reclassified as discontinued operations (see Note 4). As a result, the comparative segmented information has been restated.

The Corporation's Management evaluates the performance of its operating segments based on revenues and Adjusted EBITDA. During the period, Management revised its operating segments disclosure to better reflect how it evaluates the performance of its operating segments. Certain corporate allocations (such as general and administrative expenses) that were previously made were discontinued to enhance discernment of the operating performance from the corporate performance. In addition, through emphasizing on certain measures, the revised disclosure clarifies how Management evaluates the performance of its operating segments. The Corporation's investments in joint ventures and associates have also increased significantly during 2018 following certain business acquisitions. As such, by including the contribution from joint ventures and associates to the key performance measures, the revised disclosure better reflects the Corporation's recent structural changes. Certain of the comparative figures have been restated to conform with the revised presentation.

"Revenues Proportionate" are Revenues plus Innergex's share of Revenues of the joint ventures and associates. "Adjusted EBITDA" represents net earnings (loss) before income tax expenses, finance cost, depreciation and amortization, adjusted to exclude other net expenses, share of (earnings) loss of joint ventures and associates, and unrealized net (gain) loss on financial instruments. "Adjusted EBITDA Proportionate" represents Adjusted EBITDA plus the Corporation's share of Adjusted EBITDA of the joint ventures and associates. "Adjusted EBITDA Margin" represents Adjusted EBITDA divided by revenues. Adjusted EBITDA, Adjusted EBITDA Proportionate and Adjusted EBITDA Margin are not recognized measures under IFRS and have no standardized meaning prescribed by IFRS. They may therefore not be comparable to similar measures presented by other issuers. Readers are cautioned that Adjusted EBITDA, Adjusted EBITDA Proportionate and Adjusted EBITDA Margin should not be construed as an alternative to net earnings (loss), as determined in accordance with IFRS.

Except for Adjusted EBITDA, Adjusted EBITDA Proportionate and Adjusted EBITDA Margin described above, the accounting policies for these segments are the same as those described in the significant accounting policies. The Corporation accounts for inter-segment and management sales at the carrying amount.

Three months ended March 31, 2019				
Operating segments	Hydroelectric	Wind	Solar	Segment results
Segment revenues	28,038	94,826	3,555	126,419
Innergex's share of revenues of joint ventures and associates	5,284	9,033	492	14,809
Segment Revenues Proportionate	33,322	103,859	4,047	141,228
Segment Adjusted EBITDA	17,278	84,968	3,317	105,563
Innergex's share of Adjusted EBITDA of joint ventures and associates	1,046	5,134	251	6,431
Segment Adjusted EBITDA Proportionate	18,324	90,102	3,568	111,994
Segment Adjusted EBITDA Margin	62%	90%	93%	84%

As at March 31, 2019	Hydroelectric	Wind	Solar	Segment totals
Investments in joint ventures and associates	191,414	186,991	16,678	395,083
Acquisition of property, plant and equipment during the period	1,677	23	173	1,873

Three months ended March 31, 2018				
Operating segments	Hydroelectric	Wind	Solar	Segment results
Segment revenues	34,663	64,051	3,074	Restated Notes 3,4 101,788
Innergex's share of revenues of joint ventures and associates	1,107	6,258	—	7,365
Segment Revenues Proportionate	35,770	70,309	3,074	109,153
Segment Adjusted EBITDA	24,893	55,672	2,795	83,360
Innergex's share of Adjusted EBITDA of joint ventures and associates	332	4,752	—	5,084
Segment Adjusted EBITDA Proportionate	25,225	60,424	2,795	88,444
Segment Adjusted EBITDA Margin	72%	87%	91%	82%

As at December 31, 2018 (Restated Notes 3,4)	Hydroelectric	Wind	Solar	Segment totals
Investments in joint ventures and associates	205,483	187,156	17,574	410,213
Acquisition of property, plant and equipment during the year	8,368	803	386	9,557

Segment Adjusted EBITDA and Adjusted EBITDA Margin are reconciled to the most comparable IFRS measure, namely, net earnings (loss) from continuing operations, in the following table:

	Three months ended	
	March 31, 2019	March 31, 2018
Segment Adjusted EBITDA	105,563	83,360
Unallocated expenses:		Restated Notes 3,4
General and administrative	7,889	5,497
Prospective projects	4,431	4,297
Adjusted EBITDA	93,243	73,566
Share of loss (earnings) of joint-ventures and associates	6,890	(1,067)
Unrealized net (gain) loss on financial instruments	(5,312)	2,283
Other net expenses	726	3,888
EBITDA	90,939	68,462
Finance costs	52,971	43,903
Depreciation and amortization	46,466	36,241
Recovery of income taxes	(4,078)	(1,987)
Net loss from continuing operations	(4,420)	(9,695)

Geographic segments

As at March 31, 2019, excluding its investments in joint ventures and associates which are accounted for as equity method, the Corporation had interests in the following operating assets: 29 hydroelectric facilities, six wind farms and one solar farm in Canada, 15 wind farms in France and one hydroelectric facility and two solar farms in the United States. The Corporation operates in four principal geographical areas, which are detailed below:

	Three months ended March 31	
	2019	2018
Revenues		Restated Notes 3,4
Canada	96,131	68,430
France	29,461	32,219
United States	827	1,139
Chile	—	—
	126,419	101,788

As at	March 31, 2019	December 31, 2018
Non-current assets, excluding derivatives financial instruments and deferred tax assets¹		Restated Notes 3,4
Canada	3,706,655	3,757,207
France	935,729	956,214
United States ²	743,384	526,716
Chile	149,397	154,299
	5,535,165	5,394,436

1. Includes the investments in joint ventures and associates

2. Includes the Phoebe solar project under construction and the Foard City wind project under construction.

10. SUBSEQUENT EVENTS

a. Increase of the One-Year Credit Facility

On April 23, 2019, Innergex amended its one-year credit facility contracted in October 2018, at the time of the acquisition of the Cartier Wind Farms and Operating Entities, to add additional capacity of \$100,000 to be drawn as needed to provide greater flexibility. The maturity date remained October 2019. Should this additional amount be used, Innergex intends to repay the facility with the net proceeds of the sale of its equity interest in HS Orka.

b. Closing of the Financing of the Foard City Wind Project

On May 8, 2019, the Corporation announced the closing of a construction loan and tax equity commitment for the Foard City wind project. The construction financing amounts to US\$290,900 (\$388,700), backed by a US\$275,000 (\$367,500) tax equity commitment and a US\$23,300 (\$31,100) 7-year term loan facility with a 10-year amortization period to be provided by lenders upon the commercial operation date.

11. COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended in the statement of financial position, statement of earnings and other comprehensive income (loss), statement of changes in equity and statements of cash flow, and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

SHAREHOLDER INFORMATION

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Common Shares - TSX: INE

Series A Preferred Shares - TSX: INE.PR.A

Series C Preferred Shares - TSX: INE.PR.C

Convertible Debentures - TSX: INE.DB.A
TSX: INE.DB.B

Credit Rating by Standard & Poor's

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

Dividend Reinvestment Plan (DRIP)

Innergex Renewable Energy Inc. offers a Dividend Reinvestment Plan (DRIP) for its shareholders of common shares. This plan 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 at innergex.com or contact the DRIP administrator: AST Trust Company (Canada). Please note that if you wish to enrol in the DRIP but own your shares indirectly through a broker or financial institution, you must contact this intermediary and ask them to enrol in the DRIP on your behalf.

Transfer Agent and Registrar

For information concerning share certificates, dividend payments, a change of address, or electronic delivery of shareholder documents, please contact:

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