



**2015**  
ANNUAL  
REPORT

# PROFILE

Boralex develops, builds and operates renewable energy power facilities in Canada, France and the United States. A leader in the Canadian market and France's largest independent producer of onshore wind power, the Corporation is recognized for its solid experience in optimizing its asset base in four power generation types — wind, hydroelectric, thermal and solar. Boralex ensures sustained growth by leveraging the expertise and diversification developed over the past 25 years. Boralex's shares and convertible debentures are listed on the Toronto Stock Exchange under the ticker symbols BLX and BLX.DB.A, respectively.

# VISION

Boralex's goal is to be a **Canadian leader** in the development and operation of **renewable energy** in North America and Europe.

We plan to grow by generating **electricity** from natural or recycled sources in a manner that **respects** both **communities** and the **environment**.

Our strength lies in the **expertise, skills** and **innovative spirit** of our employees.

Our commitment is to manage our facilities ethically, to be a **good corporate citizen** and to provide a sustained financial performance to our shareholders and partners.

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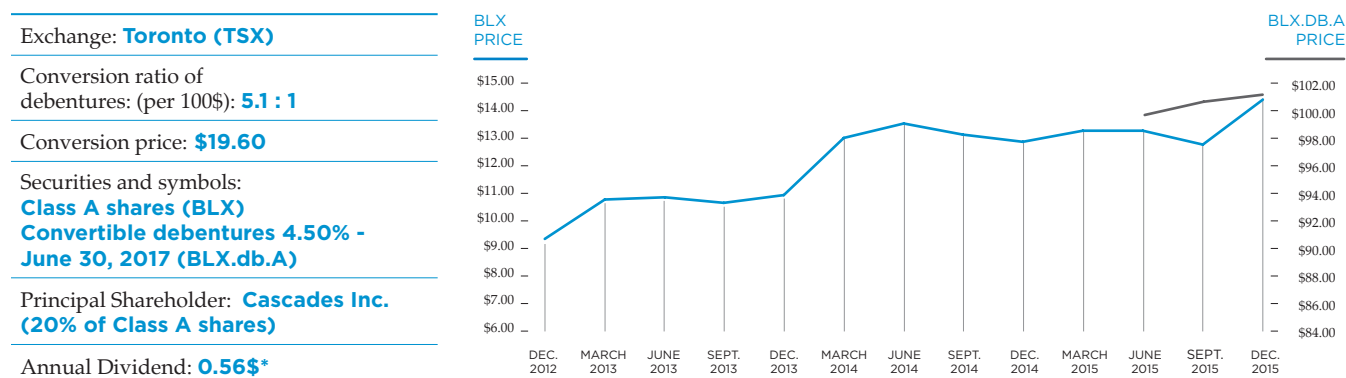
# FINANCIAL HIGHLIGHTS

(in thousands of dollars, unless otherwise specified)

|   | 2015 <sup>(1)</sup> | 2014 <sup>(1)</sup> | 2013 <sup>(1)</sup> |
|---|---------------------|---------------------|---------------------|
| <b>OPERATIONS</b>   |                     |                     |                     |
| Power production (MWh)  | 2,733,107           | 2,029,504           | 1,474,625           |
| Revenues from energy sales  | 324,327             | 239,506             | 171,395             |
| EBITDA(A) <sup>(2)</sup>  | 211,209             | 146,639             | 101,836             |
| Net loss  | (8,212)             | (11,252)            | (4,065)             |
| Net loss attributable to shareholders of Boralex                      | (10,835)            | (11,930)            | (4,192)             |
| Net cash flows related to operating activities                        | 127,219             | 102,265             | 59,878              |
| Cash flows from operations <sup>(3)</sup>                             | 132,254             | 78,353              | 51,180              |
| <b>INVESTMENTS</b>  |                     |                     |                     |
| Business acquisitions   | 60,308              | 196,879             | -                   |
| Additions to property, plant and equipment                            | 332,151             | 251,562             | 323,415             |
| Development projects  | 4,357               | 6,881               | 9,666               |
| <b>FINANCIAL POSITION</b>   |                     |                     |                     |
| Total cash, including restricted cash                                 | 111,998             | 106,659             | 187,667             |
| Property, plant and equipment   | 1,963,455           | 1,639,605           | 1,179,653           |
| Total assets  | 2,799,192           | 2,320,569           | 1,791,440           |
| Debt, including current portion of debt                               | 1,718,916           | 1,477,020           | 977,993             |
| Liability component of convertible debentures                         | 133,070             | 232,977             | 229,758             |
| Total liabilities   | 2,247,012           | 1,984,767           | 1,405,660           |
| Total equity  | 552,180             | 335,802             | 385,780             |
| Equity attributable to shareholders                                   | 544,142             | 302,674             | 356,094             |
| <b>CLASS A SHARE DATA</b>   |                     |                     |                     |
| Net loss attributable to shareholders of Boralex (basic - in dollars) | (\$0.21)            | (\$0.31)            | (\$0.11)            |
| Equity attributable to shareholders of Boralex (basic - in dollars)   | \$8.39              | \$7.91              | \$9.43              |
| Weighted average number of shares outstanding (in thousands)          | 52,365              | 38,284              | 37,745              |
| Shares outstanding at the end of the year (in thousands)              | 64,829              | 38,424              | 37,768              |
| Dividends paid on common shares (\$0.52 per share)                    | 27,129              | 19,896              | -                   |
| <b>RATIO</b>  |                     |                     |                     |
| Net debt to market capitalization ratio <sup>(4)</sup>                | 60.2%               | 60.1%               | 54.6%               |

- (1) These 2015, 2014 and 2013 financial highlights have been prepared on a proportionate consolidation basis. The results of Seigneurie de Beauré Wind Farms 2 and 3 General Partnership and Seigneurie de Beauré Wind Farm 4 GP, (the "Joint Ventures"), which are 50% owned by Boralex, were proportionately consolidated instead of being accounted for using the equity method as required by IFRS. Since the information that Boralex uses to perform internal analyses and make strategic and operating decisions is compiled on a proportionate consolidation basis management has considered it relevant to present results according to this method to help investors understand the concrete impacts of decisions made by the Corporation.
- (2) EBITDA(A) corresponds to earnings before interest, taxes, depreciation and amortization, adjusted to include other items. This measure is not a measure in conformity with International Financial Reporting Standards ("IFRS") and does not have a standardized meaning prescribed by IFRS; however, management uses this performance indicator to assess and compare the performance of its various assets. Refer to the *Non-IFRS Measures* section Annual Report for the year ended December 31, 2015, for additional information related to the use of non-IFRS measures.
- (3) Cash flows from operations correspond to net cash flows related to operating activities before changes in non-cash items related to operating activities. This measure is not a measure in conformity with IFRS and does not have a standardized meaning prescribed by IFRS. Refer to the *Non-IFRS Measures* section Annual Report for the year ended December 31, 2015, for additional information related to the use of non-IFRS measures.
- (4) Refer to the *Non-IFRS Measures* section for these reconciliations.

## STOCK DATA AS AT DECEMBER 31, 2015



\* The Board of Directors of Boralex has authorized on February 24, 2016 a 7.7% increase in the annual dividend to \$0.56 per share.

### Class A Shares

| Year ended        | Issued and outstanding | High    | Low     | Closing Price |
|-------------------|------------------------|---------|---------|---------------|
| December 31, 2015 | 64,829,112             | \$14.58 | \$13.03 | \$14.46       |
| December 31, 2014 | 38,424,430             | \$14.09 | \$10.75 | \$12.85       |

### Convertible Debentures

| Year ended        | Issued and outstanding | High     | Low      | Closing Price |
|-------------------|------------------------|----------|----------|---------------|
| December 31, 2015 | 1,437,500              | \$103.29 | \$99.00  | \$101.50      |
| December 31, 2014 | 2,443,367              | \$119.15 | \$106.26 | \$111.42      |

# 2015 HIGHLIGHTS

- In operation
- ◆ In development

An additional  
**156 MW**  
commissioned  
on time and on  
budget

Nearly **400 MW**  
added to our portfolio  
of wind power projects  
under development  
totalling approximately  
**1,000 MW**

Installed capacity  
in operation of  
**1,094 MW** as  
at December 31, 2015,  
including 874 MW in the  
wind power segment



## CANADA

November 2015:

### CÔTE-DE-BEAUPRÉ

community wind farm (23.5 MW) and

### TÉMISCOUATA II

wind farm (51.7 MW) commissioned

December 2015:

### FRAMPTON

community wind farm (24 MW)  
commissioned

June 2015:

Acquisition of an option for  
a 25% economic interest in

### NIAGARA REGION WIND FARM

project (230 MW)

Performance expectations met  
or exceeded at key existing wind  
power facilities, in particular

### SEIGNEURIE DE BEAUPRÉ

(Boralex's share: 170 MW)

## FRANCE

February 2015:

### TOUVENT

wind  
power project (13.8 MW) acquired  
with commissioning slated for  
third quarter of 2016

March and April 2015:

### ST-FRANÇOIS

(22.8 MW) and

### COMES DE L'ARCE

(10 MW)  
wind farms commissioned

### PLATEAU DE SAVERNAT

wind power project (12 MW)  
launched, to be commissioned  
at the end of 2016

December 2015:

### CALMONT

wind farm (14 MW)  
commissioned



## CANADA

Construction underway at

### YELLOW FALLS

power station (16 MW) in Ontario, with commissioning slated for early 2017



## FRANCE

October 2015:  
Second solar power station -

### LES CIGALLETES

(10 MW) - commissioned in Southern France

Effective integration of  
**11 facilities** in operation, acquired  
from Enel Green Power France S.A.S. in  
December 2014, totalling **186 MW**

December 2015: Portfolio of wind  
power projects in Northern France  
acquired, totalling nearly **350 MW**,  
including 79 MW in ready-to-build projects

**Excellent productivity**  
at our existing wind farms in fiscal 2015



# FISCAL 2015 AT A GLANCE

Fiscal 2015 saw solid growth in operating income, driven by a **DYNAMIC EXPANSION** strategy and **DISCIPLINED MANAGEMENT** in executing our new infrastructure projects and operating our existing assets and resources. At the same time, the Corporation continued to invest in the future, setting aside significant amounts to **DEVELOP** its operating base and project portfolio.



# 2015 HIGHLIGHTS

Revenues of

**\$266 million**

(\$324 million under proportionate consolidation), up 37% from 2014, driven by the wind power segment

**\$425 million**

drawn down under new financing, \$124 million in shares issued and \$144 million in convertible debentures issued

EBITDA(A) of

**\$169 million**

(\$211 million under proportionate consolidation),

up **53%**

**81%**

of former 2010 convertible debentures converted by their holders into common shares of Boralex with the remainder repurchased by the Corporation for \$47 million

EBITDA(A) margin of

**63.5%** (65.1% under proportionate consolidation)

Dividend payouts totalling

**\$0.52** per share or **\$27.1 million**

in 2015

**\$2.9 million**

improvement in net loss

Cash position of

**\$103 million**

as at December 31, 2015 (\$112 million under proportionate consolidation)

Cash flows from operations of

**\$129 million**

(\$132 million under proportionate consolidation), more than DOUBLE our 2014 level

Between December 31, 2014

and 2015, **13%** growth in Boralex's share price, representing total return of around 17%, including \$0.52 dividend paid for 2015

Nearly

**\$400 million**

invested in expansion and development, mainly to commission an additional

**156 MW**, acquire

wind power projects totalling

around **400 MW**

and repurchase our former partner's interest in our European operations

**90%**

increase in market capitalization driven by the rise in share price, 2010 debenture conversion and share issuance in January 2015

# OUR POWER STATIONS IN THE WORLD

- In operation
- ◆ In development



## SITES IN OPERATION CANADA

|  | INSTALLED CAPACITY<br>(MW) |
|--|----------------------------|
| <b>Wind</b>                            |                            |
| Côte-de-Beaupré                        | 23.5                       |
| Frampton                               | 24.0                       |
| Seigneurie de Beupré - Phases I and II | 340.0*                     |
| Témiscouata I                          | 23.5                       |
| Témiscouata II                         | 51.7                       |
| Thames River                           | 90.0                       |
| <b>Hydroelectric</b>                   |                            |
| Beauport                               | 4.5                        |
| Buckingham                             | 10.0                       |
| East Angus                             | 2.0                        |
| Forestville                            | 12.5                       |
| Jamie Creek                            | 22.0                       |
| Ocean Falls                            | 14.5                       |
| Rimouski                               | 3.5                        |
| Saint-Lambert                          | 6.0                        |
| <b>Thermal</b>                         |                            |
| Senneterre                             | 35.0                       |
| <b>Solar</b>                           |                            |
| Vaughan                                | 0.4                        |

## UNITED STATES

|                      |      |
|----------------------|------|
| <b>Hydroelectric</b> |      |
| Fourth Branch        | 3.0  |
| Hudson Falls         | 46.0 |
| Middle Falls         | 2.5  |
| New York State Dam   | 11.5 |
| Sissonville          | 3.0  |
| South Glens Falls    | 14.0 |
| Warrensburg          | 3.0  |

\* Total installed capacity, however the net share for Boralex is 50%

## SITES IN DEVELOPMENT

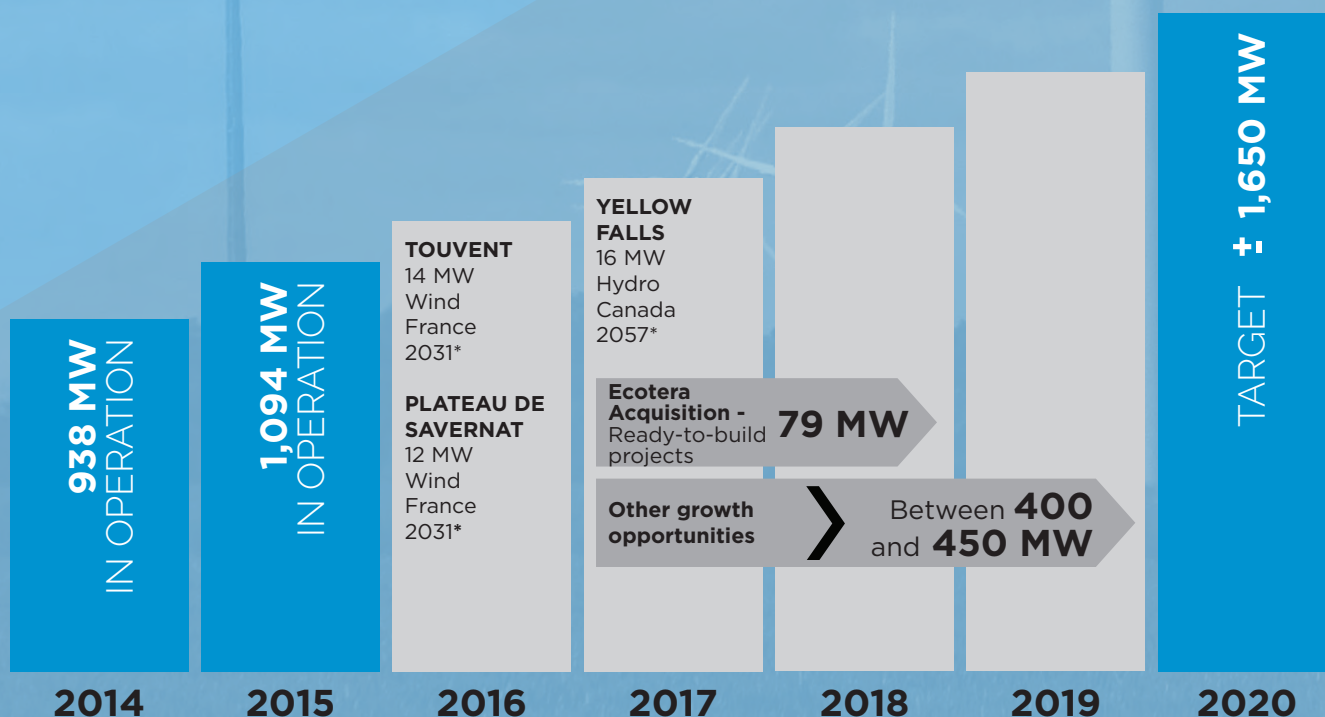
|                               | POTENTIAL INSTALLED<br>CAPACITY (MW) | PLANNED<br>COMMISSIONING |
|-------------------------------|--------------------------------------|--------------------------|
| <b>Wind</b>                   |                                      |                          |
| Touvent, France               | 13.8                                 | 2016                     |
| Plateau de Savernat, France   | 12.0                                 | 2016                     |
| Ecotera Acquisition, France   | 79.0                                 | 2017-2018                |
| <b>Hydroelectric</b>          |                                      |                          |
| Yellow Falls, Ontario, Canada | 16.0                                 | 2017                     |

## FRANCE

|                     | INSTALLED CAPACITY<br>(MW) |
|---------------------|----------------------------|
| <b>Wind</b>         |                            |
| Ally-Mercoeur       | 39.0                       |
| Avignonet-Lauragais | 12.6                       |
| Calmont             | 14.0                       |
| Cham Longe          | 22.6                       |
| Chasse Marée        | 9.2                        |
| Chépy               | 4.0                        |
| Coat Conval         | 8.0                        |
| Comes de l'Arce     | 10.0                       |
| Coulonges           | 36.0                       |
| Fortel-Bonnières    | 22.8                       |
| Haut de Conge       | 28.0                       |
| La Bouleste         | 10.0                       |
| La Citadelle        | 13.8                       |
| La Vallée           | 32.0                       |
| Le Grand Camp       | 10.0                       |
| Leign ar Gasprenn   | 8.0                        |
| Les Éparmons        | 12.0                       |
| Moulin à vent       | 10.0                       |
| Nibas               | 12.0                       |
| Pannecé             | 18.0                       |
| Pays d'Othe         | 8.0                        |
| Plouguin            | 8.0                        |
| Ronchois            | 30.0                       |
| Sources de la Loire | 18.0                       |
| Saint-François      | 22.8                       |
| Saint-Patrick       | 34.5                       |
| Vallée de l'Arce    | 30.0                       |
| Vron                | 8.0                        |
| <b>Thermal</b>      |                            |
| Blendecques         | 12.0                       |
| <b>Solar</b>        |                            |
| Avignonet-Lauragais | 5.0                        |
| Les Cigarettes      | 10.0                       |

# 2016-2020 OUTLOOK

Having reached a new level of growth, Boralex embarks on the next stage of its development by building on several key advantages: a stronger market positioning and a reinforced team, particularly in France, a deeper pool of quality projects and a more robust and flexible financial position. The Corporation aims to boost its installed capacity to **1,650 MW by 2020** with an **annual growth** rate of around **10%** for the period of 2015 to 2020.



\* Represent, in order : project name, installed capacity, segment, country and contract end-date.



# VALUES

**Boralex's values reflect the attitude and culture instilled in all of our employees. Our values inspire our development, inform our decision-making and guide our actions.**

## RESPECT

Listen to and heed the interests of our employees and the communities we call home to develop long-lasting relationships.

Show the highest regard for the natural resources we work with.

Maintain stakeholder trust through consistent and equitable actions in line with our business model.

## TEAM SPIRIT

Highlight collaboration, channel talents and encourage information sharing to build an enriching work environment and achieve the Company's business goals.

Recognize the contributions of all internal and external actors.

## INNOVATION

Stimulate creativity and embrace new ideas to improve the way we do things.

Seek out exceptional solutions tailored to each situation.

## ENTREPRENEURSHIP

Engage all employees, encourage them to use their judgment, make decisions that reflect the context and assess the risks.

Maintain a flexible structure to allow all to be proactive and independent.

## COMMUNICATION

Encourage listening and dialogue to foster openness and consultation as a clear expression of Boralex's values.

# MESSAGE TO SHAREHOLDERS

In fiscal 2015, we pursued and even accelerated our growth strategy which has served Boralex and our shareholders very well over the past five years. Nearly \$400 million in additional investments were made to increase our installed capacity in operation by 17% — passing the **1,000 MW mark** in the process — and add some 400 MW to our project pipeline to drive short- and medium-term financial growth. Today, we enjoy expanded market positioning, top-level expertise and a **stronger, more flexible financial position** as we embark on the next stage in our development.

## KEY ACHIEVEMENTS IN 2015

At the very end of 2014, our acquisition of Enel Green Power in France (EGPF), alongside various other expansion projects, took Boralex to the next level in installed capacity, financial performance and future growth potential. In 2015, we began capitalizing on that breakthrough while continually planting seeds for the future through major investments to grow our asset base and project pipeline, as well as a series of financial transactions that have placed us on a more solid footing to achieve our objectives.

### Strong operating performance gains driven by the wind power segment

Our operating results for the year ended December 31, 2015 not only met but surpassed our expectations. EBITDA(A) grew 53% to \$168.8 million (up 44% to \$211.2 million under proportionate consolidation) with a record EBITDA(A) margin of 63.5% (65.1% under proportionate consolidation). Cash flows from operations more than doubled from our 2014 levels, totalling \$128.5 million (\$132.3 million under proportionate consolidation).

Our strategy to operate assets that generate high profit margins under long-term indexed, fixed price sales contracts was directly responsible for the consistent improvement in our key performance indicators over the past few years. In addition, while our solid results for fiscal 2015 were mainly fuelled by recent expansions in our wind power segment, productivity has been outstanding at facilities commissioned or acquired over the past three years, including our Québec wind farms at Seigneurie de Beaupré (share of Boralex: 170 MW) and in the Témiscouata area (76 MW), the EGPF facilities acquired, and the vast majority of our other wind power stations in Europe and Canada.

We see in our solid performance of the past few years, particularly in 2015, a trend poised to continue, fuelled mainly by Boralex's driving force: the expertise and skill sets of our teams to identify, finance and operationalize the most promising projects and to build and commission new facilities rigorously on time and on budget, all while ensuring optimal operations at our existing energy assets.

In particular, integrating the EGPF team into the Boralex family has expanded and deepened the pool of expertise at our European operations, enhancing our competitive edge to capitalize on the excellent market potential on offer in renewable energy development, especially in the wind power segment in France.

## Expanding our operations and project portfolio

During fiscal 2015, an impressive six wind farms and one solar power facility totalling 156 MW were commissioned in Québec and France. In all cases, these projects were expertly delivered on time and on budget. Needless to say, all of our new assets are covered by long term energy sales contracts, the cornerstone of our development strategy. It should also be noted that most of the new sites were commissioned in the fourth quarter, such that they contributed only partially to our 2015 results. The full impact of their contribution to Boralex's operating performance will thus be felt in 2016.

On December 28, 2015, Boralex completed the acquisition of a portfolio of wind power projects in France totalling 350 MW. We will begin construction on a number of those projects in spring 2016 with a view to commissioning 79 MW in France in fiscal 2017 and 2018. This significant growth, alongside our other current development initiatives in Europe, speaks to the strength of the Boralex team and its capacity to execute an ambitious expansion strategy in this market.

In particular, we have been developing a project in Denmark since 2014 through a joint venture formed by Boralex and a local developer to harness the potential of this wind power friendly market, particularly as regards to nearshore wind power. To that end, initiatives are underway that could result in the joint venture filing a submission shortly under a 350 MW wind tender.

Fiscal 2015's other strategic investments included our repurchase in February of our former partner's interest in Boralex's European subsidiary. The purpose of this transaction was to consolidate our control over Boralex's future development in what stands to be our most promising geographic market in the short and medium terms.

## Financial flexibility to drive further business expansion at Boralex

In 2015, Boralex drew down \$425 million under new financing to fund the commissioning of new facilities and pursue our various other development projects, and raised \$124 million under its January 2015 common share issuance to complete financing for our EGPF acquisition. The key highlight of 2015 was our June 2015 offering of \$144 million in new debentures, bearing interest at an annual rate of 4.50%, followed by the conversion or repurchase in September of the debentures issued in 2010, which bore interest at 6.75%. In addition to a substantial savings in interest expense, these two transactions along with other financial arrangements in fiscal 2015 have afforded Boralex greater financial flexibility and latitude to pursue its development projects.

As result, Boralex ended the last fiscal year with a solid financial position, including current cash assets totalling over \$100 million, a solid, well-managed capital structure, and consistent growth in cash from operations.

# TRUE TO OUR COMMITMENT TO CREATE GROWING, SUSTAINABLE SHAREHOLDER VALUE

## 90% increase in Boralex's market capitalization in 2015

Between December 31, 2014 and 2015, the market price of the Corporation's share rose 13%. After factoring in the dividend paid, Boralex shareholders enjoyed a total return of approximately 17% in 2015. Boralex's share price is up 58% over the past three years and 78% over the past five. Since the beginning of fiscal 2016, despite a global stock market downturn, our share price has risen by 11.4% to \$16.11 as of the date of market close on March 4<sup>th</sup>, 2016. Therefore, the market capitalization now exceeds one billion dollars. We believe this performance is a reflection not only of the merits of our growth strategy but also the trust investors have in Boralex's capacity to meet its commitments and reach its financial objectives year after year.

Given the Corporation's favourable stock market performance, the issuance of new shares in 2015 and the conversion of the 2010 debentures, Boralex's market capitalization surged 90% to \$937 million as at the end of the past fiscal year. Beyond enhancing the economic value of the Corporation, another advantage of last year's events was to significantly increase the liquidity of Boralex shares in the marketplace. As a result, while the public float represented 52% of total shares outstanding as at December 31, 2014, this percentage reached 72% by the same date in 2015.

## Continuation and enhancement of our dividend policy

For a second consecutive year, Boralex made four dividend payments of \$0.13 per share in fiscal 2015, for a total of \$27.1 million. Our objective is to keep our dividend in line with the pace of real and expected growth in discretionary cash flows, particularly in light of our growth projects in the best interests of Boralex and its shareholders over the long term.

In light of the steady growth in its results since the introduction of a dividend in 2014 and its confidence in the outlook for the Corporation, the Board of Directors of Boralex has authorized a 7.7% increase in the annual dividend to \$0.56 per share. Boralex is also maintaining its distribution policy since 2014, whereby it intends to pay as dividends between 40% and 60% of discretionary cash flows.

Through all decisions and actions taken at Boralex, we remain fully committed to promoting the right conditions to sustain and grow shareholder value. Apart from continuing our dividend policy, we will meet this commitment by focusing primarily on quality operations and solid development strategies, specifically with a view to favouring fair market valuations for Boralex's share.

## OUTLOOK

### Looking ahead to 2016:

#### Maintain sound operating performance and develop the French wind power segment

Boralex began fiscal 2016 with an installed capacity of 1,094 MW, meeting the objective set in 2014 over one year ahead of schedule. The addition of 156 MW in 2015, largely in the last few weeks of the year and our two new French wind farms commissioned in 2016, totalling 26 MW, will be accretive to our operating results for the year. The focus in the following months will be on building a portion of the facilities included in the 350 MW portfolio of projects we acquired in France in December 2015, of which 79 MW are expected to be commissioned in 2017 and 2018.

### 2016-2020 Objectives:

#### Increase our installed capacity to 1,650 MW by the end of 2020, with an annual average growth rate of 10%, for the period of 2015 to 2020, to position Boralex among Canada's top renewable energy producers

Boralex currently has a project portfolio of approximately 1,000 MW worldwide. Through dynamic and orderly development of this portfolio, we expect Boralex to have an operating base of approximately 1,650 MW in less than five years. That does not include acquisition opportunities involving facilities in operation or advanced stages of development that will surely arise in the meantime given the conducive business environment in Europe and Boralex's time-tested capacity to effectively capitalize on expansion opportunities that align with our expertise and mission.

Boralex expects most of its expansion in the coming years to be in Europe, and more specifically, France, where the government has made development of renewable energies a top priority. While the wind power segment will remain our key growth driver, we will monitor developments and potential opportunities in solar power, a segment in which our team has been honing its expertise since 2011. Despite a somewhat less favourable environment in Canada at present, no avenues will be ruled out to expand our presence in the wind, hydroelectric and solar power segments in our home market.

More generally, we will continue to leverage our diversified renewable energy expertise and positioning in two major geographic regions—Canada and France—while continuously monitoring international markets. Building on a business model and strategy widely proven over the past few years, we may opt to export our know-how to other jurisdictions intent on developing renewable energies.

## ACKNOWLEDGEMENTS

The past few years have taken Boralex to new levels of growth and financial strength and have also seen us develop greater maturity and credibility with the lenders, investors and government and community stakeholders with which we develop our projects and carry on operations.

Today, we would like to thank them for their trust as key partners in the Corporation's success. We extend our special thanks and congratulations to some 300 dynamic, focused and committed Boralex employees for bringing our vision and objectives to life every day. We are leveraging all of these strengths today to enter a new development phase for Boralex with great confidence and determination.

(s) Patrick Lemaire

**Patrick Lemaire**  
President and Chief Executive Officer

(s) Robert F. Hall

**Robert F. Hall**  
Chairman of the Board

March 2016

# Management's Discussion and Analysis

For the year ended December 31, 2015

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# Introductory Comments

## General

This Management's Discussion and Analysis ("MD&A") reviews the operating results the three-month periods and fiscal year ended December 31, 2015, compared with the corresponding periods of 2014, the cash flows for the year ended December 31, 2015 compared with the year ended December 31, 2014, as well as the Corporation's financial position as at December 31, 2015 compared with December 31, 2014. This report should be read in conjunction with the audited consolidated financial statements and related notes found in this Annual Report for the fiscal year ended December 31, 2015.

Additional information about the Corporation, including the annual information form, previous annual reports, MD&As and audited consolidated financial statements, as well as press releases, is published separately and is available on the Boralex ([www.boralex.com](http://www.boralex.com)) and SEDAR ([www.sedar.com](http://www.sedar.com)) websites.

In this MD&A, Boralex or the Corporation means, as applicable, either Boralex and its subsidiaries and divisions or Boralex or one of its subsidiaries or divisions. The information contained in this MD&A reflects all material events up to March 7, 2016, the date on which the Board of Directors approved this annual MD&A and the consolidated financial statements. Unless otherwise indicated, the financial information presented in this MD&A, including tabular amounts, is prepared in accordance with International Financial Reporting Standards ("IFRS") which constitute Canadian generally accepted accounting principles ("GAAP") under Part I of the CPA Canada Handbook. The audited consolidated financial statements included in this annual MD&A have been prepared according to IFRS applicable to the preparation of financial statements, IAS 1, *Presentation of Financial Statements*, and contain comparative figures for 2014.

This MD&A includes a section, *Proportionate Consolidation*, where the results of Seigneurie de Beaupré 2 and 3 Wind Farms ("Joint Venture Phase I") and Seigneurie de Beaupré Wind Farm 4 ("Joint Venture Phase II") (collectively, "the Joint Ventures" and "Joint Ventures Phases I and II") owned at 50% by Boralex, were proportionately consolidated instead of being accounted for using the equity method as required by IFRS. Under proportionate consolidation, which is no longer permitted in accordance with IFRS, *Interests in the Joint Ventures* and *Share in earnings of the Joint Ventures* items have been eliminated and replaced by Boralex's share (50%) in all of the financial statement items (revenues, expenses, assets and liabilities). Since the information that Boralex uses to perform internal analyses and make strategic and operating decisions is compiled on a proportionate consolidation basis, management has considered it relevant to integrate this *Proportionate Consolidation* section into the MD&A to help investors understand the concrete impacts of decisions made by the Corporation. Moreover, tables reconciling IFRS data with data presented on a proportionate consolidation basis are included in the MD&A.

As discussed under *Non-IFRS Measures*, this MD&A also contains information consisting of non-IFRS measures. The Corporation uses the term "EBITDA(A)" to assess the operational performance of its power stations. This measure represents earnings before interest, taxes, depreciation and amortization, adjusted to include other items. In this MD&A, the Corporation uses the EBITDA(A) as defined under *Non-IFRS Measures*.

All financial information presented in this MD&A, as well as tabular information, is in Canadian dollars.

## Notice Concerning Forward-Looking Statements

The purpose of this MD&A is to help the reader understand the nature and importance of changes and trends as well as the risks and uncertainties that may affect Boralex's operating results and financial position. Accordingly, some of the statements contained in this analysis, including those regarding future results and performance, are forward-looking statements based on current expectations, within the meaning of securities legislation. These statements are characterized by the use of positive or negative verbs, such as plan, anticipate, evaluate, estimate, believe and other related expressions. They are based on Boralex management's expectations, estimates and assumptions as at March 7, 2016. Boralex would like to point out that, by their very nature, forward-looking statements involve risks and uncertainties such that its results or the measures it adopts could differ materially from those indicated by or underlying these statements, or could have an impact on the degree of realization of a particular projection. The main factors that could lead to a material difference between the Corporation's actual results and the projections or expectations set forth in the forward-looking statements include, but are not limited to, the general impact of economic conditions, raw material price increases and availability, currency fluctuations, volatility in the selling prices of energy, the Corporation's financing capacity, negative changes in general market conditions and regulations affecting the industry, as well as other factors described later in *Outlook and Development Objectives* and *Risk Factors and Uncertainties* in this MD&A.

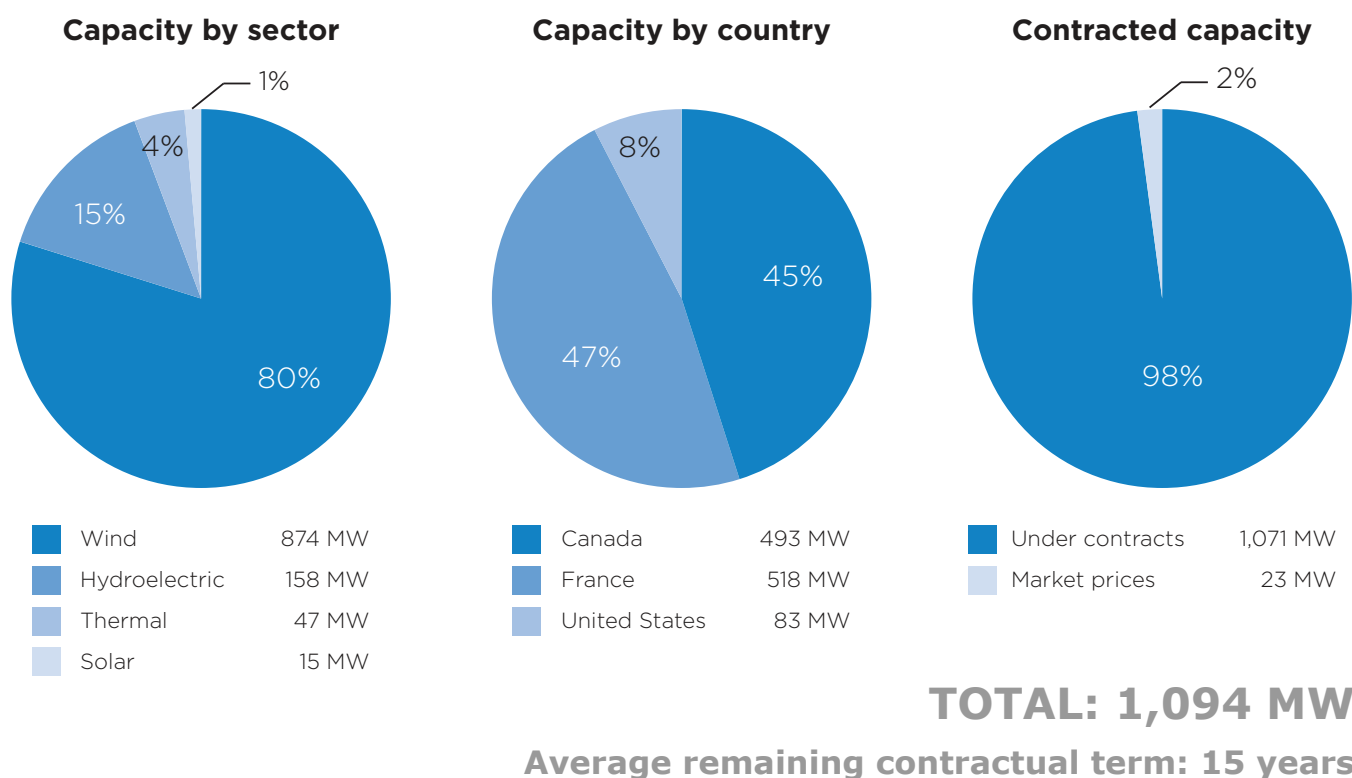
Unless otherwise specified by the Corporation, the forward-looking statements do not take into account the possible impact on its activities, transactions, non-recurring items or other exceptional items announced or occurring after the statements are made. There can be no assurance as to the materialization of the results, performance or achievements as expressed or implied by forward-looking statements. The reader is cautioned not to place undue reliance on such forward-looking statements. Unless required to do so under applicable securities legislation, Boralex management does not assume any obligation to update or revise forward-looking statements to reflect new information, future events or other changes.

# Description of Business

Boralex Inc. (“Boralex” or the “Corporation”) is a Canadian power producer that develops, constructs and operates renewable energy power stations. As at December 31, 2015, the Corporation had approximately 300 employees and operated an asset base with an installed capacity of 1,264 megawatts (“MW”), of which 1,094 MW<sup>(1)</sup> were under its control, consisting of 493 MW in Canada, 518 MW in France and 83 MW in the Northeastern United States. In addition, Boralex had new production sites under development representing an additional 121 MW, which will be commissioned by 2018.

- Boralex operates an **874 MW<sup>(1)</sup> wind power** portfolio of assets in France and Canada. In recent years, Boralex has become France’s leading independent onshore wind power producer with 491 MW currently in operation and an additional 105 MW to be commissioned by the end of 2018, including the 79 MW of ready-to-build projects acquired last December. In addition, Boralex owns the rights to a large portfolio of wind power projects in France in various phases of development. Boralex is also a well-established wind power operator in Canada with an installed capacity of 553 MW (with 383 MW under its control) in Ontario and Québec. Further, it has the option to acquire a 25% interest in a 230 MW wind power project in Ontario, to be commissioned by the end of 2016.
- Boralex has been a **hydroelectric power** producer for over two decades, operating **158 MW** in Québec and British Columbia, Canada, and in the Northeastern United States. The Corporation also has a 16 MW hydroelectric power station currently under development in Ontario, Canada.
- Boralex owns two **thermal power** stations with a total installed capacity of **47 MW**, consisting of a 35 MW wood-residue thermal power station in Québec and a 12 MW natural gas cogeneration power station in France.
- Boralex operates two main **solar power** facilities in France with a **15 MW** installed capacity.

The following charts<sup>(1)</sup> provide information about the makeup of the Corporation’s energy portfolio in operation as at December 31, 2015. As they show, one of Boralex’s driving forces is its geographic and segment diversification. A cornerstone of Boralex’s strategy: substantially all of its assets in operation are covered by long-term indexed, fixed-price energy sales contracts. That is also the case for 100% of its sites under development.



<sup>(1)</sup> These data, and all of the data contained in this MD&A, reflect Boralex’s net share in various assets and exclude, accordingly, its partner’s 50% share in Joint Ventures operating the Seigneurie de Beupré Wind Farms in Québec with a total installed capacity of 340 MW.

Boralex’s shares, 20.3% of which are held by Cascades Inc. (“Cascades”), and convertible debentures are listed on the Toronto Stock Exchange under the ticker symbols BLX and BLX.DB.A, respectively.

# Executive Summary

## Financial Highlights

For the three-month periods ended December 31

| (in thousands of dollars, except production, EBITDA(A) margin and per share amounts) | IFRS    |          |        | Proportionate Consolidation <sup>(1)</sup> |          |        |
|--|---------|----------|--------|--|----------|--------|
|  | 2015    | 2014     | Change | 2015                                       | 2014     | Change |
| Power production (MWh)   | 643,151 | 435,525  | + 48%  | 773,679                                    | 560,666  | + 38%  |
| Revenues from energy sales   | 81,033  | 53,673   | + 51%  | 95,030                                     | 67,308   | + 41%  |
| EBITDA(A) <sup>(2)</sup>   | 53,307  | 30,058   | + 77%  | 63,870                                     | 39,424   | + 62%  |
| EBITDA(A) margin (%)   | 66%     | 56%      |        | 67%  | 59%      |        |
| Net earnings (loss)  | 5,732   | (5,661)  |        | 5,732                                      | (5,691)  |        |
| Net earnings (loss) attributable to shareholders of Boralex                          | 5,571   | (6,265)  |        | 5,571                                      | (6,295)  |        |
| Per share (basic)  | \$0.09  | (\$0.16) |        | \$0.09                                     | (\$0.16) |        |
| Net cash flows related to operating activities                                       | 30,275  | 3,204    |        | 45,757                                     | 9,454    |        |
| Cash flows from operations <sup>(2)</sup>  | 37,254  | 13,983   | + 166% | 44,853                                     | 22,008   | + 104% |

## Financial Highlights

For the years ended December 31

| (in thousands of dollars, except production, EBITDA(A) margin and per share amounts) | IFRS      |           |        | Proportionate Consolidation <sup>(1)</sup> |           |        |
|--|-----------|-----------|--------|--|-----------|--------|
|  | 2015      | 2014      | Change | 2015                                       | 2014      | Change |
| Power production (MWh)   | 2,185,898 | 1,603,872 | + 36%  | 2,733,107                                  | 2,029,504 | + 35%  |
| Revenues from energy sales   | 265,627   | 193,401   | + 37%  | 324,327                                    | 239,506   | + 35%  |
| EBITDA(A) <sup>(2)</sup>   | 168,756   | 110,543   | + 53%  | 211,209                                    | 146,639   | + 44%  |
| EBITDA(A) margin (%)   | 64%       | 57%       |        | 65%  | 61%       |        |
| Net loss   | (8,212)   | (11,089)  |        | (8,212)                                    | (11,252)  |        |
| Net loss attributable to shareholders of Boralex                                     | (10,835)  | (11,767)  |        | (10,835)                                   | (11,930)  |        |
| Per share (basic)  | (\$0.21)  | (\$0.31)  |        | (\$0.21)                                   | (\$0.31)  |        |
| Net cash flows related to operating activities                                       | 114,587   | 51,661    |        | 127,219                                    | 102,265   |        |
| Cash flows from operations <sup>(2) (3)</sup>  | 128,546   | 53,681    | + 139% | 132,254                                    | 78,353    | + 69%  |

<sup>(1)</sup> These amounts are adjusted on a proportionate consolidation basis; a Non-IFRS Measure. See the *Reconciliations between IFRS and Proportionate Consolidation and Non-IFRS Measures* sections.

<sup>(2)</sup> See the *Non-IFRS Measures* section.

<sup>(3)</sup> Under IFRS, includes \$29.1 million in distributions received from Joint Ventures for the year ended December 31, 2015.

# Growth Strategy and Key Developments of the Past Three Fiscal Years

## Growth Strategy

To lay the foundations of above-average, balanced and sustainable growth, Boralex has been executing its strategy since 2009 to develop its asset base and increasingly secure steady and predictable revenue and cash flow streams, while lowering its business risk exposures. As a result, the Corporation has made the following strategic choices:

- Acquire and develop renewable energy assets covered by long-term indexed, fixed-price energy sales contracts;
- Prioritize renewable energy assets with above-average profit margins, particularly in wind, hydroelectric and solar power; and
- Focus development initiatives mainly on Canada and France.

Dynamic and orderly execution of this strategy has mainly resulted in a surge in Boralex's wind power segment development, lifting installed capacity to 874 MW as at December 31, 2015, from 286 MW in December 2012. The hydroelectric segment also expanded its operating base, which consisted of 158 MW as at December 31, 2015. Further, Boralex made its first foray into solar energy production, an industry sector in which it currently operates two power stations in France totalling 15 MW.

In addition, every single energy asset acquired or developed by Boralex since 2012 is covered by long-term indexed, fixed-price energy sales contracts. For these sites currently in operation, the average remaining contractual term of Boralex is of 15 years, which ensures predictable long-term cash-flow generation for the Corporation.

## Key Developments in the Past Three Years

### 2013

Increase of 176 MW of Boralex's wind power segment installed capacity in operation

- In France, commissioning of La Vallée (32 MW) and Vron (8 MW) wind farms, covered by a 15-year energy sales contract with Électricité de France ("EDF").
- In Canada, commissioning by the Joint Venture Phase I of 272 MW (136 MW Boralex's share), covered by a 20-year energy sales contract with Hydro-Québec. This project-the most ambitious ever undertaken by Boralex-was delivered on time and according to the capital investment budget. Its production and profitability levels exceed management's expectations. As discussed later in this MD&A, this power station contributed a significant revenue stream for Boralex in 2014 and 2015, particularly on a proportionate consolidation basis (see the *Proportionate Consolidation* section in this MD&A).

### 2014

Adoption of a dividend policy and increase of 288 MW or 44% in Boralex's installed capacity in operation, particularly through the largest acquisition in the Corporation's history

#### *Introduction of a Dividend Policy*

On February 19, 2014, Boralex's Board of Directors authorized and declared the Corporation's first-ever dividend, namely quarterly dividend of \$0.13 per outstanding common share. The first dividend pay-out occurred on March 17, 2014. Since then, dividends in the same amount have been authorized, declared and paid each quarter.

The introduction of a dividend policy is a reflection of Boralex's commitment to enhancing shareholder value. This decision is also a milestone in the Corporation's development as it enjoys a strong cash position, supported by stable cash flows generated by quality assets under long-term indexed, fixed-price energy sales contracts.

In the medium term, Boralex expects to pay common share dividends on an annual basis representing a ratio of 40% to 60% of its discretionary cash flows, defined as its cash flows from operations (as defined under *Non-IFRS Measures*), less capital investments required to maintain its production capacity and project-related non-current debt repayments, as well as distributions paid to non-controlling shareholders and discretionary development expenses. Boralex reserves the right to adjust this calculation for any extraordinary items unrelated to current operations to ensure comparable ratios between periods.

As at December 31, 2015, discretionary cash flows totalled \$48.0 million and the payout ratio stood at 56.5% (see the *Non-IFRS Measures* section in this MD&A). The Corporation expects discretionary cash flows to reach \$70 million as at December 31, 2017.

#### *Acquisition of Enel Green Power France S.A.S.*

On December 18, 2014, Boralex completed the acquisition of this wholly owned subsidiary of Enel Green Power International B.V., renamed “Boralex Énergie Verte” (“BEV”), for a consideration of €280 million (\$400 million), with €132 million (\$189 million) in cash. This acquisition made Boralex the leading independent producer of onshore wind power in France and grew total installed capacity by 25%. More specifically, the BEV acquisition bolstered Boralex’s portfolio with added high-quality assets offering strong geographic diversification, consisting of 11 wind farms in operation totalling 186 MW and a 10 MW wind farm commissioned in April 2015. The assets acquired are all covered by long-term energy sales contracts with EDF with an average remaining term of 12 years at the time of acquisition. Moreover, the BEV acquisition afforded Boralex a significant portfolio consisting mainly of wind power projects at various stages of development, including several that could be commissioned by 2020.

This acquisition brings Boralex significant financial, operational and strategic advantages. On one hand, the integration of this new operating base was completed efficiently and in line with management’s expectations, such that the new assets contributed an additional €25 million (\$35 million) in EBITDA(A) in the first year following their acquisition. The substantial cash flows generated by these assets since their date of acquisition contribute to improving the Corporation’s liquidity, thereby providing additional flexibility to fund future development and achieve its dividend policy objectives. On the other hand, this acquisition considerably enhanced Boralex’s pool of expertise in Europe, both in terms of scope and depth, putting the Corporation in a favourable position to ramp up expansion of its wind power segment in Europe, particularly in France. Finally, Boralex’s expanded critical mass in the French wind power market generates certain operating synergies and will increase its purchasing power for the acquisition of wind turbines and replacement parts.

To sum up, the acquisition of BEV has increased Boralex’s geographic diversification and substantially strengthened its competitive position and long-term growth potential in France, a particularly favourable market for Boralex, given its leadership role and that developing the wind power industry is a clear and ambitious government policy objective at the national level.

#### *Commissioning of New Production Sites in Canada and in France*

In France:

- French wind farm **Fortel-Bonnières** (23 MW), covered by a 15-year energy sales contract with EDF, commissioned in October and November 2014.

In Canada:

- Commissioning of the **Jamie Creek** hydroelectric power station (22 MW) in British Columbia in May 2014, covered by a 20-year initial energy sales contract with four renewal options, each for a five-year period, at the Corporation’s discretion.
- **Joint Venture Phase II’s** Seigneurie de Beupré Wind Farm 4 in Québec was commissioned on December 1, 2014, totalling 68 MW (34 MW Boralex’s share) covered by a 20-year energy sales contract with Hydro-Québec. This power station, which offers logistical synergies with Joint Venture Phase I already in operation, was delivered within the capital investment budget and was commissioned slightly ahead of plan. To date, its performance has more than satisfied management’s expectations.
- Also on December 1, 2014, the 23.5 MW **Témiscouata I** community wind farm developed jointly with Témiscouata Regional County Municipality (“RCM”) in Québec was commissioned. This power station has a 20-year contract with Hydro-Québec and has performed above expectations since its commissioning.

## 2015

Increase of 156 MW or 17% of Boralex’s installed capacity in operation and significant financial transactions

#### *Commissioning of New Production Sites in Canada and in France*

In France:

- Commissioning on March 9 and April 13, 2015 of the 23 MW **St-François** wind farm, covered by a 15-year energy sales contract with EDF. The power station should generate annual EBITDA(A) of approximately \$6 million.
- On April 13, 2015, the 10 MW **Cômes de l’Arce** wind power facility was commissioned, which was part of the BEV acquisition. This wind farm is also covered by a 15-year contract with EDF and its annual contribution to EBITDA(A) is estimated at approximately \$3 million.

- A second solar power station, the 10 MW **Les Cigarettes** power station in Southern France, covered by a 20-year contract with EDF, was commissioned on October 2, 2015. Management estimates this power facility will make an annual contribution to the Corporation's EBITDA(A) of \$1.6 million.
- On December 6, 2015, the 14 MW **Calmont** wind power project was commissioned, covered by a 15-year energy sales contract with EDF. Located in the Midi-Pyrénées region, Calmont is only a few kilometers from Boralex's Avignonet-Lauragais power station, which offers attractive synergies. Management expects Calmont to generate EBITDA(A) of approximately \$3.5 million per year.

In Québec:

- On November 19, 2015, commissioning of the 23.5 MW **Côte-de-Beaupré** wind farm, developed jointly with La Côte-de-Beaupré RCM. This wind farm is located on Seigneurie de Beaupré lands and will benefit from logistical synergies with the existing wind farms operated by Boralex, totalling 340 MW. Management estimates its future contribution to annual EBITDA(A) will be approximately \$8 million.
- On November 11, 2015, commissioning of the 52 MW **Témiscouata II** project, wholly owned by Boralex. This wind farm is covered by a 20-year contract with Hydro-Québec. Management estimates this project will contribute approximately \$15 million to annual EBITDA(A).
- On December 15, 2015, the 24 MW **Frampton** community wind farm was commissioned. This project, in which the Municipality of Frampton holds a 33% interest and Boralex, a 67% interest, is located on private lands of the Municipality of Frampton, in Québec's Chaudière-Appalaches region, and is covered by a 20-year energy sales contract with Hydro-Québec. This power station will generate annual EBITDA(A) estimated at \$9 million.

#### *Strong Expansion in Wind Power Projects Portfolio*

On February 3, 2015, Boralex acquired the 14 MW **Touvent** wind power project in France, covered by a 15-year contract with EDF. Favourable financing for this project was finalized at the end of January 2016. Site construction is underway with commissioning slated for the third quarter of 2016. Management expects Touvent to generate EBITDA(A) of approximately \$3 million per year.

On June 8, 2015, Boralex announced the signature of a buy option (the "Option") for a 25% economic interest in the 230 MW **Niagara Region Wind Farm** project in which wind turbine maker Enercon is the majority owner. Located in the Regional Municipality of Niagara, the Niagara Region Wind Farm project will comprise 77 Enercon wind turbines of 3 MW and is slated for commissioning by the end of 2016. Boralex has undertaken to pay Enercon an initial deposit of \$5 million to acquire the Option. The total investment planned for this major undertaking ranges from \$900 million to \$950 million. Under its partnership agreement with Enercon, Boralex is responsible for the coordination of the project construction, which began in June 2015, and the operation and management of the future site following the exercise of the Option.

On December 28, 2015, Boralex announced the closing of its acquisition of a portfolio of wind power projects from Ecotera ("Ecotera") in Northern France totalling nearly 350 MW for an initial amount of €28.9 million (\$44.2 million) in cash. Within this major pipeline of projects, 79 MW of ready-to-build projects will be commissioned in 2017 and 2018. These ready-to-build projects will require investments of approximately €150 million (\$225 million) and an equity contribution of approximately 20% of the investment being €30 million (\$45 million) over the next two years. Boralex expects construction of these projects to get underway in June 2016 with around 34 MW to be commissioned by the end of 2017 and the balance in 2018. These projects will benefit from the prevailing energy purchase rate in France, as will projects in advanced stages of development. The projects' financing phase began in early 2016. The projects to be commissioned in the next few years will build on the 518 MW Boralex currently operates in France.

Note also that Boralex is currently investing in the development of 42 MW of other energy assets which will be commissioned in 2016 and 2017. Other than the abovementioned 14 MW **Touvent** wind farm, these assets include the 12 MW **Plateau de Savernat** wind farm, also in France, and the 16 MW **Yellow Falls** hydroelectric power station in Canada.

#### *Financial Transactions*

##### *Issuance of common shares*

On January 12, 2015, Boralex received gross proceeds of \$110 million from the offering of 8,430,000 common shares of Boralex through an underwriting agreement at a price of \$13.05 per share. On January 30, 2015, the syndicate of underwriters purchased an additional 1,075,000 shares at a price of \$13.05 per share for gross proceeds of \$14.0 million by exercising 85% of its over-allotment option. These share issuances generated total gross proceeds of \$124.0 million and proceeds net of issuance costs of \$117.9 million. As planned, the net issuance proceeds were mostly used to repay the \$100.0 million bridge facility contracted in December 2014 at the time of the BEV acquisition.

##### *Repurchase of European partner Cube's interest*

On February 27, 2015, Boralex announced the closing of a financial settlement whereby Cube Energy SCA ("Cube") agreed to exchange its entire 25% equity interest in Boralex Europe S.A. for term loans. Under the settlement, in consideration for the Corporation acquiring 100% control of Boralex Europe, Cube would receive a payment of €16.0 million (\$24.0 million), bearing interest at a fixed rate of 6.5%, which was paid in December 2015, and the shares held by Cube would be exchanged for two term loans totalling €40.0 million (\$60.1 million) contracted by two European subsidiaries of the Corporation and bearing interest at a fixed rate of 6.5%, with no repayment prior to maturity in January 2019.

The transaction demonstrates management's intention to strengthen Boralex's leadership position in the French market, which it considers to be the most promising market for wind power development in Europe. With it, the Corporation now enjoys greater leverage to implement its growth strategy in Europe.

Offering of convertible debentures for total gross proceeds of \$143.8 million and arrangement of a new \$75 million term credit facility

On June 22, 2015, the Corporation closed its bought deal financing of convertible unsecured subordinated debentures for an amount of \$125 million ("2015 Debentures"). On June 26, 2015, Boralex announced the exercising of the over-allotment option for this investment in an amount of \$18.8 million. The total value of the 2015 Debentures was therefore \$143.8 million (\$137.4 million net of transaction costs).

These debentures bear interest at an annual rate of 4.50% payable semi-annually, in arrears, on June 30 and December 31 of each year, starting December 31, 2015. In accordance with the trust indenture, each debenture is convertible into Class A common shares of Boralex at the option of the holder at any time prior to the close of business on the earlier of the business day immediately preceding the maturity date and the business day immediately preceding the date fixed for early redemption of the debentures at the initial conversion price of \$19.60 per common share, subject to adjustments.

The 2015 Debentures may be early redeemed by Boralex after June 30, 2018. From July 1, 2018 to June 30, 2019, Boralex may, under certain circumstances, such as if Boralex's share price is trading at 125% of the conversion price, redeem these debentures at their principal amount plus accrued and unpaid interest. As of July 1, 2019, Boralex may redeem these debentures, without restrictions, at their principal amount plus accrued and unpaid interest.

The Corporation has determined the fair value of the conversion option to be \$5.4 million. The fair value of debentures was determined by discounting the cash flows related to these debentures at a rate of 5.30%, which is the interest rate that the Corporation would have expected to pay if the debentures did not have a conversion option, representing the excess of the fair value of debentures and their nominal value. The Corporation also incurred transaction costs in the amount of \$6.3 million. The initial fair value of these debentures is therefore \$132.1 million.

In parallel with this investment, Boralex announced it had entered into a \$75 million term credit facility that will be available until March 31, 2016. If this facility is used by Boralex, it will expire on June 27, 2018.

With the amounts received from the issuance of the 2015 Debentures, the entire \$110 million revolving credit facility dated December 31, 2014 was repaid. The balance of the offering net proceeds, coupled with the funds available under this revolving credit facility and the above mentioned new term credit facility, was earmarked by Boralex to finance acquisition projects, development projects and/or general Corporation's business.

Management estimates that this new debenture financing, entered into at a favourable rate, combined with the new term credit facility, will provide the Corporation with greater leverage in its financial management and in pursuing development projects.

Conversion and early redemption of all convertible unsecured subordinated debentures issued in 2010

On August 31, 2015, Boralex committed itself to make a cash redemption on September 30, 2015 of a \$150 million principal amount (out of a \$244.1 million total principal amount) of its 2010 6.75% convertible unsecured subordinated debentures, which would not be converted as of the redemption date. Holders of the 2010 debentures were entitled to convert their debentures, at their option, into Class A shares of Boralex at a conversion price of \$11.68 per share, representing a conversion rate of 8.56 Boralex shares per \$100 debenture principal amount.

Between August 31, 2015 and September 29, 2015, debentures totalling a principal amount of \$197 million were converted into 16,864,000 Class A shares of Boralex. The \$47.1 million outstanding balance of the debenture principal amount was redeemed by the Corporation plus accrued and unpaid interest thereon up to September 29, 2015, inclusively. The total redemption price amounted to \$47.9 million.

The 2010 debentures were delisted from the Toronto Stock Exchange at the close of business on September 30, 2015.

Boralex management is of the opinion that the high rate of conversion of 2010 debentures into shares of the Corporation is a gauge of trust from holders, a significant number of whom opted to continue participating financially in the Corporation's development.

Normal course issuer bid

On September 2, 2015, Boralex announced the launch of a normal course issuer bid in relation to its Class A shares. The repurchase period under the normal course issuer bid runs from September 4, 2015 to September 3, 2016. Repurchased shares will then be cancelled. Boralex may repurchase up to 500,000 Class A shares. Over the past 12 months, no Class A shares were repurchased by Boralex under a normal course issuer bid. All repurchases will be carried out through the Toronto Stock Exchange in accordance with its requirements.

Boralex is of the view that this normal course issuer bid will serve in part to offset the dilution arising from the issuance of Class A shares under the stock option plan. In addition, Boralex further believes that with a Class A share price still not reflecting its intrinsic value, these repurchases will offer an opportunity to enhance shareholder value.

## Effect of Boralex's Strategy on the Makeup of its Energy Portfolio and on its Financial Performance

Boralex's strategic decisions made in recent years have substantially transformed and enhanced its positioning.

In **contractual** terms, Boralex's long-term covered portion of installed capacity in operation grew to 98% in 2015 from 51% in 2009. In addition, all of its projects are covered by long-term contracts with an average remaining term is of 15 years, ensuring higher, more predictable future profitability and cash flows.

From a **segment** perspective, these developments mainly resulted in a higher relative weight of the wind and hydroelectric power segments, which generate higher profit margins than Boralex's thermal power segment. As at December 31, 2015, the combined share of assets in operation in those two segments totalled close to 95%. In contrast, the thermal power segment's share of Boralex's overall installed capacity has fallen to 5% in 2015 from 57% in 2009. One of the main benefits of this trend is that the Corporation's results will become more stable and predictable by reducing its exposure to fluctuations in the cost and potential scarcity of fuel used in the thermal power stations, namely natural gas and wood residue.

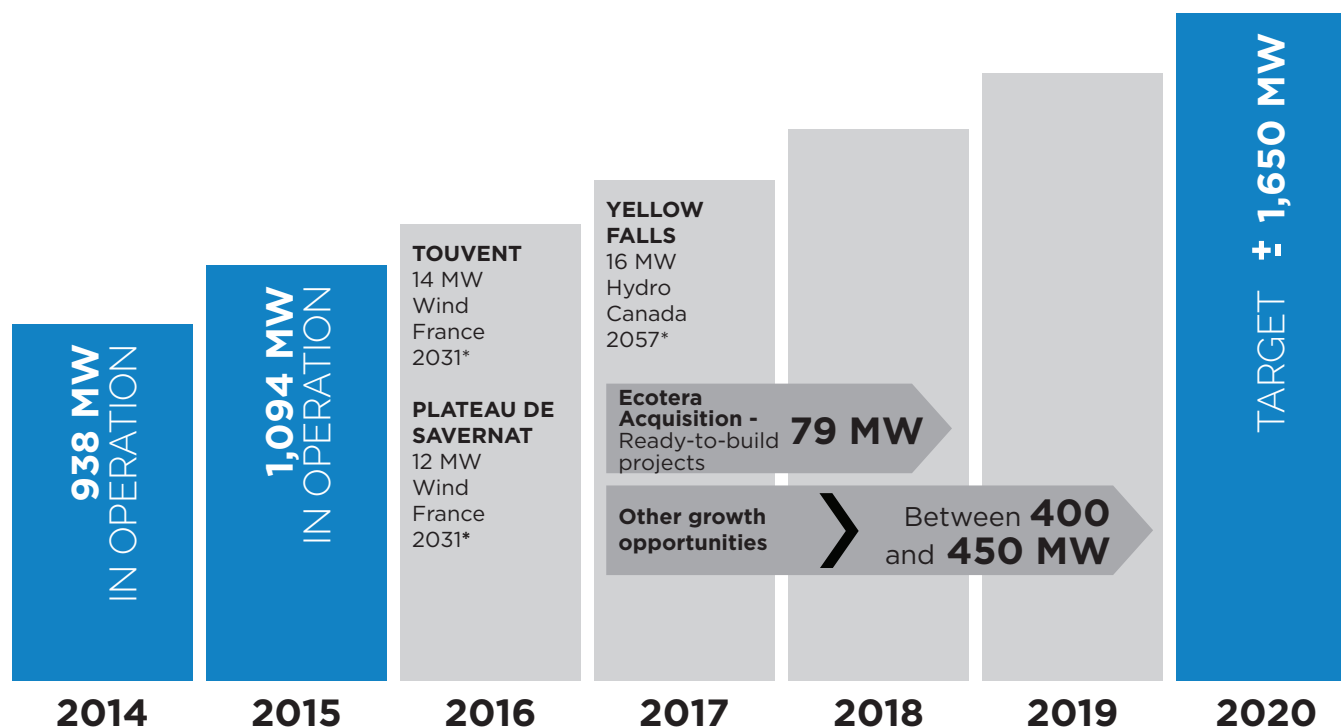
Developments over recent fiscal years have strengthened the Corporation's **geographic** positioning in its two main areas, Canada and France, where 45% and 47%, respectively, of Boralex's capacity in operation is now located, compared with 10% and 29% respectively, in 2009.

Generally, Boralex estimates that the financial returns from its development strategy are as follows:

- Growth in the Corporation's operating profit margin resulting from the increased weighting of more profitable segments in its energy portfolio-wind and hydroelectric power;
- A smoothing effect on the aforementioned segments' results and cash flows resulting from geographic diversification of their assets; and
- In spite of the scale of recent and planned investments, in addition to the introduction of a dividend policy, maintaining a solid cash position and reasonable debt through significant and steady fund inflows from operations and financial transactions made in 2015.

# Outlook and Development Objectives

## Growth Path as at December 31, 2015



\* Represent, in order : project name, installed capacity, segment, country and contract end-date.

### Wind

Accounting for 80% of Boralex's total installed capacity, this segment has been Boralex's top growth driver over the last five years and will remain so over the short and medium terms, particularly in France. In addition to the team's expertise and skills in identifying, financing, developing and operating high-quality wind farms, some of which are very large in scale, Boralex has a unique development strategy based on two geographic areas: France and Canada. This strategy affords it geographic and climate diversification that has a smoothing effect on its results, but also gives it access to a wider range of growth opportunities and the latitude to adjust to its differently evolving target markets.

## 2016-2020 Outlook

### Short-term Outlook

Fiscal 2016 is expected to report solid growth in Boralex's wind power segment operating results. This growth will come from the full contribution of wind farms totalling 146 MW which began operations in 2015, as described in the previous section, of which 113 MW were commissioned in the fourth quarter. Further, two other wind farms totalling 26 MW will be commissioned in 2016, namely **Touvent** and **Plateau de Savernat** in France.

Beyond these two commissionings, a development priority for the coming year will be the sites included in the project portfolio in France. The Corporation estimates that from this major project pipeline, 79 MW could be commissioned in 2017 and 2018, all covered by long-term contracts with EDF, not including acquisition opportunities of sites in operation or at an advanced stage of development that could materialize in the meantime.

### Longer-term Outlook

Despite intense competition in the global wind power market, certain external factors are conducive to development in this energy niche, including a relatively stable financial and interest-rate environment that is expected to remain so in the foreseeable future, and technological breakthroughs in wind turbines that, by enhancing equipment productivity, allow Boralex to maintain its profit margins in spite of competitive pressures.

Moreover, as the global wind power industry has consolidated over the past few years, certain major players have refined their target positioning and withdrawn from certain markets to redeploy resources accordingly. This trend generates acquisition opportunities for Boralex, such as when multinational Enel Green Power decided to divest of its subsidiary Enel Green Power France S.A.S.

Boralex's wind power segment is bolstered by its presence in two separate geographic markets, which allows the Corporation to fine-tune its strategy in response to the specific trends of its target markets. Boralex continues to evaluate the potential of new geographic markets using its profitability criteria and a sound assessment of the risks they represent.

## Europe

Europe is fertile ground for Boralex as it seeks both opportunities to acquire power stations in operation or under development and undertake greenfield projects. The Corporation's view is that France currently offers the highest concentration of development opportunities for its wind power segment. France is firmly committed to the development of wind power, having set the clear objective of increasing to 30% by 2030 the share of renewable energy in its national electricity production. Furthermore, Boralex has become France's largest private onshore wind power producer and holds the rights to a sizable portfolio of projects totalling approximately 850 MW, primarily in wind power, mainly through BEV and its most recent acquisition. Many of these projects are ready to build, and will be commissioned in 2016 (26 MW), 2017 (34 MW) and 2018 (45 MW).

In July 2014, Boralex and a Danish developer entered into an equally owned joint venture to develop a nearshore wind power project in Denmark over a three- to five-year horizon. Management sees Denmark as a welcoming and favourable market for this type of project. In addition, with its European partners, Boralex has pre-qualified for the nearshore RFP, submitting a non-binding bid covering 350 MW on October 20, 2015. Having qualified for the non-binding bid, Boralex and its partners will submit a binding bid in April 2016.

Boralex is also currently preparing for the long-term future of its wind power segment in Europe by developing a number of positioning alternatives that may be contemplated following expiration of its sales contracts with EDF, barring their renewal, which include opportunities in the secondary market.

## Canada

In Canada, although provincial governments have offered some support for wind power, the business environment has significantly hardened over the past few years owing to a number of factors including Québec's current electricity surplus, the overall weakness of the economy and especially, a growing trend by provincial governments to rely on requests for proposals, stepping up pressure on prices.

Nevertheless, Boralex remains confident in the medium- and long-term outlook for its wind power segment in Canada, particularly in light of a potential economic recovery that could trigger higher demand and the solid positioning the Corporation has already built. Currently, development in Canada focuses in particular on finding opportunities to acquire wind power projects at various stages of development that are covered by energy sales contracts. The Corporation has therefore acquired the rights to wind power projects in Ontario and British Columbia, whose potential is currently under review. Independently or with partners, Boralex is reviewing projects of approximately 100 MW in British Columbia, with approximately 50 MW at an advanced stage of development. Further, with a partner, Boralex has submitted a 50 MW project in connection with an RFP for 300 MW recently issued in Ontario. The results of this RFP are expected to be known in spring 2016. Finally, note that Boralex owns a buy option for a 25% economic interest in a 230 MW wind power project in Ontario.

## Competitive Advantages of Boralex's Wind Power Segment

Boralex's management team generally believes that the quality of the wind power segment's medium- and long-term outlook is also largely based on the Corporation's intrinsic strengths, such as:

- Its solid and flexible financial position;
- Its geographic diversification across all regions of France, as well as two Canadian provinces;
- The scope and quality of its assets in operation and its projects under development, which are all covered by long-term energy sales contracts;
- Its highly skilled, multidisciplinary and entrepreneurial team with a constant eye out for the best development opportunities;
- Its growing expertise in project development and in structuring the required financing, as well as in the construction and operation of wind farms, based on rigorous financial management and proactive and disciplined operational management; and
- Its growing reputation in world financial markets as a credible, highly efficient developer and operator of increasingly large-scale wind power facilities.

## Hydroelectric

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In April 2015, Boralex began the construction on its first hydroelectric power station in Ontario, Canada, namely the 16 MW **Yellow Falls** power station. The power station's annual production is estimated at 67 GWh and will generate annual EBITDA(A) of approximately \$7 million. It is covered by an initial 20-year energy sales contract with four renewal options, each for a five-year period, at the Corporation's discretion. Project financing will be finalized within the next few months.

In 2016, Boralex will continue the work at its **Buckingham** power station in Québec, Canada, to comply with the *Dam Safety Act*. Building on a \$2.8 million and \$5 million investment in 2014 and 2015, respectively, the Corporation expects to invest approximately \$5 million in 2016. Concurrently with this work, the Corporation plans to invest additional amounts to expand the power station's installed capacity to approximately 20 MW from its current 10 MW.

Boralex has also submitted sales contract renewal requests to Hydro-Québec for two of its hydroelectric power stations in Québec, namely the **Beauport** and **Forestville** power stations. Unable to reach an agreement on a rate for the renewal period, Boralex has begun arbitration proceedings to resolve this issue. Given that some producers have already entered into similar proceedings, Boralex and Hydro-Québec have agreed to suspend their proceedings until a final decision is reached in the other cases. The Corporation and Hydro-Québec started negotiations several months ago and these are still underway. In any event, Boralex's management considers that the risk related to the renewal period rate for its agreements with Hydro-Québec is relatively low. On one hand, revenues from these two power stations are not significant from the point of view of the Corporation's consolidated revenues and, on the other hand, the two power stations in question carry no direct debt through external financing.

The Corporation continues to review a number of acquisition opportunities to grow its hydroelectric power segment in markets in which it has an established presence so as to generate operating synergies. With over 25 years' experience in hydroelectric power, a skilled team and high-quality assets, Boralex believes it is poised to make further inroads into the hydroelectric market. The Corporation has a large hydroelectric power base with good geographic distribution, attractive profit margins, and steady and predictable cash flows. This balanced profile softens the impact on segment results of weather or economic conditions, including fluctuations in open market selling prices in the United States, and U.S. and Canadian dollar exchange rate fluctuations. Given the quality of the assets and the ongoing maintenance program underway at all Boralex hydroelectric power stations, there is no indication that production will not be in line with historical averages. In addition, Canadian power stations will continue to benefit from indexation under energy sales contracts, throughout the contract terms.

## Thermal

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While thermal power is not a preferred development target under Boralex's growth strategy, the Corporation is still open to business opportunities that could arise in the sector, provided the assets are covered by long-term energy sales and raw material supply contracts, and meet Boralex's market position and performance objectives.

The Corporation is interested in new green and renewable energy production technologies based on forest biomass. For example, in 2014, the Corporation acquired an interest in a young Nova Scotia, Canada company that is developing a technology to produce renewable synthetic diesel fuel from wood fibre.

### Senneterre Power Station - Canada

Under a new agreement entered into with Hydro-Québec for fiscal years 2014 to 2018 inclusively, the Senneterre power station generates electricity eight months of the year, from December to March and June to September, and will receive financial compensation to maintain comparable profitability relative to previous years. As demonstrated by the performance reported by this power station since the new agreement came into effect, this agreement affords operating conditions conducive to stable and predictable profitability.

### Blendecques Power Station - France

In 2013, a new energy sales contract with EDF was entered into for an additional 12-year term ending on October 31, 2025. To honour this new agreement, the power station underwent modernization work in 2014, representing an investment of approximately €6 million. New equipment has been operational since November 1, 2014 and performing according to expectations.

## Solar

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Boralex's first photovoltaic solar power facility in operation, the 5 MW **Avignonet-Lauragais** power station, has performed to management's expectations since its commissioning in June 2011. During the fiscal year ended December 31, 2015, this site generated EBITDA(A) of \$2.6 million.

A second photovoltaic solar power facility, the 10 MW **Les Cigalettes** power station located in the Southeastern France communes of Montfort and Peyruis, covered by a 20-year contract with EDF, was commissioned by Boralex on October 2, 2015. Management estimates that this power facility will make an annual contribution to the Corporation's EBITDA(A) of \$1.5 million. Rates in the solar energy market have declined substantially over the last few years, reflecting the significant decrease in the costs related to this technology. Boralex's management therefore expects to achieve a return in line with its expectations on this second solar power project.

In France, Boralex draws on a skilled solar power project development team and holds the rights to a number of projects under development.

On October 16, 2015, the Corporation commissioned a 0.4 MW solar power project in Ontario, consisting of solar rooftop-type panels, and covered by a 20-year energy sales contract with Ontario Power Authority. While marginal in terms of installed capacity and expected returns, this project represents Boralex's first foray into Canada's solar power market.

Solar power generation is a growth industry with market rules and government positions to be worked out in the years to come. Boralex believes this clean and abundant source of renewable energy has potential, particularly as technological breakthroughs gradually push down equipment costs, thereby making solar power a more competitive energy alternative.

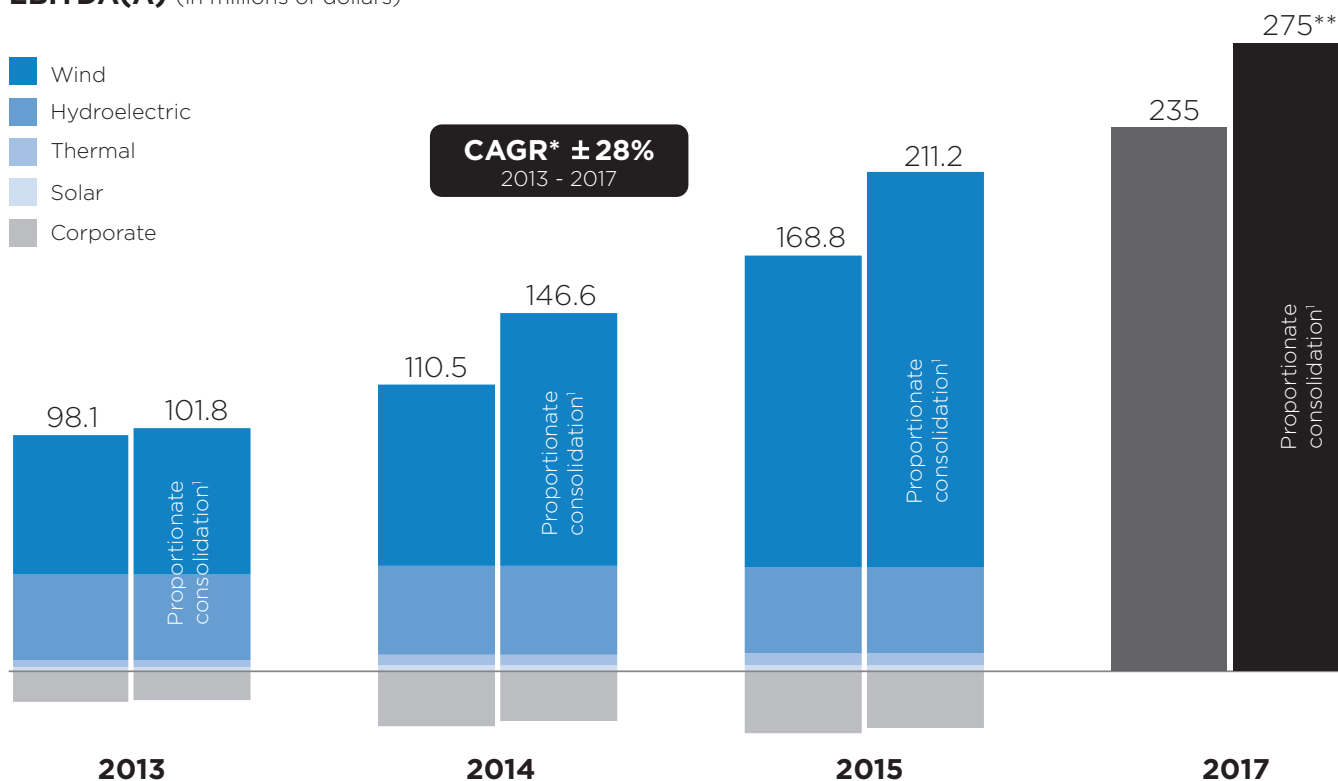
## Boralex Inc.: Taking Growth to the Next Level

As shown in the *Growth Path* table above and the chart following *Financial Target*, Boralex's outlook is closely linked to prospects in the wind power industry, given its dominant position in the Corporation's current energy portfolio and the strong growth potential of its project pipeline and business environment, particularly in France. The acquisitions of BEV in 2014 and Ecotera (a 350 MW portfolio of projects) in December 2015 have brought Boralex to a new level of growth.

Specifically, Boralex sets itself the target of achieving annual growth in its installed capacity of approximately 10%. At the end of 2020, its installed capacity should total more than 1,650 MW.

### Financial Target

**EBITDA(A)** (in millions of dollars)



\* Compounded annual growth rate

\*\* In line with the Growth path, based on 42 MW of projects under construction and 34 MW of ready-to-build projects from the acquisition of Ecotera

<sup>1</sup> EBITDA(A) according to proportionate consolidation basis (see *Reconciliations between IFRS and Proportionate consolidation* of the 2014 and 2015 Annual Reports)

### 2016-2020 Outlook

In early 2014, the Corporation committed to its shareholders to aggregate energy assets totalling 950 MW by the end of 2016. In fact, that objective was achieved one year ahead of time, with Boralex's installed capacity reaching at 1,094 MW as at December 31, 2015, owing primarily to the BEV acquisition in France, combined with the commissioning of a number of new facilities. In view of the sites currently under construction, Boralex's installed capacity will reach 1,120 MW by the end of 2016, surpassing its initial objective by 18%. Other than the commissioning of the Yellow Falls hydroelectric power station in Canada in early 2017, Boralex expects to commission wind power assets totalling approximately 79 MW in 2017 and 2018, from its pipeline of projects which are ready-to-build or in advanced stages of development in France.

Driven mainly by the expansion in the wind power segment, the Corporation's financial growth over the next three fiscal years will be fuelled principally by:

- Integration of the power stations in operation acquired from **BEV** and the growing synergies that will result from it;
- The full contribution of assets totalling 156 MW commissioned in 2015, including three wind farms in France, three wind farms in Canada and one solar power facility in France;
- The other wind farms totalling 26 MW to be commissioned in 2016;
- Commissioning of the new 16 MW **Yellow Falls** hydroelectric power station in 2017 and approximately 79 MW of wind power projects in 2017 and 2018;

- Development and commissioning of greenfield development projects totalling between 400 MW and 450 MW by 2020; and
- Any additional expansion projects that could arise in the interim.

To support execution of its various projects and to compensate its shareholders, Boralex can rely on its solid statement of financial position, whose makeup and flexibility were considerably strengthened in the last year through the issuance of new debentures and the conversion and redemption of old debentures, in addition to the significant cash flows generated by operations. Accordingly, as at December 31, 2015, Boralex benefitted from a cash position, including restricted cash, of \$103 million in accordance with IFRS (\$112 million on a proportionate consolidation basis). Given its expertise acquired over many years in the development, financing and construction on budget and on time, commissioning and profitable operation of increasingly large-scale energy assets, Boralex is confident its full slate of projects under development and construction will be delivered successfully.

### Priority Objective: Creating Value

For Boralex, the ultimate goal is to create growing and sustainable economic value for its shareholders through the right mix of strategic, operating and financial conditions to increase profits and cash flows, and in turn market value, while supporting its dividend policy. The Corporation expects discretionary cash flows to reach \$70 million as at December 31, 2017.

The Corporation intends to become one of the five largest, most experienced and best diversified Canadian independent renewable energy producers. What's more, Boralex is dedicated to offering competitive shareholder returns, by delivering on its current project pipeline and tapping into its strong future development potential, particularly in France.

The Corporation will continue exclusively targeting operating assets or projects covered by long-term energy sales contracts to secure steady and predictable cash flows. More specifically, its expansion targets are as follows:

- The wind power segment, primarily in France, Denmark and Canada (Québec, Ontario and British Columbia);
- The hydroelectric power segment, mainly in jurisdictions where Boralex already operates power stations; and
- The solar power segment in France and Canada.

At the same time, the Corporation will closely monitor new international developments in green and renewable energy production to eventually export to new jurisdictions the business model which has led to rapid, balanced and profitable growth in its activities since 2009.

Boralex believes that along with its solid presence in these markets conducive to further expansion, it commands strong competitive advantages to continue seizing market opportunities in terms of asset quality and available development projects, in line with its strategy. The Corporation's main strengths lie in its robust finances, its growing ability to generate cash flows from operations, its targeted development approach, its solid multidisciplinary team and its entrepreneurial culture. It is thus able to act on arising business opportunities with speed and precision and complete increasingly large-scale projects while meeting budgets, deadlines and financial performance targets.

To meet its growth goals and maintain its operating and development capacity, Boralex will remain a solid and innovative organization, driven by clear objectives with rigorous attention to meeting target returns and guided by a long-term vision setting out its sources of production, its target markets and its approach to project development. It will continue to strengthen its business model based on:

- Maintaining comprehensive in-house expertise in developing and operating renewable energy production assets, supported by leading-edge management tools;
- A disciplined and targeted development approach based on meeting financial performance targets in step with the risks inherent in each project; and
- Maintaining sound capital management and sufficient financial flexibility to seize potential growth opportunities and ensure uninterrupted access to capital markets.

## Seasonal Factors

| (in thousands of dollars, except MWh, per share amounts and number of shares outstanding)        | Three-month periods ended |               |                    |                   | Year ended        |
|--|---------------------------|---------------|--------------------|-------------------|-------------------|
|  | March 31, 2015            | June 30, 2015 | September 30, 2015 | December 31, 2015 | December 31, 2015 |
| <b>POWER PRODUCTION (MWh)</b>  |                           |               |                    |                   |                   |
| Wind power stations  | 385,895                   | 301,334       | 258,592            | 450,179           | 1,396,000         |
| Hydroelectric power stations   | 113,587                   | 205,678       | 149,051            | 158,161           | 626,477           |
| Thermal power stations   | 59,155                    | 15,628        | 48,787             | 31,131            | 154,701           |
| Solar power stations   | 1,038                     | 2,030         | 1,972              | 3,680             | 8,720             |
|  | 559,675                   | 524,670       | 458,402            | 643,151           | 2,185,898         |
| <b>REVENUES FROM ENERGY SALES</b>  |                           |               |                    |                   |                   |
| Wind power stations  | 48,712                    | 37,016        | 33,369             | 58,624            | 177,720           |
| Hydroelectric power stations   | 12,584                    | 16,785        | 13,799             | 14,998            | 58,166            |
| Thermal power stations   | 10,736                    | 3,467         | 5,753              | 6,521             | 26,477            |
| Solar power stations   | 485                       | 926           | 963                | 890               | 3,264             |
|  | 72,517                    | 58,194        | 53,884             | 81,033            | 265,627           |
| <b>EBITDA(A)</b>   |                           |               |                    |                   |                   |
| Wind power stations  | 44,586                    | 30,676        | 23,016             | 51,238            | 149,516           |
| Hydroelectric power stations   | 9,247                     | 12,741        | 8,911              | 9,893             | 40,792            |
| Thermal power stations   | 4,525                     | (654)         | 1,121              | 711               | 5,704             |
| Solar power stations   | 404                       | 837           | 851                | 743               | 2,834             |
|  | 58,762                    | 43,600        | 33,899             | 62,585            | 198,846           |
| Corporate and eliminations   | (7,008)                   | (7,653)       | (6,150)            | (9,278)           | (30,090)          |
|  | 51,754                    | 35,947        | 27,749             | 53,307            | 168,756           |
| <b>NET EARNINGS (LOSS)</b>   | 6,746                     | (5,791)       | (14,899)           | 5,732             | (8,212)           |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>                               |                           |               |                    |                   |                   |
| Continuing operations  | 5,299                     | (6,284)       | (15,421)           | 5,571             | (10,835)          |
| <b>NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b> |                           |               |                    |                   |                   |
| Continuing operations  | \$0.11                    | (\$0.13)      | (\$0.32)           | \$0.09            | (\$0.21)          |
| <b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>  | 49,067                    | 13,057        | 22,187             | 30,275            | 114,587           |
| <b>CASH FLOWS FROM OPERATIONS</b>  | 40,201                    | 19,266        | 31,826             | 37,254            | 128,546           |
| Weighted average number of shares outstanding (basic)  | 47,759,276                | 47,951,885    | 48,770,481         | 64,829,112        | 52,364,710        |

## Seasonal Factors

| (in thousands of dollars, except MWh, per share amounts and number of shares outstanding) | Three-month periods ended |               |                    |                   | Year ended        |
|---|---------------------------|---------------|--------------------|-------------------|-------------------|
|   | March 31, 2014            | June 30, 2014 | September 30, 2014 | December 31, 2014 | December 31, 2014 |
| <b>POWER PRODUCTION (MWh)</b>   |                           |               |                    |                   |                   |
| Wind power stations   | 264,859                   | 163,508       | 112,029            | 245,601           | 785,997           |
| Hydroelectric power stations  | 123,587                   | 223,702       | 139,938            | 154,752           | 641,979           |
| Thermal power stations  | 71,116                    | 18,521        | 45,909             | 34,092            | 169,637           |
| Solar power stations  | 1,185                     | 2,042         | 1,952              | 1,080             | 6,259             |
|   | 460,747                   | 407,773       | 299,828            | 435,525           | 1,603,872         |
| <b>REVENUES FROM ENERGY SALES</b>   |                           |               |                    |                   |                   |
| Wind power stations   | 35,356                    | 21,296        | 14,133             | 31,278            | 102,063           |
| Hydroelectric power stations  | 13,996                    | 17,622        | 12,236             | 14,312            | 58,166            |
| Thermal power stations  | 12,976                    | 3,885         | 5,660              | 7,569             | 30,090            |
| Solar power stations  | 602                       | 1,021         | 945                | 514               | 3,082             |
|   | 62,930                    | 43,824        | 32,974             | 53,673            | 193,401           |
| <b>EBITDA(A)</b>  |                           |               |                    |                   |                   |
| Wind power stations   | 32,211                    | 16,610        | 9,567              | 29,207            | 87,595            |
| Hydroelectric power stations  | 10,167                    | 14,002        | 8,816              | 9,730             | 42,715            |
| Thermal power stations  | 4,572                     | (1,101)       | 588                | 1,188             | 5,247             |
| Solar power stations  | 491                       | 902           | 850                | 391               | 2,634             |
|   | 47,441                    | 30,413        | 19,821             | 40,516            | 138,191           |
| Corporate and eliminations  | (5,236)                   | (6,897)       | (5,057)            | (10,458)          | (27,648)          |
|   | 42,205                    | 23,516        | 14,764             | 30,058            | 110,543           |
| <b>NET EARNINGS (LOSS)</b>  | 9,383                     | (4,679)       | (10,132)           | (5,661)           | (11,089)          |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>                        |                           |               |                    |                   |                   |
| Continuing operations   | 7,112                     | (5,044)       | (9,506)            | (6,981)           | (14,419)          |
| Discontinued operations   | 839                       | 785           | 312                | 716               | 2,652             |
|   | 7,951                     | (4,259)       | (9,194)            | (6,265)           | (11,767)          |
| <b>NET EARNINGS (LOSS) PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>      |                           |               |                    |                   |                   |
| Continuing operations   | \$0.19                    | (\$0.13)      | (\$0.25)           | (\$0.18)          | (\$0.38)          |
| Discontinued operations   | \$0.02                    | \$0.02        | \$0.01             | \$0.02            | \$0.07            |
|   | \$0.21                    | (\$0.11)      | (\$0.24)           | (\$0.16)          | (\$0.31)          |
| <b>NET EARNINGS (LOSS) PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>    |                           |               |                    |                   |                   |
| Continuing operations   | \$0.18                    | (\$0.13)      | (\$0.25)           | (\$0.18)          | (\$0.38)          |
| Discontinued operations   | \$0.02                    | \$0.02        | \$0.01             | \$0.02            | \$0.07            |
|   | \$0.20                    | (\$0.11)      | (\$0.24)           | (\$0.16)          | (\$0.31)          |
| <b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>                                     | 33,768                    | 3,913         | 10,776             | 3,204             | 51,661            |
| <b>CASH FLOWS FROM OPERATIONS</b>   | 29,326                    | 7,739         | 2,633              | 13,983            | 53,681            |
| Weighted average number of shares outstanding (basic)                                     | 37,980,635                | 38,346,572    | 38,390,851         | 38,411,980        | 38,283,988        |

The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment. Since nearly all of Boralex facilities have long-term indexed fixed-price energy sales contracts, seasonal cycles mainly affect the total volume of power generated by the Corporation. Only five hydroelectric power stations in the United States, accounting for 2% of the Corporation's total installed capacity in operation, sell their production in the market where prices are more volatile.

Operating volumes at Boralex facilities are influenced by the following seasonal factors, depending on their specific power generation method.

## Wind

For the wind power assets currently in operation in which Boralex's share totals 874 MW as at the date of this MD&A, wind conditions are usually more favourable in the winter, which falls during Boralex's first and fourth quarters, both in France and Canada. However, in winter there is a greater risk of lower production caused by weather conditions, such as icing. In general, management estimates that approximately 60% of annual production in its wind power segment is generated in the first and fourth quarters and 40% in the second and third quarters.

The wind power segment now accounts for 80% of Boralex's aggregate installed capacity and represents by far the Corporation's key driver of revenues, EBITDA(A) and cash flows. This segment will account for an even larger share of the Corporation's energy portfolio in coming years, with the development, construction and commissioning of the wind power sites comprising the significant pipeline of projects Boralex has created and acquired in recent years, whose potential amounts to about 1,000 MW worldwide. From this pipeline, 105 MW of projects are ready to build. Boralex therefore expects the development of this pipeline, combined with other expansion opportunities arising in the coming years, will intensify the impact of the seasonal factors of this type of power generation on Boralex's overall performance, such that an increasing proportion of the Corporation's revenues will be generated in the first and fourth quarters.

## Hydroelectric

For Boralex's hydroelectric assets in operation totalling 158 MW, power output depends on water flow, which in Canada and the Northeastern United States is typically at a maximum in spring and high in the fall, in Boralex's second and fourth quarters. Historically, water flow tends to decrease in winter and summer. In general, management estimates that approximately 60% of annual production in its hydroelectric power segment is generated in the second and fourth quarters and 40% in the first and third quarters. Note that apart from four hydroelectric power stations whose water flow is regulated upstream yet not under the Corporation's control, Boralex's other hydroelectric facilities do not have reservoirs that would permit water flow regulation during the year.

As previously discussed, five U.S. power stations sell their electricity in the New York State open market. These facilities have an installed capacity of 23 MW, which currently accounts for under 15% of Boralex's hydroelectric power segment total capacity, and just under 2% of the Corporation's total installed capacity. These power stations have greater exposure to seasonal fluctuations which, in addition to influencing power production volumes, also impact the selling prices they obtain. They are partly influenced by seasonal demand, which is traditionally higher during winter and summer. Historically, power stations obtain generally higher average prices during these periods. Moreover, the price of natural gas, which is highly volatile, has a significant influence on New York State electricity selling prices.

## Thermal

Boralex owns and operates two thermal power stations for an aggregate 47 MW of installed capacity. Of the two, the Senneterre power station in Québec, Canada is fuelled by wood-residue and is covered by a Hydro-Québec energy sales contract expiring in 2027. The Corporation has entered into an agreement with Hydro-Québec covering the years 2014 to 2018 under which the Senneterre power station is limited to producing power eight months per year, from December to March and from June to September. During the term of this agreement, the Senneterre power station will receive financial compensation from Hydro-Québec which will allow it to anticipate profitability akin to recent-year performance.

Boralex also operates a natural gas-fired power station located in Blendecques, France. For the past several years, due to specific market conditions, this power station operates its cogeneration equipment five months of the year, from November to March, which represents all of Boralex's first quarter and part of its fourth quarter. During the electricity production shutdown period, steam continues to be produced for the power station's industrial client using an auxiliary boiler.

## Solar

The two main solar power facilities totalling 15 MW in operation by the Corporation are both located in Southern France and covered by long-term energy sales contracts. They benefit from sunlight conditions that are usually more favourable in the spring and summer, which fall during Boralex's second and third quarters. In view of these weather conditions, management estimates that approximately 65% of the annual production at its solar power stations will be generated in the second and third quarters.

Generally, while Boralex's performance in a given fiscal year remains partially exposed to seasonal cycles and other cyclical factors, substantially all of its revenues are now derived from assets covered by indexed fixed-price contracts, thereby mitigating their effect. The Corporation also capitalizes on solid diversification in its power generation sources and favourable geographic positioning. Furthermore, Boralex exercises sound capital management to ensure financial health and flexibility to effectively manage the seasonality of its business. These factors will contribute to strong, stable results for Boralex in the coming years.

## Selected Annual Information

### Operating Results Data

| (in thousands of dollars, except MWh, per share amounts and number of shares outstanding)        | Years ended December 31, |            |            |
|--|--------------------------|------------|------------|
|  | 2015                     | 2014       | 2013       |
| <b>POWER PRODUCTION (MWh)</b>  | 2,185,898                | 1,603,872  | 1,452,544  |
| <b>REVENUES FROM ENERGY SALES</b>  | 265,627                  | 193,401    | 169,023    |
| <b>EBITDA(A)</b>   | 168,756                  | 110,543    | 98,137     |
| <b>NET LOSS</b>  | (8,212)                  | (11,089)   | (3,711)    |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>                               |                          |            |            |
| Continuing operations  | (10,835)                 | (14,419)   | (5,612)    |
| Discontinued operations  | —                        | 2,652      | 1,774      |
|  | (10,835)                 | (11,767)   | (3,838)    |
| <b>NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b> |                          |            |            |
| Continuing operations  | (\$0.21)                 | (\$0.38)   | (\$0.15)   |
| Discontinued operations  | —                        | \$0.07     | \$0.05     |
|  | (\$0.21)                 | (\$0.31)   | (\$0.10)   |
| <b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>  | 114,587                  | 51,661     | 59,266     |
| <b>CASH FLOWS FROM OPERATIONS</b>  | 128,546                  | 53,681     | 50,916     |
| Weighted average number of shares outstanding (basic)  | 52,364,710               | 38,283,988 | 37,745,345 |

### Statement of Financial Position Data

| (in thousands of dollars, except per share amounts)          | As at<br>December 31,<br>2015 | As at<br>December 31,<br>2014 | As at<br>December 31,<br>2013 |
|--|-------------------------------|-------------------------------|-------------------------------|
|  | 2015                          | 2014                          | 2013                          |
| Total cash*  | 102,986                       | 87,853                        | 144,308                       |
| Property, plant and equipment                                | 1,556,374                     | 1,210,703                     | 799,213                       |
| Total assets   | 2,441,927                     | 1,949,778                     | 1,422,727                     |
| Debt, including non-current debt and current portion of debt | 1,421,057                     | 1,161,131                     | 662,948                       |
| Liability component of convertible debentures                | 133,070                       | 232,977                       | 229,578                       |
| Total liabilities  | 1,889,230                     | 1,613,459                     | 1,036,593                     |
| Total equity   | 552,697                       | 336,319                       | 386,134                       |
| Dividends paid on common shares                              | 27,129                        | 19,896                        | —                             |
| Dividends paid per common share                              | \$0.52                        | \$0.52                        | —                             |
| Net debt to market capitalization ratio                      | 55.2%                         | 53.3%                         | 43.7%                         |

\* Including restricted cash

# Financial Highlights

| (in thousands of dollars, except MW, MWh, per share amounts and number of shares outstanding)    | Three-month periods ended December 31 |            | Years ended December 31 |            |
|--|---------------------------------------|------------|-------------------------|------------|
|  | 2015                                  | 2014       | 2015                    | 2014       |
| <b>POWER PRODUCTION (MWh)</b>  |                                       |            |                         |            |
| Wind power stations  | 450,179                               | 245,601    | 1,396,000               | 785,997    |
| Hydroelectric power stations   | 158,161                               | 154,752    | 626,477                 | 641,979    |
| Thermal power stations   | 31,131                                | 34,092     | 154,701                 | 169,637    |
| Solar power stations   | 3,680                                 | 1,080      | 8,720                   | 6,259      |
|  | 643,151                               | 435,525    | 2,185,898               | 1,603,872  |
| <b>REVENUES FROM ENERGY SALES</b>  |                                       |            |                         |            |
| Wind power stations  | 58,624                                | 31,278     | 177,720                 | 102,063    |
| Hydroelectric power stations   | 14,998                                | 14,312     | 58,166                  | 58,166     |
| Thermal power stations   | 6,521                                 | 7,569      | 26,477                  | 30,090     |
| Solar power stations   | 890                                   | 514        | 3,264                   | 3,082      |
|  | 81,033                                | 53,673     | 265,627                 | 193,401    |
| <b>EBITDA(A)</b>   |                                       |            |                         |            |
| Wind power stations  | 51,238                                | 29,207     | 149,516                 | 87,595     |
| Hydroelectric power stations   | 9,893                                 | 9,730      | 40,792                  | 42,715     |
| Thermal power stations   | 711                                   | 1,188      | 5,704                   | 5,247      |
| Solar power stations   | 743                                   | 391        | 2,834                   | 2,634      |
|  | 62,585                                | 40,516     | 198,846                 | 138,191    |
| Corporate and eliminations   | (9,278)                               | (10,458)   | (30,090)                | (27,648)   |
|  | 53,307                                | 30,058     | 168,756                 | 110,543    |
| <b>NET EARNINGS (LOSS)</b>   | 5,732                                 | (5,661)    | (8,212)                 | (11,089)   |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>                               |                                       |            |                         |            |
| Continuing operations  | 5,571                                 | (6,981)    | (10,835)                | (14,419)   |
| Discontinued operations  | —                                     | 716        | —                       | 2,652      |
|  | 5,571                                 | (6,265)    | (10,835)                | (11,767)   |
| <b>NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b> |                                       |            |                         |            |
| Continuing operations  | \$0.09                                | (\$0.18)   | (\$0.21)                | (\$0.38)   |
| Discontinued operations  | —                                     | \$0.02     | —                       | \$0.07     |
|  | \$0.09                                | (\$0.16)   | (\$0.21)                | (\$0.31)   |
| <b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>  | 30,275                                | 3,204      | 114,587                 | 51,661     |
| <b>CASH FLOWS FROM OPERATIONS</b>  | 37,254                                | 13,983     | 128,546                 | 53,681     |
| Weighted average number of shares outstanding (basic)  | 64,829,112                            | 38,411,980 | 52,364,710              | 38,283,988 |

# Analysis of Operating Results for the Three-Month Period Ended December 31, 2015

## Consolidated

Owing to the seasonal cycle to which Boralex's operations are exposed, the fourth quarter is one of the most productive quarters of the year for the wind power segment and is generally favourable for hydroelectric power segment operations. As a result, this quarter is traditionally one of the most profitable quarters of the year for Boralex, if not the most profitable. That was the case for the fourth quarter of 2015, which generated 32% of the Corporation's annual EBITDA(A). In addition, Boralex's operating results rose sharply from the same period of the previous year with consolidated revenues and consolidated EBITDA(A) increasing by 51% and 77% respectively, driven by the recent expansion in the wind power segment and the sound performance of the existing operating assets.

The following table shows major changes in net earnings (loss) attributable to shareholders of Boralex:

|   | Net earnings (loss)<br>(in thousands of \$) | Per share<br>(in \$, basic) |
|---|---|-----------------------------|
| <b>THREE-MONTH PERIOD ENDED DECEMBER 31, 2014</b> | <b>(6,265)</b>                              | <b>(\$0.16)</b>             |
| EBITDA(A)   | 23,249                                      | \$0.49                      |
| Amortization                                      | (9,990)                                     | (\$0.21)                    |
| Other gains                                       | (698)                                       | (\$0.01)                    |
| Financing costs                                   | (1,334)                                     | (\$0.03)                    |
| Foreign exchange effect                           | (246)                                       | (\$0.01)                    |
| Financial instruments                             | 5,902                                       | \$0.12                      |
| Income taxes                                      | (4,774)                                     | (\$0.10)                    |
| Discontinued operations                           | (716)                                       | (\$0.01)                    |
| Non-controlling shareholders                      | 443   | \$0.01                      |
| Change  | 11,836                                      | \$0.25                      |
| <b>THREE-MONTH PERIOD ENDED DECEMBER 31, 2015</b> | <b>5,571</b>                                | <b>\$0.09</b>               |

For the three-month period ended December 31, 2015, Boralex recorded net earnings attributable to shareholders of \$5.6 million or \$0.09 per share (basic), compared with a net loss attributable to shareholders of \$6.3 million or \$0.16 per share (basic) for the same quarter of 2014.

This \$11.8 million or \$0.25 per share improvement in the Corporation's net earnings (loss) between the two comparative periods stemmed largely from a \$23.2 million increase in EBITDA(A) and from a \$5.9 million favourable change in financial instruments discussed later in this section. These favourable items more than offset the combined \$11.3 million increase in amortization and financing costs resulting primarily from the expansion of the Corporation's operating base over the past year as well as other unfavourable items listed in the table above.

The following table shows major differences in revenues from energy sales and EBITDA(A):

|   | Revenues from energy sales |        | EBITDA(A)            |        |
|---|----------------------------|--------|----------------------|--------|
|   | (in thousands of \$)       | %      | (in thousands of \$) | %      |
| <b>THREE-MONTH PERIOD ENDED DECEMBER 31, 2014</b> | <b>53,673</b>              |        | <b>30,058</b>        |        |
| Power stations commissioned and acquired*         | 20,648                     | 38.5%  | 16,806               | 55.9%  |
| Pricing   | (1,494)                    | (2.8)% | (1,494)              | (5.0)% |
| Volume  | 6,777                      | 12.6%  | 6,998                | 23.3%  |
| Foreign exchange effect                           | 2,060                      | 3.9%   | 1,384                | 4.6%   |
| Raw material costs                                | —                          | —      | 530                  | 1.8%   |
| Maintenance                                       | —                          | —      | (178)                | (0.6)% |
| Development - prospection                         | —                          | —      | 3,261                | 10.8%  |
| Share of Joint Ventures                           | —                          | —      | (1,257)              | (4.2)% |
| Other   | (631)                      | (1.2)% | (2,801)              | (9.3)% |
| Change  | 27,360                     | 51.0%  | 23,249               | 77.3%  |
| <b>THREE-MONTH PERIOD ENDED DECEMBER 31, 2015</b> | <b>81,033</b>              |        | <b>53,307</b>        |        |

\* Power stations commissioned: In France, Fortel-Bonnières (October and November 2014), St-François (March and April 2015) and Cômes de l'Arce (April 2015) wind farms, les Cigalettes (October 2015) solar power facility and Calmont (December 2015) wind farm; in Québec, Canada, Témiscouata I (December 2014), Côte-de-Beaupré (November 2015), Témiscouata II (November 2015) and Frampton (December 2015) wind farms.

\*\* Acquisition of 11 wind farms in operation in France from BEV on December 18, 2014, with capacity of 186 MW.

## Revenues from Energy Sales

For the three-month period ended December 31, 2015, revenues from energy sales totalled \$81.0 million, up \$27.4 million or 51.0% year over year. As indicated in the table above, this robust growth is largely attributable to additional revenues of \$20.6 million generated by the expansion achieved over the previous quarters, more specifically:

- Contribution for the entire three-month period (compared with a contribution of two weeks only in 2014) of the 11 operating BEV sites acquired on December 18, 2014;
- The full contribution of two wind power sites commissioned in November and December 2014; and
- The additional contribution of six wind power sites and the solar power facility commissioned during 2015, mostly in the fourth quarter.

Another factor underlying the growth in revenues between the two comparative periods was a favourable volume effect of \$6.8 million mainly attributable to the wind farms in France and to a lesser extent, to the Canadian wind power farms and U.S. hydroelectric power stations. Note in particular that during the last two weeks of fiscal 2015, the contribution of the 11 sites acquired from BEV to consolidated revenues increased by \$1.9 million compared with the same period of the last two weeks in 2014, partly due to more favourable weather conditions. Besides the weather, this sound performance is testament to the large-scale nature of this acquisition and its effective integration by the Boralex team.

Combined with a favourable foreign exchange effect of \$2.1 million, attributable to the weakening of the Canadian dollar against the U.S. currency and the euro, the expansion of the Corporation's asset base and the sound performance of its existing assets largely offset the unfavourable price effect of \$1.5 million related to the Blendecques thermal power station in France and hydroelectric power stations in the United States, and certain other less important unfavourable items.

Note that, in accordance with IFRS, those results exclude Boralex's \$14.0 million share in the revenues generated by the Joint Ventures, commissioned in December 2013 and December 2014, respectively (compared with a share of \$13.6 million in the fourth quarter of 2014). The impact of the commissioning of these facilities is discussed in the *Proportionate Consolidation* section of this MD&A.

Broken down by segment, the changes in quarterly revenues are as follows:

- The wind power segment generated 72% of consolidated revenues or \$58.6 million. Its revenues grew 87.4% from the same quarter of 2014, driven by the additional contribution of \$20.3 million made by the sites acquired or commissioned since the fourth quarter of 2014, coupled with an approximately 18% increase in production volume at existing sites in France and an 8% increase at existing Canadian sites.
- The hydroelectric power segment increased its revenues by 4.8% to \$15.0 million, mainly due to a favourable foreign exchange effect and an 8% increase in the production volume of U.S. hydroelectric power stations.
- Thermal power segment revenues declined 13.8% to \$6.5 million, owing to a lower production volume and a decrease in selling prices at the Blendecques cogeneration power station in France.
- Last, the commissioning of a second solar power facility in France resulted in a 73.2% increase in this segment's revenues to \$0.9 million.

In total, Boralex generated 643,151 MWh of electricity in the fourth quarter of 2015 (excluding its share of the production of the Joint Ventures), up 47.7% from 435,525 MWh for the same period of 2014. This performance stems from the full contribution of the 13 wind power sites acquired or commissioned in the last few weeks of 2014, the addition of six new sites in 2015, including four during the fourth quarter that have only made a partial contribution to the results of the period, all combined with an overall 1% decrease in production at existing sites.

## EBITDA(A) and EBITDA(A) Margin

Consolidated EBITDA(A) amounted to \$53.3 million for the quarter, up \$23.2 million or 77.3% from \$30.1 million for the same period last year. As a result, quarterly EBITDA(A) margin, as a percentage of revenues, grew to 65.8% in 2015 from 56.0% in 2014.

The growth in EBITDA(A) and EBITDA(A) margin was driven by the following main items:

- Additional EBITDA(A) totalling \$16.8 million resulting from the full contribution of sites acquired or commissioned in 2014, and the addition of new sites in 2015, as listed in the footnote to the table above;
- A favourable volume effect of \$7.0 million, including a \$1.9 million contribution from the BEV sites during the last two weeks of the fiscal year;
- A \$3.3 million decrease in development and prospection costs, owing primarily to the costs incurred for the BEV acquisition in the fourth quarter of 2014;
- A \$1.4 million favourable foreign exchange effect; and
- A \$0.5 million decrease in raw material costs, mainly natural gas used in the cogeneration power station in France.

The combination of these items more than offset certain less important unfavourable factors that reined in consolidated EBITDA(A) growth during the quarter, mainly:

- The previously mentioned \$1.5 million unfavourable price effect related to the thermal power station in France and the hydroelectric power stations in the United States; and
- The \$1.3 million decrease in Boralex's share in the results of Joint Ventures to \$1.3 million, partly because the weather conditions for Joint Venture Phase I were not as favourable as in 2014, which were exceptional. Also, note that the item *Share in earnings of the Joint Ventures*, which represents the Corporation's interest in the net results of the Joint Ventures, includes items not related to EBITDA(A) including amortization expense, financing costs and losses on financial instruments.

Furthermore, besides a \$0.2 million increase in maintenance costs, various other unfavourable changes totalled \$2.8 million, mainly comprising the non-recurrence of favourable items occurring in 2014 and the increase in certain costs partly driven by the growth in the Corporation's activities and results.

Broken down by segment, the changes in quarterly EBITDA(A) are as follows:

- The wind power segment generated EBITDA(A) of \$51.2 million or 81.9% of consolidated EBITDA(A) (before corporate and eliminations) for the quarter, up 75.4% from the previous year.
- The hydroelectric power segment slightly increased its EBITDA(A) to \$9.9 million.
- The thermal power segment recorded a 40.2% decline in its EBITDA(A) to \$0.7 million.
- The solar power segment almost doubled its EBITDA(A) to \$0.7 million.

## Amortization

The amortization expense for the fourth quarter of 2015 increased by \$10.0 million to \$25.8 million, owing primarily to the full impact of the BEV acquisition (compared with two weeks only in 2014) coupled with the commissioning of facilities at the end of 2014 and in 2015 as well as an unfavourable foreign exchange effect. In addition, in December 2015, following the finalization of the BEV purchase price allocation, an amount of about \$2 million for each quarter or a total amount of \$7.8 million for fiscal 2015 was recognized as amortization of the value attributed to energy sales contracts.

## Financing Costs, Foreign Exchange Loss and Net Loss on Financial Instruments

Financing costs for the fourth quarter of 2015 climbed \$1.3 million to \$17.3 million. Besides the loans contracted for commissioning the new sites and the BEV acquisition, the higher financing costs resulted essentially from the new debt contracted with respect to Cube and the financing costs related to the new 2015 convertible debenture issued in the second quarter. However, the conversion and redemption of all the 2010 debentures as at September 29, 2015 resulted in a decrease in financing costs by a net amount of approximately \$3 million for the quarter. Financing costs were also reduced by a decrease in the debt related to existing sites and certain other favourable items.

Boralex recognized a \$0.3 million foreign exchange loss compared with an insignificant amount for the same quarter of the previous year. The Corporation also recorded a slight net loss on financial instruments in the amount of \$0.1 million compared with a net loss on financial instruments of \$6.0 million for the same period of 2014, mainly comprising fair value remeasurement adjustments on financial instruments. Note that generally the *Net loss on financial instruments* item mainly includes the amounts related to the ineffective portion of financial instruments and the changes in the values of two undesignated interest rate swaps. Although all of the financial instruments used by Boralex are highly effective, they always include a very small ineffective portion.

## Net Earnings (Loss)

Boralex ended the fourth quarter of 2015 with net earnings of \$5.7 million compared with a net loss of \$5.7 million for the same period of 2014, which consisted of a net loss from continuing operations of \$6.4 million and a net gain from discontinued operations of \$0.7 million. More specifically, this gain stemmed from the sale of Renewable Energy Certificates ("RECs") generated by the U.S. wood-residue power stations that Boralex had sold at the end of 2011. Under the sale transaction, Boralex retained entitlement to 50% of the RECs sales of these power stations in excess of a defined threshold for 2012, 2013 and 2014 inclusively. As this agreement expired in December 2014, a similar gain was not recorded in 2015.

As a result, Boralex ended the last quarter of 2015 with net earnings attributable to shareholders of Boralex of \$5.6 million or \$0.09 per share (basic), compared with a net loss attributable to shareholders of Boralex of \$6.3 million or \$0.16 per share in 2014.

# Analysis of Operating Results for the Year Ended December 31, 2015

## Consolidated

Fiscal 2015 saw a significant improvement in Boralex's operating results, including a 52.7% increase in EBITDA(A), the outcome of the expansion strategy implemented with vigour and discipline by the Corporation. Boralex's net profitability also rose significantly - an encouraging sign for the future.

The following table shows major changes in net loss attributable to shareholders of Boralex:

|  | Net loss<br>(in thousands of \$) | Per share<br>(in \$, basic) |
|--|----------------------------------|-----------------------------|
| <b>YEAR ENDED DECEMBER 31, 2014</b>          | <b>(11,767)</b>                  | <b>(\$0.31)</b>             |
| EBITDA(A)                                    | 58,213                           | \$6.44                      |
| Amortization                                 | (36,562)                         | (\$4.04)                    |
| Other gains                                  | (1,583)                          | (\$0.18)                    |
| Financing costs                              | (15,922)                         | (\$1.76)                    |
| Foreign exchange effect                      | 2,780                            | \$0.31                      |
| Financial instruments                        | 720                              | \$0.08                      |
| Income taxes                                 | 642                              | \$0.07                      |
| Loss on redemption of convertible debentures | (2,759)                          | (\$0.31)                    |
| Discontinued operations                      | (2,652)                          | (\$0.29)                    |
| Non-controlling shareholders                 | (1,945)                          | (\$0.22)                    |
| Change                                       | 932                              | \$0.10                      |
| <b>YEAR ENDED DECEMBER 31, 2015</b>          | <b>(10,835)</b>                  | <b>(\$0.21)</b>             |

For the fiscal year ended December 31, 2015, Boralex generated a net loss attributable to shareholders of \$10.8 million or \$0.21 per share (basic), compared with a net loss attributable to shareholders of \$11.8 million or \$0.31 per share (basic) for fiscal 2014. This improvement of \$0.9 million or \$0.10 per share in net loss stemmed mostly from the \$58.2 million increase in consolidated EBITDA(A) coupled with a favourable foreign exchange effect of \$2.8 million and lower losses on financial instruments. The combination of these items offset the \$52.5 million increase in amortization expense and financing costs resulting primarily from the robust expansion in Boralex's operating base over the past quarters, the \$2.8 million loss recorded on the redemption of a portion of convertible debentures issued in 2010, the \$2.7 million shortfall in revenues due to the termination of the agreement relating to the sale of REC's in the United States and other unfavourable changes listed in the table above.

The following table shows major differences in revenues from energy sales and EBITDA(A):

|   | Revenues from energy sales |        | EBITDA(A)            |        |
|---|----------------------------|--------|----------------------|--------|
|   | (in thousands of \$)       | %      | (in thousands of \$) | %      |
| <b>YEAR ENDED DECEMBER 31, 2014</b>         | <b>193,401</b>             |        | <b>110,543</b>       |        |
| Power stations commissioned* and acquired** | 73,249                     | 37.9%  | 53,256               | 48.2%  |
| Pricing                                     | (4,970)                    | (2.6)% | (4,970)              | (4.5)% |
| Volume                                      | 3,515                      | 1.8%   | 4,828                | 4.4%   |
| Foreign exchange effect                     | 1,733                      | 0.9%   | 1,648                | 1.5%   |
| Raw material costs                          | —                          | —      | 1,448                | 1.3%   |
| Maintenance                                 | —                          | —      | (615)                | (0.6)% |
| Development - prospection                   | —                          | —      | 1,974                | 1.8%   |
| Share of Joint Ventures                     | —                          | —      | 4,201                | 3.8%   |
| Other                                       | (1,301)                    | (0.7)% | (3,557)              | (3.2)% |
| Change                                      | 72,226                     | 37.3%  | 58,213               | 52.7%  |
| <b>YEAR ENDED DECEMBER 31, 2015</b>         | <b>265,627</b>             |        | <b>168,756</b>       |        |

\* Power stations commissioned: In France, Fortel-Bonnières (October and November 2014), St-François (March and April 2015) and Cômes de l'Arce (April 2015) wind farms, les Cigalettes (October 2015) solar power facility and Calmont (December 2015) wind farm; in Québec, Canada, Jamie Creek (May 2014) hydroelectric power station and Témiscouata I (December 2014), Côte-de-Beaupré (November 2015), Témiscouata II (November 2015) and Frampton (December 2015) wind farms.

\*\* Acquisition of 11 wind farms in operation in France from BEV on December 18, 2014, with capacity of 186 MW.

## Revenues from Energy Sales

For the year ended December 31, 2015, revenues from energy sales totalled \$265.6 million, up \$72.2 million or 37.3% compared with fiscal 2014 (excluding Boralex's share in the revenues generated by the Joint Ventures; see the *Proportionate Consolidation* section of this MD&A). As shown in the previous table, revenue growth was driven essentially by the \$73.2 million contribution in additional revenues generated by the commissioning of the facilities listed in the footnote to the previous table and the full contribution of the BEV wind farms acquired on December 18, 2014. Revenue growth was also driven by a \$3.5 million favourable volume effect, mainly attributable to the wind power sites, and a \$1.7 million favourable foreign exchange effect.

Conversely, revenue growth was slightly reined in by an unfavourable price effect of \$5.0 million related primarily to the hydroelectric power stations in the United States and the thermal power station in France and various other less important items totalling \$1.3 million.

The changes in annual revenues of each segment are discussed in the next section of this MD&A. To sum up, Boralex's revenue growth was driven by the wind power segment which increased its own revenues by \$75.7 million or 74.1%. Hydroelectric power segment revenues were stable, thermal power segment revenues declined by \$3.6 million and the solar power segment slightly increased its revenues.

Boralex generated 2,185,898 MWh of electricity (excluding its share of the production of the Joint Ventures), up 36.3% from 1,603,872 MWh in 2014, driven essentially by the addition of the new assets described above. Excluding these new assets, the production of the Corporation's existing sites was relatively stable compared with 2014 as the significant growth in output of wind power sites in France was slowed down by the lower production of the thermal power segment, less favourable water flow conditions in the Northeastern United States during the first nine months of 2015 compared with the same period in 2014, as well as generally less favourable wind conditions in Ontario in 2015 than in 2014.

## EBITDA(A) and EBITDA(A) Margin

Consolidated EBITDA(A) reached a record level of \$168.8 million in 2015, up \$58.2 million or 52.7% from \$110.5 million in 2014. EBITDA(A) margin as a percentage of revenues rose to 63.5% in 2015 from 57.2% in 2014. As discussed in greater detail in the section on the segmented results for fiscal 2015, this growth is nearly exclusively attributable to the wind power segment.

At the consolidated level, growth in EBITDA(A) and EBITDA(A) margin was driven by the following main items:

- Additional EBITDA(A) totalling \$53.3 million contributed by the new sites acquired or commissioned in 2014 and 2015;
- A \$4.8 million favourable volume effect, largely attributable to wind power sites in France, including the solid performance of BEV sites during the last two weeks of the year;
- A \$4.2 million increase in Boralex's share in the results of the Joint Ventures to \$7.6 million in 2015, from \$3.4 million in 2014;
- A \$2.0 million decrease in development and prospection costs;
- A \$1.6 million favourable foreign exchange effect; and
- A \$1.4 million decrease in raw material costs.

The combination of these items more than offset the \$5.0 million unfavourable price effect attributable to the thermal power station in France and the hydroelectric power stations in the United States as well as all the other less important unfavourable variances totalling \$4.2 million, including a \$0.6 million increase in maintenance costs, the recording of a provision for the purchase price adjustment related to the Jamie Creek hydroelectric power station, the non-recurrence of certain favourable items occurring in 2015 and the increase in other costs.

## Amortization

Amortization expense rose \$36.6 million to \$97.0 million for fiscal 2015, owing primarily to the aforementioned expansion in the asset base. This item was partly offset however by favourable adjustments related to the amortization of a number of other assets.

## Other Gains

The other gains realized by Boralex decreased by \$1.6 million year over year, owing mainly to the inclusion in the 2014 results of a gain on the contract related to the agreement with Cube and the receipt of tax credits. This was offset by the inclusion in 2015 of the amortization of deferred revenues of new sites.

## Financing Costs, Foreign Exchange Loss (Gain) and Net Loss on Financial Instruments

Financing costs climbed \$15.9 million to \$74.0 million in 2015. This increase was driven by the following key items:

- The new loans contracted for the BEV acquisition and to commission new facilities over the past year;
- The debt contracted from Cube when its interest was repurchased; and
- The issuance of the new 2015 convertible debentures at the end of the second quarter. However, the elimination of 2010 debentures at the end of the third quarter generated savings of \$3.0 million in financing costs in the fourth quarter, resulting in net reduction of \$0.6 million in interest paid on 2010 and 2015 debentures for all of fiscal 2015.

Besides the elimination of 2010 debentures, this increase in financing costs was partly offset by the decrease in debt related to existing facilities and the repayment of the \$35 million Canadian note in July 2014.

Boralex recognized a \$2.4 million foreign exchange gain in 2015 compared with a \$0.4 million foreign exchange loss in 2014, representing a favourable change of \$2.8 million.

The Corporation also recorded a net loss of \$7.5 million on financial instruments, compared with a net loss of \$8.2 million in 2014, resulting in a favourable change of \$0.7 million. The losses for 2015 and 2014 are mainly related to fair value remeasurement adjustments for certain financial instruments and impacts resulting from financial instruments not designated for hedge accounting during a certain period. Note however that these losses on financial instruments had no impact on cash flows for fiscal 2015 and consequently on the Corporation's cash position as at December 31, 2015. Since all of Boralex's financial instruments were designated as hedges as at December 31, 2015, they had no impact on results.

## Net Loss

Boralex ended fiscal 2015 with an \$8.2 million net loss from continuing operations compared with a \$13.7 million net loss in 2014. As a result of the expiration of the agreement entered into in 2011 in connection with the sale of the former U.S. thermal power stations, the Corporation did not receive any gains on the sale of RECs in 2015, whereas it recorded a \$2.7 million gain from this source in 2014. Accordingly, Boralex reported a net loss of \$8.2 million in 2015 (\$11.1 million in 2014) and a net loss attributable to shareholders of \$10.8 million or \$0.21 per share (basic), compared with \$11.8 million or \$0.31 per share in 2014.

## Review of Operating Segments

### Wind

The wind power segment, Boralex's main driver of growth, generated robust growth in operating and financial results throughout fiscal 2015, fuelled by the expansion in Boralex's asset base in France and Canada and solid productivity of its existing sites. Among other factors, the excellent contribution of sites acquired from BEV in December 2014 is a testament to the Boralex team's expertise, not only for targeting the most promising expansion projects but also for the optimal operation of acquired assets.

The main differences in revenues from energy sales and EBITDA(A) are as follows:

|   | Revenues from energy sales |        | EBITDA(A)            |        |
|---|----------------------------|--------|----------------------|--------|
|   | (in thousands of \$)       | %      | (in thousands of \$) | %      |
| <b>YEAR ENDED DECEMBER 31, 2014</b>         | <b>102,063</b>             |        | <b>87,595</b>        |        |
| Power stations commissioned* and acquired** | 72,312                     | 70.9%  | 55,368               | 63.2%  |
| Pricing                                     | 504                        | 0.5%   | 504                  | 0.6%   |
| Volume                                      | 5,115                      | 5.0%   | 5,115                | 5.7%   |
| Foreign exchange effect                     | (2,302)                    | (2.3)% | (1,781)              | (2.0)% |
| Maintenance                                 | —                          | —      | (1,394)              | (1.6)% |
| Share of Joint Ventures                     | —                          | —      | 4,160                | 4.7%   |
| Other                                       | 28                         | —      | (51)                 | (0.1)% |
| Change                                      | 75,657                     | 74.1%  | 61,921               | 70.7%  |
| <b>YEAR ENDED DECEMBER 31, 2015</b>         | <b>177,720</b>             |        | <b>149,516</b>       |        |

\* Power stations commissioned: In France, Fortel-Bonnières (October and November 2014), St-François (March and April 2015), Cômes de l'Arce (April 2015) and Calmont (December 2015) wind farms; in Québec, Canada, Témiscouata I (December 2014), Côte-de-Beaupré (November 2015), Témiscouata II (November 2015) and Frampton (December 2015) wind farms.

\*\* Acquisition of 11 wind farms in operation in France from BEV on December 18, 2014, with capacity of 186 MW.

### Impact of Expansion Projects Completed in 2014 and 2015

The strong growth in operating results of Boralex's wind power segment for the fourth quarter and fiscal 2015 as a whole was largely driven by the fact that most of the 2014 expansion projects totalling 232 MW, including the BEV acquisition, were completed in the last few weeks of the year, in November and December 2014. It was therefore in 2015 that Boralex reaped the full benefits of these projects. Besides the BEV acquisition and the commissioning of the Fortel-Bonnières and Témiscouata I wind farms, it was also in the fourth quarter of 2014 that Boralex commissioned Joint Venture Phase II, which also made a full contribution to the *Share of Joint Ventures* (IFRS) item in 2015, compared with a few weeks only in 2014.

The timing for the expansion projects completed in 2015 was similar since of the 146 MW of wind power commissioned during 2015, 113 MW were implemented during the fourth quarter and accordingly, their full effect will be seen in 2016.

### Operating Results for the Year Ended December 31, 2015

#### Production

The wind power segment produced 1,396,000 MWh in 2015 compared with 785,997 MWh in 2014 (excluding the 547,209 MWh and 425,632 MWh contributions in 2015 and 2014, respectively, from the Joint Ventures as discussed in the *Proportionate Consolidation* section of this MD&A). This 77.6% increase in wind power segment annual production stems largely from the full contribution of BEV's 11 operating sites in France (compared with two weeks' contribution only in 2014) combined with the contribution of eight other sites commissioned in Canada and in France since November 2014.

Broken down geographically, Boralex's wind power production asset base in France increased by 92.7% with the addition, in 2014 and 2015, of the 15 new sites discussed previously, coupled with a 6.5% increase in the production volume of existing sites (including a significant increase in production of the 11 sites acquired from BEV during the last two weeks of 2015 compared with the same period in 2014). The sites in France generally benefited from wind conditions in 2015 that were much more favourable than in 2014, except for the first quarter, and sound equipment productivity. In Canada, the production volume increased by 43.4%, due essentially to the commissioning of facilities in the fourth quarters of 2014 and 2015, particularly Témiscouata I and II. Excluding the new sites, the production volume of Canadian operations declined slightly owing to the wind conditions in Ontario in 2015 that were generally less favourable than in 2014, even though the Thames River sites maintained excellent equipment availability rates.

## Revenues

Wind power segment revenues for 2015 totalled \$177.7 million, up \$75.7 million or 74.1% from 2014. As shown in the table, this growth stemmed primarily from the additional contribution totalling \$72.3 million from 19 new sites acquired or commissioned over the five previous quarters, combined with a \$5.1 million volume effect, including a \$1.9 million share attributable to the sites acquired from BEV during the last two weeks of fiscal 2014. Selling price indexation at existing sites also generated additional revenues of \$0.5 million. Conversely, the weakening of the euro against the Canadian dollar during the first half of the year created a net shortfall in revenues of \$2.3 million for the entire year compared with the previous year, despite the significant strengthening of the currency during the second half of 2015.

Broken down geographically, 74.7% of annual wind power segment revenues were generated in France and 25.3% in Canada. Excluding the foreign exchange effect, revenues in euros of French sites grew 96.2%, following the expansion in the asset base completed as of the fourth quarter of 2014, coupled with revenue growth at existing sites. Revenues of Canadian sites rose 40.2% following the commissioning of four new sites in December 2014 and December 2015 whose contribution more than offset the slight 3.1% decline in revenues at Thames River sites where weather conditions were less favourable for most of 2015 compared with 2014.

## EBITDA(A)

During fiscal 2015, EBITDA(A) of the wind power segment increased by \$61.9 million or 70.7% to \$149.5 million. This performance is the result of Boralex's expansion and value creation strategy based on the addition of high quality assets coupled with the pooling of leading-edge expertise in the development, construction, integration and optimal operation of wind farms.

The higher EBITDA(A) of the wind power segment was driven mostly by the expansion in its asset base, more specifically:

- A \$55.4 million contribution from BEV for the entire period, compared with two weeks only in 2014, coupled with the additional contribution of sites commissioned towards the end of 2014 and in 2015;
- A \$5.1 million volume effect, as discussed previously;
- A \$4.2 million increase in Boralex's share in the results of the Joint Ventures resulting primarily from the commissioning of Joint Venture Phase II in December 2014, combined with higher production at Joint Venture Phase I; and
- a \$0.5 million favourable price effect.

Conversely, certain unfavourable factors reined in growth in segment EBITDA(A), including a \$1.4 million increase in maintenance costs, largely related to contractual clauses, and a \$1.8 million unfavourable foreign exchange effect for the entire fiscal year.

Broken down geographically, the EBITDA(A) of French operations rose 94.8% in euros while the Canadian operations generated a 42.4% increase in EBITDA(A).

The wind power segment's EBITDA(A) margin amounted to 84.1% in 2015 compared with 85.8% in 2014, which reflects in particular the equipment run-in period at sites totalling 113 MW during the fourth quarter of 2015.

## Hydroelectric

Year after year, Boralex's second largest segment, the hydroelectric power segment, has maintained its role as a major and reliable source of earnings and cash flows for the Corporation. During fiscal 2015, the segment contributed \$40.8 million to the Corporation's consolidated EBITDA(A).

The main differences in revenues from energy sales and EBITDA(A) are as follows:

|                                     | Revenues from energy sales |        | EBITDA(A)            |        |
|-------------------------------------|----------------------------|--------|----------------------|--------|
|                                     | (in thousands of \$)       | %      | (in thousands of \$) | %      |
| <b>YEAR ENDED DECEMBER 31, 2014</b> | <b>58,166</b>              |        | <b>42,715</b>        |        |
| Power station commissioned*         | 626                        | 1.1%   | 84                   | 0.2%   |
| Pricing                             | (2,942)                    | (5.1)% | (2,942)              | (6.9)% |
| Volume                              | (1,813)                    | (3.1)% | (1,813)              | (4.2)% |
| Foreign exchange effect             | 4,739                      | 8.1%   | 3,574                | 8.4%   |
| Maintenance                         | —                          | —      | 340                  | 0.8%   |
| Development - prospection           | —                          | —      | (625)                | (1.5)% |
| Other                               | (610)                      | (1.0)% | (541)                | (1.3)% |
| Change                              | —                          | —      | (1,923)              | (4.5)% |
| <b>YEAR ENDED DECEMBER 31, 2015</b> | <b>58,166</b>              |        | <b>40,792</b>        |        |

\* Commissioning of the Jamie Creek hydroelectric power station in Canada in May 2014.

The following table shows recent and historical statistical data concerning hydroelectric power segment production:

|                                       | Years ended December 31, |  |             | Change    |                              |
|---------------------------------------|--------------------------|--|-------------|-----------|------------------------------|
|                                       | Actual                   | Annual historical average <sup>(1)</sup> |             | vs actual | vs annual historical average |
| <b>HYDROELECTRIC PRODUCTION (MWh)</b> | <b>2015</b>              | <b>2014</b>                              | <b>2015</b> |           |                              |
| Canada                                | 295,226                  | 261,609                                  | 296,563     | + 12.9%   | - 0.5%                       |
| United States                         | 331,251                  | 380,370                                  | 393,704     | - 12.9%   | - 15.9%                      |
|                                       | 626,477                  | 641,979                                  | 690,267     | - 2.4%    | - 9.2%                       |

<sup>(1)</sup> Historical averages are calculated using all production data available for each power station up to the end of Boralex's previous fiscal year. As historical data were unavailable for the Jamie Creek power station, estimated long term production data were used to calculate the historical averages for 2015 and 2014.

## Operating Results

### Production

During fiscal 2015, hydroelectric power segment production totalled 626,477 MWh, down slightly by 2.4% compared with 2014, and 9.2% below the historical average.

These declines were recorded in the United States where production fell 12.9% below the 2014 level and 15.9% below the historical average. Although the fourth quarter was quite satisfactory, the U.S. power stations experienced extreme conditions during the first quarter, particularly ice drifts followed by water flow conditions that were less favourable in spring and summer 2015 than in 2014. However, production at Canadian power stations was in line with the historical average while increasing 12.9% over 2014 performance, driven by the full contribution of the Jamie Creek power station in British Columbia, which was commissioned in May 2014, and a 7.4% increase in production at existing sites.

### Revenues

Hydroelectric power segment revenues for the year ended December 31, 2015 were comparable with the 2014 level at \$58.2 million. Revenues of Canadian power stations grew 8.5%, primarily as a result of higher production at existing power stations and the full contribution of the Jamie Creek power station. However, revenues of U.S. power stations declined 19.5% in U.S. dollars, under the combined effect of the lower production discussed above and the fall, compared with 2014, in the average selling price of electricity sold in the New York State market by the five power stations without energy sales contracts. These two factors were however largely offset by a \$4.7 million favourable foreign exchange effect stemming from the strengthening of the U.S. dollar against the Canadian currency. As a result, the decline in revenues of U.S. power stations was limited to 7.0% in Canadian dollars.

### EBITDA(A)

EBITDA(A) of the hydroelectric power segment fell \$1.9 million or 4.5% in 2015, due mainly to the lower production and the decline in the average selling price for U.S. power stations, which was however partly offset by the favourable foreign exchange effect. Canadian power stations grew their EBITDA(A) by 7.1%, primarily as a result of higher production at existing power stations, the full contribution of the Jamie Creek power station and lower maintenance costs. These items largely offset increases in certain costs, including a \$0.6 million *Development - prospection* expense consisting in an upward adjustment to the provision payable to the seller of the Jamie Creek power station following the final settlement of the additional purchase price payable to the seller and various other unfavourable items comprising legal costs and the non-recurrence of certain benefits received in 2014.

## Thermal

As discussed in the *Seasonal Factors* section of this MD&A, the Senneterre power station in Québec was in operation during eight months only in 2015 and 2014 while the Blendecques power station in France operated its cogeneration equipment during five months in 2015 and 2014, although it supplied its industrial client with steam throughout the year. These two power stations made positive contributions to Boralex's profitability having generated EBITDA(A) of \$5.7 million in 2015.

The main differences in revenues from energy sales and EBITDA(A) are as follows:

|                                     | Revenues from energy sales |         | EBITDA(A)            |         |
|-------------------------------------|----------------------------|---------|----------------------|---------|
|                                     | (in thousands of \$)       | %       | (in thousands of \$) | %       |
| <b>YEAR ENDED DECEMBER 31, 2014</b> | <b>30,090</b>              |         | <b>5,247</b>         |         |
| Pricing                             | (2,537)                    | (8.5)%  | (2,537)              | (48.4)% |
| Volume                              | 231                        | 0.8%    | 1,544                | 29.4%   |
| Capacity premiums                   | (724)                      | (2.4)%  | (724)                | (13.8)% |
| Foreign exchange effect             | (585)                      | (1.9)%  | (33)                 | (0.6)%  |
| Raw material costs                  | —                          | —       | 1,448                | 27.6%   |
| Maintenance                         | —                          | —       | 446                  | 8.5%    |
| Other                               | 2                          | —       | 313                  | 6.0%    |
| Change                              | (3,613)                    | (12.0)% | 457                  | 8.7%    |
| <b>YEAR ENDED DECEMBER 31, 2015</b> | <b>26,477</b>              |         | <b>5,704</b>         |         |

## Operating Results

### Production

Boralex's thermal power segment produced 154,701 MWh of electricity in 2015, down 8.8% from 169,637 MWh in 2014, for both power stations. The Senneterre facility's production declined 5.2% owing to equipment failures and the high humidity level in wood bark used during the first quarter and a slight delay in the launch of operations in the second quarter. These factors were offset by this power station's sound performance during the second half of the fiscal year, particularly during the third quarter. Electricity production at the Blendecques power station decreased by 23.2% due to gas turbine shutdowns for technical adjustments during the first and fourth quarters. This decline was however offset by a 15.9% increase in steam production for the entire fiscal year.

### Revenues

Thermal power segment revenues totalled \$26.5 million for the year ended December 31, 2015, down \$3.6 million or 12.0% from \$30.1 million for the previous year. Besides the \$0.6 million unfavourable foreign exchange effect caused by the euro's weakening during the first half of 2015, the decline in revenues resulted mostly from the \$2.5 million unfavourable price effect attributable to the lower steam selling price and, to a lesser extent, to the fall in the average electricity selling price for the Blendecques power station. Also, capacity premiums decreased by \$0.7 million for the two power stations combined. All these negative factors were offset by a favourable volume effect of \$0.2 million resulting from higher production of steam at the Blendecques power station.

### EBITDA(A)

Thermal power segment EBITDA(A) totalled \$5.7 million compared with \$5.2 million in 2014. This \$0.5 million or 8.7% improvement is attributable to both thermal power stations. Besides selling price indexation, the Senneterre power station benefited from lower maintenance costs and the non-recurrence of certain costs incurred in 2014, which offset the declines in production volume and capacity premiums. The Blendecques power station benefited from a favourable volume effect stemming from the rise in its steam production as well as its protection against price fluctuations which ensured that the lower steam selling price was largely offset by the cost of its raw material, namely natural gas.

## Solar

The highlight of 2015 was the commissioning of a second photovoltaic solar power station, the 10 MW Les Cigarettes facility in southern France. With this addition and the sustained performance of the Avignonet-Lauragais facility which has been in operation since 2011, the solar power segment contributed an EBITDA(A) of \$2.8 million to Boralex's consolidated results.

The main differences in revenues from energy sales and EBITDA(A) are as follows:

|                                     | Revenues from energy sales |        | EBITDA(A)            |        |
|-------------------------------------|----------------------------|--------|----------------------|--------|
|                                     | (in thousands of \$)       | %      | (in thousands of \$) | %      |
| <b>YEAR ENDED DECEMBER 31, 2014</b> | <b>3,082</b>               |        | <b>2,634</b>         |        |
| Power station commissioned*         | 312                        | 10.1%  | 247                  | 9.4%   |
| Pricing                             | 6                          | 0.2%   | 6                    | 0.2%   |
| Volume                              | (18)                       | (0.6)% | (18)                 | (0.6)% |
| Foreign exchange effect             | (118)                      | (3.8)% | (105)                | (4.0)% |
| Maintenance                         | —                          | —      | 25                   | 0.9%   |
| Other                               | —                          | —      | 45                   | 1.7%   |
| Change                              | 182                        | 5.9 %  | 200                  | 7.6 %  |
| <b>YEAR ENDED DECEMBER 31, 2015</b> | <b>3,264</b>               |        | <b>2,834</b>         |        |

\* Commissioning of the 10 MW Les Cigarettes facility in October 2015

## Operating Results

The solar power segment generated 8,720 MWh for the year ended December 31, 2015, up from 6,259 MWh for the previous year, mainly due to the addition of the Les Cigarettes facility on October 2, 2015, as the production of the first facility was stable compared with 2014.

Annual solar power segment revenues amounted to \$3.3 million, up \$0.2 million or 5.9% from the 2014 level. The contribution of the second site during the fourth quarter consisted in additional revenues of \$0.3 million which offset the \$0.1 million unfavourable foreign exchange effect. The addition of the Les Cigarettes facility, combined with the reduction of certain costs relating to the Avignonet-Lauragais facility, resulted in a \$0.2 million or 7.6% increase in segment EBITDA(A) to \$2.8 million.

Boralex's management is satisfied with the sustained performance of its first solar power facility and is confident that the return on investment of the second facility will be as attractive, despite the changes taking place in the market in recent years, particularly the significant drop in the cost of solar power equipment leading to a reduction in selling prices obtained in the solar power market.

## Cash Flows

The changes in cash flows for the year ended December 31, 2015 reflect the continuation and even the acceleration of the strategy successfully implemented by Boralex. The Corporation has invested nearly \$400 million to commission 156 MW, develop its current projects, expand the pipeline of projects that will fuel its future growth and seek out new opportunities. The benefits generated by its targeted strategy and its growing expertise in developing and operating energy assets have also increased, as demonstrated by the cash flows from operations, which totalled \$128.5 million in 2015, the result of Boralex's focus on activities that generate superior profit margins and which are covered by indexed, fixed-price energy sales contracts. Fiscal 2015 also saw the completion of major financial transactions that enhanced the strength and flexibility of the Corporation's statement of financial position, making it even better placed to continue its growth. All these developments, coupled with its dividend policy, demonstrate Boralex's commitment to create growing and sustainable value for its shareholders.

| (In thousands of dollars)                                | Years ended<br>December 31 |                 |
|--|----------------------------|-----------------|
|  | 2015                       | 2014            |
| Cash flows from operations*                              | 128,546                    | 53,681          |
| Change in non-cash items related to operating activities | (13,959)                   | (2,020)         |
| Net cash flows related to operating activities           | 114,587                    | 51,661          |
| Net cash flows related to investing activities           | (388,598)                  | (364,105)       |
| Net cash flows related to financing activities           | 292,294                    | 259,218         |
| Cash from discontinued operations                        | —                          | 3,122           |
| Translation adjustment on cash and cash equivalents      | 5,964                      | 556             |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>           | <b>24,247</b>              | <b>(49,548)</b> |
| <b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>         | <b>99,641</b>              | <b>75,394</b>   |

\* See the *Non-IFRS Measures* section.

### Analysis of Cash Flows for the Year Ended December 31, 2015

#### Operating Activities

During the year ended December 31, 2015, Boralex reported \$128.5 million in cash flows from operations compared with \$53.7 million in 2014. Excluding non-cash items from net loss for both periods, this significant increase stemmed primarily from the previously discussed \$58.2 million or 52.7% increase in EBITDA(A) and the distribution of funds from the Joint Ventures totalling \$29.1 million during the first and third quarters. These items more than offset the increase in payments related to financing costs.

The change in non-cash items related to operating activities used \$14.0 million in cash (compared with cash outflows of \$2.0 million in 2014). The cash outflows during 2015 resulted primarily from the \$6.0 million increase in *Trade and other receivables* related to newly commissioned sites, a \$7.5 million increase in payments made under *Trade and other payables* for construction work and to a lesser extent by a \$1.3 million increase in inventories held at operating sites.

In light of the foregoing, operating activities generated net cash flows totalling \$114.6 million in 2015, up \$62.9 million from \$51.7 million in the previous year.

#### Investing Activities

Investing activities for the year ended December 31, 2015 used cash in the amount of \$388.6 million, net of a \$7.2 million drawdown from restricted cash. Of this amount, a total of \$329.6 million was used to acquire new property, plant and equipment as follows:

- \$291.5 million for the wind power segment, including \$237.9 million for the development of new sites in Québec, particularly Témiscouata II, Frampton and Côte-de-Beaupré, and \$53.6 million to develop and improve various facilities in France;
- \$19.3 million for the hydroelectric power segment, primarily for the construction of the Yellow Falls hydroelectric power station in Ontario and for upgrading the Buckingham power station in Québec and improving the Jamie Creek power station in British Columbia;
- \$13.6 million for the construction of the Les Cigarettes solar power facility in France;

- \$2.9 million to improve existing thermal power segment facilities; and
- \$2.3 million for the corporate segment.

The Corporation also made the following investments:

- \$60.3 million to acquire wind power projects, including \$16.1 million for the Frampton (Québec) and Touvent (France) projects acquired in the first quarter and \$44.2 million for the 350 MW portfolio acquired from Ecotera on December 28, 2015;
- \$4.4 million for development projects, particularly the Yellow Falls hydroelectric power station; and
- \$1.5 million for other investing activities.

## Financing Activities

Financing activities during fiscal 2015 generated total net cash inflows of \$292.3 million as detailed below.

### Issuances of Shares and Debentures, and Redemption of 2010 Debentures

In January 2015, Boralex received gross proceeds of \$124.0 million (\$117.9 million net of transaction costs) following the issuance of a total of 9,505,000 common shares of Boralex (including the exercise of the over-allotment option held by the underwriters) at a price of \$13.05 per share. The net proceeds were mostly used to repay the \$100 million bridge facility contracted in December 2014 at the time of the BEV acquisition.

On June 26, 2015, as further described in the *Growth Strategy and Recent Developments in the Last Three Fiscal Years* section, the Corporation completed the offering of convertible unsecured debentures ("2015 Debentures") for total gross proceeds of \$143.8 million (net proceeds of \$137.4 million), which were mainly used to repay an amount of \$110.6 million on the Corporation's existing revolving credit facility.

As described in the same section, on September 30, 2015, the Corporation redeemed the outstanding amount of \$47.1 million (out of an initial total principal amount of \$244.1 million) of the 2010 6.75% convertible unsecured subordinated debentures yet to be converted by holders into Boralex's Class A shares. Having announced on August 31, 2015 its intention to redeem up to \$150 million in the principal amount of 2010 debentures not yet converted, Boralex considers very satisfactory the high conversion rate of debentures into common shares by their holders, which demonstrates their confidence in Boralex and has also allowed the Corporation to maintain its very strong cash position.

### New Financing Arrangements and Repayments on Existing Debt

At the end of fiscal 2015, the Corporation drew down \$70.2 million from its revolving credit facility, particularly for the redemption of a portion of 2010 debentures, and concurrently contracted an additional amount of \$354.9 million (net of financing costs) of new non-current debt to finance its wind power projects and to commission the Les Cigarettes facility in France.

Also, besides the previously mentioned repayments on the bridge facility and the revolving credit facility totalling \$210.6 million using the proceeds from the issuance of shares and 2015 Debentures, the Corporation repaid \$102.0 million on its existing current and non-current debt. These repayments include the payment of €16 million (\$23.9 million) in cash to its former partner Cube in December 2015 as a partial payment provided for in the agreement entered into in February 2015 under which Boralex repurchased Cube's 25% interest in its subsidiary Boralex Europe S.A.

### Dividends and Other

During fiscal 2015, the Corporation disbursed an amount of \$27.1 million to pay four quarterly dividends of \$0.13 per share each to its shareholders. The Corporation also distributed \$8.4 million to the non-controlling shareholders in the Témiscouata I and Frampton wind power projects and received \$7.1 million in the form of capital injections by its partners in the Témiscouata I and Frampton wind power projects in Québec.

## Net Change in Cash and Cash Equivalents

Total cash movements in fiscal 2015 resulted in a \$24.2 million increase in cash and cash equivalents to \$99.6 million as at December 31, 2015 from \$75.4 million as at December 31, 2014.

## Financial Position

Changes in Boralex's financial position between December 31, 2014 and 2015 primarily reflect:

- Significant funds generated by operations;
- Investments of nearly \$390 million to acquire property, plant and equipment and businesses;
- Issuance of shares in January 2015 and issuance of convertible debentures in June 2015 (the net proceeds of which were used in particular to repay over \$200 million in debt);
- Conversion into Class A shares and redemption of all of the 2010 convertible debentures in September 2015; and
- Repurchase of Cube's interest in Boralex's European subsidiary.

The following table shows condensed information from the Consolidated Statements of Financial Position:

|                                       | As at<br>December 31,<br>2015 | As at<br>December 31,<br>2014 |
|---------------------------------------|-------------------------------|-------------------------------|
| (In thousands of dollars)             |                               |                               |
| <b>ASSETS</b>                         |                               |                               |
| Cash and cash equivalents             | 99,641                        | 75,394                        |
| Restricted cash                       | 3,345                         | 12,459                        |
| Miscellaneous current assets          | 97,572                        | 71,530                        |
| <b>CURRENT ASSETS</b>                 | <b>200,558</b>                | <b>159,383</b>                |
| Property, plant and equipment         | 1,556,374                     | 1,210,703                     |
| Intangible assets                     | 423,622                       | 333,917                       |
| Goodwill                              | 127,007                       | 94,873                        |
| Miscellaneous non-current assets      | 134,366                       | 150,902                       |
| <b>NON-CURRENT ASSETS</b>             | <b>2,241,369</b>              | <b>1,790,395</b>              |
| <b>TOTAL ASSETS</b>                   | <b>2,441,927</b>              | <b>1,949,778</b>              |
| <b>LIABILITIES</b>                    |                               |                               |
| <b>CURRENT LIABILITIES</b>            | <b>280,217</b>                | <b>267,038</b>                |
| Non-current debt                      | 1,275,857                     | 989,087                       |
| Convertible debentures                | 133,070                       | 232,977                       |
| Miscellaneous non-current liabilities | 200,086                       | 124,357                       |
| <b>NON-CURRENT LIABILITIES</b>        | <b>1,609,013</b>              | <b>1,346,421</b>              |
| <b>TOTAL LIABILITIES</b>              | <b>1,889,230</b>              | <b>1,613,459</b>              |
| <b>EQUITY</b>                         |                               |                               |
| <b>TOTAL EQUITY</b>                   | <b>552,697</b>                | <b>336,319</b>                |
| <b>TOTAL LIABILITIES AND EQUITY</b>   | <b>2,441,927</b>              | <b>1,949,778</b>              |

### Assets

Boralex's total assets increased by \$492.1 million during fiscal 2015 to \$2,441.9 million as at December 31, driven primarily by the \$451.0 million increase in *Non-current assets* resulting from the following main changes:

- A \$345.7 million increase in the value of property, plant and equipment (net of amortization for the period) due to the construction and commissioning of seven new sites during 2015;
- A \$98.0 million increase in energy sales contracts reported under *Intangible assets* due to the finalization in December 2015 of the purchase price allocation of BEV as well as those of Frampton and Touvent and the acquisition of the 350 MW portfolio from Ecotera in France;
- A \$32.1 million increase in goodwill following the three acquisitions completed in 2015, namely the Frampton (Québec) and Touvent (France) wind power projects and a 350 MW portfolio from Ecotera in France; and
- A \$25.0 million decrease in the *Interests in the Joint Ventures* item resulting primarily from two distributions of funds received by Boralex during 2015.

*Current assets* rose by a total amount of \$41.2 million due in particular to the \$24.2 million increase in cash and cash equivalents resulting from the significant generation of funds by the Corporation's operations, including the two distributions of funds received by the Joint Ventures, combined with a \$17.0 million increase in various current assets, primarily *Trade and other receivables*, as mentioned previously.

## Working Capital

The Corporation had a working capital deficit of \$79.7 million with a ratio of 0.72:1 as at December 31, 2015 compared with a working capital deficit of \$107.7 million and a ratio of 0.60:1 a year earlier. This improvement stemmed from the previously discussed increase in current assets.

Note also that the deficit as at December 31, 2015 resulted in large part from a net amount of \$40.8 million in *Other current financial assets* and *Other current financial liabilities* consisting primarily of the fair value of financial instruments and thus had no impact on the Corporation's current liquidity. Excluding these items, the working capital ratio as at December 31, 2015 stood at 0.84:1.

## Non-current Liabilities

Total non-current liabilities increased by \$262.6 million, driven essentially by a \$286.8 million increase in non-current debt, partly offset by a \$99.9 million decrease in the liability component of convertible debentures following the conversion and redemption of 2010 debentures. The increase in non-current debt resulted from the following:

- Two loans totalling €40 million (\$60.1 million), with no repayment prior to maturity in January 2019, contracted in connection with the repurchase of Cube's interest. Note that the amount of €16 million (\$24.0 million), which was also provided for under the agreement with Cube, was paid in December 2015;
- A \$70.2 million drawdown from the revolving credit facility for various purposes, including the redemption of a portion of 2010 debentures;
- A loans contracted to finance the commissioning of new sites in 2015 and to continue with various development projects of the Corporation; and
- Net of the repayments made in 2015 including, other than the repayment of loans related to Boralex's operating sites, the \$100 million bridge facility using the proceeds of the share issuance in January 2015 and the \$110.6 million revolving credit facility using the proceeds of the issuance on new convertible debentures in June 2015.

Breaking down the Corporation's non-current debt geographically as at December 31, 2015, 41% originated in Canada, 52% in France and 7% in the United States, compared with 37%, 54% and 9%, respectively, as at December 31, 2014 (excluding the bridge financing facility).

As at December 31, 2015, Boralex had contracted but undrawn debt for its projects under construction totalling \$32.3 million, as well as \$154.8 million under the revolving credit facility and \$75 million under a term credit facility which it could draw down under certain conditions.

## Equity and Market Capitalization

Total equity rose \$216.4 million during fiscal 2015 to \$552.7 million as at December 31, 2015. This increase resulted from the issuance of common shares carried out in January 2015 and the conversion and redemption of 2010 debentures, which increased the value of the Corporation's share capital by \$327.4 million. Conversely, equity was reduced by the following items:

- The repurchase of Cube's interest which resulted in a \$25.3 million decrease in *Non-controlling shareholders* to reflect the carrying amount of this interest and a \$51.6 million decrease in *Retained earnings* to reflect the difference between the price paid for the repurchase of Cube's interest and its carrying amount;
- Dividends in the amount of \$27.1 million paid to shareholders;
- The \$14.4 million decrease in the equity component of convertible debentures following the conversion and redemption of 2010 debentures; and
- The net loss for the year.

## Debt Ratios

Net debt, as defined under *Non-IFRS Measures*, amounted to \$1,341.6 million as at December 31, 2015 compared with \$995.0 million as at December 31, 2014.

As a result, the net debt ratio, based on market capitalization, as defined under *Non-IFRS Measures*, rose to 55.2% as at December 31, 2015 from 53.3% as at December 31, 2014.

## Information About the Corporation's Equity Securities

As at December 31, 2015, Boralex's capital stock consisted of 64,829,112 Class A shares issued and outstanding (38,424,430 as at December 31, 2014) owing to the following share issues:

- 9,505,000 new shares issued in connection with a public offering conducted in January 2015 following the BEV acquisition, as previously discussed;
- 16,864,024 shares issued in September 2015 upon conversion of a \$197.0 million tranche of the principal amount of the 2010 convertible debentures;
- 21,730 shares issued up to August 31, 2015 upon conversion of 2,576 debentures (2010 series); and
- 13,928 shares issued on exercise of stock options held by senior executives.

There were 1,636,879 outstanding stock options as at December 31, 2015, of which 1,322,673 were exercisable.

As at December 31, 2015, Boralex had issued 1,437,500 of the 2015 convertible debentures.

From January 1 to March 7, 2016, 307,679 new shares were issued on exercise of 307,679 stock options while nil shares were issued in connection with the conversion of debentures.

## Normal Course Issuer Bid

On September 2, 2015, Boralex announced its intention to carry out a normal course issuer bid (the "Bid"). Under the twelve-month Bid from September 4, 2015 to September 3, 2016, Boralex may repurchase up to 500,000 Class A shares. All repurchases will be carried out through the Toronto Stock Exchange, and the repurchased shares will be cancelled. As at March 7, 2016, Boralex had not repurchased any Class A shares under the Bid. A copy of the Notice of Intention to Make a Bid may be obtained free of charge from the Corporation.

## Related Party Transactions

The Corporation has entered into a management agreement with R.S.P. Énergie Inc., an entity in which Richard and Patrick Lemaire, directors of the Corporation, are two of three shareholders. For fiscal 2015, revenues from this agreement totalled \$0.5 million (\$0.5 million for fiscal 2014).

The Corporation has entered into a four-year consulting agreement with Bernard Lemaire, a major shareholder of Cascades, an entity exercising significant influence over the Corporation. The agreement for an amount of \$0.1 million per year began in May 2013.

Cascades provides the Corporation with various IT, engineering, transportation, maintenance and building repair services. For fiscal 2015, these services totalled \$0.6 million (\$0.6 million for fiscal 2014).

## Transactions with the Joint Ventures

### Joint Venture Phase I

For the twelve-month period ended December 31, 2015, Joint Venture Phase I reported net earnings of \$19.2 million (\$12.3 million in 2014), with Boralex's share amounting to \$9.6 million (\$6.1 million in 2014). Amortization of the unrealized loss on financial instruments generated an expense of \$2.6 million (\$2.7 million in 2014). Accordingly, for fiscal 2015, the Corporation's *Share in earnings of the Joint Ventures* consisted of \$7.0 million in earnings (\$3.5 million in earnings in 2014).

Also, during fiscal 2015, Boralex charged back \$1.1 million in salaries, management fees and other costs to this joint venture in connection with operation of the wind farm (\$1.1 million in 2014).

### Joint Venture Phase II

For the twelve-month period ended December 31, 2015, Joint Venture Phase II reported net earnings of \$1.3 million (\$0.1 million in 2014), with Boralex's share amounting to \$0.6 million (nil in 2014). Boralex charged back \$0.5 million in salaries and management fees to this joint venture in connection with the operation of the wind farm (\$1.7 million in 2014).

## Interests in the Joint Ventures

In June 2011 and May 2013, Boralex and its equal partner in the development of the first two 272 MW and 68 MW phases of the Seigneurie de Beaupré Wind Farms in Québec, created the Joint Ventures in which each partner has a 50% interest. Under IFRS, the Corporation's investment in the Joint Ventures is reported under *Interests in the Joint Ventures* in the Consolidated Statement of Financial Position and the Corporation's share in results of the Joint Ventures is accounted for using the equity method and reported separately under *Share in earnings of the Joint Ventures* in Boralex's Consolidated Statement of Loss.

Given the strategic nature and scale of these assets and the significant results that these wind farms generate, Boralex's management has considered it relevant to include a section, *Proportionate Consolidation*, in this MD&A, where the results of the Joint Ventures are proportionately consolidated instead of being accounted for using the equity method as required by IFRS. Under the proportionate consolidation method, which is no longer permitted under IFRS, the *Interests in the Joint Ventures* and *Share in earnings of the Joint Ventures* items are eliminated and replaced by Boralex's share (50%) in all of the financial statements (revenues, expenses, assets and liabilities). This section is added to make it easier for investors to understand the concrete impacts of strategic and operating decisions made by the Corporation.

The acquisition of 50% of the shares of a Danish developer completed in July 2014 by Boralex also represents an interest in a joint venture. Currently, the project is under development and is reported in the Consolidated Statement of Financial Position in *Interests in the Joint Ventures* under IFRS and in *Other non-current assets* under proportionate consolidation. In the event this project is completed, it will be included in the proportionate consolidation section if the holding percentage stays the same.

These amounts are clearly identified as "proportionate consolidation" and are reconciled in the *Non-IFRS Measures and Reconciliations between IFRS and Proportionate Consolidation* sections. These financial statements have not been reviewed by the independent auditor.

## Seasonal Factors

| (In thousands of dollars, except MWh, per share amounts and number of shares outstanding)        | Three-month periods ended |               |                    |                   | Year ended        |
|--|---------------------------|---------------|--------------------|-------------------|-------------------|
|  | March 31, 2015            | June 30, 2015 | September 30, 2015 | December 31, 2015 | December 31, 2015 |
| <b>POWER PRODUCTION (MWh)</b>  |                           |               |                    |                   |                   |
| Wind power stations  | 559,760                   | 439,212       | 363,531            | 580,707           | 1,943,209         |
| Hydroelectric power stations   | 113,587                   | 205,678       | 149,051            | 158,161           | 626,477           |
| Thermal power stations   | 59,155                    | 15,628        | 48,787             | 31,131            | 154,701           |
| Solar power stations   | 1,038                     | 2,030         | 1,972              | 3,680             | 8,720             |
|  | 733,540                   | 662,548       | 563,341            | 773,679           | 2,733,107         |
| <b>REVENUES FROM ENERGY SALES</b>  |                           |               |                    |                   |                   |
| Wind power stations  | 67,369                    | 51,808        | 44,624             | 72,621            | 236,420           |
| Hydroelectric power stations   | 12,584                    | 16,785        | 13,799             | 14,998            | 58,166            |
| Thermal power stations   | 10,736                    | 3,467         | 5,753              | 6,521             | 26,477            |
| Solar power station  | 485                       | 926           | 963                | 890               | 3,264             |
|  | 91,174                    | 72,986        | 65,139             | 95,030            | 324,327           |
| <b>EBITDA(A)</b>   |                           |               |                    |                   |                   |
| Wind power stations  | 54,494                    | 40,718        | 32,986             | 61,139            | 189,339           |
| Hydroelectric power stations   | 9,247                     | 12,741        | 8,911              | 9,893             | 40,792            |
| Thermal power stations   | 4,525                     | (654)         | 1,121              | 711               | 5,704             |
| Solar power station  | 404                       | 837           | 851                | 743               | 2,834             |
|  | 68,670                    | 53,642        | 43,869             | 72,486            | 238,669           |
| Corporate and eliminations   | (6,355)                   | (6,998)       | (5,489)            | (8,616)           | (27,460)          |
|  | 62,315                    | 46,644        | 38,380             | 63,870            | 211,209           |
| <b>NET EARNINGS (LOSS)</b>   | 6,746                     | (5,791)       | (14,899)           | 5,732             | (8,212)           |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>                               |                           |               |                    |                   |                   |
| Continuing operations  | 5,299                     | (6,284)       | (15,421)           | 5,571             | (10,835)          |
| <b>NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b> |                           |               |                    |                   |                   |
| Continuing operations  | \$0.11                    | (\$0.13)      | (\$0.32)           | \$0.09            | (\$0.21)          |
| <b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>  | 46,880                    | 26,790        | 7,792              | 45,757            | 127,219           |
| <b>CASH FLOWS FROM OPERATIONS</b>  | 42,753                    | 27,499        | 17,155             | 44,853            | 132,254           |
| Weighted average number of shares outstanding (basic)  | 47,759,276                | 47,951,885    | 48,770,481         | 64,829,112        | 52,364,710        |

## Seasonal Factors

| (in thousands of dollars, except MWh, per share amounts and number of shares outstanding) | Three-month periods ended |               |                    |                   | Year ended        |
|---|---------------------------|---------------|--------------------|-------------------|-------------------|
|   | March 31, 2014            | June 30, 2014 | September 30, 2014 | December 31, 2014 | December 31, 2014 |
| <b>POWER PRODUCTION (MWh)</b>   |                           |               |                    |                   |                   |
| Wind power stations   | 381,389                   | 255,728       | 203,769            | 370,742           | 1,211,629         |
| Hydroelectric power stations  | 123,587                   | 223,702       | 139,938            | 154,752           | 641,979           |
| Thermal power stations  | 71,116                    | 18,521        | 45,909             | 34,092            | 169,637           |
| Solar power stations  | 1,185                     | 2,042         | 1,952              | 1,080             | 6,259             |
|   | 577,277                   | 499,993       | 391,568            | 560,666           | 2,029,504         |
| <b>REVENUES FROM ENERGY SALES</b>   |                           |               |                    |                   |                   |
| Wind power stations   | 47,948                    | 31,264        | 24,042             | 44,913            | 148,168           |
| Hydroelectric power stations  | 13,996                    | 17,622        | 12,236             | 14,312            | 58,166            |
| Thermal power stations  | 12,976                    | 3,885         | 5,660              | 7,569             | 30,090            |
| Solar power station   | 602                       | 1,021         | 945                | 514               | 3,082             |
|   | 75,522                    | 53,792        | 42,883             | 67,308            | 239,506           |
| <b>EBITDA(A)</b>  |                           |               |                    |                   |                   |
| Wind power stations   | 41,161                    | 24,626        | 17,466             | 37,930            | 121,180           |
| Hydroelectric power stations  | 10,167                    | 14,002        | 8,816              | 9,730             | 42,715            |
| Thermal power stations  | 4,572                     | (1,101)       | 588                | 1,188             | 5,247             |
| Solar power station   | 491                       | 902           | 850                | 391               | 2,634             |
|   | 56,391                    | 38,429        | 27,720             | 49,239            | 171,776           |
| Corporate and eliminations  | (4,634)                   | (6,252)       | (4,439)            | (9,815)           | (25,137)          |
|   | 51,757                    | 32,177        | 23,281             | 39,424            | 146,639           |
| <b>NET EARNINGS (LOSS)</b>  | 9,319                     | (4,704)       | (10,177)           | (5,691)           | (11,252)          |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>                        |                           |               |                    |                   |                   |
| Continuing operations   | 7,048                     | (5,069)       | (9,551)            | (7,011)           | (14,582)          |
| Discontinued operations   | 839                       | 785           | 312                | 716               | 2,652             |
|   | 7,887                     | (4,284)       | (9,239)            | (6,295)           | (11,930)          |
| <b>NET EARNINGS (LOSS) PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>      |                           |               |                    |                   |                   |
| Continuing operations   | \$0.19                    | (\$0.13)      | (\$0.25)           | (\$0.18)          | (\$0.38)          |
| Discontinued operations   | \$0.02                    | \$0.02        | \$0.01             | \$0.02            | \$0.07            |
|   | \$0.21                    | (\$0.11)      | (\$0.24)           | (\$0.16)          | (\$0.31)          |
| <b>NET EARNINGS (LOSS) PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>    |                           |               |                    |                   |                   |
| Continuing operations   | \$0.17                    | (\$0.13)      | (\$0.25)           | (\$0.18)          | (\$0.38)          |
| Discontinued operations   | \$0.02                    | \$0.02        | \$0.01             | \$0.02            | \$0.07            |
|   | \$0.19                    | (\$0.11)      | (\$0.24)           | (\$0.16)          | (\$0.31)          |
| <b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>                                     | 40,518                    | 8,331         | 43,962             | 9,454             | 102,265           |
| <b>CASH FLOWS FROM OPERATIONS</b>   | 36,568                    | 12,200        | 7,577              | 22,008            | 78,353            |
| Weighted average number of shares outstanding (basic)                                     | 37,980,635                | 38,346,572    | 38,390,851         | 38,411,980        | 38,283,988        |

## Selected Annual Information

### Operating Results Data

| (in thousands of dollars, except MWh, per share amounts and number of shares outstanding)        | Years ended December 31, |            |            |
|--|--------------------------|------------|------------|
|  | 2015                     | 2014       | 2013       |
| <b>POWER PRODUCTION (MWh)</b>  | 2,733,107                | 2,029,504  | 1,474,625  |
| <b>REVENUES FROM ENERGY SALES</b>  | 324,327                  | 239,506    | 171,395    |
| <b>EBITDA(A)</b>   | 211,209                  | 146,639    | 101,836    |
| <b>NET LOSS</b>  | (8,212)                  | (11,252)   | (4,065)    |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>                               |                          |            |            |
| Continuing operations  | (10,835)                 | (14,582)   | (5,966)    |
| Discontinued operations  | —                        | 2,652      | 1,774      |
|  | (10,835)                 | (11,930)   | (4,192)    |
| <b>NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b> |                          |            |            |
| Continuing operations  | (\$0.21)                 | (\$0.38)   | (\$0.16)   |
| Discontinued operations  | —                        | \$0.07     | \$0.05     |
|  | (\$0.21)                 | (\$0.31)   | (\$0.11)   |
| <b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>  | 127,219                  | 102,265    | 59,878     |
| <b>CASH FLOWS FROM OPERATIONS</b>  | 132,254                  | 78,353     | 51,180     |
| Weighted average number of shares outstanding (basic)  | 52,364,710               | 38,283,988 | 37,745,345 |

### Statement of Financial Position Data

| (in thousands of dollars, except per share amounts)                 | As at<br>December 31, | As at<br>December 31, | As at<br>December 31, |
|---|-----------------------|-----------------------|-----------------------|
|   | 2015                  | 2014                  | 2013                  |
| <b>Total cash*</b>  | 111,998               | 106,659               | 187,667               |
| <b>Property, plant and equipment</b>                                | 1,963,455             | 1,639,605             | 1,179,653             |
| <b>Total assets</b>   | 2,799,192             | 2,320,569             | 1,791,440             |
| <b>Debt, including non-current debt and current portion of debt</b> | 1,718,916             | 1,477,020             | 977,993               |
| <b>Liability component of convertible debentures</b>                | 133,070               | 232,977               | 229,578               |
| <b>Total liabilities</b>  | 2,247,012             | 1,984,767             | 1,405,660             |
| <b>Total equity</b>   | 552,180               | 335,802               | 385,780               |
| <br>Dividends paid on common shares                                 | <br>27,129            | <br>19,896            | <br>—                 |
| Dividends paid per common share                                     | \$0.52                | \$0.52                | —                     |
| <br>Net debt to market capitalization ratio                         | <br>60.2%             | <br>60.1%             | <br>54.6%             |

\* Including restricted cash.

## Financial Highlights

| (in thousands of dollars, except MW, MWh, per share amounts and number of shares outstanding)    | Three-month periods<br>ended December 31 |            | Years ended<br>December 31 |            |
|--|--|------------|----------------------------|------------|
|  | 2015                                     | 2014       | 2015                       | 2014       |
| <b>POWER PRODUCTION (MWh)</b>  |  |            |                            |            |
| Wind power stations  | 580,707                                  | 370,742    | 1,943,209                  | 1,211,629  |
| Hydroelectric power stations   | 158,161                                  | 154,752    | 626,477                    | 641,979    |
| Thermal power stations   | 31,131                                   | 34,092     | 154,701                    | 169,637    |
| Solar power stations   | 3,680                                    | 1,080      | 8,720                      | 6,259      |
|  | 773,679                                  | 560,666    | 2,733,107                  | 2,029,504  |
| <b>REVENUES FROM ENERGY SALES</b>  |  |            |                            |            |
| Wind power stations  | 72,621                                   | 44,913     | 236,420                    | 148,168    |
| Hydroelectric power stations   | 14,998                                   | 14,312     | 58,166                     | 58,166     |
| Thermal power stations   | 6,521                                    | 7,569      | 26,477                     | 30,090     |
| Solar power stations   | 890                                      | 514        | 3,264                      | 3,082      |
|  | 95,030                                   | 67,308     | 324,327                    | 239,506    |
| <b>EBITDA(A)</b>   |  |            |                            |            |
| Wind power stations  | 61,139                                   | 37,930     | 189,339                    | 121,180    |
| Hydroelectric power stations   | 9,893                                    | 9,730      | 40,792                     | 42,715     |
| Thermal power stations   | 711                                      | 1,188      | 5,704                      | 5,247      |
| Solar power stations   | 743                                      | 391        | 2,834                      | 2,634      |
|  | 72,486                                   | 49,239     | 238,669                    | 171,776    |
| Corporate and eliminations   | (8,616)                                  | (9,815)    | (27,460)                   | (25,137)   |
|  | 63,870                                   | 39,424     | 211,209                    | 146,639    |
| <b>NET EARNINGS (LOSS)</b>   | 5,732                                    | (5,691)    | (8,212)                    | (11,252)   |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>                               |  |            |                            |            |
| Continuing operations  | 5,571                                    | (7,011)    | (10,835)                   | (14,582)   |
| Discontinued operations  | —  | 716        | —                          | 2,652      |
|  | 5,571                                    | (6,295)    | (10,835)                   | (11,930)   |
| <b>NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b> |  |            |                            |            |
| Continuing operations  | \$0.09                                   | (\$0.18)   | (\$0.21)                   | (\$0.38)   |
| Discontinued operations  | —  | \$0.02     | —                          | \$0.07     |
|  | \$0.09                                   | (\$0.16)   | (\$0.21)                   | (\$0.31)   |
| <b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>  | 45,757                                   | 9,454      | 127,219                    | 102,265    |
| <b>CASH FLOWS FROM OPERATIONS</b>  | 44,853                                   | 22,008     | 132,254                    | 78,353     |
| Weighted average number of shares outstanding (basic)  | 64,829,112                               | 38,411,980 | 52,364,710                 | 38,283,988 |

# Analysis of Operating Results for the Three-Month Period Ended December 31, 2015

## Consolidated

Both for the fourth quarter and fiscal 2015, the proportionate consolidation of the results of Joint Ventures mainly affected Boralex's production volume, revenues, EBITDA(A) and cash flows from operations, and had no effect on net earnings (loss) and net earnings (loss) per share compared with the IFRS equity method.

In the table below, which shows the major changes in revenues from energy sales and EBITDA(A) for the three-month period ended December 31, 2015, proportionate consolidation primarily affected *Power stations commissioned and acquired* and *Volume*:

|   | Revenues from energy sales |        | EBITDA(A)            |        |
|---|----------------------------|--------|----------------------|--------|
|   | (in thousands of \$)       | %      | (in thousands of \$) | %      |
| <b>THREE-MONTH PERIOD ENDED DECEMBER 31, 2014</b> | <b>67,308</b>              |        | <b>39,424</b>        |        |
| Power stations commissioned* and acquired**       | 22,464                     | 33.3%  | 18,324               | 46.5%  |
| Pricing   | (1,441)                    | (2.1)% | (1,441)              | (3.7)% |
| Volume  | 5,440                      | 8.1%   | 5,661                | 14.4%  |
| Foreign exchange effect                           | 2,060                      | 3.1%   | 1,384                | 3.5%   |
| Raw material costs                                | —                          | —      | 530                  | 1.3%   |
| Maintenance                                       | —                          | —      | (155)                | (0.4)% |
| Development - prospection                         | —                          | —      | (1,227)              | (3.1)% |
| Development - acquisition costs                   | —                          | —      | 4,488                | 11.4%  |
| Other   | (801)                      | (1.2)% | (3,118)              | (7.9)% |
| Change  | 27,722                     | 41.2%  | 24,446               | 62.0%  |
| <b>THREE-MONTH PERIOD ENDED DECEMBER 31, 2015</b> | <b>95,030</b>              |        | <b>63,870</b>        |        |

\* Commissioning: In France, Fortel-Bonnières (October and November 2014), St-François (March and April 2015) and Cômes de l'Arce (April 2015) wind farms, Les Cigarettes (October 2015) solar power facility and Calmont (December 2015) wind farm; in Québec, Canada, Joint Venture Phase II (December 2014), Témiscouata I (December 2014), Côte-de-Beaupré (November 2015), Témiscouata II (November 2015) and Frampton (December 2015) wind farms.

\*\* Acquisition of 11 wind farms in operation in France from BEV on December 18, 2014, with capacity of 186 MW.

## Operating Results for the Three-Month Period

### Production

During the fourth quarter of 2015, Boralex's 50% share in the production of the Joint Ventures amounted to 130,528 MWh compared with 125,141 MWh in the same quarter of 2014. This growth resulted primarily from the contribution of Joint Venture Phase II throughout the three-month period compared with one month in 2014. Production at Joint Venture Phase I was down 11.0%, as fourth-quarter climate conditions in 2015 were not as outstanding as in 2014. That being said, however, fourth-quarter production at the facility was in line with the Corporation's expectations in 2015.

In light of the foregoing, Boralex's total quarterly production amounted to 773,679 MWh in 2015, up 38.0% from the previous year. Note that, for the last quarter of 2015, proportionately consolidating the production of the Joint Ventures added 20.3% to production reported under IFRS.

### Revenues

Boralex's share in the revenues of the Joint Ventures increased to \$14.0 million for the fourth quarter of 2015 from \$13.6 million for the same period of 2014. The additional contribution generated by commissioning Joint Venture Phase II more than offset the 11.7% decline in revenues from Joint Venture Phase I.

As shown in the table, Boralex's revenues totalled \$95.0 million under proportionate consolidation, up \$27.7 million or 41.2% from the same period of 2014. The increase was primarily a result of the BEV acquisition and the facilities commissioned in 2015 and late 2014, including Joint Venture Phase II, coupled with the favourable volume effect originating primarily from the French wind power facilities.

Proportionately consolidating revenues from the Joint Ventures for the last quarter of 2015 contributed an additional 17.3% to revenues reported under IFRS.

## EBITDA(A)

| (in thousands of dollars)                                 | Three-month periods ended December 31 |        |
|---|---------------------------------------|--------|
|   | 2015                                  | 2014   |
| EBITDA(A) (IFRS)  | 53,307                                | 30,058 |
| Less: Share in earnings of Joint Ventures Phases I and II | 1,315                                 | 2,570  |
| Plus: EBITDA(A) of Joint Ventures Phases I and II         | 11,878                                | 11,965 |
| Other   | —                                     | (29)   |
| EBITDA(A) (Proportionate Consolidation)                   | 63,870                                | 39,424 |

In the fourth quarter of 2015, Boralex's share in the EBITDA(A) of the Joint Ventures under proportionate consolidation amounted to \$11.9 million, compared with \$12.0 million in 2014. The full contribution from Joint Venture Phase II compared with less than one month in 2014 almost fully offset the decline in the contribution from Joint Venture Phase I due to less favourable wind conditions this year than last.

In light of the foregoing, as shown in the first table in this section, Boralex's EBITDA(A) totalled \$63.9 million under proportionate consolidation, up \$24.4 million or 62.0% from 2014. Consistent with the key factors set out in the table and commented in detail in the main section of this MD&A, *Analysis of Results and Financial Position - IFRS*, the increase in EBITDA(A) resulted in large part from the BEV acquisition and the facilities commissioned in 2015 and late 2014, including Joint Venture Phase II, as well as the favourable volume effect generated by the French wind power facilities.

However, as shown in the above table, despite a slight easing in EBITDA(A) of the Joint Ventures, proportionate consolidation had a net favourable effect of \$10.6 million or 19.8% on consolidated EBITDA(A) for the fourth quarter of 2015 compared with reporting under IFRS. Apart from the addition of EBITDA(A) from the Joint Ventures, this difference resulted from eliminating the *Share in earnings of Joint Ventures Phases I and II*, which comprises costs not related to EBITDA(A) of the Joint Ventures, such as amortization, financing costs and losses on financial instruments.

## Net Earnings (Loss)

Proportionately consolidating the results of the Joint Ventures had no impact on net earnings (loss) attributable to shareholders and net earnings (loss) per share, as the share in earnings of the Joint Ventures is equal to the percentage of our share in the Joint Ventures.

## Wind

The following table shows major changes in revenues from energy sales and EBITDA(A) for the three-month period ended December 31, 2015:

|   | Revenues from energy sales |        | EBITDA(A)            |        |
|---|----------------------------|--------|----------------------|--------|
|   | (in thousands of \$)       | %      | (in thousands of \$) | %      |
| <b>THREE-MONTH PERIOD ENDED DECEMBER 31, 2014</b> | <b>44,913</b>              |        | <b>37,930</b>        |        |
| Power stations commissioned* and acquired**       | 22,152                     | 49.3%  | 18,203               | 48.0%  |
| Pricing   | 249                        | 0.6%   | 249                  | 0.7%   |
| Volume  | 4,711                      | 10.5%  | 4,711                | 12.4%  |
| Foreign exchange effect                           | 696                        | 1.5 %  | 581                  | 1.5%   |
| Maintenance                                       | —                          | —      | (328)                | (0.9)% |
| Other   | (100)                      | (0.2)% | (207)                | (0.5)% |
| Change  | 27,708                     | 61.7%  | 23,209               | 61.2%  |
| <b>THREE-MONTH PERIOD ENDED DECEMBER 31, 2015</b> | <b>72,621</b>              |        | <b>61,139</b>        |        |

\* Commissioning: In France, Fortel-Bonnières (October and November 2014), St-François (March and April 2015), Cômes de l'Arce (April 2015) and Calmont (December 2015) wind farms; in Québec, Canada, Joint Venture Phase II (December 2014), Témiscouata I (December 2014), Côte-de-Beaupré (November 2015), Témiscouata II (November 2015) and Frampton (December 2015) wind farms.

\*\* Acquisition of 11 wind farms in operation in France from BEV on December 18, 2014, with capacity of 186 MW.

## Operating Results for the Three-Month Period

## Production

For the fourth quarter of 2015, the addition of Boralex's share of 130,528 MWh in the production of the Joint Ventures (125,141 MWh for the same quarter of 2014) represented an additional contribution of 29.0% compared with total wind power production reported under IFRS. Wind power segment production rose 56.6% to 580,707 MWh. As discussed in the previous section, this increase resulted in large part from the facilities acquired or commissioned in 2015 and late 2014, including Joint Venture Phase II.

## Revenues

As shown in the preceding table, including the \$14.0 million share in revenues of the Joint Ventures (\$13.6 million in 2014), wind power segment revenues totalled \$72.6 million under proportionate consolidation, up \$27.7 million or 61.7% from the same period of 2014. The increase was primarily a result of the BEV acquisition and the facilities commissioned in 2015 and late 2014, including Joint Venture Phase II, coupled with the favourable volume effect originating primarily from the French wind power facilities.

Proportionately consolidating revenues of the Joint Ventures for the last quarter of 2015 contributed an additional 23.9% to segment revenues reported under IFRS. In addition, under proportionate consolidation, 42% of wind power segment revenues were generated in Canada and 58% in France, compared with 29% and 71%, respectively, under IFRS.

## EBITDA(A)

| (in thousands of dollars)                                 | Three-month periods ended December 31 |        |
|---|---------------------------------------|--------|
|   | 2015                                  | 2014   |
| EBITDA(A) (IFRS)  | 51,238                                | 29,207 |
| Less: Share in earnings of Joint Ventures Phases I and II | 1,978                                 | 3,246  |
| Plus: EBITDA(A) of Joint Ventures Phases I and II         | 11,879                                | 11,969 |
| EBITDA(A) (Proportionate Consolidation)                   | 61,139                                | 37,930 |

In the fourth quarter of 2015, including the \$11.9 million share of EBITDA(A) of the Joint Ventures under proportionate consolidation (\$12.0 million in 2014), wind power segment EBITDA(A) totalled \$61.1 million, up \$23.2 million or 61.2% from the same period of 2014. Proportionately consolidating wind power segment EBITDA(A) for the fourth quarter of 2015 had a net favourable impact of \$9.9 million or 19.3% compared with IFRS.

# Analysis of Operating Results for the Year Ended December 31, 2015

## Consolidated

The following table shows major changes in revenues from energy sales and EBITDA(A) for year ended December 31, 2015:

|   | Revenues from energy sales |        | EBITDA(A)            |        |
|---|----------------------------|--------|----------------------|--------|
|   | (in thousands of \$)       | %      | (in thousands of \$) | %      |
| <b>YEAR ENDED DECEMBER 31, 2014</b>         | <b>239,506</b>             |        | <b>146,639</b>       |        |
| Power stations commissioned* and acquired** | 83,487                     | 34.9%  | 61,871               | 42.2%  |
| Pricing                                     | (4,793)                    | (2.0)% | (4,793)              | (3.3)% |
| Volume                                      | 5,863                      | 2.4%   | 7,176                | 4.9%   |
| Capacity premiums                           | (810)                      | (0.3)% | (810)                | (0.6)% |
| Foreign exchange effect                     | 1,733                      | 0.7%   | 1,648                | 1.1%   |
| Raw material costs                          | —                          | —      | 1,448                | 1.0%   |
| Maintenance                                 | —                          | —      | (1,011)              | (0.7)% |
| Development - prospection                   | —                          | —      | (2,232)              | (1.5)% |
| Development - acquisition costs             | —                          | —      | 4,206                | 2.9%   |
| Other                                       | (659)                      | (0.3)% | (2,933)              | (2.0)% |
| Change                                      | 84,821                     | 35.4%  | 64,570               | 44.0%  |
| <b>YEAR ENDED DECEMBER 31, 2015</b>         | <b>324,327</b>             |        | <b>211,209</b>       |        |

\* Commissioning: In France, Fortel-Bonnières (October and November 2014), St-François (March and April 2015) and Cômes de l'Arce (April 2015) wind farms, Les Cigarettes (October 2015) solar power facility and Calmont (December 2015) wind farm; in Canada, Jamie Creek (May 2014) hydroelectric power station and Joint Venture Phase II (December 2014), Témiscouata I (December 2014), Côte-de-Beaupré (November 2015), Témiscouata II (November 2015) and Frampton (December 2015) wind farms.

\*\* Acquisition of 11 wind farms in operation in France from BEV on December 18, 2014, with capacity of 186 MW.

## Operating Income

### Production

During fiscal 2015, Boralex's 50% share in the production of Joint Ventures amounted to an additional 547,209 MWh compared with 425,632 MWh in 2014. This 28.6% increase resulted primarily from the contribution of Joint Venture Phase II throughout the year compared with one month in 2014, combined with a 5.0% increase in production by Joint Venture Phase I. Although climate conditions were less favourable in the last half of 2015 year over year, productivity and profitability at both facilities exceeded management's expectations and forecasts. In light of the foregoing, Boralex's total annual production, including its share in the Joint Ventures, amounted to 2,733,107 MWh in 2015, up 34.7% from the previous year.

Proportionately consolidating the Corporation's total production for fiscal 2015 contributed an additional 25.0% compared with reporting under IFRS.

### Revenues

Boralex's share in the revenues of the Joint Ventures totalled \$58.7 million in 2015, compared with \$46.1 million in 2014, up 27.3% owing to the commissioning of Joint Venture Phase II, combined with a 5.1% increase in revenues by Joint Venture Phase I.

As shown in the table, Boralex's revenues totalled \$324.3 million in fiscal 2015 under proportionate consolidation, up \$84.8 million or 35.4% from fiscal 2014. The increase was primarily a result of the BEV acquisition and the facilities commissioned in 2015 and late 2014, including Joint Venture Phase II, coupled with the favourable volume effect originating primarily from the French wind power facilities.

Proportionately consolidating revenues from the Joint Ventures in 2015 contributed an additional 22.1% compared with revenues reported under IFRS.

## EBITDA(A)

| (in thousands of dollars)                                 | Years ended<br>December 31 |         |
|---|----------------------------|---------|
|   | 2015                       | 2014    |
| EBITDA(A) (IFRS)  | 168,756                    | 110,543 |
| Less: Share in earnings of Joint Ventures Phases I and II | 7,630                      | 3,426   |
| Plus: EBITDA(A) of Joint Ventures Phases I and II         | 50,083                     | 39,684  |
| Other   | —                          | (162)   |
| EBITDA(A) (Proportionate Consolidation)                   | 211,209                    | 146,639 |

During the year ended December 31, 2015, Boralex's share in EBITDA(A) of the Joint Ventures totalled \$50.1 million, compared with \$39.7 million in 2014, due to the commissioning of Joint Venture Phase II and the increase in production volume by Joint Venture Phase I. In light of the foregoing factors, as shown in the first table in this section, the Corporation's EBITDA(A) totalled \$211.2 million under proportionate consolidation, up \$64.6 million or 44.0% from 2014. Consolidated EBITDA(A) for 2015 reported under proportionate consolidation had a net favourable effect of \$42.5 million, or 25.2%, compared with reporting under IFRS.

## Net Loss

Proportionately consolidating the results of the Joint Ventures had no impact on net loss attributable to shareholders, as the share in earnings of the Joint Ventures is equal to the percentage of our share in the Joint Ventures.

## Wind

The following table shows major changes in revenues from energy sales and EBITDA(A) for the year ended December 31, 2015:

|   | Revenues from energy sales |        | EBITDA(A)            |        |
|---|----------------------------|--------|----------------------|--------|
|   | (in thousands of \$)       | %      | (in thousands of \$) | %      |
| <b>YEAR ENDED DECEMBER 31, 2014</b>         | <b>148,168</b>             |        | <b>121,180</b>       |        |
| Power stations commissioned* and acquired** | 82,550                     | 55.7%  | 63,983               | 52.8%  |
| Pricing                                     | 681                        | 0.5%   | 681                  | 0.5%   |
| Volume                                      | 7,463                      | 5.0%   | 7,463                | 6.2%   |
| Foreign exchange effect                     | (2,302)                    | (1.5)% | (1,781)              | (1.5)% |
| Maintenance                                 | —                          | —      | (1,790)              | (1.5)% |
| Other                                       | (140)                      | (0.1)% | (397)                | (0.3)% |
| Change                                      | 88,252                     | 59.6%  | 68,159               | 56.2%  |
| <b>YEAR ENDED DECEMBER 31, 2015</b>         | <b>236,420</b>             |        | <b>189,339</b>       |        |

\* Commissioning: In France, Fortel-Bonnières (October and November 2014), St-François (March and April 2015), Cômes de l'Arce (April 2015) and Calmont (December 2015) wind power facilities; in Québec, Canada, Joint Venture Phase II (December 2014), Témiscouata I (December 2014), Côte-de-Beaupré (November 2015), Témiscouata II (November 2015) and Frampton (December 2015) wind power facilities.

\*\* Acquisition of 11 wind farms in operation in France on December 18, 2014, with capacity of 186 MW.

## Operating Results

## Production

For the wind power segment, proportionately consolidating Boralex's 547,209 MWh share of the Joint Ventures' production for fiscal 2015 (425,632 MWh in 2014) contributed in an additional 39.2% to segment production volume compared with reporting under IFRS. Under proportionate consolidation, wind power segment production grew 60.4% from fiscal 2014, totalling 1,943,209 MWh in fiscal 2015. As discussed in the previous section, this increase resulted in large part from the facilities acquired or commissioned in 2015 and late 2014, including Joint Venture Phase II.

## Revenues

As shown in the preceding table, including the \$58.7 million share in revenues of Joint Ventures (\$46.1 million in 2014), wind power segment revenues totalled \$236.4 million in 2015 under proportionate consolidation, up \$88.3 million or 59.6% from fiscal 2014. The increase was primarily a result of the BEV acquisition and the facilities commissioned in 2015 and late 2014, including Joint Venture Phase II, coupled with the favourable volume effect originating primarily from the French wind power facilities.

Proportionately consolidating revenues from the Joint Ventures in 2015 contributed an additional 33.0% to annual wind power segment revenues compared with revenues reported under IFRS. In addition, under proportionate consolidation, 44% of annual wind power segment revenues were generated in Canada and 56% in France, compared with 25% and 75%, respectively, under IFRS.

## EBITDA(A)

| (in thousands of dollars)                                 | Years ended<br>December 31 |         |
|---|----------------------------|---------|
|   | 2015                       | 2014    |
| EBITDA(A) (IFRS)  | 149,516                    | 87,595  |
| Less: Share in earnings of Joint Ventures Phases I and II | 10,261                     | 6,099   |
| Plus: EBITDA(A) of Joint Ventures Phases I and II         | 50,084                     | 39,684  |
| EBITDA(A) (Proportionate Consolidation)                   | 189,339                    | 121,180 |

During fiscal 2015, including Boralex's \$50.1 million share of EBITDA(A) of the Joint Ventures under proportionate consolidation (\$39.7 million in 2014), wind power segment EBITDA(A) totalled \$189.3 million, up \$68.2 million or 56.2% from 2014. Proportionately consolidating wind power segment EBITDA(A) for 2015 had a net favourable impact of \$39.8 million or 26.6% compared with IFRS.

Boralex management is very satisfied with results at these large-scale facilities to date, and productivity and profitability bode well for the future.

## Cash Flows

Under proportionate consolidation, cash flows from operations for the year ended December 31, 2015 amounted to \$132.3 million (compared with \$128.5 million under IFRS). The \$3.7 million difference resulted from the addition of EBITDA(A) from Joint Ventures Phases I and II, offset by payments related to financing costs of the Joint Ventures. Funds used by the change in non-cash items related to operating activities were \$8.9 million lower than under IFRS, as a result of the receipt in the fourth quarter of a \$7.4 million reimbursement from Hydro-Québec for costs incurred in connection with the construction of Joint Venture Phase II. As a result, cash generated by operating activities for fiscal 2015 was \$12.6 million higher under proportionate consolidation, for a total of \$127.2 million, compared with \$114.6 million under IFRS.

Cash used in investing activities was \$4.6 million lower under proportionate consolidation, owing primarily to a lower utilization of restricted cash.

Cash flows generated by financing activities were \$19.8 million lower under proportionate consolidation than under IFRS, owing primarily to repayments on non-current debt of the Joint Ventures.

In light of the foregoing, under proportionate consolidation, the change in cash and cash equivalents between December 31, 2014 and December 31, 2015 represented a \$21.6 million increase, compared with a \$24.2 million increase under IFRS, for a net difference of \$2.6 million.

## Financial Position

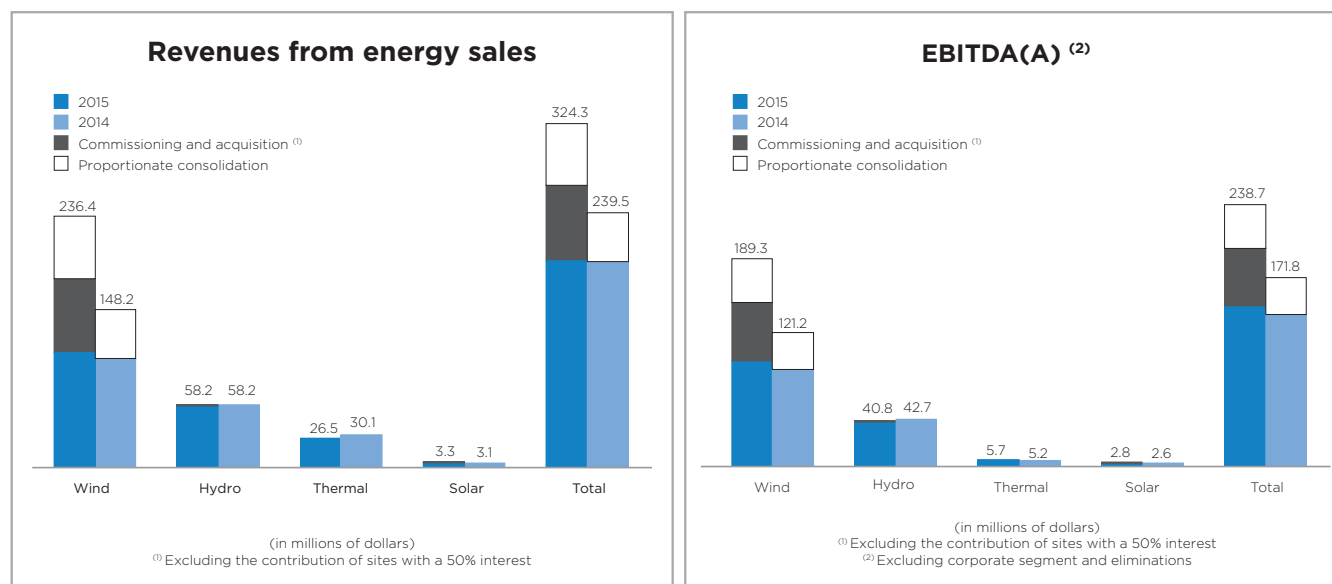
The main changes in financial position as at December 31, 2015 owing to proportionate consolidation were as follows:

- A \$14.2 million increase in total current assets, including a \$9.0 million increase in the sum of cash and cash equivalents and restricted cash and a \$5.1 million increase in *Trade and other receivables*;
- A \$343.1 million increase in total non-current assets, driven primarily by a \$407.1 million increase in the total net value of property, plant and equipment, partly offset by the elimination of *Interests in the Joint Ventures*, in the amount of \$66.5 million;
- A \$20.7 million increase in total current liabilities, including a \$14.3 million increase in the current portion of non-current debt and a \$6.4 million increase in *Trade and other payables*; and
- A \$337.1 million increase in total non-current liabilities, consisting mainly of a \$283.6 million increase in non-current debt, a \$23.1 million increase in other non-current financial liabilities and the addition of \$29.1 million in deferred revenues included under *Other non-current liabilities*.

Accordingly, cash and cash equivalents and restricted cash as at December 31, 2015 totalled \$112.0 million under proportionate consolidation, compared with \$103.0 million under IFRS.

# Segment and Geographic Breakdown of Results from Continuing Operations for the Years Ended December 31, 2015 and 2014

## Segment breakdown



The following is a discussion of changes in segment breakdown of revenues and EBITDA(A) for the year ended December 31, 2015 compared with the fiscal 2014 under proportionate consolidation (see the *Non-IFRS Measures* and *Reconciliations between IFRS and Proportionate Consolidation* sections).

## Wind

For fiscal 2015, revenues in the wind power segment grew 59.6% from the previous year, boosting its share of consolidated revenues to 72.9% in 2015 from 61.9% in 2014. The strong revenue growth in this segment was largely driven by the expansion in its asset base, including:

- The acquisition of the 11 BEV wind farms in operation in France on December 18, 2014, with a total capacity of 186 MW;
- Facilities commissioned totalling an additional 80 MW in the fourth quarter of 2014, consisting of the Fortel-Bonnières wind farm in France and Joint Venture Phase II (Boralex's share is 50%) and Témiscouata I wind farms in Canada; and
- The commissioning of an additional 146 MW in 2015 (St-François, Cômes de l'Arce and Calmont wind farms in France and Côte-de-Beaupré, Témiscouata II and Frampton wind power facilities in Canada), 77% of which capacity was commissioned in the fourth quarter, such that it contributed to fiscal 2015 results during only a small portion of the year.

In addition, revenue growth in the wind power segment got a boost from higher revenues at existing power stations, particularly in France.

EBITDA(A) for fiscal 2015 rose 56.2% from 2014 in the wind power segment, increasing its share of consolidated EBITDA(A) (before corporate segment and eliminations) to 79.3% in 2015 from 70.5% in 2014, thereby strengthening its position as Boralex's largest source of EBITDA(A). The segment's EBITDA(A) margin is also higher than the average for Boralex's energy asset portfolio, at approximately 80.1% in 2015 (81.8% in 2014). Given the impact of the BEV acquisition and of the 226 MW commissioned since November 2014 (113 MW of which very late in 2015), of wind power projects under development for a minimum additional contracted capacity of about 105 MW for commissioning in 2016, 2017 and 2018, and of the large pool of potential wind power projects at our disposal, the segment's dominant contribution to the Corporation's operating profitability is poised to grow in the coming years, strengthening our average profit margin.

## Hydroelectric

Revenues in the hydroelectric power segment held steady from fiscal 2014 to fiscal 2015. However, given the strong growth in the wind power segment, the hydroelectric power segment accounted for 17.9% of consolidated revenues in 2015 compared with 24.3% in 2014. Annual EBITDA(A) in the hydroelectric power segment was down 4.5% in 2015 from 2014, owing primarily to a decline in production volume and selling prices at power stations in the Northeastern United States. As a result, the hydroelectric power segment accounted for 17.1% of consolidated EBITDA(A) (before corporate segment and eliminations) in 2015 compared with 24.9% the previous year. As a percentage of revenues, the hydroelectric power segment's EBITDA(A) margin remained high at 70.1% in 2015 (73.4% in 2014).

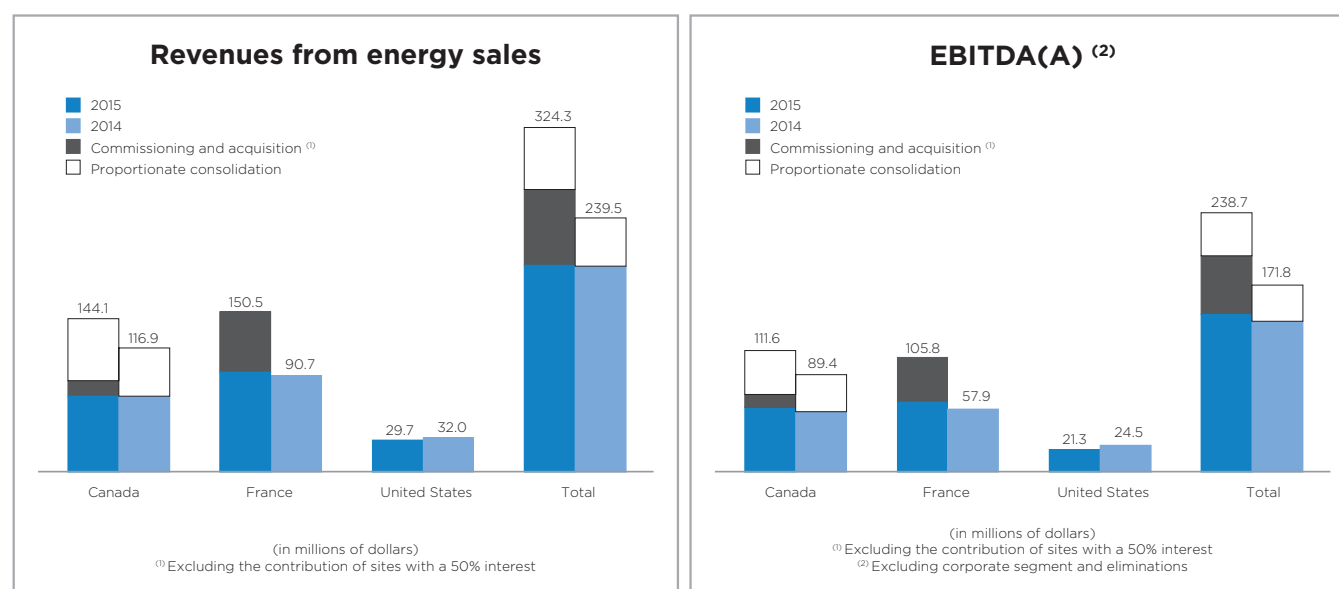
## Thermal

Thermal power segment revenues were down 12.0% in 2015 from a year earlier, owing in large part to lower selling prices at the Blendecques power station in France. The segment accounted for 8.2% of consolidated revenues in 2015, compared with 12.6% in 2014. However, thermal power segment EBITDA(A) rose 9.6% in 2015 from 2014. The segment's share of consolidated EBITDA(A) (before corporate segment and eliminations) stood at 2.4% compared with 3.0% the previous year. EBITDA(A) margin rose to 21.5% in 2015 from 17.3% in 2014.

## Solar

For fiscal 2015, Boralex's solar power segment generated EBITDA(A) of \$2.8 million on revenues of \$3.3 million, compared with EBITDA(A) of \$2.6 million on revenues of \$3.1 million 2014. These increases resulted from the commissioning of a second solar power station, Les Cigarettes, early in the fourth quarter of 2015. EBITDA(A) margin stood at 84.8% in 2015 compared with 83.9% in 2014. The solar power segment, which for the time being accounts for only a marginal share of Boralex's energy portfolio, generated 1.0% and 1.3% of consolidated revenues and EBITDA(A) (before corporate segment and eliminations), respectively, in fiscal 2015.

## Geographic breakdown



For the year ended December 31, 2015, the geographic breakdown of our revenues from energy sales was as follows:

- 44.4% in Canada compared with 48.8% in 2014;
- 46.4% in France, compared with 37.9% in 2014; and
- 9.2% in the United States compared with 13.3% in 2014.

The relative weight of our French operations logged the highest growth due primarily to the acquisition of BEV in December 2014. The relative weights of the Canadian and European operations are now nearly balanced, which further strengthens the advantages garnered by the geographic diversification of Boralex's asset base with regard to weather conditions and growth opportunities. The lower relative share of revenues from our U.S. assets stemmed from the higher weight of the French market and drops in production and average selling prices at our U.S. hydroelectric power stations.

## Non-IFRS Measures

In order to assess the performance of its assets and reporting segments, Boralex uses EBITDA(A), cash flows from operations and the ratio of net debt, discretionary cash flows and the payout ratio as performance measures under IFRS and proportionate consolidation. Management believes that these measures are widely accepted financial indicators used by investors to assess the operational performance of a company and its ability to generate cash through operations.

These non-IFRS measures are derived primarily from the audited consolidated financial statements, but do not have a standardized meaning under IFRS; accordingly, they may not be comparable to similarly named measures used by other companies.

This section also shows these measures under proportionate consolidation, where the results of the Joint Ventures are proportionately consolidated instead of being accounted for using the equity method as required by IFRS. Since the information that Boralex uses to perform internal analyses and make strategic and operating decisions is prepared on a proportionate consolidation basis, management has considered it relevant to include these amounts to help investors understand the concrete impacts of decisions made by the Corporation. Tables reconciling IFRS data with data presented on a proportionate consolidation basis are included in the *Reconciliations between IFRS and Proportionate Consolidation* section.

### EBITDA(A)

EBITDA(A) represents earnings before interest, taxes, depreciation and amortization, adjusted to include other items. EBITDA(A) does not have a standardized meaning under IFRS; accordingly, it may not be comparable to similarly named measures used by other companies. Investors should not view EBITDA(A) as an alternative measure to, for example, net earnings (loss), or as a measure of operating results, which are IFRS measures.

EBITDA and EBITDA(A) are reconciled to the most comparable IFRS measure, namely, net earnings (loss), in the following table:

| I F R S                                      |  |               |                            |                |
|--|--|---------------|----------------------------|----------------|
|  | Three-month periods<br>ended December 31 |               | Years ended<br>December 31 |                |
| (in thousands of dollars)                    | 2015                                     | 2014          | 2015                       | 2014           |
| Net earnings (loss)                          | 5,732                                    | (5,661)       | (8,212)                    | (11,089)       |
| Income tax expense (recovery)                | 4,251                                    | (523)         | (1,496)                    | (854)          |
| Financing costs                              | 17,260                                   | 15,926        | 74,019                     | 58,097         |
| Amortization                                 | 25,822                                   | 15,832        | 96,972                     | 60,410         |
| <b>EBITDA</b>                                | <b>53,065</b>                            | <b>25,574</b> | <b>161,283</b>             | <b>106,564</b> |
| Adjustments:                                 |  |               |                            |                |
| Net earnings from discontinued operations    | —  | (716)         | —                          | (2,652)        |
| Loss on redemption of convertible debentures | —  | —             | 2,759                      | —              |
| Net loss on financial instruments            | 129                                      | 6,031         | 7,467                      | 8,187          |
| Foreign exchange loss (gain)                 | 261                                      | 15            | (2,374)                    | 406            |
| Other gains                                  | (148)                                    | (846)         | (379)                      | (1,962)        |
| <b>EBITDA(A)</b>                             | <b>53,307</b>                            | <b>30,058</b> | <b>168,756</b>             | <b>110,543</b> |

| Proportionate Consolidation                  |                                       |               |                         |                |
|--|---------------------------------------|---------------|-------------------------|----------------|
| (in thousands of dollars)                    | Three-month periods ended December 31 |               | Years ended December 31 |                |
|  | 2015                                  | 2014          | 2015                    | 2014           |
| Net earnings (loss)                          | 5,732                                 | (5,691)       | (8,212)                 | (11,252)       |
| Income tax expense (recovery)                | 4,251                                 | (523)         | (1,496)                 | (854)          |
| Financing costs                              | 22,692                                | 20,975        | 95,949                  | 77,787         |
| Amortization                                 | 31,354                                | 20,616        | 119,103                 | 78,280         |
| <b>EBITDA</b>                                | <b>64,029</b>                         | <b>35,377</b> | <b>205,344</b>          | <b>143,961</b> |
| Adjustments:                                 |                                       |               |                         |                |
| Net earnings from discontinued operations    | —                                     | (716)         | —                       | (2,652)        |
| Loss on redemption of convertible debentures | —                                     | —             | 2,759                   | —              |
| Net loss on financial instruments            | 129                                   | 5,938         | 7,467                   | 8,192          |
| Foreign exchange loss (gain)                 | 261                                   | 17            | (2,374)                 | 410            |
| Other gains                                  | (549)                                 | (1,192)       | (1,987)                 | (3,272)        |
| <b>EBITDA(A)</b>                             | <b>63,870</b>                         | <b>39,424</b> | <b>211,209</b>          | <b>146,639</b> |

| Reconciliation between IFRS and Proportionate Consolidation |                                       |               |                         |                |
|---|---------------------------------------|---------------|-------------------------|----------------|
| (in thousands of dollars)                                   | Three-month periods ended December 31 |               | Years ended December 31 |                |
|   | 2015                                  | 2014          | 2015                    | 2014           |
| EBITDA(A) (IFRS)  | 53,307                                | 30,058        | 168,756                 | 110,543        |
| Less: Share in earnings of Joint Ventures Phases I and II   | 1,315                                 | 2,570         | 7,630                   | 3,426          |
| Plus: EBITDA(A) of Joint Ventures Phases I and II           | 11,878                                | 11,965        | 50,083                  | 39,684         |
| Other   | —                                     | (29)          | —                       | (162)          |
| <b>EBITDA(A) (Proportionate Consolidation)</b>              | <b>63,870</b>                         | <b>39,424</b> | <b>211,209</b>          | <b>146,639</b> |

## Cash Flows from Operations

Cash flows from operations under IFRS and proportionate consolidation are equal to net cash flows related to operating activities before change in non-cash items related to operating activities. Management uses this measure to assess cash flows generated by the Corporation's operations and its capacity to finance its expansion through those funds. In light of the seasonal nature of the Corporation's operations and development activities, changes in non-cash items can vary considerably. In addition, development activities result in significant changes in *Trade and other payables* during the construction period, as well as an initial injection of working capital at project start-up. Accordingly, the Corporation considers it more representative not to integrate changes in non-cash items in this performance measure.

Investors should not consider cash flows from operations as an alternative measure to cash flows related to operating activities, which is an IFRS measure.

Cash flows from operations are reconciled to the most comparable IFRS measure, namely net cash flows related to operating activities, in the following table:

| IFRS   |                                       |               |                         |               |
|--|---------------------------------------|---------------|-------------------------|---------------|
| (in thousands of dollars)                                | Three-month periods ended December 31 |               | Years ended December 31 |               |
|  | 2015                                  | 2014          | 2015                    | 2014          |
| Net cash flows related to operating activities*          | 30,275                                | 3,204         | 114,587                 | 51,661        |
| Change in non-cash items related to operating activities | (6,979)                               | (10,779)      | (13,959)                | (2,020)       |
| <b>CASH FLOWS FROM OPERATIONS</b>                        | <b>37,254</b>                         | <b>13,983</b> | <b>128,546</b>          | <b>53,681</b> |

\* Includes \$29.1 million in distributions received from the Joint Ventures for the year ended December 31, 2015.

| Proportionate Consolidation                              |                                       |               |                         |               |
|--|---------------------------------------|---------------|-------------------------|---------------|
| (in thousands of dollars)                                | Three-month periods ended December 31 |               | Years ended December 31 |               |
|  | 2015                                  | 2014          | 2015                    | 2014          |
| Net cash flows related to operating activities           | 45,757                                | 9,454         | 127,219                 | 102,265       |
| Change in non-cash items related to operating activities | 904                                   | (12,554)      | (5,035)                 | 23,912        |
| <b>CASH FLOWS FROM OPERATIONS</b>                        | <b>44,853</b>                         | <b>22,008</b> | <b>132,254</b>          | <b>78,353</b> |

Tables reconciling IFRS data with data presented on a proportionate consolidation basis are included in the *Reconciliations between IFRS and Proportionate Consolidation* section.

## Net Debt Ratio

The Corporation defines net debt as follows:

| (in thousands of dollars)   | IFRS                    |                         | Proportionate Consolidation |                         |
|---|-------------------------|-------------------------|-----------------------------|-------------------------|
|   | As at December 31, 2015 | As at December 31, 2014 | As at December 31, 2015     | As at December 31, 2014 |
| Non-current debt  | 1,275,857               | 989,087                 | 1,559,439                   | 1,285,258               |
| Current portion of debt   | 145,200                 | 172,044                 | 159,477                     | 191,762                 |
| Borrowing costs, net of accumulated amortization                              | 23,546                  | 21,713                  | 39,398                      | 39,252                  |
| Less:   |                         |                         |                             |                         |
| Bridge financing facility*  | —                       | 100,000                 | —                           | 100,000                 |
| Cash and cash equivalents   | 99,641                  | 75,394                  | 108,491                     | 86,845                  |
| Restricted cash   | 3,345                   | 12,459                  | 3,507                       | 19,814                  |
| <b>Net debt</b>   | <b>1,341,617</b>        | <b>994,991</b>          | <b>1,646,316</b>            | <b>1,309,613</b>        |
| <br>Net debt excluding non-current debt drawn for projects under construction | <br>1,341,617           | <br>956,311             | <br>1,646,316               | <br>1,270,933           |

\* The bridge financing facility was excluded from net debt as at December 31, 2014 as it related to temporary financing.

The Corporation defines total market capitalization as follows:

| (in thousands of dollars, except for the number of outstanding shares and share market price) | IFRS                    |                         | Proportionate Consolidation |                         |
|---|-------------------------|-------------------------|-----------------------------|-------------------------|
|   | As at December 31, 2015 | As at December 31, 2014 | As at December 31, 2015     | As at December 31, 2014 |
| Number of outstanding shares (in thousands)   | 64,829                  | 38,424                  | 64,829                      | 38,424                  |
| Share market price (in \$ per share)  | 14.46                   | 12.85                   | 14.46                       | 12.85                   |
| Market value of equity attributable to shareholders   | 937,429                 | 493,754                 | 937,429                     | 493,754                 |
| Non-controlling shareholders  | 8,038                   | 33,128                  | 8,038                       | 33,128                  |
| Bridge financing facility   | —                       | 100,000                 | —                           | 100,000                 |
| Net debt  | 1,341,617               | 994,991                 | 1,646,316                   | 1,309,613               |
| Convertible debentures (nominal value)  | 143,750                 | 244,337                 | 143,750                     | 244,337                 |
| <b>Total market capitalization</b>  | <b>2,430,834</b>        | <b>1,866,210</b>        | <b>2,735,533</b>            | <b>2,180,832</b>        |

The Corporation computes the net debt to market capitalization ratio as follows:

| (in thousands of dollars)  | IFRS                    |                         | Proportionate Consolidation |                         |
|--|-------------------------|-------------------------|-----------------------------|-------------------------|
|  | As at December 31, 2015 | As at December 31, 2014 | As at December 31, 2015     | As at December 31, 2014 |
| Net debt   | 1,341,617               | 994,991                 | 1,646,316                   | 1,309,613               |
| Total market capitalization  | 2,430,834               | 1,866,210               | 2,735,533                   | 2,180,832               |
| <b>NET DEBT RATIO (market capitalization)</b>  | <b>55.2%</b>            | <b>53.3%</b>            | <b>60.2%</b>                | <b>60.1%</b>            |
| <br><b>NET DEBT RATIO (market capitalization, excluding non-current debt drawn for projects under construction)*</b> | <br><b>55.2%</b>        | <br><b>52.3%</b>        | <br><b>60.2%</b>            | <br><b>59.3%</b>        |

\* Given the significant growth in recent years with the addition of long-term contracted capacity and fixed-rate debt, the portion of non-current debt drawn for projects under development was excluded.

## Discretionary Cash Flows and Payout Ratio

### Discretionary Cash Flows

When evaluating its operating results, discretionary cash flows is a key performance indicator for the Corporation.

Discretionary cash flows represents the cash generated from the operations that management believes is representative of the amount that is available for future development and/or to be paid as dividends to common shareholders while preserving the long-term value of the business.

### Payout Ratio

The payout ratio represents the dividends paid to shareholders of Boralex divided by discretionary cash flows. Boralex believes it is a measure of its ability to sustain current dividends as well as its ability to fund its future development.

For the year-ended December 31, 2015, the dividends on common shares declared by the Corporation corresponded to 56.5% of discretionary cash flows.

In the medium term, Boralex expects to pay common share dividends on an annual basis representing a ratio of 40% to 60% of its discretionary cash flows.

The Corporation computes the discretionary cash flows and payout ratio as follows\*:

|   | As at<br>December 31,<br>2015 |
|---|-------------------------------|
| (In thousands of dollars, except per share amount)          |                               |
| Net cash flows related to operating activities              | 132,254                       |
| Distributions paid to non-controlling shareholders          | (8,363)                       |
| Additions to property, plant and equipment (maintenance)    | (6,638)                       |
| Repayments on current and non-current debt (projects)       | (79,485)                      |
| Development costs (from statement of loss)                  | 10,277                        |
| <b>Discretionary cash flows</b>                             | <b>48,045</b>                 |
| Discretionary cash flows per share                          | \$0.92                        |
| Dividend paid to shareholders of Boralex (\$0.52 per share) | 27,129                        |
| <b>Payout ratio</b>   | <b>56.5%</b>                  |

\*Under proportionate consolidation

# Financial Instruments

## Foreign Exchange Risk

The Corporation generates foreign currency liquidity through the operation of its power stations in France and the United States. First, the Corporation reduces its risk exposure to a minimum, as revenues, expenses and financing are in the local currency. Accordingly, foreign exchange risk arises from the residual liquidity that can be distributed to the parent company.

In France, given the above, the large BEV acquisition made in December 2014 and that Boralex now pays a dividend in Canadian dollars, the Corporation entered into forward sales to hedge the exchange rate on a portion of the distributions it expects to repatriate from Europe up to 2025. Similar purchases will be made when large transactions are entered into outside Canada.

Management considers that the cash flows generated in the United States do not represent a significant risk at present. A hedging strategy could be developed in due course.

In connection with Canadian project development, certain future expenditures may be in foreign currencies. For example, equipment purchases in Canada are partly denominated in euros or US dollars. Where applicable, the Corporation's objective is to protect its anticipated return on its investment by entering into hedging instruments to eliminate volatility in expected expenditures and, in turn, stabilize significant costs such as turbines.

## Price Risk

In the Northeastern United States, a portion of the Corporation's power production is sold at market prices or under short-term contracts and is accordingly subject to fluctuations in energy prices. Energy prices vary according to supply, demand and certain external factors, including weather conditions, and the price from other sources of power. As a result, prices may fall too low for the power stations to yield an operating profit.

As at December 31, 2015, our power stations in France and Canada, as well as those in Hudson Falls and South Glens Falls in the United States, had long-term energy sales contracts, the vast majority of which are subject to partial or full indexation clauses tied to inflation. Consequently, only 23 MW or 2% of Boralex's installed capacity is exposed to price risk.

## Interest Rate Risk

Under IFRS, as at December 31, 2015, approximately 42% of non-current debt issued bears interest at variable rates, excluding the revolving credit facility. A sharp increase in interest rates in the future could affect the liquid assets available for the Corporation's development projects. However, since the Corporation uses interest rate swaps and interest rate forward contracts, its exposure to interest rate fluctuations is reduced to only 9% of total debt under IFRS and 8% under proportionate consolidation.

| IFRS                               |          |                      |         |                      |          |
|------------------------------------|----------|----------------------|---------|----------------------|----------|
| As at December 31,                 |          |                      |         |                      |          |
| 2015                               |          | Current notional     |         | Fair value           |          |
|                                    | Currency | (currency of origin) | (CAD)   | (currency of origin) | (CAD)    |
| Financial swaps - interest rates   | EUR      | 250,398              | 376,323 | (18,770)             | (28,209) |
| Financial swaps - interest rates   | CAD      | 212,531              | 212,531 | (45,733)             | (45,733) |
| Foreign exchange forward contracts | EUR      | 104,000              | 156,302 | (3,350)              | (3,350)  |
|                                    |          |                      | 745,156 |                      | (77,292) |

| Proportionate Consolidation        |          |                      |         |                      |           |
|------------------------------------|----------|----------------------|---------|----------------------|-----------|
| As at December 31,                 |          |                      |         |                      |           |
| 2015                               |          | Current notional     |         | Fair value           |           |
|                                    | Currency | (currency of origin) | (CAD)   | (currency of origin) | (CAD)     |
| Financial swaps - interest rates   | EUR      | 250,398              | 376,323 | (18,770)             | (28,209)  |
| Financial swaps - interest rates   | CAD      | 443,170              | 443,170 | (68,821)             | (68,821)  |
| Foreign exchange forward contracts | EUR      | 104,000              | 156,302 | (3,350)              | (3,350)   |
|                                    |          |                      | 975,795 |                      | (100,380) |

The Corporation does not plan to sell these instruments, since they were entered into to reduce the Corporation's risk related to interest rate and exchange rate fluctuations, and to protect, to all extent possible, the anticipated return on those projects. As a result, the fact that fair value is unfavourable only indicates that forward interest rates or exchange rates have fallen and has no bearing on the effectiveness of the instrument as part of the Corporation's risk management strategy. On January 21, 2015, the Canadian dollar interest rate swaps that were not designated as hedge accounting were designated for two new development projects: Yellow Falls and Frampton. During the third quarter of 2015, two Canadian dollar interest rate swaps designated as hedge accounting for the Côte-de-Beaupré RCM and Frampton projects ceased upon financing being entered into for each project. As at December 31, 2015, these two instruments were re-designated to other current development projects. Changes in the value of these swaps arising during the period in which they were not designated have been recognized in loss under *Net loss on financial instruments*.

## Commitments and Contingencies

|                                     | Total     | Payments        |                   |              |
|-------------------------------------|-----------|-----------------|-------------------|--------------|
|                                     |           | Current portion | From 1 to 5 years | Over 5 years |
| Non current debt                    | 1,444,876 | 145,571         | 463,745           | 835,560      |
| Purchase and construction contracts | 74,937    | 74,710          | 227               | —            |
| Maintenance contracts               | 87,273    | 15,420          | 45,967            | 25,886       |
| Operating leases on property        | 75,893    | 4,163           | 23,074            | 48,656       |
| Joint ventures                      | 57,694    | 2,101           | 28,615            | 26,978       |
|                                     | 1,740,673 | 241,965         | 561,628           | 937,080      |

### Energy Sales Contracts - Power Stations in Operation

#### Canada

For the Canadian power stations, the Corporation is committed to selling 100% of its power output (subject to certain minimum criteria) under long-term contracts maturing between 2016 and 2054. These contracts provide for annual indexation based on the Consumer Price Index ("CPI"). However, under long-term contracts for the Québec hydroelectric power stations (except for the Forces Motrices St-François power station, which is indexed at an annual fixed rate), the indexation rate should not be lower than 3% or higher than 6%.

#### France

For the wind power stations, thermal power station and solar power facilities in France, the Corporation is committed to selling 100% of its power output under long-term contracts maturing from 2017 to 2035. The contracts provide for annual indexation based on changes in hourly labour costs and industry activity levels.

#### United States

In the United States, under a long-term contract expiring in 2029, the Corporation is committed to selling 100% of the power output of its **Middle Falls** hydroelectric power station. A price equal to 90% of the market price is stipulated in the contract.

For the **South Glens Falls** and **Hudson Falls** hydroelectric power stations in the United States, the Corporation is committed to sell the electricity it generates under long-term contracts expiring in 2034 and 2035. These contracts provide for contract payment rates for most of the electricity it generates. The price structure is as follows:

|                     | South Glens Falls<br>US\$/MWh | Hudson Falls<br>US\$/MWh |
|---------------------|-------------------------------|--------------------------|
| 2016 - 2017         | 83.67 – 86.65                 | 81.78 – 80.58            |
| 2018 - 2024         | 86.65                         | 48.27                    |
| 2025                | 121.79 or market*             | 48.27                    |
| 2026 and thereafter | 121.79 or market*             | 56.28 or market*         |

\* The client has the option of replacing the contract price with the market price until the contract terminates in 2025 for the South Glens Falls facility and in 2026 for the Hudson Falls facility.

### Energy Sales Contracts - Projects Under Development

#### Canada

The **Yellow Falls** hydroelectric power station is covered by an initial 20-year energy sales contract with four renewal options, each for a five-year period, at the Corporation's discretion. The contract will begin when the power station is commissioned and will be indexed annually.

#### France

The Corporation has a 15-year energy sales contract for the **Touvent** wind power project. This contract will begin when the wind farm is commissioned, and the selling price will be indexed annually.

### Purchase and Construction Contracts - Projects Under Development

#### Canada

The Corporation has entered into turbine purchase and construction contracts for the **Yellow Falls** hydroelectric power project.

#### France

- (a) The Corporation has entered into a number of turbine construction and installation contracts as well as a connection agreement for the **Touvent** wind power project.
- (b) The Corporation has entered into a connection agreement for the **Plateau de Savernat** wind power project.

## Maintenance contracts

### Canada

- (a) The Corporation has entered into 12-year wind turbine maintenance contracts expiring in 2022 for the **Thames River** wind farms. Those contracts include a cancellation option at the Corporation's discretion after five years.
- (b) The Corporation has entered into 15-year wind turbine maintenance contracts expiring in 2029 and 2030, respectively, for the **Témiscouata I** and **Côte-de-Beaupré** wind farms. Those contracts include a cancellation option at the Corporation's discretion after five years.
- (c) The Corporation has entered into 15-year wind turbine maintenance contracts expiring in 2030, for the **Témiscouata II** and **Frampton** wind farms. Those contracts include a cancellation option at the Corporation's discretion after seven years.

### France

The Corporation has entered into wind turbine maintenance contracts for its power stations in operation in France. The contracts have initial terms of two to 15 years.

## Operating Leases on Property

### Canada

- (a) For the **Thames River**, **Témiscouata I**, **Témiscouata II**, **Côte-de-Beaupré** and **Frampton** wind farms, the Corporation leases land on which wind turbines are installed under 20-year lease agreements. These leases may be renewed at the option of the Corporation.
- (b) The Corporation leases the sites on which the six Canadian hydroelectric power stations are located, as well as the water rights over the hydraulic power required to operate them. Under the terms of these agreements, expiring from 2016 to 2020, the Corporation's lease payments are based on power generation levels.
- (c) For the **Frampton** wind farm, the Corporation leases land on which wind turbines are installed under 22-year lease agreements.

### France

The land on which the French wind power stations and the solar power facilities are located is leased under emphyteutic leases over terms ranging from 11 to 99 years. Royalties under these leases are due annually and are indexed each year, based on the CPI and the Construction Cost Index published by the National Institute of Statistics and Economic Studies.

### United States

- (a) For its **Middle Falls** power station, the Corporation leases the land on which the power station is located from the Niagara Mohawk Power Corporation ("NMPC") under a lease expiring in 2029. Lease payments are variable, totalling 30% of the power station's gross revenue.
- (b) The land on which the Corporation's U.S. **South Glens Falls** and **Hudson Falls** hydroelectric facilities are located is leased from NMPC. The leases expire at the same time as the energy sales contracts, namely in 2034 and 2035, respectively. Rental expense for non-contingent lease payments is recognized in earnings (loss) on a straight-line basis based on the average rental payment over the lease terms. Total minimum future lease payments for the South Glens Falls power station in New York State do not include contingent lease payments for years 26 through 40, inclusively, of the lease agreement given the uncertainty surrounding the amounts. Rental expense in those years is based on a percentage of gross revenues. In addition, the leases provide NMPC a right of first refusal to acquire the hydroelectric facilities at fair value at the end of the lease term. The leases also require the Corporation to convey title to the hydroelectric facilities if abandoned during the lease term and require NMPC to acquire, and the Corporation to sell, the hydroelectric facilities at the end of the lease term at the lower of fair value or US\$10.0 million (Hudson Falls power station) and US\$5.0 million (South Glens Falls power station).

## Contingency

### Canada

Since January 2011, O'Leary Funds Management LP et al. has been suing the Corporation in the Superior Court of Québec. The suit alleges that the November 1, 2010 business combination between Boralex and the Fund was illegal and, accordingly, demands payment of damages amounting to nearly \$6.7 million (the initial suit was for an amount of nearly \$14.4 million). The Corporation considers that this procedure has no basis in fact or in law and is defending itself vigorously. Therefore, the Corporation has not recorded any provision in respect of this litigation. In its defence, the Corporation has filed a counterclaim for over \$1.4 million.

## Other

### Canada

On June 8, 2015, Boralex announced the signature of a buy option (the “Option”) for a 25% economic interest in the 230 MW **Niagara Region Wind Farm** project in which wind turbine maker Enercon is the majority owner. Located in the Regional Municipality of Niagara, the Niagara Region Wind Farm project will comprise 77 Enercon wind turbines of 3 MW and is slated for commissioning by the end of 2016. Boralex has undertaken to pay Enercon an initial deposit of \$5 million to acquire the Option. The total investment planned for this major undertaking ranges from \$900 million to \$950 million. Under its partnership agreement with Enercon, Boralex is responsible for the coordination of the project construction, which began in June 2015, and the operation and management of the future site following the exercise of the Option. The Corporation expects that \$60 million in equity will be needed to exercise the Option.

### Boralex’s Share of the Commitments of Joint Ventures Phases I and II

|                       | Total         | Current portion | Payments          |               |
|-----------------------|---------------|-----------------|-------------------|---------------|
|                       |               |                 | From 1 to 5 years | Over 5 years  |
| Service Contracts     | 15,171        | 613             | 2,622             | 11,936        |
| Maintenance contracts | 22,478        | 517             | 21,961            | —             |
| Land lease contracts  | 20,045        | 971             | 4,032             | 15,042        |
| <b>Total</b>          | <b>57,694</b> | <b>2,101</b>    | <b>28,615</b>     | <b>26,978</b> |

#### Energy Sales Contracts

The Joint Ventures are committed to selling 100% of their power output (subject to certain minimum criteria) under 20-year contracts maturing in 2033 and 2034. A portion of these contracts provide for annual indexation based on the Consumer Price Index (“CPI”).

#### Service Contracts

Under the terms of service contracts entered into with Joint Ventures, Boralex will be the operator of the wind farms and will be responsible for their operation, maintenance and administration. The 21-year term contracts expire in 2033 and 2034. The amounts payable under those agreements are limited to operating and maintenance expenses and include fixed and variable management fees. Fixed management fees are indexed annually based on the CPI.

#### Maintenance Contracts

The Joint Ventures entered into 15-year wind turbine maintenance contracts maturing in 2028 and 2029. These contracts include a cancellation option at the Joint Ventures’ discretion after seven years, that is, in 2020 and 2021.

#### Land Lease Contracts

The Joint Ventures have land lease contracts maturing in 2033 and 2034, renewable each year at the lessee’s option. The land on which the wind turbines are installed is leased for an annual amount of approximately \$1.9 million, indexed annually at a rate of 1.5%.

## Contingency

On January 21, 2016, the Québec Court of Appeal rendered a decision allowing the motion of the applicants (which challenged the decision of the Superior Court, District of Québec, disallowing the motion requesting authorization to institute a class action against Joint Ventures Phases I and II). Consequently, the Court of Appeal sent the matter back to the Superior Court for a hearing on the grounds for a class action. However, the Court of Appeal revisited the definition of the group covered by the class action. Accordingly, only persons residing on specific roads (corresponding to the road giving access to the wind farms) may now join the class action and eventually (if the Court allows the class action) obtain compensation. Based on the evidence presented to date, this group is currently estimated to comprise about 50 residences. This redefining of the group covered by the class action will likely reduce the amount to which the Joint Ventures could be liable for. To-date, the insurer of the project has assumed the total defence costs. Potential claims resulting from a possible decision favourable to the applicants could be reimbursed by the insurer, depending on their nature, and taking into account the exclusions provided for in the insurance policy.

Based on this information, the Corporation has estimated that the provision would be insignificant and accordingly, has not recorded a provision for this contingency.

## Subsequent Events

### Term Loan Payable - Touvent Wind Power Project

On January 26, 2016, the Corporation completed the closing of long-term financing for the **Touvent** wind power project. The loan, secured by the assets of this wind power project, consists of an amount of €20.6 million (\$30.9 million), an amount of €3.7 million (\$5.5 million) drawn from a bridge facility and an amount of €3.2 million (\$4.8 million) from a revolving VAT financing facility. The €20.6 million loan will be fully amortized in quarterly payments over a 15-year period. The first quarterly repayment is due a few months after commissioning slated for July 2016. The variable interest rate for the €20.6 million facility is based on EURIBOR, plus a margin. To reduce its exposure to rate fluctuations, Boralex entered into financial swaps - interest rates with a notional amount of €18.5 million (\$27.9 million) at a rate of 0.88%, excluding the margin. With these swaps, the rate is fixed at 2.18% for 90% of the €20.6 million debt.

### Term Loan Payable - St-Patrick Wind Farm

On January 26, 2016, the Corporation refinanced the term loan for the **St-Patrick** wind farm. The initial loan with a balance of €28.4 million (\$42.7 million) as at December 31, 2015 was repaid in full on January 29, 2016 and the financial swaps - interest rates were closed out. The new loan, secured by the assets of this wind power project, consists of an amount of €42.4 million (\$63.7 million). The loan will be amortized in quarterly payments over an 11-year period. The variable interest rate for the facility is based on EURIBOR, plus a margin. To reduce its exposure to rate fluctuations, Boralex entered into financial swaps - interest rates with a notional amount of €38.2 million (\$57.4 million) at a rate of 0.38%, excluding the margin. With these swaps, the rate is fixed at 1.68% for 90% of the €42.4 million debt.

### Purchase and Construction Contract - Plateau de Savernat Wind Power Project

On February 18, 2016, the Corporation entered into a wind turbine purchase and construction contract for the **Plateau de Savernat** wind power project. The Corporation's net commitment under this contract amounts to \$17.0 million (€11.3 million). Expenditures will be made according to the percentage of completion.

## Risk Factors and Uncertainties

### Seasonal Factors

By the nature of its business, the Corporation's earnings are sensitive to changes in climate and weather conditions from period to period. Changes in winter weather affect demand for electrical heating requirements. Changes in summer weather affect demand for electrical cooling requirements. These fluctuations in demand, primarily in the Northeastern United States where the Corporation operates hydroelectric facilities, moreover translate into spot market price volatility, which affects approximately 2% of the Corporation's total installed capacity.

### Hydrology, Wind and Sunshine

The amount of power generated by the Corporation's hydroelectric power stations is dependent on available water flow. Accordingly, revenues and cash flows may be affected by low and high water flow in the watersheds. There can be no assurance that the long-term historical water availability will remain unchanged or that no material hydrologic event will impact water conditions in a particular watershed. Annual deviations from the long-term average are sometimes significant.

The amount of power generated by the Corporation's wind farms and solar power stations is dependent on wind and sunlight, which are naturally variable. Increases or decreases in the wind regime at the Corporation's different wind farms could reduce its revenues and profitability and prevent the Corporation from meeting its objectives.

### Raw Material Supply

The operation of wood-residue power stations, which represented 4% of the total installed capacity as at December 31, 2015, requires fuel in the form of wood residue or natural gas. If there is an interruption in the supply or a change in the price of wood residue or natural gas for the Corporation's power stations, their ability to generate power or produce it in a profitable manner will be adversely affected. The Corporation mitigates this risk by establishing partnerships with suppliers and seeking alternatives to virgin residue as fuel, as well as by adopting storage strategies that help avoid purchasing during periods when raw materials are scarce and prices therefore are high.

### Power Station Operation and Equipment Failure

The ability of the power stations to generate the maximum amount of power is a key determinant of the Corporation's profitability. If the power stations require longer downtime than expected for maintenance and repairs, or if power production is suspended for other reasons, it could adversely affect the Corporation's profitability.

### Development, Construction and Design

The Corporation participates in the construction and development of new power generating facilities. Delays and cost overruns may occur during the construction phase of development projects, in particular delays in obtaining permits, increases in construction prices or changes in engineering design. Even when complete, a facility may not operate as planned, or design and manufacturing flaws may occur, which could conceivably not be covered by warranty. Development projects have no operating history and may employ recently developed, technologically complex equipment. Moreover, energy sales contracts entered into with counterparties early in the development phase of a project may enable counterparties to terminate the agreement or retain security posted as liquidated damages, if a project fails to achieve commercial operation or certain operating levels by specified dates or if the Corporation fails to make specified payments. As a result, a new facility may be unable to fund principal and interest payments under its financing obligations. A default under such a financing obligation could result in the Corporation losing its interest in such a facility.

### Dam Safety

Hydroelectric power stations in Québec, which represented 8% of total installed capacity as at December 31, 2015, are subject to the *Dam Safety Act* and its regulation. Depending on the region where the power stations are located, dams must comply with some criteria defined in this Act. Generally speaking, once the Corporation's recommendations are accepted by the *ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques*, an action plan is prepared reflecting the relative urgency of the work required. The Corporation is also subject to disclosure requirements and regulations relating to the monitoring of structural integrity of the power stations it operates in British Columbia and the United States.

The consequence of a dam failure at any of the Corporation's hydroelectric power stations could result in a loss of production capacity, and repairing such failures could require the Corporation to incur significant expenditures of capital and other resources. Such failures could expose the Corporation to significant liability for damages. Other dam safety regulations could change from time to time, potentially impacting the Corporation's costs and operations. Upgrading all dams to enable them to withstand all events could require the Corporation to incur significant expenditures of capital and other substantial resources, particularly on occurrence of an extraordinary event or a case of force majeure. In conclusion, a dam failure could have a material adverse effect on the Corporation's business, operating results, financial condition and outlook. Compliance with dam safety laws (and any future changes to these laws) and the requirements of licences, permits and other approvals will remain material to the Corporation's business.

That being said, apart from the Buckingham power station where work will continue over the next year, all of Boralex's power stations meet the criteria defined in the Act and its regulation.

### Energy Sales Contracts

Obtaining new energy sales contracts is a key component for the sustainability of the Corporation's profits and cash resources. In several instances, the Corporation obtains new energy sales contracts by submitting offers in response to requests for proposals issued by large clients. There is no assurance that the Corporation will be selected as energy supplier following requests for proposals or that existing energy sales contracts will be renewed, or will be renewed under equivalent terms and conditions on expiry.

### Key Employees

Holders of securities of the Corporation must rely on the experience and expertise of several key employees of the Corporation. The Corporation's continued success is dependent on its ability to attract and retain experienced officers. Should the Corporation prove unable to do so, such failure could have a material adverse effect on its business, operating results, financial condition and outlook.

### Natural Disasters and Force Majeure Events

The Corporation's power generation facilities and operations are exposed to damage and/or destruction resulting from environmental disasters (for example, floods, high winds, fires and earthquakes), equipment failure and the like. The occurrence of a significant event which disrupts the production capacity of the Corporation's assets or prevents it from selling its energy for an extended period, such as an event that precludes existing clients from purchasing energy, could have a material adverse impact on the Corporation. The Corporation's generation assets or a facility owned by a third party to which the transmission assets are connected, could be exposed to effects of severe weather conditions, natural disasters and unforeseen catastrophic events such as a major accident, etc. In certain cases, there is the potential that some events may not excuse the Corporation from performing its obligations pursuant to agreements with third parties. In addition, many of the Corporation's generation assets are located in remote areas, which makes access for repair of damage difficult. Any such scenario could have a material adverse effect on the Corporation's business, operating results and financial condition.

### Insurance Limits

The Corporation believes that its insurance coverage addresses all material insurable risks, provides adequate coverage that is similar to what would be maintained by a prudent owner/operator of similar facilities, and is subject to deductibles, limits and exclusions which are customary or reasonable. However, given the cost of procuring insurance, current operating conditions and the credit quality of the different insurance companies on the market, there can be no assurance that such insurance will continue to be offered on an economically affordable basis, or that such insurance will cover all events which could give rise to a loss or claim involving the assets or operations of the Corporation.

### Non-performance by Counterparties

The Corporation sells the majority of its energy to a limited number of clients. It is exposed to credit risk which stems primarily from the potential inability of clients to meet their obligations and their energy sales contracts. The Corporation minimizes credit risk with counterparties to financial instruments and physical energy and gas trades through the selection, monitoring and diversification of counterparties by regularly assessing credit risk exposure and changes in their financial position, use of standard trading contracts, collateral and other credit risk mitigation techniques.

Further, the Corporation's energy sales contracts are almost exclusively with clients with longstanding credit histories or investment grade ratings. Where a client does not have a public credit rating, the Corporation assesses risk exposure and may require financial guarantees.

## Industry Risk and Competition

The Corporation currently operates in the renewable energy segment in Canada, France and the United States. This area of operation is affected by competition from large utilities or large independent energy producers. The Corporation competes with other companies with sometimes significantly greater financial and other resources than itself for energy sales contracts or the recruitment of qualified personnel. This can adversely affect implementation of the Corporation's long-term vision and prevent it from seizing opportunities available via its development projects.

## Debt

Since the Corporation's projects require significant capital, it uses a project-based financing approach to maximize its leverage. Moreover, the Corporation generally sets the debt terms according to the terms of the energy sales contracts. If the Corporation does not fulfill its commitments and obligations, the lender could realize on its security, causing the Corporation to lose its ownership or control of a facility, which could have a material adverse effect on the results of operations and financial condition of the Corporation.

## Interest Rates and Refinancing

Given the high-leverage financing strategy used by the Corporation, interest rate fluctuations are a factor which may materially affect the profitability of the Corporation. When a loan is taken on a variable rate basis, in order to limit the effect of changes in interest rates, the Corporation simultaneously arranges interest rate swaps covering a significant portion of the corresponding loan. The hedged portion is typically between 75% and 90% of anticipated variable interest cash flows. As at December 31, 2015, given the effect of the interest rate swaps in force, only some 9% of total debt was exposed to interest rate fluctuations (8% under proportionate consolidation).

A sharp increase in interest rates in the future could affect the liquid assets available to fund the Corporation's projects. In addition, the ability of the Corporation to refinance debt when due is dependent on capital market conditions which change over time. A sharp increase in interest rates could reduce the anticipated profitability of projects won through calls for tenders or under Feed-In-Tariff programs below the return required by the Corporation. For larger scale projects, the Corporation could decide to arrange financial instruments to protect such return during the development period prior to the closing of financing for the project.

## Additional Financing

To the extent that external sources of capital, including the issuance of additional securities of the Corporation, become limited or unavailable, the Corporation's ability to make the necessary capital investments to build new power stations or maintain its existing power stations and remain in business would be impaired. There can be no assurance that additional financing will be obtained or obtained under reasonable terms and conditions. If financing were to be obtained by issuing additional Class A shares of the Corporation, investors could suffer dilution to their holdings of securities of the Corporation.

## Foreign Exchange Risk

The Corporation generates foreign currency liquidity through the operation of its power stations in France and the United States. First, the Corporation reduces its risk exposure to a minimum, as revenues, expenses and financing are in the local currency. Accordingly, foreign exchange risk arises from the residual liquidity that can be distributed to the parent company.

In France, given the above, the large BEV acquisition made in December 2014 and that Boralex now pays a dividend in Canadian dollars, the Corporation entered into forward sales to hedge the exchange rate on a portion of the distributions it expects to repatriate from Europe up to 2025. Similar purchases will be made when large transactions are entered into outside Canada.

Management considers that the cash flows generated in the United States do not represent a significant risk at present. A hedging strategy could be developed in due course.

In connection with Canadian project development, certain future expenditures may be in foreign currencies. For example, equipment purchases in Canada are partly denominated in euros or US dollars. Where applicable, the Corporation's objective is to protect its anticipated return on its investment by entering into hedging instruments to eliminate volatility in expected expenditures and, in turn, stabilize significant costs such as turbines.

With respect to currency translation for the foreign subsidiaries, since all subsidiaries are self-sustaining, the impact of exchange rate fluctuations reflects on the Corporation's net investment in its subsidiaries and variances are reported in *Accumulated other comprehensive loss*, in equity, and not in the statement of earnings (loss), until the Corporation disposes of its total investment in the country concerned. With respect to currency translation for the Corporation's foreign subsidiaries, the 64 facilities are distributed as follows: 33 in Europe, 7 in the United States and 24 in Canada.

### Declaration of Dividends at the Discretion of the Board of Directors

The declaration of dividends is at the discretion of the Board of Directors regardless of whether the Corporation has sufficient funds, less indebtedness, to pay dividends. The Corporation may neither declare nor pay dividends if it has reasonable grounds to believe that (i) the Corporation cannot, or could not thereby, pay its liabilities as they become due; or (ii) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities and stated outstanding share capital.

As a result, no assurance can be given as to whether Boralex will continue to declare and pay dividends in the future, or the frequency or amount of any such dividend.

### Health, Safety and Environmental Risks

The ownership and operation of the Corporation's generation assets carry an inherent risk of liability related to worker health and safety and the environment, including the risk of government-imposed orders to remedy unsafe conditions and/or to remediate or otherwise address environmental contamination, potential penalties for contravention of health, safety and environmental laws, licences, permits and other approvals, and potential civil liability. Compliance with health, safety and environmental laws (and any future changes to these laws) and the requirements of licences, permits and other approvals will remain material to the Corporation's business, and potential penalties or other remedy orders could have a material adverse effect on the Corporation's business and results of operations.

### Regulatory and Political Environment

The Corporation currently operates in three countries, which are Canada, France and the United States. Moreover, the Corporation continuously assesses opportunities available in other regions. Any changes in government policies could have a significant impact on the Corporation's business ventures in such jurisdictions. Business risks include, but are not limited to, changes of laws affecting foreign ownership, government participation and regulation, taxation, royalties, duties, rates of exchange, inflation, repatriation of earnings and civil unrest.

There can be no assurance that economic and political conditions in the countries in which the Corporation operates or intends to operate will continue as they are at present. The effect of such factors is unpredictable.

The Corporation's operations are also subject to changes in governmental regulatory requirements or applicable governing statutes, including environment and energy related regulations, unforeseen environmental effects, general economic conditions and other matters beyond the control of the Corporation.

The operation of power stations is subject to extensive regulation by various government agencies at the municipal, provincial and federal levels. There is always a risk of changes in government policies and laws, including the various taxes the Corporation is subject to.

Currently unregulated operations may become regulated. Because legal requirements change frequently and are subject to interpretation, the Corporation is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Some of the Corporation's operations are regulated by government agencies that exercise statutory discretion. Because the scope of such authority is uncertain and may be inconsistently applied, the Corporation is unable to predict the ultimate cost of compliance with such requirements or their effect on operations. Failure of the Corporation to obtain or maintain all necessary licences, leases or permits, including renewals thereof or modifications thereto, may adversely affect its ability to generate revenues.

The Corporation holds permits and licences from various regulatory authorities for the construction and operation of its power stations. These licences and permits are critical to the Corporation's operations. The majority of these permits and licences are long-term in nature, reflecting the anticipated useful life of the facilities. These permits and licences are dependent upon the Corporation's compliance with the terms thereof. In addition, delays may occur in obtaining government approvals required for future energy projects.

The Hudson Falls hydroelectric power station was informed that the exemption granted by the U.S. Federal Energy Regulatory Commission on surplus water flow of about 500 cubic feet per second will terminate at the end of August 2016 as the third-party cleanup work is complete.

### Social Acceptance of Renewable Energy Projects

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

### Relationships with Stakeholders

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

### Ability to Secure Appropriate Land

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

### Availability and Reliability of Electric Transmission Systems

The Corporation's ability to sell electricity is impacted by the availability of the various electric transmission systems in each jurisdiction in which it operates. The failure of existing transmission facilities or the lack of adequate transmission capacity would have a material adverse effect on the Corporation's ability to deliver electricity to its various counterparties, thereby unfavourably impacting the Corporation's operating results, financial condition or prospects.

### Increase in Water Rental Cost or Changes to Regulations on Water Use

The Corporation is required to make rental payments for water rights once its hydroelectric projects are in commercial operation. Significant increases in water rental costs in the future or changes in the way governments regulate water supply or apply such regulations could have a material adverse effect on the Corporation's business, operating results, financial condition or prospects.

### Litigation

In the normal course of its operations, the Corporation may become involved in various legal actions, typically concerning claims relating to personal injuries, financial losses, property damage, property taxes, land rights and contract disputes. The Corporation maintains adequate provisions for outstanding claims with merit. The final outcome with respect to outstanding or future disputes cannot be predicted with certainty, and therefore there can be no assurance that their resolution will not have an adverse effect on the financial position or operating results of the Corporation in a particular quarter or fiscal year. The Corporation believes that it is not currently involved in any litigation, claim or proceedings whose negative outcome could have a material effect on its consolidated financial position or results.

### Segment and Geographical Diversification

The Corporation capitalizes on diversification in its power generation sources and favourable geographic positioning. This diversification is reflected in the Corporation's operating revenues and EBITDA(A). Given the size of some of its operating segments, the Corporation could however be exposed to significant financial consequences in the event of a substantial downturn in any of its areas of operation.

## Main Sources of Uncertainty Relating to Management's Estimates and Key Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments that can materially affect the recognized amounts of revenues, expenses, comprehensive income (loss), assets and liabilities, and the information reported in the consolidated financial statements.

The following items require management to make the most critical estimates and judgments:

### Main Sources of Uncertainty Relating to Management's Estimates

Management determines its estimates based on a number of factors, namely its experience, current events and measures the Corporation could subsequently take, as well as other assumptions it deems reasonable given the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results may differ from them. Underlying estimates and assumptions are periodically reviewed and the impact of any changes is recognized immediately.

#### Impairment of Assets

Every year, on October 31, the Corporation tests its CGUs and groups of CGUs for impairment with respect to intangible assets with indefinite useful lives and goodwill. Also, at each reporting date, if any evidence of impairment exists, the Corporation must perform impairment tests on its assets with indefinite and finite useful lives and goodwill to assess whether their carrying amounts are recoverable. Impairment tests require the use of various assumptions based on management's best estimates.

#### Recoverable Amount

Recoverable amounts are determined using value-in-use calculations based on cash flows discounted over a five-year period that factor in current economic conditions and management's estimates based on past experience. Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, including market and production estimates, together with economic factors such as selling prices and contract renewal prices, production cost estimates, future capital expenditure, after-tax discount rates, the growth rate and useful lives.

#### Discount Rate

The discount rate estimated and used by management represents the weighted average cost of capital determined for a group of CGUs. The growth rate is determined based on past experience, economic trends as well as market and industry trends.

#### Useful Lives of Property, Plant and Equipment and Intangible Assets with Finite Useful Lives

In determining the useful lives of property, plant and equipment and intangible assets with finite useful lives, management takes into account estimates of the expected use period of the asset. Such estimates are reviewed annually and the impacts of any changes are accounted for prospectively.

#### Deferred Taxes

Management is required to estimate the amounts to be recognized as deferred income tax assets and liabilities. In particular, management must assess the timing of the reversal of temporary differences to which future income tax rates are applied. Further, the amount of deferred tax assets, which is limited to the amount that is considered likely to be realized, is estimated by taking into account future taxable income.

#### Decommissioning Liability

Future remediation costs, whether required under contract or by law, are recognized based on management's best estimates. These estimates are calculated at the end of each period taking into account expected undiscounted outflows for each asset in question. Estimates depend on labour costs, efficiency of site restoration and remediation measures, inflation rates and pre-tax interest rates that reflect the assessment of the risks specific to the liability. Management also estimates the timing of expenses, which may change depending on the type of continuing operations. Expected future costs are inherently uncertain and could materially change over time. Given current knowledge, it is reasonably possible that, in upcoming fiscal years, actual costs could differ from the assumptions, requiring significant adjustments to the related liability's carrying amount.

### Fair Value of Financial Instruments

Fair value is determined using discounted cash flow models. Fair value determined using such valuation models requires the use of assumptions concerning the amount and timing of estimated future cash flows, as well as for numerous other variables. These assumptions are determined using external, readily observable market inputs. Since they are based on estimates, fair values may not be realized in an actual sale or immediate settlement of the instruments.

Derivative financial instruments designated as cash flow hedges are accounted for at fair value in the statement of financial position and changes in fair value are reported in comprehensive loss.

### Fair Value of Business Combinations

The Corporation makes a number of estimates when allocating fair values to the assets and liabilities acquired in a business acquisition. Fair values are estimated using valuation techniques that take into account several assumptions such as production, earnings and expenses, interest rate and discount rate.

## Main Sources of Uncertainty Relating to Management's Key Judgments

### Evidence of Asset Impairment

At each reporting date, management is required to use its judgment to assess whether there is any evidence that property, plant and equipment and intangible assets may be impaired. If applicable, the Corporation performs impairment tests on its CGUs to assess whether the carrying amounts of assets are recoverable. As described in the previous section, various estimates made by management are used in the impairment tests.

Management is required to exercise judgment and assess whether any events or changes in circumstances could have affected the recoverability of the carrying amount of assets. In making these assessments, management uses various indicators including, but not limited to, adverse changes in industry or economic conditions, changes in the degree or method of use of the asset, a lower-than-expected economic performance of the asset or a significant change in market returns or interest rates.

### Determining the Development Phase

The Corporation capitalizes project development costs during the period preceding commissioning. Recognition of an intangible asset resulting from the development phase starts when a given project meets IFRS capitalization criteria. This determination requires significant judgment by management. Deciding whether an event or a change in circumstances indicates that a project has reached the development phase depends on various factors, including the technical feasibility of completing the intangible asset, management's intention to complete the intangible asset and its ability to commission the project, how the intangible asset will generate probable future economic benefits, the availability of adequate technical and financial resources to complete the development, and management's ability to reliably measure the expenditures attributable to the project during its development.

### Business Combinations or Assets Acquisition

When a development project acquisition occurs, management is required to exercise its judgment to determine whether the transaction constitutes a business combination under IFRS 3, *Business Combinations*, or an asset acquisition. Management determines that a transaction is defined as a business combination when an acquired development project has completed the key steps required to obtain construction permits, financing and an energy sales contract.

## Accounting Policies

### Changes in Accounting Policies

#### IAS 16, *Property, plant and equipment*, and IAS 38, *Intangible assets*

In May 2014, the IASB amended IAS 16, *Property, Plant and Equipment*, and IAS 38, *Intangible Assets*, to provide clarification of the acceptable methods of amortization under those standards. The use of revenue-based amortization is prohibited for property, plant and equipment. However, the use of this method remains acceptable for intangible assets, but is significantly limited. The amended standards must be applied prospectively for fiscal years beginning on or after January 1, 2016, with earlier adoption permitted. The Corporation assessed their impact and early adopted the standards as of January 1, 2015. Energy sales contracts for the South Glens Falls and Hudson Falls hydroelectric power stations in the United States were amortized using a revenue-based method. To comply with the amended standards, the aforementioned contracts are amortized prospectively as of January 1, 2015 on a straight-line basis over their remaining terms, namely 20 and 21 years or until 2034 and 2035, respectively. The annual impact of this change for South Glens Falls is a decrease in amortization expense for the years 2015 to 2024 of \$0.3 million (US\$0.3 million) and an increase in amortization expense from 2025 to 2034 of \$0.3 million (US\$0.3 million). The annual impact of this change for Hudson Falls is a decrease in amortization expense for the years 2015 to 2025 of \$0.6 million (US\$0.5 million) and an increase in amortization expense from 2026 to 2035 of \$0.7 million (US\$0.6 million).

### Future Changes in Accounting Policies

#### IFRS 9, *Financial Instruments*

In July 2014, IASB completed its three-phase project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, by issuing IFRS 9, *Financial Instruments*. IFRS 9 addresses the classification and measurement of financial assets and liabilities, and introduces a forward-looking expected credit loss impairment model and a substantially reformed hedge accounting model.

To determine whether a financial asset should be measured at amortized cost or at fair value, IFRS 9 uses a new approach that replaces the multiple rules of IAS 39. The approach recommended by IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of financial assets. Most of the requirements of IAS 39 for the classification and measurement of financial liabilities are carried forward in IFRS 9. However, the portion of the changes in fair value related to the entity's own credit risk, in measuring a financial liability at fair value through profit or loss, will be presented in *Accumulated other comprehensive loss* instead of in the statement of loss.

IFRS 9 also sets out an expected credit loss impairment model that will require more timely recognition of credit losses. More specifically, the new standard requires entities to account for expected credit losses upon initial recognition of financial instruments, and to recognize lifetime credit losses on a timely basis.

Last, IFRS 9 introduces a new hedge accounting model together with corresponding disclosure requirements about risk management activities. The new hedge accounting model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

IFRS 9 will be effective for the Corporation's fiscal year beginning on or after January 1, 2018, but earlier adoption is permitted. The Corporation is currently assessing the impact of adopting this standard on its financial statements.

#### IFRS 10, *Consolidated Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures*

IFRS 10, *Consolidated Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures* were revised to incorporate amendments published in September 2014. The amendments require recognizing in full gains and losses on a transaction involving assets that constitute a business between an investor and an associate or a joint venture. The amendments further require the partial recognition of gains and losses arising from a transaction involving assets that do not constitute a business between an investor and an associate or a joint venture. The Corporation is currently assessing the impact of adopting this standard on its financial statements.

#### IFRS 15, *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, a new standard that specifies the steps and timing for issuers to recognize revenue as well as requiring them to provide more informative, relevant disclosures. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. This standard supersedes IFRS 11, *Construction Contracts*, IAS 18, *Revenue*, as well as various interpretations regarding revenue. IFRS 15 is effective for fiscal years beginning on or after January 1, 2018 with earlier adoption permitted. The Corporation is currently assessing the impact of adopting this standard on its financial statements.

#### IFRS 16, *Leases*

In January 2016, the IASB issued IFRS 16, *Leases*, which supersedes IAS 17, *Leases*, as well as several interpretations on leases. IFRS 16 eliminates the classification of leases by a lessee between operating and finance leases. Instead, all leases will be classified as finance leases and recognized in the statement of financial position under lease assets and financial liabilities, with certain exceptions. IFRS 16 is effective for fiscal years beginning on or after January 1, 2019, with earlier adoption permitted provided that IFRS 15, *Revenue from Contracts with Customers*, is also applied. The Corporation is currently assessing the impact of adopting this standard on its financial statements.

#### IAS 7, *Statement of Cash Flows*

On February 2, 2016, the IASB issued narrow-scope amendments to IAS 7, *Statement of Cash Flows*, to require companies to provide information on changes in their financing liabilities. The changes apply to fiscal years beginning on or after January 1, 2017 with earlier adoption permitted. The Corporation is currently assessing the impact of adopting this standard on its financial statements.

#### IAS 1, *Presentation of Financial Statements*

In December 2014, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, as part of its initiative to improve presentation and disclosure requirements for financial reporting. The amendments to IAS 1 provide further guidance on the current presentation and disclosure requirements for materiality, notes structure, subtotals, accounting policies and disaggregation. The amendments also provide additional guidance on the exercise of professional judgment when determining what information to disclose in the preparation of notes to the financial statements. These amendments, which will apply to fiscal years beginning on or after January 1, 2016, are not expected to have a significant impact on the consolidated financial statements of the Corporation.

## Internal Controls and Procedures

In accordance with Regulation 52-109 respecting certification of disclosure in issuers' annual and interim filings, disclosure controls and procedures have been designed to provide reasonable assurance that the information that must be presented in Boralex's interim and annual reports is accumulated and communicated to management on a timely basis, including the Chief Executive Officer and the Chief Financial Officer, so that appropriate decisions can be made regarding disclosure. Internal control over financial reporting has also been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of Boralex's disclosure controls and procedures as of December 31, 2015, as well as the effectiveness of Boralex's internal control over financial reporting as of the same date, and have concluded that they are effective.

During the year ended December 31, 2015, no changes were made to internal control over financial reporting or disclosure controls and procedures that have materially affected, or are reasonably likely to materially affect, internal controls and procedures.

Consolidated Statements of Financial Position <sup>(1)</sup>

|   | As at<br>December 31,<br>2015 | As at<br>December 31,<br>2014 |
|---|-------------------------------|-------------------------------|
| (In thousands of dollars) (unaudited)   |                               |                               |
| <b>ASSETS</b>                           |                               |                               |
| Cash and cash equivalents               | 108,491                       | 86,845                        |
| Restricted cash                         | 3,507                         | 19,814                        |
| Trade and other receivables             | 90,489                        | 71,523                        |
| Inventories                             | 6,902                         | 5,631                         |
| Other current financial assets          | 541                           | 1,213                         |
| Prepaid expenses                        | 4,822                         | 5,358                         |
| <b>CURRENT ASSETS</b>                   | <b>214,752</b>                | <b>190,384</b>                |
| Property, plant and equipment           | 1,963,455                     | 1,639,605                     |
| Intangible assets                       | 423,622                       | 333,917                       |
| Goodwill                                | 127,007                       | 94,873                        |
| Deferred income tax asset               | 21,190                        | 8,744                         |
| Other non-current financial assets      | 239                           | 3,230                         |
| Other non-current assets                | 48,927                        | 49,816                        |
| <b>NON-CURRENT ASSETS</b>               | <b>2,584,440</b>              | <b>2,130,185</b>              |
| <b>TOTAL ASSETS</b>                     | <b>2,799,192</b>              | <b>2,320,569</b>              |
| <b>LIABILITIES</b>                      |                               |                               |
| Trade and other payables                | 98,574                        | 66,359                        |
| Current portion of debt                 | 159,477                       | 191,762                       |
| Current income tax liability            | 1,536                         | 1,601                         |
| Other current financial liabilities     | 41,356                        | 34,116                        |
| <b>CURRENT LIABILITIES</b>              | <b>300,943</b>                | <b>293,838</b>                |
| Non-current debt                        | 1,559,439                     | 1,285,258                     |
| Convertible debentures                  | 133,070                       | 232,977                       |
| Deferred income tax liability           | 87,353                        | 46,225                        |
| Decommissioning liability               | 33,077                        | 26,649                        |
| Other non-current financial liabilities | 59,803                        | 50,374                        |
| Other non-current liabilities           | 73,327                        | 49,446                        |
| <b>NON-CURRENT LIABILITIES</b>          | <b>1,946,069</b>              | <b>1,690,929</b>              |
| <b>TOTAL LIABILITIES</b>                | <b>2,247,012</b>              | <b>1,984,767</b>              |
| <b>EQUITY</b>                           |                               |                               |
| Equity attributable to shareholders     | 544,142                       | 302,674                       |
| Non-controlling shareholders            | 8,038                         | 33,128                        |
| <b>TOTAL EQUITY</b>                     | <b>552,180</b>                | <b>335,802</b>                |
| <b>TOTAL LIABILITIES AND EQUITY</b>     | <b>2,799,192</b>              | <b>2,320,569</b>              |

<sup>(1)</sup> These financial statements have not been reviewed by the independent auditor.

Consolidated Statements of Earnings (Loss) <sup>(1)</sup>

| (In thousands of dollars, except per share amounts) (unaudited)                                  | Three-month periods<br>ended December 31 |          | Years ended<br>December 31 |          |
|--|--|----------|----------------------------|----------|
|  | 2015                                     | 2014     | 2015                       | 2014     |
| <b>REVENUES</b>  |  |          |                            |          |
| Revenues from energy sales   | 95,030                                   | 67,308   | 324,327                    | 239,506  |
| Other income   | 399                                      | 393      | 1,329                      | 1,223    |
|  | 95,429                                   | 67,701   | 325,656                    | 240,729  |
| <b>COSTS AND OTHER EXPENSES</b>  |  |          |                            |          |
| Operating  | 23,191                                   | 18,571   | 86,136                     | 70,162   |
| Administrative   | 4,618                                    | 3,213    | 17,737                     | 13,581   |
| Development  | 3,589                                    | 6,465    | 10,277                     | 10,327   |
| Amortization   | 31,354                                   | 20,616   | 119,103                    | 78,280   |
| Other gains  | (549)                                    | (1,192)  | (1,987)                    | (3,272)  |
|  | 62,203                                   | 47,673   | 231,266                    | 169,078  |
| <b>OPERATING INCOME</b>  | 33,226                                   | 20,028   | 94,390                     | 71,651   |
| Financing costs  | 22,692                                   | 20,975   | 95,949                     | 77,787   |
| Foreign exchange loss (gain)   | 261                                      | 17       | (2,374)                    | 410      |
| Net loss on financial instruments  | 129                                      | 5,938    | 7,467                      | 8,192    |
| Loss on redemption of convertible debentures   | —  | —        | 2,759                      | —        |
| Other  | 161                                      | 28       | 297                        | 20       |
| <b>EARNINGS (LOSS) BEFORE INCOME TAXES</b>   | 9,983                                    | (6,930)  | (9,708)                    | (14,758) |
| Income tax expense (recovery)  | 4,251                                    | (523)    | (1,496)                    | (854)    |
| <b>EARNINGS (LOSS) FROM CONTINUING OPERATIONS</b>  | 5,732                                    | (6,407)  | (8,212)                    | (13,904) |
| Net earnings from discontinued operations  | —  | 716      | —                          | 2,652    |
| <b>NET EARNINGS (LOSS)</b>   | 5,732                                    | (5,691)  | (8,212)                    | (11,252) |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO:</b>  |  |          |                            |          |
| Shareholders of Boralex  | 5,571                                    | (6,295)  | (10,835)                   | (11,930) |
| Non-controlling shareholders   | 161                                      | 604      | 2,623                      | 678      |
| <b>NET EARNINGS (LOSS)</b>   | 5,732                                    | (5,691)  | (8,212)                    | (11,252) |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>                               |  |          |                            |          |
| Continuing operations  | 5,571                                    | (7,011)  | (10,835)                   | (14,582) |
| Discontinued operations  | —  | 716      | —                          | 2,652    |
|  | 5,571                                    | (6,295)  | (10,835)                   | (11,930) |
| <b>NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b> |  |          |                            |          |
| Continuing operations  | \$0.09                                   | (\$0.18) | (\$0.21)                   | (\$0.38) |
| Discontinued operations  | —  | \$0.02   | —                          | \$0.07   |
|  | \$0.09                                   | (\$0.16) | (\$0.21)                   | (\$0.31) |

<sup>(1)</sup> These financial statements have not been reviewed by the independent auditor.

Consolidated Statements of Cash Flows <sup>(1)</sup>

| (in thousands of dollars) (unaudited)                             | Three-month periods<br>ended December 31 |                  | Years ended<br>December 31 |                  |
|---|--|------------------|----------------------------|------------------|
|   | 2015                                     | 2014             | 2015                       | 2014             |
| Net earnings (loss)   | 5,732                                    | (5,691)          | (8,212)                    | (11,252)         |
| Less: Net earnings from discontinued operations                   | —  | 716              | —                          | 2,652            |
| Net earnings (loss) from continuing operations                    | 5,732                                    | (6,407)          | (8,212)                    | (13,904)         |
| Financing costs   | 22,692                                   | 20,975           | 95,949                     | 77,787           |
| Interest paid   | (18,777)                                 | (18,552)         | (81,843)                   | (68,155)         |
| Income tax expense (recovery)                                     | 4,251                                    | (523)            | (1,496)                    | (854)            |
| Income taxes paid   | (338)                                    | (64)             | (1,501)                    | (2,940)          |
| Non-cash items in earnings (loss):                                |  |                  |                            |                  |
| Net loss on financial instruments                                 | 129                                      | 5,938            | 7,467                      | 8,192            |
| Amortization  | 31,354                                   | 20,616           | 119,103                    | 78,280           |
| Loss on redemption of convertible debentures                      | —  | —                | 2,759                      | —                |
| Other   | (190)                                    | 25               | 28                         | (53)             |
| Change in non-cash items related to operating activities          | 904                                      | (12,554)         | (5,035)                    | 23,912           |
| <b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>             | <b>45,757</b>                            | <b>9,454</b>     | <b>127,219</b>             | <b>102,265</b>   |
| Business acquisitions, net of cash acquired                       | (44,180)                                 | (188,948)        | (60,308)                   | (196,879)        |
| Additions to property, plant and equipment                        | (94,615)                                 | (76,146)         | (332,151)                  | (251,562)        |
| Change in restricted cash   | 9,825                                    | 14,990           | 14,441                     | 40,682           |
| Increase in non-current assets                                    | —  | —                | —                          | (4,006)          |
| Change in reserve funds   | 68                                       | (6,252)          | (114)                      | (6,825)          |
| Development projects  | (847)                                    | (1,279)          | (4,357)                    | (6,881)          |
| Proceeds from the disposal of assets held for sale                | —  | 21,983           | —                          | 21,983           |
| Other   | (13)                                     | (60)             | (1,512)                    | (491)            |
| <b>NET CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>             | <b>(129,762)</b>                         | <b>(235,712)</b> | <b>(384,001)</b>           | <b>(403,979)</b> |
| Net increase in non-current debt                                  | 157,230                                  | 457,217          | 424,849                    | 629,358          |
| Repayments on current and non-current debt                        | (50,371)                                 | (242,528)        | (332,167)                  | (360,126)        |
| Convertible debenture issuance proceeds, net of transaction costs | —  | —                | 137,459                    | —                |
| Convertible debentures redeemed                                   | —  | —                | (47,107)                   | —                |
| Contribution of non-controlling shareholders                      | —  | 539              | 7,082                      | 5,235            |
| Distributions paid to non-controlling shareholders                | (4,496)                                  | (2,050)          | (8,363)                    | (2,050)          |
| Dividends paid to shareholders of Boralex                         | (8,428)                                  | (4,993)          | (27,129)                   | (19,896)         |
| Share issuance proceeds, net of transaction costs                 | (28)                                     | —                | 118,118                    | —                |
| Exercise of options   | 3  | 151              | 107                        | 4,860            |
| Other   | (115)                                    | (1)              | (385)                      | (41)             |
| <b>NET CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>             | <b>93,795</b>                            | <b>208,335</b>   | <b>272,464</b>             | <b>257,340</b>   |
| Cash from discontinued operations                                 | —  | 843              | —                          | 3,122            |
| <b>TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS</b>        | <b>1,545</b>                             | <b>301</b>       | <b>5,964</b>               | <b>556</b>       |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                    | <b>11,335</b>                            | <b>(16,779)</b>  | <b>21,646</b>              | <b>(40,696)</b>  |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>            | <b>97,156</b>                            | <b>103,624</b>   | <b>86,845</b>              | <b>127,541</b>   |
| <b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>                  | <b>108,491</b>                           | <b>86,845</b>    | <b>108,491</b>             | <b>86,845</b>    |

<sup>(1)</sup> These financial statements have not been reviewed by the independent auditor.

Information by Operating Segment <sup>(1)</sup>

| (In thousands of dollars, except MWh) (unaudited) | Three-month periods<br>ended December 31 |         | Years ended<br>December 31 |           |
|---|--|---------|----------------------------|-----------|
|   | 2015                                     | 2014    | 2015                       | 2014      |
| <b>POWER PRODUCTION (MWh)</b>                     |  |         |                            |           |
| Wind power stations                               | 580,707                                  | 370,742 | 1,943,209                  | 1,211,629 |
| Hydroelectric power stations                      | 158,161                                  | 154,752 | 626,477                    | 641,979   |
| Thermal power stations                            | 31,131                                   | 34,092  | 154,701                    | 169,637   |
| Solar power stations                              | 3,680                                    | 1,080   | 8,720                      | 6,259     |
|   | 773,679                                  | 560,666 | 2,733,107                  | 2,029,504 |
| <b>REVENUES FROM ENERGY SALES</b>                 |  |         |                            |           |
| Wind power stations                               | 72,621                                   | 44,913  | 236,420                    | 148,168   |
| Hydroelectric power stations                      | 14,998                                   | 14,312  | 58,166                     | 58,166    |
| Thermal power stations                            | 6,521                                    | 7,569   | 26,477                     | 30,090    |
| Solar power stations                              | 890                                      | 514     | 3,264                      | 3,082     |
|   | 95,030                                   | 67,308  | 324,327                    | 239,506   |
| <b>EBITDA(A)</b>                                  |  |         |                            |           |
| Wind power stations                               | 61,139                                   | 37,930  | 189,339                    | 121,180   |
| Hydroelectric power stations                      | 9,893                                    | 9,730   | 40,792                     | 42,715    |
| Thermal power stations                            | 711                                      | 1,188   | 5,704                      | 5,247     |
| Solar power stations                              | 743                                      | 391     | 2,834                      | 2,634     |
| Corporate and eliminations                        | (8,616)                                  | (9,815) | (27,460)                   | (25,137)  |
|   | 63,870                                   | 39,424  | 211,209                    | 146,639   |

<sup>(1)</sup> These financial statements have not been reviewed by the independent auditor.

Information by Geographic Segment <sup>(1)</sup>

| (In thousands of dollars, except MWh) (unaudited) | Three-month periods<br>ended December 31 |         | Years ended<br>December 31 |           |
|---|--|---------|----------------------------|-----------|
|   | 2015                                     | 2014    | 2015                       | 2014      |
| <b>POWER PRODUCTION (MWh)</b>                     |  |         |                            |           |
| Canada  | 345,135                                  | 292,466 | 1,314,854                  | 1,062,561 |
| France  | 337,319                                  | 184,020 | 1,087,003                  | 586,573   |
| United States                                     | 91,225                                   | 84,180  | 331,250                    | 380,370   |
|   | 773,679                                  | 560,666 | 2,733,107                  | 2,029,504 |
| <b>REVENUES FROM ENERGY SALES</b>                 |  |         |                            |           |
| Canada  | 39,791                                   | 33,824  | 144,120                    | 116,873   |
| France  | 46,918                                   | 26,785  | 150,481                    | 90,672    |
| United States                                     | 8,321                                    | 6,699   | 29,726                     | 31,961    |
|   | 95,030                                   | 67,308  | 324,327                    | 239,506   |
| <b>EBITDA(A)</b>                                  |  |         |                            |           |
| Canada  | 26,268                                   | 18,313  | 94,359                     | 69,837    |
| France  | 31,759                                   | 16,352  | 95,876                     | 52,962    |
| United States                                     | 5,843                                    | 4,759   | 20,974                     | 23,840    |
|   | 63,870                                   | 39,424  | 211,209                    | 146,639   |

<sup>(1)</sup> These financial statements have not been reviewed by the independent auditor.

## Consolidated Statements of Financial Position

As at December 31,

2015

| (in thousands of dollars) (unaudited)   | IFRS             | Adjustments<br>Joint Ventures | Proportionate<br>Consolidation |
|---|------------------|-------------------------------|--------------------------------|
| <b>ASSETS</b>                           |                  |                               |                                |
| Cash and cash equivalents               | 99,641           | 8,850                         | 108,491                        |
| Restricted cash                         | 3,345            | 162                           | 3,507                          |
| Trade and other receivables             | 85,350           | 5,139                         | 90,489                         |
| Inventories                             | 6,887            | 15                            | 6,902                          |
| Other current financial assets          | 541              | —                             | 541                            |
| Prepaid expenses                        | 4,794            | 28                            | 4,822                          |
| <b>CURRENT ASSETS</b>                   | <b>200,558</b>   | <b>14,194</b>                 | <b>214,752</b>                 |
| Property, plant and equipment           | 1,556,374        | 407,081                       | 1,963,455                      |
| Intangible assets                       | 423,622          | —                             | 423,622                        |
| Goodwill                                | 127,007          | —                             | 127,007                        |
| Interests in the Joint Ventures         | 66,506           | (66,506)                      | —                              |
| Deferred income tax asset               | 21,190           | —                             | 21,190                         |
| Other non-current financial assets      | 239              | —                             | 239                            |
| Other non-current assets                | 46,431           | 2,496                         | 48,927                         |
| <b>NON-CURRENT ASSETS</b>               | <b>2,241,369</b> | <b>343,071</b>                | <b>2,584,440</b>               |
| <b>TOTAL ASSETS</b>                     | <b>2,441,927</b> | <b>357,265</b>                | <b>2,799,192</b>               |
| <b>LIABILITIES</b>                      |                  |                               |                                |
| Trade and other payables                | 92,125           | 6,449                         | 98,574                         |
| Current portion of debt                 | 145,200          | 14,277                        | 159,477                        |
| Current income tax liability            | 1,536            | —                             | 1,536                          |
| Other current financial liabilities     | 41,356           | —                             | 41,356                         |
| <b>CURRENT LIABILITIES</b>              | <b>280,217</b>   | <b>20,726</b>                 | <b>300,943</b>                 |
| Non-current debt                        | 1,275,857        | 283,582                       | 1,559,439                      |
| Convertible debentures                  | 133,070          | —                             | 133,070                        |
| Deferred income tax liability           | 87,353           | —                             | 87,353                         |
| Decommissioning liability               | 31,812           | 1,265                         | 33,077                         |
| Other non-current financial liabilities | 36,716           | 23,087                        | 59,803                         |
| Other non-current liabilities           | 44,205           | 29,122                        | 73,327                         |
| <b>NON-CURRENT LIABILITIES</b>          | <b>1,609,013</b> | <b>337,056</b>                | <b>1,946,069</b>               |
| <b>TOTAL LIABILITIES</b>                | <b>1,889,230</b> | <b>357,782</b>                | <b>2,247,012</b>               |
| <b>EQUITY</b>                           |                  |                               |                                |
| Equity attributable to shareholders     | 544,659          | (517)                         | 544,142                        |
| Non-controlling shareholders            | 8,038            | —                             | 8,038                          |
| <b>TOTAL EQUITY</b>                     | <b>552,697</b>   | <b>(517)</b>                  | <b>552,180</b>                 |
| <b>TOTAL LIABILITIES AND EQUITY</b>     | <b>2,441,927</b> | <b>357,265</b>                | <b>2,799,192</b>               |

## Consolidated Statements of Financial Position

As at December 31,

2014

| (in thousands of dollars) (unaudited)   | IFRS             | Adjustments<br>Joint Ventures | Proportionate<br>Consolidation |
|---|------------------|-------------------------------|--------------------------------|
| <b>ASSETS</b>                           |                  |                               |                                |
| Cash and cash equivalents               | 75,394           | 11,451                        | 86,845                         |
| Restricted cash                         | 12,459           | 7,355                         | 19,814                         |
| Trade and other receivables             | 59,339           | 12,184                        | 71,523                         |
| Inventories                             | 5,620            | 11                            | 5,631                          |
| Other current financial assets          | 1,213            | —                             | 1,213                          |
| Prepaid expenses                        | 5,358            | —                             | 5,358                          |
| <b>CURRENT ASSETS</b>                   | <b>159,383</b>   | <b>31,001</b>                 | <b>190,384</b>                 |
| Property, plant and equipment           | 1,210,703        | 428,902                       | 1,639,605                      |
| Intangible assets                       | 333,917          | —                             | 333,917                        |
| Goodwill                                | 94,873           | —                             | 94,873                         |
| Interests in the Joint Ventures         | 91,483           | (91,483)                      | —                              |
| Deferred income tax asset               | 8,744            | —                             | 8,744                          |
| Other non-current financial assets      | 3,230            | —                             | 3,230                          |
| Other non-current assets                | 47,445           | 2,371                         | 49,816                         |
| <b>NON-CURRENT ASSETS</b>               | <b>1,790,395</b> | <b>339,790</b>                | <b>2,130,185</b>               |
| <b>TOTAL ASSETS</b>                     | <b>1,949,778</b> | <b>370,791</b>                | <b>2,320,569</b>               |
| <b>LIABILITIES</b>                      |                  |                               |                                |
| Trade and other payables                | 59,277           | 7,082                         | 66,359                         |
| Current portion of debt                 | 172,044          | 19,718                        | 191,762                        |
| Current income tax liability            | 1,601            | —                             | 1,601                          |
| Other current financial liabilities     | 34,116           | —                             | 34,116                         |
| <b>CURRENT LIABILITIES</b>              | <b>267,038</b>   | <b>26,800</b>                 | <b>293,838</b>                 |
| Non-current debt                        | 989,087          | 296,171                       | 1,285,258                      |
| Convertible debentures                  | 232,977          | —                             | 232,977                        |
| Deferred income tax liability           | 46,225           | —                             | 46,225                         |
| Decommissioning liability               | 25,486           | 1,163                         | 26,649                         |
| Other non-current financial liabilities | 33,622           | 16,752                        | 50,374                         |
| Other non-current liabilities           | 19,024           | 30,422                        | 49,446                         |
| <b>NON-CURRENT LIABILITIES</b>          | <b>1,346,421</b> | <b>344,508</b>                | <b>1,690,929</b>               |
| <b>TOTAL LIABILITIES</b>                | <b>1,613,459</b> | <b>371,308</b>                | <b>1,984,767</b>               |
| <b>EQUITY</b>                           |                  |                               |                                |
| Equity attributable to shareholders     | 303,191          | (517)                         | 302,674                        |
| Non-controlling shareholders            | 33,128           | —                             | 33,128                         |
| <b>TOTAL EQUITY</b>                     | <b>336,319</b>   | <b>(517)</b>                  | <b>335,802</b>                 |
| <b>TOTAL LIABILITIES AND EQUITY</b>     | <b>1,949,778</b> | <b>370,791</b>                | <b>2,320,569</b>               |

## Consolidated Statements of Earnings

|   | Three-month period ended December 31 |                               |                                |
|---|--------------------------------------|-------------------------------|--------------------------------|
|   | 2015                                 |                               |                                |
| (in thousands of dollars, except per share amounts) (unaudited)                               | IFRS                                 | Adjustments<br>Joint Ventures | Proportionate<br>Consolidation |
| <b>REVENUES</b>   |                                      |                               |                                |
| Revenues from energy sales  | 81,033                               | 13,997                        | 95,030                         |
| Other income  | 670                                  | (271)                         | 399                            |
|   | 81,703                               | 13,726                        | 95,429                         |
| <b>COSTS AND OTHER EXPENSES</b>   |                                      |                               |                                |
| Operating   | 21,367                               | 1,824                         | 23,191                         |
| Administrative  | 4,593                                | 25                            | 4,618                          |
| Development   | 3,589                                | —                             | 3,589                          |
| Amortization  | 25,822                               | 5,532                         | 31,354                         |
| Other gains   | (148)                                | (401)                         | (549)                          |
|   | 55,223                               | 6,980                         | 62,203                         |
| <b>OPERATING INCOME</b>   | 26,480                               | 6,746                         | 33,226                         |
| Financing costs   | 17,260                               | 5,432                         | 22,692                         |
| Foreign exchange loss   | 261                                  | —                             | 261                            |
| Net loss on financial instruments   | 129                                  | —                             | 129                            |
| Share in earnings of the Joint Ventures   | 1,304                                | (1,304)                       | —                              |
| Other   | 151                                  | 10                            | 161                            |
| <b>EARNINGS BEFORE INCOME TAXES</b>   | 9,983                                | —                             | 9,983                          |
| Income tax expense  | 4,251                                | —                             | 4,251                          |
| <b>EARNINGS FROM CONTINUING OPERATIONS</b>  | 5,732                                | —                             | 5,732                          |
| Net earnings from discontinued operations   | —                                    | —                             | —                              |
| <b>NET EARNINGS</b>   | 5,732                                | —                             | 5,732                          |
| <b>NET EARNINGS ATTRIBUTABLE TO:</b>  |                                      |                               |                                |
| Shareholders of Boralex   | 5,571                                | —                             | 5,571                          |
| Non-controlling shareholders  | 161                                  | —                             | 161                            |
| <b>NET EARNINGS</b>   | 5,732                                | —                             | 5,732                          |
| <b>NET EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>                                   |                                      |                               |                                |
| Continuing operations   | 5,571                                | —                             | 5,571                          |
| Discontinued operations   | —                                    | —                             | —                              |
|   | 5,571                                | —                             | 5,571                          |
| <b>NET EARNINGS PER SHARE (BASIC AND DILUTED)<br/>ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b> |                                      |                               |                                |
| Continuing operations   | \$0.09                               | —                             | \$0.09                         |
| Discontinued operations   | —                                    | —                             | —                              |
|   | \$0.09                               | —                             | \$0.09                         |

## Consolidated Statements of Loss

|  | Three-month period ended December 31 |                               |                                |
|--|--------------------------------------|-------------------------------|--------------------------------|
|  | 2014                                 |                               |                                |
| (in thousands of dollars, except per share amounts) (unaudited)                                      | IFRS                                 | Adjustments<br>Joint Ventures | Proportionate<br>Consolidation |
| <b>REVENUES</b>  |                                      |                               |                                |
| Revenues from energy sales   | 53,673                               | 13,635                        | 67,308                         |
| Other income   | 545                                  | (152)                         | 393                            |
|  | 54,218                               | 13,483                        | 67,701                         |
| <b>COSTS AND OTHER EXPENSES</b>  |                                      |                               |                                |
| Operating  | 17,045                               | 1,526                         | 18,571                         |
| Administrative   | 3,195                                | 18                            | 3,213                          |
| Development  | 6,465                                | —                             | 6,465                          |
| Amortization   | 15,832                               | 4,784                         | 20,616                         |
| Other gains  | (846)                                | (346)                         | (1,192)                        |
|  | 41,691                               | 5,982                         | 47,673                         |
| <b>OPERATING INCOME</b>  | 12,527                               | 7,501                         | 20,028                         |
| Financing costs  | 15,926                               | 5,049                         | 20,975                         |
| Foreign exchange loss  | 15                                   | 2                             | 17                             |
| Net loss on financial instruments  | 6,031                                | (93)                          | 5,938                          |
| Share in earnings of the Joint Ventures  | 2,570                                | (2,570)                       | —                              |
| Other  | 25                                   | 3                             | 28                             |
| <b>LOSS BEFORE INCOME TAXES</b>  | (6,900)                              | (30)                          | (6,930)                        |
| Income tax recovery  | (523)                                | —                             | (523)                          |
| <b>LOSS FROM CONTINUING OPERATIONS</b>   | (6,377)                              | (30)                          | (6,407)                        |
| Net earnings from discontinued operations  | 716                                  | —                             | 716                            |
| <b>NET LOSS</b>  | (5,661)                              | (30)                          | (5,691)                        |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO:</b>  |                                      |                               |                                |
| Shareholders of Boralex  | (6,265)                              | (30)                          | (6,295)                        |
| Non-controlling shareholders   | 604                                  | —                             | 604                            |
| <b>NET LOSS</b>  | (5,661)                              | (30)                          | (5,691)                        |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>                                   |                                      |                               |                                |
| Continuing operations  | (6,981)                              | (30)                          | (7,011)                        |
| Discontinued operations  | 716                                  | —                             | 716                            |
|  | (6,265)                              | (30)                          | (6,295)                        |
| <b>NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED)<br/>ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b> |                                      |                               |                                |
| Continuing operations  | (\$0.18)                             | —                             | (\$0.18)                       |
| Discontinued operations  | \$0.02                               | —                             | \$0.02                         |
|  | (\$0.16)                             | —                             | (\$0.16)                       |

## Consolidated Statements of Loss

|   | Year ended December 31 |                               |                                |
|---|------------------------|-------------------------------|--------------------------------|
|   | 2015                   |                               |                                |
| (in thousands of dollars, except per share amounts) (unaudited)                           | IFRS                   | Adjustments<br>Joint Ventures | Proportionate<br>Consolidation |
| <b>REVENUES</b>   |                        |                               |                                |
| Revenues from energy sales  | 265,627                | 58,700                        | 324,327                        |
| Other income  | 2,062                  | (733)                         | 1,329                          |
|   | 267,689                | 57,967                        | 325,656                        |
| <b>COSTS AND OTHER EXPENSES</b>   |                        |                               |                                |
| Operating   | 78,347                 | 7,789                         | 86,136                         |
| Administrative  | 17,641                 | 96                            | 17,737                         |
| Development   | 10,277                 | —                             | 10,277                         |
| Amortization  | 96,972                 | 22,131                        | 119,103                        |
| Other gains   | (379)                  | (1,608)                       | (1,987)                        |
|   | 202,858                | 28,408                        | 231,266                        |
| <b>OPERATING INCOME</b>   | 64,831                 | 29,559                        | 94,390                         |
| Financing costs   | 74,019                 | 21,930                        | 95,949                         |
| Foreign exchange gain   | (2,374)                | —                             | (2,374)                        |
| Net loss on financial instruments   | 7,467                  | —                             | 7,467                          |
| Share in earnings of the Joint Ventures   | 7,615                  | (7,615)                       | —                              |
| Loss on redemption of convertible debentures  | 2,759                  | —                             | 2,759                          |
| Other   | 283                    | 14                            | 297                            |
| <b>LOSS BEFORE INCOME TAXES</b>   | (9,708)                | —                             | (9,708)                        |
| Income tax recovery   | (1,496)                | —                             | (1,496)                        |
| <b>LOSS FROM CONTINUING OPERATIONS</b>  | (8,212)                | —                             | (8,212)                        |
| Net earnings from discontinued operations   | —                      | —                             | —                              |
| <b>NET LOSS</b>   | (8,212)                | —                             | (8,212)                        |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO:</b>   |                        |                               |                                |
| Shareholders of Boralex   | (10,835)               | —                             | (10,835)                       |
| Non-controlling shareholders  | 2,623                  | —                             | 2,623                          |
| <b>NET LOSS</b>   | (8,212)                | —                             | (8,212)                        |
| <b>NET LOSS ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>                                   |                        |                               |                                |
| Continuing operations   | (10,835)               | —                             | (10,835)                       |
| Discontinued operations   | —                      | —                             | —                              |
|   | (10,835)               | —                             | (10,835)                       |
| <b>NET LOSS PER SHARE (BASIC AND DILUTED)<br/>ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b> |                        |                               |                                |
| Continuing operations   | (\$0.21)               | —                             | (\$0.21)                       |
| Discontinued operations   | —                      | —                             | —                              |
|   | (\$0.21)               | —                             | (\$0.21)                       |

## Consolidated Statements of Loss

|  | Year ended December 31 |                               |                                |
|--|------------------------|-------------------------------|--------------------------------|
|  | 2014                   |                               |                                |
| (in thousands of dollars, except per share amounts) (unaudited)                                      | IFRS                   | Adjustments<br>Joint Ventures | Proportionate<br>Consolidation |
| <b>REVENUES</b>  |                        |                               |                                |
| Revenues from energy sales   | 193,401                | 46,105                        | 239,506                        |
| Other income   | 1,827                  | (604)                         | 1,223                          |
|  | 195,228                | 45,501                        | 240,729                        |
| <b>COSTS AND OTHER EXPENSES</b>  |                        |                               |                                |
| Operating  | 64,296                 | 5,866                         | 70,162                         |
| Administrative   | 13,479                 | 102                           | 13,581                         |
| Development  | 10,319                 | 8                             | 10,327                         |
| Amortization   | 60,410                 | 17,870                        | 78,280                         |
| Other gains  | (1,962)                | (1,310)                       | (3,272)                        |
|  | 146,542                | 22,536                        | 169,078                        |
| <b>OPERATING INCOME</b>  | 48,686                 | 22,965                        | 71,651                         |
| Financing costs  | 58,097                 | 19,690                        | 77,787                         |
| Foreign exchange loss  | 406                    | 4                             | 410                            |
| Net loss on financial instruments  | 8,187                  | 5                             | 8,192                          |
| Share in earnings of the Joint Ventures  | 3,426                  | (3,426)                       | —                              |
| Other  | 17                     | 3                             | 20                             |
| <b>LOSS BEFORE INCOME TAXES</b>  | (14,595)               | (163)                         | (14,758)                       |
| Income tax recovery  | (854)                  | —                             | (854)                          |
| <b>LOSS FROM CONTINUING OPERATIONS</b>   | (13,741)               | (163)                         | (13,904)                       |
| Net earnings from discontinued operations  | 2,652                  | —                             | 2,652                          |
| <b>NET LOSS</b>  | (11,089)               | (163)                         | (11,252)                       |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO:</b>  |                        |                               |                                |
| Shareholders of Boralex  | (11,767)               | (163)                         | (11,930)                       |
| Non-controlling shareholders   | 678                    | —                             | 678                            |
| <b>NET LOSS</b>  | (11,089)               | (163)                         | (11,252)                       |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>                                   |                        |                               |                                |
| Continuing operations  | (14,419)               | (163)                         | (14,582)                       |
| Discontinued operations  | 2,652                  | —                             | 2,652                          |
|  | (11,767)               | (163)                         | (11,930)                       |
| <b>NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED)<br/>ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b> |                        |                               |                                |
| Continuing operations  | (\$0.38)               | —                             | (\$0.38)                       |
| Discontinued operations  | \$0.07                 | —                             | \$0.07                         |
|  | (\$0.31)               | —                             | (\$0.31)                       |

## Consolidated Statements of Cash Flows

| (in thousands of dollars) (unaudited)                      | Three-month period ended December 31 |                               |                                |
|--|--------------------------------------|-------------------------------|--------------------------------|
|  | 2015                                 |                               |                                |
|  | IFRS                                 | Adjustments<br>Joint Ventures | Proportionate<br>Consolidation |
| Net earnings   | 5,732                                | —                             | 5,732                          |
| Less: Net earnings from discontinued operations            | —                                    | —                             | —                              |
| Net earnings from continuing operations                    | 5,732                                | —                             | 5,732                          |
| Financing costs  | 17,260                               | 5,432                         | 22,692                         |
| Interest paid  | (14,488)                             | (4,289)                       | (18,777)                       |
| Income tax expense   | 4,251                                | —                             | 4,251                          |
| Income taxes paid  | (338)                                | —                             | (338)                          |
| Non-cash items in earnings:                                |                                      |                               |                                |
| Net loss on financial instruments                          | 129                                  | —                             | 129                            |
| Share in results of the Joint Ventures                     | (1,304)                              | 1,304                         | —                              |
| Amortization   | 25,822                               | 5,532                         | 31,354                         |
| Other  | 190                                  | (380)                         | (190)                          |
| Change in non-cash items related to operating activities   | (6,979)                              | 7,883                         | 904                            |
| <b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>      | <b>30,275</b>                        | <b>15,482</b>                 | <b>45,757</b>                  |
| Business acquisitions, net of cash acquired                | (44,180)                             | —                             | (44,180)                       |
| Additions to property, plant and equipment                 | (94,581)                             | (34)                          | (94,615)                       |
| Change in restricted cash                                  | 9,987                                | (162)                         | 9,825                          |
| Change in reserve funds                                    | 68                                   | —                             | 68                             |
| Development projects                                       | (847)                                | —                             | (847)                          |
| Other  | (13)                                 | —                             | (13)                           |
| <b>NET CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>      | <b>(129,566)</b>                     | <b>(196)</b>                  | <b>(129,762)</b>               |
| Net increase in non-current debt                           | 157,315                              | (85)                          | 157,230                        |
| Repayments on current and non-current debt                 | (37,881)                             | (12,490)                      | (50,371)                       |
| Distributions paid to non-controlling shareholders         | (4,496)                              | —                             | (4,496)                        |
| Dividends paid to shareholders of Boralex                  | (8,428)                              | —                             | (8,428)                        |
| Share issuance proceeds, net of transaction costs          | (28)                                 | —                             | (28)                           |
| Exercise of options  | 3                                    | —                             | 3                              |
| Other  | (115)                                | —                             | (115)                          |
| <b>NET CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>      | <b>106,370</b>                       | <b>(12,575)</b>               | <b>93,795</b>                  |
| <b>TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS</b> | <b>1,545</b>                         | <b>—</b>                      | <b>1,545</b>                   |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>             | <b>8,624</b>                         | <b>2,711</b>                  | <b>11,335</b>                  |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>     | <b>91,017</b>                        | <b>6,139</b>                  | <b>97,156</b>                  |
| <b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>           | <b>99,641</b>                        | <b>8,850</b>                  | <b>108,491</b>                 |

## Consolidated Statements of Cash Flows

| (in thousands of dollars) (unaudited)                      | Three-month period ended December 31 |                               |                                |
|--|--------------------------------------|-------------------------------|--------------------------------|
|  | 2014                                 |                               |                                |
|  | IFRS                                 | Adjustments<br>Joint Ventures | Proportionate<br>Consolidation |
| Net loss   | (5,661)                              | (30)                          | (5,691)                        |
| Less: Net earnings from discontinued operations            | 716                                  | —                             | 716                            |
| Net loss from continuing operations                        | (6,377)                              | (30)                          | (6,407)                        |
| Financing costs  | 15,926                               | 5,049                         | 20,975                         |
| Interest paid  | (14,632)                             | (3,920)                       | (18,552)                       |
| Income tax recovery  | (523)                                | —                             | (523)                          |
| Income taxes paid  | (64)                                 | —                             | (64)                           |
| Non-cash items in loss:                                    |                                      |                               |                                |
| Net loss on financial instruments                          | 6,031                                | (93)                          | 5,938                          |
| Share in results of the Joint Ventures                     | (2,570)                              | 2,570                         | —                              |
| Amortization   | 15,832                               | 4,784                         | 20,616                         |
| Other  | 360                                  | (335)                         | 25                             |
| Change in non-cash items related to operating activities   | (10,779)                             | (1,775)                       | (12,554)                       |
| <b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>      | <b>3,204</b>                         | <b>6,250</b>                  | <b>9,454</b>                   |
| Business acquisitions, net of cash acquired                | (188,948)                            | —                             | (188,948)                      |
| Additions to property, plant and equipment                 | (47,620)                             | (28,526)                      | (76,146)                       |
| Change in restricted cash                                  | (5,146)                              | 20,136                        | 14,990                         |
| Increase in interest in Joint Ventures                     | (7,181)                              | 7,181                         | —                              |
| Change in reserve funds                                    | (6,252)                              | —                             | (6,252)                        |
| Development projects                                       | (1,279)                              | —                             | (1,279)                        |
| Proceeds from the disposal of assets held for sale         | 21,983                               | —                             | 21,983                         |
| Other  | (60)                                 | —                             | (60)                           |
| <b>NET CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>      | <b>(234,503)</b>                     | <b>(1,209)</b>                | <b>(235,712)</b>               |
| Net increase in non-current debt                           | 451,881                              | 5,336                         | 457,217                        |
| Repayments on current and non-current debt                 | (238,075)                            | (4,453)                       | (242,528)                      |
| Contribution of non-controlling shareholders               | 539                                  | —                             | 539                            |
| Distributions paid to non-controlling shareholders         | (2,050)                              | —                             | (2,050)                        |
| Dividends paid to shareholders of Boralex                  | (4,993)                              | —                             | (4,993)                        |
| Exercise of options  | 151                                  | —                             | 151                            |
| Other  | (1)                                  | —                             | (1)                            |
| <b>NET CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>      | <b>207,452</b>                       | <b>883</b>                    | <b>208,335</b>                 |
| Cash from discontinued operations                          | 843                                  | —                             | 843                            |
| <b>TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS</b> | <b>301</b>                           | <b>—</b>                      | <b>301</b>                     |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>             | <b>(22,703)</b>                      | <b>5,924</b>                  | <b>(16,779)</b>                |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>     | <b>98,097</b>                        | <b>5,527</b>                  | <b>103,624</b>                 |
| <b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>           | <b>75,394</b>                        | <b>11,451</b>                 | <b>86,845</b>                  |

## Consolidated Statements of Cash Flows

| (in thousands of dollars) (unaudited)                             | Year ended December 31 |                               |                                |
|---|------------------------|-------------------------------|--------------------------------|
|   | 2015                   |                               |                                |
|   | IFRS                   | Adjustments<br>Joint Ventures | Proportionate<br>Consolidation |
| Net loss  | (8,212)                | —                             | (8,212)                        |
| Less: Net earnings from discontinued operations                   | —                      | —                             | —                              |
| Net loss from continuing operations                               | (8,212)                | —                             | (8,212)                        |
| Distributions received from Joint Ventures                        | 29,100                 | (29,100)                      | —                              |
| Financing costs   | 74,019                 | 21,930                        | 95,949                         |
| Interest paid   | (64,511)               | (17,332)                      | (81,843)                       |
| Income tax recovery   | (1,496)                | —                             | (1,496)                        |
| Income taxes paid   | (1,501)                | —                             | (1,501)                        |
| Non-cash items in loss:   |                        |                               |                                |
| Net loss on financial instruments                                 | 7,467                  | —                             | 7,467                          |
| Share in results of the Joint Ventures                            | (7,615)                | 7,615                         | —                              |
| Amortization  | 96,972                 | 22,131                        | 119,103                        |
| Loss on redemption of convertible debentures                      | 2,759                  | —                             | 2,759                          |
| Other   | 1,564                  | (1,536)                       | 28                             |
| Change in non-cash items related to operating activities          | (13,959)               | 8,924                         | (5,035)                        |
| <b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>             | <b>114,587</b>         | <b>12,632</b>                 | <b>127,219</b>                 |
| Business acquisition, net of cash acquired                        | (60,308)               | —                             | (60,308)                       |
| Additions to property, plant and equipment                        | (329,555)              | (2,596)                       | (332,151)                      |
| Change in restricted cash   | 7,248                  | 7,193                         | 14,441                         |
| Change in reserve funds   | (114)                  | —                             | (114)                          |
| Development projects  | (4,357)                | —                             | (4,357)                        |
| Other   | (1,512)                | —                             | (1,512)                        |
| <b>NET CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>             | <b>(388,598)</b>       | <b>4,597</b>                  | <b>(384,001)</b>               |
| Net increase in non-current debt                                  | 424,961                | (112)                         | 424,849                        |
| Repayments on current and non-current debt                        | (312,449)              | (19,718)                      | (332,167)                      |
| Convertible debenture issuance proceeds, net of transaction costs | 137,459                | —                             | 137,459                        |
| Convertible debentures redeemed                                   | (47,107)               | —                             | (47,107)                       |
| Contribution of non-controlling shareholders                      | 7,082                  | —                             | 7,082                          |
| Distributions paid to non-controlling shareholders                | (8,363)                | —                             | (8,363)                        |
| Dividends paid to shareholders of Boralex                         | (27,129)               | —                             | (27,129)                       |
| Share issuance proceeds, net of transaction costs                 | 118,118                | —                             | 118,118                        |
| Exercise of options   | 107                    | —                             | 107                            |
| Other   | (385)                  | —                             | (385)                          |
| <b>NET CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>             | <b>292,294</b>         | <b>(19,830)</b>               | <b>272,464</b>                 |
| <b>TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS</b>        | <b>5,964</b>           | <b>—</b>                      | <b>5,964</b>                   |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                    | <b>24,247</b>          | <b>(2,601)</b>                | <b>21,646</b>                  |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>              | <b>75,394</b>          | <b>11,451</b>                 | <b>86,845</b>                  |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                    | <b>99,641</b>          | <b>8,850</b>                  | <b>108,491</b>                 |

## Consolidated Statements of Cash Flows

| (in thousands of dollars) (unaudited)                      | Year ended December 31 |                               |                                |
|--|------------------------|-------------------------------|--------------------------------|
|  | 2014                   |                               |                                |
|  | IFRS                   | Adjustments<br>Joint Ventures | Proportionate<br>Consolidation |
| Net loss   | (11,089)               | (163)                         | (11,252)                       |
| Less: Net earnings from discontinued operations            | 2,652                  | —                             | 2,652                          |
| Net loss from continuing operations                        | (13,741)               | (163)                         | (13,904)                       |
| Financing costs  | 58,097                 | 19,690                        | 77,787                         |
| Interest paid  | (53,298)               | (14,857)                      | (68,155)                       |
| Income tax recovery  | (854)                  | —                             | (854)                          |
| Income taxes paid  | (2,940)                | —                             | (2,940)                        |
| Non-cash items in loss:                                    |                        |                               |                                |
| Net loss on financial instruments                          | 8,187                  | 5                             | 8,192                          |
| Share in results of the Joint Ventures                     | (3,426)                | 3,426                         | —                              |
| Amortization   | 60,410                 | 17,870                        | 78,280                         |
| Other  | 1,246                  | (1,299)                       | (53)                           |
| Change in non-cash items related to operating activities   | (2,020)                | 25,932                        | 23,912                         |
| <b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>      | <b>51,661</b>          | <b>50,604</b>                 | <b>102,265</b>                 |
| Business acquisitions, net of cash acquired                | (196,879)              | —                             | (196,879)                      |
| Additions to property, plant and equipment                 | (167,686)              | (83,876)                      | (251,562)                      |
| Change in restricted cash                                  | 7,277                  | 33,405                        | 40,682                         |
| Increase in interest in Joint Ventures                     | (13,253)               | 13,253                        | —                              |
| Increase in non-current assets                             | (1,350)                | (2,656)                       | (4,006)                        |
| Change in reserve funds                                    | (6,825)                | —                             | (6,825)                        |
| Development projects                                       | (6,881)                | —                             | (6,881)                        |
| Proceeds from the disposal of assets held for sale         | 21,983                 | —                             | 21,983                         |
| Other  | (491)                  | —                             | (491)                          |
| <b>NET CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>      | <b>(364,105)</b>       | <b>(39,874)</b>               | <b>(403,979)</b>               |
| Net increase in non-current debt                           | 589,006                | 40,352                        | 629,358                        |
| Repayments on current and non-current debt                 | (317,896)              | (42,230)                      | (360,126)                      |
| Contribution of non-controlling shareholders               | 5,235                  | —                             | 5,235                          |
| Distributions paid to non-controlling shareholders         | (2,050)                | —                             | (2,050)                        |
| Dividends paid to shareholders of Boralex                  | (19,896)               | —                             | (19,896)                       |
| Exercise of options  | 4,860                  | —                             | 4,860                          |
| Other  | (41)                   | —                             | (41)                           |
| <b>NET CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>      | <b>259,218</b>         | <b>(1,878)</b>                | <b>257,340</b>                 |
| Cash from discontinued operations                          | 3,122                  | —                             | 3,122                          |
| <b>TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS</b> | <b>556</b>             | <b>—</b>                      | <b>556</b>                     |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>             | <b>(49,548)</b>        | <b>8,852</b>                  | <b>(40,696)</b>                |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>       | <b>124,942</b>         | <b>2,599</b>                  | <b>127,541</b>                 |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>             | <b>75,394</b>          | <b>11,451</b>                 | <b>86,845</b>                  |

## Information by Operating Segment

| (in thousands of dollars, except MWh) (unaudited) | Three-month period ended December 31 |                               |                                |
|---|--------------------------------------|-------------------------------|--------------------------------|
|   | 2015                                 |                               |                                |
|   | IFRS                                 | Adjustments<br>Joint Ventures | Proportionate<br>Consolidation |
| <b>POWER PRODUCTION (MWh)</b>                     |                                      |                               |                                |
| Wind power stations                               | 450,179                              | 130,528                       | 580,707                        |
| Hydroelectric power stations                      | 158,161                              | —                             | 158,161                        |
| Thermal power stations                            | 31,131                               | —                             | 31,131                         |
| Solar power stations                              | 3,680                                | —                             | 3,680                          |
|   | 643,151                              | 130,528                       | 773,679                        |
| <b>REVENUES FROM ENERGY SALES</b>                 |                                      |                               |                                |
| Wind power stations                               | 58,624                               | 13,997                        | 72,621                         |
| Hydroelectric power stations                      | 14,998                               | —                             | 14,998                         |
| Thermal power stations                            | 6,521                                | —                             | 6,521                          |
| Solar power stations                              | 890                                  | —                             | 890                            |
|   | 81,033                               | 13,997                        | 95,030                         |
| <b>EBITDA(A)</b>                                  |                                      |                               |                                |
| Wind power stations                               | 51,238                               | 9,901                         | 61,139                         |
| Hydroelectric power stations                      | 9,893                                | —                             | 9,893                          |
| Thermal power stations                            | 711                                  | —                             | 711                            |
| Solar power stations                              | 743                                  | —                             | 743                            |
|   | 62,585                               | 9,901                         | 72,486                         |
| Corporate and eliminations                        | (9,278)                              | 662                           | (8,616)                        |
|   | 53,307                               | 10,563                        | 63,870                         |

| (in thousands of dollars, except MWh) (unaudited) | Three-month period ended December 31 |                               |                                |
|---|--------------------------------------|-------------------------------|--------------------------------|
|   | 2014                                 |                               |                                |
|   | IFRS                                 | Adjustments<br>Joint Ventures | Proportionate<br>Consolidation |
| <b>POWER PRODUCTION (MWh)</b>                     |                                      |                               |                                |
| Wind power stations                               | 245,601                              | 125,141                       | 370,742                        |
| Hydroelectric power stations                      | 154,752                              | —                             | 154,752                        |
| Thermal power stations                            | 34,092                               | —                             | 34,092                         |
| Solar power stations                              | 1,080                                | —                             | 1,080                          |
|   | 435,525                              | 125,141                       | 560,666                        |
| <b>REVENUES FROM ENERGY SALES</b>                 |                                      |                               |                                |
| Wind power stations                               | 31,278                               | 13,635                        | 44,913                         |
| Hydroelectric power stations                      | 14,312                               | —                             | 14,312                         |
| Thermal power stations                            | 7,569                                | —                             | 7,569                          |
| Solar power stations                              | 514                                  | —                             | 514                            |
|   | 53,673                               | 13,635                        | 67,308                         |
| <b>EBITDA(A)</b>                                  |                                      |                               |                                |
| Wind power stations                               | 29,207                               | 8,723                         | 37,930                         |
| Hydroelectric power stations                      | 9,730                                | —                             | 9,730                          |
| Thermal power stations                            | 1,188                                | —                             | 1,188                          |
| Solar power stations                              | 391                                  | —                             | 391                            |
|   | 40,516                               | 8,723                         | 49,239                         |
| Corporate and eliminations                        | (10,458)                             | 643                           | (9,815)                        |
|   | 30,058                               | 9,366                         | 39,424                         |

## Information by Operating Segment

| (in thousands of dollars, except MWh) (unaudited) | Year ended December 31 |                               |                                |
|---|------------------------|-------------------------------|--------------------------------|
|   | 2015                   |                               |                                |
|   | IFRS                   | Adjustments<br>Joint Ventures | Proportionate<br>Consolidation |
| <b>POWER PRODUCTION (MWh)</b>                     |                        |                               |                                |
| Wind power stations                               | 1,396,000              | 547,209                       | 1,943,209                      |
| Hydroelectric power stations                      | 626,477                | —                             | 626,477                        |
| Thermal power stations                            | 154,701                | —                             | 154,701                        |
| Solar power stations                              | 8,720                  | —                             | 8,720                          |
|   | 2,185,898              | 547,209                       | 2,733,107                      |
| <b>REVENUES FROM ENERGY SALES</b>                 |                        |                               |                                |
| Wind power stations                               | 177,720                | 58,700                        | 236,420                        |
| Hydroelectric power stations                      | 58,166                 | —                             | 58,166                         |
| Thermal power stations                            | 26,477                 | —                             | 26,477                         |
| Solar power stations                              | 3,264                  | —                             | 3,264                          |
|   | 265,627                | 58,700                        | 324,327                        |
| <b>EBITDA(A)</b>                                  |                        |                               |                                |
| Wind power stations                               | 149,516                | 39,823                        | 189,339                        |
| Hydroelectric power stations                      | 40,792                 | —                             | 40,792                         |
| Thermal power stations                            | 5,704                  | —                             | 5,704                          |
| Solar power stations                              | 2,834                  | —                             | 2,834                          |
|   | 198,846                | 39,823                        | 238,669                        |
| Corporate and eliminations                        | (30,090)               | 2,630                         | (27,460)                       |
|   | 168,756                | 42,453                        | 211,209                        |

| (in thousands of dollars, except MWh) (unaudited) | Year ended December 31 |                               |                                |
|---|------------------------|-------------------------------|--------------------------------|
|   | 2014                   |                               |                                |
|   | IFRS                   | Adjustments<br>Joint Ventures | Proportionate<br>Consolidation |
| <b>POWER PRODUCTION (MWh)</b>                     |                        |                               |                                |
| Wind power stations                               | 785,997                | 425,632                       | 1,211,629                      |
| Hydroelectric power stations                      | 641,979                | —                             | 641,979                        |
| Thermal power stations                            | 169,637                | —                             | 169,637                        |
| Solar power stations                              | 6,259                  | —                             | 6,259                          |
|   | 1,603,872              | 425,632                       | 2,029,504                      |
| <b>REVENUES FROM ENERGY SALES</b>                 |                        |                               |                                |
| Wind power stations                               | 102,063                | 46,105                        | 148,168                        |
| Hydroelectric power stations                      | 58,166                 | —                             | 58,166                         |
| Thermal power stations                            | 30,090                 | —                             | 30,090                         |
| Solar power stations                              | 3,082                  | —                             | 3,082                          |
|   | 193,401                | 46,105                        | 239,506                        |
| <b>EBITDA(A)</b>                                  |                        |                               |                                |
| Wind power stations                               | 87,595                 | 33,585                        | 121,180                        |
| Hydroelectric power stations                      | 42,715                 | —                             | 42,715                         |
| Thermal power stations                            | 5,247                  | —                             | 5,247                          |
| Solar power stations                              | 2,634                  | —                             | 2,634                          |
|   | 138,191                | 33,585                        | 171,776                        |
| Corporate and eliminations                        | (27,648)               | 2,511                         | (25,137)                       |
|   | 110,543                | 36,096                        | 146,639                        |

## Information by Geographic Segment

| (in thousands of dollars, except MWh) (unaudited) | Three-month period ended December 31 |                               |                                |
|---|--------------------------------------|-------------------------------|--------------------------------|
|   | 2015                                 |                               |                                |
|   | IFRS                                 | Adjustments<br>Joint Ventures | Proportionate<br>Consolidation |
| <b>POWER PRODUCTION (MWh)</b>                     |                                      |                               |                                |
| Canada  | 214,607                              | 130,528                       | 345,135                        |
| France  | 337,319                              | —                             | 337,319                        |
| United States                                     | 91,225                               | —                             | 91,225                         |
|   | 643,151                              | 130,528                       | 773,679                        |
| <b>REVENUES FROM ENERGY SALES</b>                 |                                      |                               |                                |
| Canada  | 25,794                               | 13,997                        | 39,791                         |
| France  | 46,918                               | —                             | 46,918                         |
| United States                                     | 8,321                                | —                             | 8,321                          |
|   | 81,033                               | 13,997                        | 95,030                         |
| <b>EBITDA(A)</b>                                  |                                      |                               |                                |
| Canada  | 15,705                               | 10,563                        | 26,268                         |
| France  | 31,759                               | —                             | 31,759                         |
| United States                                     | 5,843                                | —                             | 5,843                          |
|   | 53,307                               | 10,563                        | 63,870                         |

| (in thousands of dollars, except MWh) (unaudited) | Three-month period ended December 31 |                               |                                |
|---|--------------------------------------|-------------------------------|--------------------------------|
|   | 2014                                 |                               |                                |
|   | IFRS                                 | Adjustments<br>Joint Ventures | Proportionate<br>Consolidation |
| <b>POWER PRODUCTION (MWh)</b>                     |                                      |                               |                                |
| Canada  | 167,325                              | 125,141                       | 292,466                        |
| France  | 184,020                              | —                             | 184,020                        |
| United States                                     | 84,180                               | —                             | 84,180                         |
|   | 435,525                              | 125,141                       | 560,666                        |
| <b>REVENUES FROM ENERGY SALES</b>                 |                                      |                               |                                |
| Canada  | 20,189                               | 13,635                        | 33,824                         |
| France  | 26,785                               | —                             | 26,785                         |
| United States                                     | 6,699                                | —                             | 6,699                          |
|   | 53,673                               | 13,635                        | 67,308                         |
| <b>EBITDA(A)</b>                                  |                                      |                               |                                |
| Canada  | 8,947                                | 9,366                         | 18,313                         |
| France  | 16,352                               | —                             | 16,352                         |
| United States                                     | 4,759                                | —                             | 4,759                          |
|   | 30,058                               | 9,366                         | 39,424                         |

## Information by Geographic Segment

| (in thousands of dollars, except MWh) (unaudited) | Year ended December 31 |                               |                                |
|---|------------------------|-------------------------------|--------------------------------|
|   | 2015                   |                               |                                |
|   | IFRS                   | Adjustments<br>Joint Ventures | Proportionate<br>Consolidation |
| <b>POWER PRODUCTION (MWh)</b>                     |                        |                               |                                |
| Canada  | 767,645                | 547,209                       | 1,314,854                      |
| France  | 1,087,003              | —                             | 1,087,003                      |
| United States                                     | 331,250                | —                             | 331,250                        |
|   | 2,185,898              | 547,209                       | 2,733,107                      |
| <b>REVENUES FROM ENERGY SALES</b>                 |                        |                               |                                |
| Canada  | 85,420                 | 58,700                        | 144,120                        |
| France  | 150,481                | —                             | 150,481                        |
| United States                                     | 29,726                 | —                             | 29,726                         |
|   | 265,627                | 58,700                        | 324,327                        |
| <b>EBITDA(A)</b>                                  |                        |                               |                                |
| Canada  | 51,906                 | 42,453                        | 94,359                         |
| France  | 95,876                 | —                             | 95,876                         |
| United States                                     | 20,974                 | —                             | 20,974                         |
|   | 168,756                | 42,453                        | 211,209                        |

| (in thousands of dollars, except MWh) (unaudited) | Year ended December 31 |                               |                                |
|---|------------------------|-------------------------------|--------------------------------|
|   | 2014                   |                               |                                |
|   | IFRS                   | Adjustments<br>Joint Ventures | Proportionate<br>Consolidation |
| <b>POWER PRODUCTION (MWh)</b>                     |                        |                               |                                |
| Canada  | 636,929                | 425,632                       | 1,062,561                      |
| France  | 586,573                | —                             | 586,573                        |
| United States                                     | 380,370                | —                             | 380,370                        |
|   | 1,603,872              | 425,632                       | 2,029,504                      |
| <b>REVENUES FROM ENERGY SALES</b>                 |                        |                               |                                |
| Canada  | 70,768                 | 46,105                        | 116,873                        |
| France  | 90,672                 | —                             | 90,672                         |
| United States                                     | 31,961                 | —                             | 31,961                         |
|   | 193,401                | 46,105                        | 239,506                        |
| <b>EBITDA(A)</b>                                  |                        |                               |                                |
| Canada  | 33,741                 | 36,096                        | 69,837                         |
| France  | 52,962                 | —                             | 52,962                         |
| United States                                     | 23,840                 | —                             | 23,840                         |
|   | 110,543                | 36,096                        | 146,639                        |

# Consolidated Financial Statements

## Management's Report

The consolidated financial statements and other financial information included in this Annual Report are the responsibility of, and have been prepared by, the management of Boralex Inc. within reasonable limits of materiality. To fulfill this responsibility, management maintains appropriate systems of internal control, policies and procedures. These systems of internal control, policies and procedures help ensure that the Corporation's reporting practices as well as accounting and administrative procedures provide reasonable assurance that the financial information is relevant, reliable and accurate and that assets are safeguarded and transactions are executed in accordance with proper authorization. These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which are summarized in the consolidated financial statements. Where appropriate, these consolidated financial statements reflect estimates based on management's best judgment. Financial information presented elsewhere in this Annual Report is consistent, where applicable, with that reported in the accompanying consolidated financial statements.

The audited consolidated financial statements have been reviewed by the Board of Directors and by its Audit Committee. The Audit Committee consists exclusively of independent directors and meets periodically during the year with the independent auditor. The independent auditor has full access to and meets with the Audit Committee both in the presence and absence of management.

PricewaterhouseCoopers LLP has audited the consolidated financial statements of Boralex Inc. The independent auditor's responsibility is to express a professional opinion on the fairness of the consolidated financial statement presentation. The Independent Auditor's Report outlines the scope of its audits and sets forth its opinion on the consolidated financial statements.

(s) Patrick Lemaire

**Patrick Lemaire**

President and Chief Executive Officer

(s) Jean-François Thibodeau

**Jean-François Thibodeau**

Vice-President and Chief Financial Officer

Montréal, Canada

March 7, 2016

# Independent Auditor's Report

To the Shareholders of Boralex inc.

We have audited the accompanying consolidated financial statements of Boralex inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014 and the statements of loss, comprehensive income (loss), changes in equity and cash flows for the years then ended and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Boralex inc. and its subsidiaries as at December 31, 2015 and 2014, and their financial performance and their cash flows for the years then ended in accordance with IFRS.

(s) PricewaterhouseCooper<sup>1</sup>

Montréal, Québec

March 9, 2016

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<sup>1</sup> CPA auditor, CA, public accountancy permit No. A126402

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# Consolidated Statements of Financial Position

| (in thousands of Canadian dollars)      |      |  | As at<br>December 31,<br>2015 | As at<br>December 31,<br>2014 |
|---|------|--|-------------------------------|-------------------------------|
|   | Note |  |                               |                               |
| <b>ASSETS</b>                           |      |  |                               |                               |
| Cash and cash equivalents               |      |  | 99,641                        | 75,394                        |
| Restricted cash                         |      |  | 3,345                         | 12,459                        |
| Trade and other receivables             | 6    |  | 85,350                        | 59,339                        |
| Inventories                             | 7    |  | 6,887                         | 5,620                         |
| Other current financial assets          | 24   |  | 541                           | 1,213                         |
| Prepaid expenses                        |      |  | 4,794                         | 5,358                         |
| <b>CURRENT ASSETS</b>                   |      |  | <b>200,558</b>                | <b>159,383</b>                |
| Property, plant and equipment           | 8    |  | 1,556,374                     | 1,210,703                     |
| Intangible assets                       | 9    |  | 423,622                       | 333,917                       |
| Goodwill                                | 9    |  | 127,007                       | 94,873                        |
| Interests in the Joint Ventures         | 10   |  | 66,506                        | 91,483                        |
| Deferred income tax asset               | 15   |  | 21,190                        | 8,744                         |
| Other non-current financial assets      | 24   |  | 239                           | 3,230                         |
| Other non-current assets                | 11   |  | 46,431                        | 47,445                        |
| <b>NON-CURRENT ASSETS</b>               |      |  | <b>2,241,369</b>              | <b>1,790,395</b>              |
| <b>TOTAL ASSETS</b>                     |      |  | <b>2,441,927</b>              | <b>1,949,778</b>              |
| <b>LIABILITIES</b>                      |      |  |                               |                               |
| Trade and other payables                | 12   |  | 92,125                        | 59,277                        |
| Current portion of debt                 | 13   |  | 145,200                       | 172,044                       |
| Current income tax liability            |      |  | 1,536                         | 1,601                         |
| Other current financial liabilities     | 24   |  | 41,356                        | 34,116                        |
| <b>CURRENT LIABILITIES</b>              |      |  | <b>280,217</b>                | <b>267,038</b>                |
| Non-current debt                        | 13   |  | 1,275,857                     | 989,087                       |
| Convertible debentures                  | 14   |  | 133,070                       | 232,977                       |
| Deferred income tax liability           | 15   |  | 87,353                        | 46,225                        |
| Decommissioning liability               | 16   |  | 31,812                        | 25,486                        |
| Other non-current financial liabilities | 24   |  | 36,716                        | 33,622                        |
| Other non-current liabilities           |      |  | 44,205                        | 19,024                        |
| <b>NON-CURRENT LIABILITIES</b>          |      |  | <b>1,609,013</b>              | <b>1,346,421</b>              |
| <b>TOTAL LIABILITIES</b>                |      |  | <b>1,889,230</b>              | <b>1,613,459</b>              |
| <b>EQUITY</b>                           |      |  |                               |                               |
| Equity attributable to shareholders     |      |  | 544,659                       | 303,191                       |
| Non-controlling shareholders            |      |  | 8,038                         | 33,128                        |
| <b>TOTAL EQUITY</b>                     |      |  | <b>552,697</b>                | <b>336,319</b>                |
| <b>TOTAL LIABILITIES AND EQUITY</b>     |      |  | <b>2,441,927</b>              | <b>1,949,778</b>              |

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

The Board of Directors approved these audited annual consolidated financial statements on March 7, 2016.

(s) Robert F. Hall

**Robert F. Hall**, Director

(s) Pierre Seccareccia

**Pierre Seccareccia**, Director

# Consolidated Statements of Loss

| (in thousands of Canadian dollars, except per share amounts)                                     |    | Note | 2015     | 2014     |
|--|----|------|----------|----------|
| <b>REVENUES</b>  |    |      |          |          |
| Revenues from energy sales   |    |      | 265,627  | 193,401  |
| Other income   |    |      | 2,062    | 1,827    |
|  |    |      | 267,689  | 195,228  |
| <b>COSTS AND OTHER EXPENSES</b>  |    |      |          |          |
| Operating  | 20 |      | 78,347   | 64,296   |
| Administrative   | 20 |      | 17,641   | 13,479   |
| Development  |    |      | 10,277   | 10,319   |
| Amortization   |    |      | 96,972   | 60,410   |
| Other gains  |    |      | (379)    | (1,962)  |
|  |    |      | 202,858  | 146,542  |
| <b>OPERATING INCOME</b>  |    |      |          |          |
|  |    |      | 64,831   | 48,686   |
| Financing costs  | 21 |      | 74,019   | 58,097   |
| Foreign exchange loss (gain)   |    |      | (2,374)  | 406      |
| Net loss on financial instruments  |    |      | 7,467    | 8,187    |
| Share in earnings of the Joint Ventures  | 10 |      | 7,615    | 3,426    |
| Loss on redemption of convertible debentures   | 14 |      | 2,759    | —        |
| Other  |    |      | 283      | 17       |
| <b>LOSS BEFORE INCOME TAXES</b>  |    |      |          |          |
|  |    |      | (9,708)  | (14,595) |
| Income tax recovery  | 15 |      | (1,496)  | (854)    |
| <b>NET LOSS FROM CONTINUING OPERATIONS</b>   |    |      |          |          |
|  |    |      | (8,212)  | (13,741) |
| Net earnings from discontinued operations  |    |      | —        | 2,652    |
| <b>NET LOSS</b>  |    |      |          |          |
|  |    |      | (8,212)  | (11,089) |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO:</b>  |    |      |          |          |
| Shareholders of Boralex  |    |      | (10,835) | (11,767) |
| Non-controlling shareholders   |    |      | 2,623    | 678      |
| <b>NET LOSS</b>  |    |      |          |          |
|  |    |      | (8,212)  | (11,089) |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>                               |    |      |          |          |
| Continuing operations  |    |      | (10,835) | (14,419) |
| Discontinued operations  |    |      | —        | 2,652    |
|  |    |      | (10,835) | (11,767) |
| <b>NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b> |    |      |          |          |
| Continuing operations  |    |      | (\$0.21) | (\$0.38) |
| Discontinued operations  |    |      | —        | \$0.07   |
|  | 22 |      | (\$0.21) | (\$0.31) |

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

# Consolidated Statements of Comprehensive Income (Loss)

| (in thousands of Canadian dollars)   |  | 2015         | 2014            |
|--|--|--------------|-----------------|
| <b>NET LOSS</b>  |  | (8,212)      | (11,089)        |
| <b>Other comprehensive income (loss) to be subsequently reclassified to net loss when certain conditions are met</b> |  |              |                 |
| Translation adjustments:   |  |              |                 |
| Unrealized foreign exchange gain (loss) on translation of financial statements of self-sustaining foreign operations |  | 20,263       | (2,613)         |
| Hedge of net investment:   |  |              |                 |
| Change in fair value   |  | (6,234)      | 1,103           |
| Income taxes   |  | 147          | (147)           |
| Cash flow hedges:  |  |              |                 |
| Change in fair value   |  | (6,202)      | (32,680)        |
| Hedging items realized and recognized in net loss  |  | 10,608       | 11,615          |
| Income taxes   |  | (1,584)      | 6,462           |
| Cash flow hedges - Joint Ventures:   |  |              |                 |
| Change in fair value   |  | (11,321)     | (23,394)        |
| Hedging items realized and recognized in net loss  |  | 5,198        | 4,798           |
| Income taxes   |  | 1,664        | 4,819           |
| Total other comprehensive income (loss)  |  | 12,539       | (30,037)        |
| <b>COMPREHENSIVE INCOME (LOSS)</b>   |  | <b>4,327</b> | <b>(41,126)</b> |
| <b>COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>  |  |              |                 |
| Shareholders of Boralex  |  | 2,840        | (39,070)        |
| Non-controlling shareholders   |  | 1,487        | (2,056)         |
| <b>COMPREHENSIVE INCOME (LOSS)</b>   |  | <b>4,327</b> | <b>(41,126)</b> |
| <b>COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>   |  |              |                 |
| Continuing operations  |  | 2,840        | (41,722)        |
| Discontinued operations  |  | —            | 2,652           |
|  |  | <b>2,840</b> | <b>(39,070)</b> |

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

# Consolidated Statements of Changes in Equity

2015

| (in thousands of Canadian dollars)   | Equity attributable to shareholders |  |                     |                   |                                      | Total    | Non-controlling shareholders | Total equity |
|--|-------------------------------------|--|---------------------|-------------------|--------------------------------------|----------|------------------------------|--------------|
|  | Capital stock                       | Equity component of convertible debentures | Contributed surplus | Retained earnings | Accumulated other comprehensive loss |          |                              |              |
| <b>BALANCE AS AT JANUARY 1, 2015</b>                                       | 228,257                             | 14,379                                     | 8,266               | 108,907           | (56,618)                             | 303,191  | 33,128                       | 336,319      |
| Net earnings (loss)  | —                                   | —  | —                   | (10,835)          | —                                    | (10,835) | 2,623                        | (8,212)      |
| Other comprehensive income (loss)  | —                                   | —  | —                   | —                 | 13,675                               | 13,675   | (1,136)                      | 12,539       |
| <b>COMPREHENSIVE INCOME (LOSS)</b>   | —                                   | —  | —                   | (10,835)          | 13,675                               | 2,840    | 1,487                        | 4,327        |
| Dividends (note 17)  | —                                   | —  | —                   | (27,129)          | —                                    | (27,129) | —                            | (27,129)     |
| Share issuances (note 17)  | 119,542                             | —  | —                   | —                 | —                                    | 119,542  | —                            | 119,542      |
| Issuance of 2015 convertible debentures (note 14)                          | —                                   | 3,940                                      | —                   | —                 | —                                    | 3,940    | —                            | 3,940        |
| Conversion and redemption of 2010 convertible debentures (note 14 and 17)  | 207,774                             | (14,379)                                   | —                   | —                 | —                                    | 193,395  | —                            | 193,395      |
| Exercise of options (note 17)  | 107                                 | —  | —                   | —                 | —                                    | 107      | —                            | 107          |
| Stock option expense (note 18)   | —                                   | —  | 340                 | —                 | —                                    | 340      | —                            | 340          |
| Excess of proceeds on repurchase of non-controlling shareholders (note 19) | —                                   | —  | —                   | (51,567)          | —                                    | (51,567) | (25,296)                     | (76,863)     |
| Net contribution of non-controlling shareholders (note 19)                 | —                                   | —  | —                   | —                 | —                                    | —        | 7,082                        | 7,082        |
| Distributions paid to non-controlling shareholders (note 19)               | —                                   | —  | —                   | —                 | —                                    | —        | (8,363)                      | (8,363)      |
| <b>BALANCE AS AT DECEMBER 31, 2015</b>                                     | 555,680                             | 3,940                                      | 8,606               | 19,376            | (42,943)                             | 544,659  | 8,038                        | 552,697      |

2014

| (in thousands of Canadian dollars)                               | Equity attributable to shareholders |  |                     |                   |                                      | Total    | Non-controlling shareholders | Total equity |
|--|-------------------------------------|--|---------------------|-------------------|--------------------------------------|----------|------------------------------|--------------|
|  | Capital stock                       | Equity component of convertible debentures | Contributed surplus | Retained earnings | Accumulated other comprehensive loss |          |                              |              |
| <b>BALANCE AS AT JANUARY 1, 2014</b>                             | 223,079                             | 14,379                                     | 7,730               | 140,575           | (29,315)                             | 356,448  | 29,686                       | 386,134      |
| Net earnings (loss)  | —                                   | —  | —                   | (11,767)          | —                                    | (11,767) | 678                          | (11,089)     |
| Other comprehensive loss   | —                                   | —  | —                   | —                 | (27,303)                             | (27,303) | (2,734)                      | (30,037)     |
| <b>COMPREHENSIVE LOSS</b>  | —                                   | —  | —                   | (11,767)          | (27,303)                             | (39,070) | (2,056)                      | (41,126)     |
| Dividends (notes 17 and 19)                                      | —                                   | —  | —                   | (19,896)          | —                                    | (19,896) | (2,050)                      | (21,946)     |
| Conversion of convertible debentures (note 14 and 17)            | 318                                 | —  | —                   | —                 | —                                    | 318      | —                            | 318          |
| Exercise of options (note 17)                                    | 4,860                               | —  | —                   | —                 | —                                    | 4,860    | —                            | 4,860        |
| Stock option expense (note 18)                                   | —                                   | —  | 536                 | —                 | —                                    | 536      | —                            | 536          |
| Excess of proceeds on repurchase of non-controlling shareholders | —                                   | —  | —                   | (5)               | —                                    | (5)      | (2)                          | (7)          |
| Contribution of non-controlling shareholders (note 19)           | —                                   | —  | —                   | —                 | —                                    | —        | 7,550                        | 7,550        |
| <b>BALANCE AS AT DECEMBER 31, 2014</b>                           | 228,257                             | 14,379                                     | 8,266               | 108,907           | (56,618)                             | 303,191  | 33,128                       | 336,319      |

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

# Consolidated Statements of Cash Flows

| (in thousands of Canadian dollars)                                | Note | 2015             | 2014             |
|---|------|------------------|------------------|
| Net loss  |      | (8,212)          | (11,089)         |
| Less: Net earnings from discontinued operations                   |      | —                | 2,652            |
| Net loss from continuing operations                               |      | (8,212)          | (13,741)         |
| Distributions received from Joint Ventures                        | 10   | 29,100           | —                |
| Financing costs   |      | 74,019           | 58,097           |
| Interest paid   |      | (64,511)         | (53,298)         |
| Income tax recovery   |      | (1,496)          | (854)            |
| Income taxes paid   |      | (1,501)          | (2,940)          |
| Non-cash items in loss:   |      |                  |                  |
| Net loss on financial instruments                                 |      | 7,467            | 8,187            |
| Share in results of the Joint Ventures                            | 10   | (7,615)          | (3,426)          |
| Amortization  |      | 96,972           | 60,410           |
| Loss on redemption of convertible debentures                      | 14   | 2,759            | —                |
| Other   |      | 1,564            | 1,246            |
| Change in non-cash items related to operating activities          | 23   | (13,959)         | (2,020)          |
| <b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>             |      | <b>114,587</b>   | <b>51,661</b>    |
| Business acquisitions, net of cash acquired                       | 5    | (60,308)         | (196,879)        |
| Additions to property, plant and equipment                        | 8    | (329,555)        | (167,686)        |
| Change in restricted cash   |      | 7,248            | 7,277            |
| Increase in interest in Joint Ventures                            | 10   | —                | (13,253)         |
| Increase in non-current assets                                    |      | —                | (1,350)          |
| Change in reserve funds   |      | (114)            | (6,825)          |
| Development projects  |      | (4,357)          | (6,881)          |
| Proceeds from the disposal of assets held for sale                | 5    | —                | 21,983           |
| Other   |      | (1,512)          | (491)            |
| <b>NET CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>             |      | <b>(388,598)</b> | <b>(364,105)</b> |
| Net increase in non-current debt                                  |      | 424,961          | 589,006          |
| Repayments on current and non-current debt                        |      | (312,449)        | (317,896)        |
| Convertible debenture issuance proceeds, net of transaction costs | 14   | 137,459          | —                |
| Convertible debentures redeemed                                   | 14   | (47,107)         | —                |
| Contribution of non-controlling shareholders                      | 19   | 7,082            | 5,235            |
| Distributions paid to non-controlling shareholders                | 19   | (8,363)          | (2,050)          |
| Dividends paid to shareholders of Boralex                         | 17   | (27,129)         | (19,896)         |
| Share issuance proceeds, net of transaction costs                 | 17   | 118,118          | —                |
| Exercise of options   | 17   | 107              | 4,860            |
| Other   |      | (385)            | (41)             |
| <b>NET CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>             |      | <b>292,294</b>   | <b>259,218</b>   |
| Cash from discontinued operations                                 |      | —                | 3,122            |
| <b>TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS</b>        |      | <b>5,964</b>     | <b>556</b>       |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                    |      | <b>24,247</b>    | <b>(49,548)</b>  |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>              |      | <b>75,394</b>    | <b>124,942</b>   |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                    |      | <b>99,641</b>    | <b>75,394</b>    |

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

# Notes to Consolidated Financial Statements

As at December 31, 2015

(Tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

## Note 1. Incorporation and Nature of Business

Boralex Inc., its subsidiaries and its joint ventures ("Boralex" or the "Corporation") are dedicated to the development, construction and operation of renewable energy power facilities. As at December 31, 2015, the Corporation had interests in 45 wind power stations, 15 hydroelectric power stations, two thermal power stations and two main solar power facilities representing an asset base with a total installed capacity of 1,264 megawatts ("MW") of which 1,094 MW are under its control. Boralex is also committed under power development projects, both independently and with partners, to add 121 MW of power. The Corporation also operates two hydroelectric power stations on behalf of R.S.P. Énergie Inc., an entity of which two of the three shareholders, Richard Lemaire and Patrick Lemaire, are directors of the Corporation. The generated power is sold mainly in Canada, France and the United States.

The Corporation is incorporated under the Canada Business Corporations Act. Boralex's head office is located at 36 Lajeunesse St., Kingsey Falls, Québec, Canada and its shares and convertible debentures are listed on the Toronto Stock Exchange ("TSX").

*(The data expressed in MW and MWh contained in notes 1, 5, 25, 27 and 29 have not been reviewed by the auditors.)*

## Note 2. Basis of Presentation

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB") and set out in the CPA Canada Handbook, including International Accounting Standards ("IAS") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of financial statements, and IAS 1, *Presentation of Financial Statements*. The Corporation has consistently applied the same accounting policies for all of the periods presented except for the new standards adopted during the year.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. These areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

## Note 3. Significant Accounting Policies

The significant accounting policies used to prepare these audited consolidated financial statements are as follows:

### Measurement Basis

The consolidated financial statements have been prepared on a going concern basis, under the historical cost method, except for certain financial assets and financial liabilities that are remeasured at fair value through profit or loss.

### Basis of Consolidation

The consolidated financial statements include the accounts of the Corporation comprising:

#### Subsidiaries

The subsidiaries are entities over which the Corporation exercises control. The Corporation controls an entity when it has power to direct the relevant activities, when it is exposed, or has rights to variable returns, and when it has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date the Corporation acquires control and are deconsolidated on the date control ends. Intercompany transactions and balances as well as unrealized gains and losses on transactions between these entities are eliminated.

### Note 3. Significant Accounting Policies (cont'd)

The Corporation's main subsidiaries as at December 31, 2015 were as follows:

| Name of subsidiary                     | Voting rights held | Location      |
|--|--------------------|---------------|
| Boralex Europe SARL                    | 100 %              | Luxembourg    |
| Boralex Énergie Verte S.A.S. ("BEV")   | 100 %              | France        |
| Boralex US Energy Inc.                 | 100 %              | United States |
| Boralex Ontario Energy Holdings L.P.   | 100 %              | Canada        |
| Boralex Ontario Energy Holdings 2 L.P. | 100 %              | Canada        |
| Jamie Creek L.P.                       | 100 %              | Canada        |
| Éoliennes Témiscouata S.E.C.           | 51 %               | Canada        |
| Éoliennes Témiscouata II L.P.          | 100 %              | Canada        |
| Frampton Wind Energy L.P.              | 67 %               | Canada        |
| Éoliennes Côte-de-Beaupré S.E.C.       | 51 %               | Canada        |
| Boralex Power Limited Partnership      | 100 %              | Canada        |

#### Joint Ventures

A joint venture is a joint arrangement in which the parties are bound by a contractual agreement that gives them joint control over the net assets. The decisions about the relevant activities of the joint arrangement require the unanimous consent of the parties that exercise joint control. The Corporation's interest in the Joint Ventures is accounted for using the equity method. The Corporation's *Share in earnings of the Joint Ventures* is recorded as a separate line item in the consolidated statement of income (loss). Unrealized gains and losses on transactions between the Corporation and the joint ventures are eliminated to the extent of the Corporation's interest in the joint ventures.

The Corporation's main joint ventures as at December 31, 2015 were as follows:

| Name of Joint Venture   | % interest | Location |
|---|------------|----------|
| Seigneurie de Beupré Wind Farms 2 and 3 General Partnership ("Joint Venture Phase I") | 50 %       | Canada   |
| Seigneurie de Beupré Wind Farm 4 General Partnership ("Joint Venture Phase II")       | 50 %       | Canada   |

#### Non-controlling Shareholders

The non-controlling shareholders represent the interest held by third parties in subsidiaries. The net assets of the subsidiary attributable to non-controlling shareholders are reported as a component of equity. Their share in net earnings (loss) and comprehensive income (loss) is recognized directly in equity. Any change in the Corporation's interest in a subsidiary that does not result in an acquisition or a loss of control is accounted for as a capital transaction.

#### Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred by the Corporation to obtain control of a subsidiary is calculated as the sum of the fair values of assets transferred, liabilities incurred and the equity instruments issued by the Corporation, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed to earnings (loss) as incurred.

The Corporation recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have previously been recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is determined after separate recognition of identifiable assets acquired. It is calculated as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling shareholders in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair value of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (gain on a bargain purchase) is recognized through earnings (loss) immediately.

#### Foreign Currency Translation

##### Functional and Reporting Currency

Items included in the financial statements of each of the Corporation's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is Boralex's functional currency.

### Note 3. Significant Accounting Policies (cont'd)

The financial statements of entities with a different functional currency from that of Boralex (foreign companies) are translated into Canadian dollars as follows: the assets and liabilities are translated at the prevailing year-end exchange rate. Revenues and expenses are translated at the average exchange rate for each period. Translation gains or losses are deferred and included in *Accumulated other comprehensive loss*. When a foreign company is disposed of, translation gains or losses accumulated in *Accumulated other comprehensive loss* are maintained in comprehensive income (loss) until the Corporation's net investment in that country has been entirely sold. Where applicable, exchange differences are recognized under *Foreign exchange loss (gain)* in net loss.

#### Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date. Exchange differences resulting from transactions are recognized under *Foreign exchange loss (gain)* in net loss except for those relating to qualifying cash flow hedges, which are deferred under *Accumulated other comprehensive loss* in equity.

#### Financial instruments

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are removed from the statement of financial position when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is extinguished, cancelled or terminated.

#### Classification of Financial Instruments

The Corporation classifies its financial instruments by category according to their nature and their characteristics. Management determines the classification of its financial assets and liabilities upon initial recognition. The Corporation classifies its financial assets and liabilities in the following categories:

##### (a) Financial Assets and Liabilities at Fair Value Through Profit or Loss

Financial assets and liabilities at fair value through profit or loss are financial assets and liabilities held for trading. A financial asset or liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also classified as held for trading unless they are designated as hedges. Financial instruments classified in this category are reported under current assets or current liabilities. The financial instrument is recorded initially and subsequently at fair value determined using market prices. Directly attributable transaction costs and any changes in fair value are recognized in net loss.

##### (b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented in current assets when recoverable within 12 months following the end of the reporting period. Otherwise, they are classified as non-current assets. Financial instruments classified in this category include *Cash and cash equivalents*, *Restricted cash*, *Trade and other receivables* and *Reserve funds*. Such instruments are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method less allowances for doubtful accounts.

##### (c) Other Liabilities at Amortized Cost

Other liabilities are recognized initially at fair value and transaction costs are deducted from this fair value. Subsequently, other liabilities are measured at amortized cost. The difference between the initial carrying amount of other liabilities and their repayment value is recognized in net loss over the term of the contract using the effective interest method. Other liabilities are presented in current liabilities when they are repayable within 12 months following the end of the reporting period. Otherwise, they are classified as non-current liabilities. This item includes *Trade and other payables*, *Non-current debt* and *Convertible debentures*.

##### (d) Compound Financial Instruments

Compound financial instruments issued by the Corporation, namely convertible debentures, are split into separate liability and equity components in accordance with the substance of the contractual arrangement. At the issue date, the fair value of the liability component was measured using the prevailing market interest rate for a similar non-convertible instrument. This amount is recognized as a liability at amortized cost using the effective interest method until conversion or maturity of the instrument. The equity component is determined by deducting the amount of the liability component from the total fair value of the compound instrument. This amount, less the tax impact, is accounted for in equity and is not subsequently remeasured.

## Hedge Accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The derivatives are designated as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction (cash flow hedge).

The Corporation documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Corporation also documents its assessment, both at hedge inception and on an ongoing basis, as to whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

The full fair value of a derivative financial instrument is classified as a non-current asset or liability when the remaining life of the hedged item is more than 12 months and as a current asset or liability when the remaining life of the hedged item is less than 12 months. Held-for-trading derivative financial instruments are classified as current assets or liabilities.

## Cash Flow Hedges

As at December 31, 2015, the Corporation designated all interest rate financial swaps as cash flow hedges. In a cash flow hedge relationship, the change in value of the effective portion of the derivative is recognized in *Accumulated other comprehensive loss*. The gain or loss relating to the ineffective portion is recognized immediately in net statement of loss under *Net loss on financial instruments*.

Amounts accumulated in equity are reclassified to net loss in the periods in which the hedged item affects net loss (for example, when a forecasted interest expense that is hedged occurs). The effective portion of the hedging derivative is recognized in the statement of loss under *Financing costs*. The ineffective portion is recognized in the statement of loss under *Net loss on financial instruments*. However, when the forecasted transaction that is hedged results in the recognition of a non-financial asset (for example, *Property, plant and equipment*), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are recognized as amortization of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity at that time remains in equity and is recognized when the forecasted transaction affects earnings. When a forecasted transaction does not occur, the cumulative gain or loss that was reported in equity is immediately classified to the statement of loss under *Net loss on financial instruments*.

## Hedge of a Net Investment in Self-sustaining Foreign Operations

The Corporation designates its foreign exchange forward contracts as hedges of a net investment in self-sustaining foreign operations in foreign currency. In this hedge relationship of a net investment in foreign currency, the change in value of the effective portion of the derivative financial instrument is recognized in *Accumulated other comprehensive loss* and the change in the ineffective portion is recorded in statement of loss, under *Net loss on financial instruments*.

The amounts recognized in *Accumulated other comprehensive loss* are reclassified to net loss when the corresponding foreign exchange gains or losses resulting from the translation of self-sustaining foreign operations are recognized in net loss.

## Cash and Cash Equivalents

Cash includes cash on hand and bank balances. Cash equivalents are short-term investments that mature within three months and comprise bankers' acceptances or deposit certificates guaranteed by banks. These instruments include highly liquid instruments that are readily convertible into known amounts of cash and subject to non-significant risk of changes in value.

## Restricted Cash

Restricted cash comprises highly liquid investments along with reserves to finance capital expenditures within a one-year period following each year-end.

## Inventories

Inventories are measured at the lower of cost or net realizable value. Cost is determined using the average cost method. Net realizable value corresponds to replacement cost in the normal course of business. Inventories mainly consist of replacement parts.

## Property, Plant and Equipment

Property, plant and equipment, consisting mainly of power stations and power station sites, are recorded at cost less accumulated amortization and impairment losses, including interest incurred during the construction period of new power stations or power facilities. Amortization begins on the date the assets are commissioned using the following methods:

### Wind Power Stations

Wind power stations are amortized by component using the straight-line method over their useful life ranging from five to 40 years.

### Hydroelectric Power Stations

Hydroelectric power stations are amortized by component using the straight-line method over their useful life ranging from 20 to 40 years.

### Thermal Power Stations

Thermal power stations are amortized by component using the straight-line method over their useful life ranging from 20 to 25 years.

### Solar Power Stations

Solar power stations are amortized by component using the straight-line method over a useful life of 20 years.

### Major Maintenance

Major maintenance work is capitalized and amortized using the straight-line method over the scheduled maintenance frequency, that is a useful life of approximately five years.

Useful lives, residual values and amortization methods are reviewed every year according to asset type, expected usage and changes in technology. Impairment losses and reversals, if any, are recognized in loss under *Impairment of property, plant and equipment*.

## Other Intangible Assets

### Energy Sales Contracts

Acquisition costs for energy sales contracts are amortized on a straight-line basis over the contract terms, including one renewal period, as applicable, which range from 15 to 40 years.

### Water Rights

The water rights related to all the hydroelectric power stations except for Buckingham (as this asset has an indefinite useful life) are amortized on a straight-line basis over the contract terms, including one renewal period, which range from 20 to 30 years. Assets with indefinite lives, consisting of the water rights at the Buckingham power station, are not amortized but are tested for impairment annually on October 31 or as soon as there is evidence of impairment. Any impairment loss is charged to earnings (loss) in the period in which it arises.

### Development projects

Project development costs include design and acquisition costs related to new projects. These costs are deferred until construction begins on the new power station or expansion of an existing power station, at which time they are transferred to property, plant and equipment and intangible assets, as appropriate. The Corporation defers costs for projects when it believes they are more likely than not to be completed. If this probability subsequently declines, the costs deferred to that date are expensed.

## Goodwill

Goodwill, representing the excess of the consideration paid for entities acquired over the net amount allocated to assets acquired and liabilities assumed, is not amortized. Goodwill is tested for impairment annually on October 31. Tests are also carried out when events or circumstances indicate a possible impairment. Any impairment loss is charged to earnings (loss) in the period in which it arises.

## Other non-current assets

### Reserve Funds

Reserve funds represent funds held in trust for the purpose of meeting the requirements of certain non-current debt agreements including the maintenance of reserves for debt servicing and to maintain property, plant and equipment. The reserve funds, consisting of deposit certificates, are valued at amortized cost.

### Renewable Energy Tax Credits

Renewable energy tax credits which were attributed on the basis of incurred operating expenses were recorded as a reduction of operating expenses for the period in which the credits were earned to the extent that it is more likely than not that they will be recoverable during their useful lives. This program came to an end on December 31, 2009.

## Borrowing Costs

The Corporation capitalizes borrowing costs directly attributable to the acquisition, construction or production of qualifying assets during their active construction. Other borrowing costs are expensed during the period in which they are incurred.

## Leases

Leases are classified as finance leases when the lease arrangement transfers substantially all the risks and rewards of ownership to the Corporation. Leases are classified as operating leases when the lease arrangement does not transfer substantially all the risks and rewards of ownership to the Corporation. Payments made under operating leases are charged to the statement of loss on a straight-line basis over the lease term.

Finance leases are capitalized at the commencement of the lease term at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. Such lease obligations, net of financing costs, are included under *Other non-current liabilities*. The interest component of the financing costs is charged to earnings (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. Property, plant and equipment acquired under finance leases are amortized over the shorter of the useful life of the asset and the lease term.

## Impairment of Assets

Non-current assets with indefinite useful lives, specifically the goodwill and water rights of the Buckingham power station, as well as intangible assets that are not yet ready for use, are tested for impairment annually on October 31 or if trigger events occur. These assets are tested for impairment when particular events or changes in circumstances indicate that their carrying amount might not be recoverable. An impairment loss is recognized when the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is the higher of that asset's fair value less costs of disposal and its value in use.

At the end of each reporting period, if there is any indication that an impairment loss recognized in a prior period, for an asset other than goodwill, no longer exists or has decreased, the loss is reversed up to its recoverable amount. The carrying amount following the reversal must not be higher than the carrying amount that would have prevailed (net of amortization) had the original impairment not been recognized in prior periods. Goodwill impairment charges are not reversed.

Impairment testing of assets is conducted at the level of the cash-generating units ("CGUs"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Corporation's assets are monitored separately by site, which corresponds to the CGUs of the smallest identifiable group.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use. To calculate value in use, estimated future cash flows are discounted to their present value using a discount rate that reflects changes in the time value of money and the risks specific to the asset or the CGU. When determining fair value less costs of disposal, the Corporation considers whether there is a current market price for the asset. Otherwise, the Corporation uses an income approach, which is based on the present value of future cash flows generated by an asset or a CGU. The discounted cash flow method consists of projecting cash flows and converting them into present values by applying discount rates.

## Provisions

A provision is recognized in the statement of financial position when the Corporation has a legal or constructive obligation as a result of a past event and it is probable that settlement of the obligation will require a financial payment or cause a financial loss, and a reliable estimate can be made of the amount of the obligation. Provisions are measured using Boralex management's best estimate as to the outcome based on known facts as at the reporting date.

### Litigation Provisions

Litigations are monitored regularly, case by case, by the legal department of the Corporation with the assistance of external legal advisors for major and complex litigation. A provision is recognized as soon as it becomes likely that a current obligation resulting from a past event will require a settlement whose amount can be reliably estimated.

### Note 3. Significant Accounting Policies (cont'd)

#### Decommissioning Liability

A decommissioning liability is recognized at fair value in the period during which a legal or constructive obligation is incurred, when the amount of the liability can be reliably estimated and it is probable that the settlement of the obligation will require a financial payment. Decommissioning costs are capitalized into the value of the related asset and are amortized over the asset's remaining useful life. The liability is discounted using a pre-tax interest rates that reflect the assessment of the risks specific to the liability.

The Corporation has no obligation to decommission hydroelectric power stations located on public land. Under site leases, these power stations must be handed back to the lessor at the end of the lease term without any decommissioning. For the other hydroelectric power stations located on private properties belonging to Boralex, the likelihood of such an obligation arising is low since the decommissioning of such facilities would have significant consequences on the ecosystem and economic life in surrounding areas. It is usually more beneficial for the environment, local residents and companies to keep the dam. Given this low likelihood, no provision has been recognized.

For the wind power sites, the Corporation has a legal or contractual obligation to decommission its facilities when their commercial operations are discontinued. These costs are mostly related to the removal, transportation and disposal of the reinforced concrete bases that support the wind turbines, as well as the revegetation.

The Corporation has environmental obligations with respect to its wood-residue thermal power station. If the power station were to be sold, the Corporation would be responsible for removing the piles of wood residue and environmental protection membranes. The Corporation has determined that the wood residue would be burned to produce electricity and that additional cleaning costs would not be material. Accordingly, the fair value of the liability is not material.

Lastly, the Corporation has an obligation to decommission its solar power stations at the end of the lease term. Decommissioning costs are non-significant.

#### Income Taxes

The Corporation accounts for its income taxes using the deferred tax assets and liabilities method. Deferred income tax assets and liabilities are determined based on the difference between the carrying amount and the tax basis of the assets and liabilities. Any change in the net amount of deferred income tax assets and liabilities is charged to earnings (loss). Deferred income tax assets and liabilities are determined based on enacted or substantively enacted tax rates and laws which are expected to apply to taxable income for the periods in which the assets and liabilities will be recovered or settled. Deferred income tax assets are recognized when it is likely they will be realized. Deferred tax assets and liabilities are reported under non-current assets and liabilities.

The tax expense includes current and deferred taxes. This expense is recognized in net loss, except for income tax related to the components of *Accumulated other comprehensive loss* or in equity, in which case the tax expense is recognized in *Accumulated other comprehensive loss* or in equity, respectively.

Current income tax assets or liabilities are obligations or claims for the current and prior periods to be recovered from (or paid to) taxation authorities that are still outstanding at the end of the reporting period and included under current assets or liabilities. Current tax is computed on the basis of tax profit which differs from net loss. This calculation is made using tax rates and laws enacted at the end of the reporting period.

The Corporation recognizes a deferred income tax asset or liability for all temporary differences generated by interests in subsidiaries and in the joint ventures, except where it is likely that the temporary difference will not reverse in the foreseeable future and the Corporation is able to control the date of the reversal of the temporary difference.

#### Equity

Capital stock is presented at the value at which the shares were issued. Costs related to the issuance of stock or stock options are presented in equity, net of taxes, as a deduction from issuance proceeds.

#### Stock-based Compensation

Stock options granted to senior management are measured at fair value. This fair value is then recognized in net loss over the vesting period based on service conditions for senior management with an offsetting increase in *Contributed surplus*. Fair value is determined using the Black-Scholes option pricing model, which was designed to estimate the fair value of exchange-traded options that have no restrictions as to vesting and are entirely transferable. Some of the outstanding options carry restrictions but, in the Corporation's opinion, the Black-Scholes model provides an appropriate estimate of fair value in these cases. Any consideration paid by employees on the exercise of stock options is credited to *Capital stock*.

Expenses related to stock options are recorded under *Administrative* and the cumulative value of unexercised options outstanding is included under *Contributed surplus*.

## Revenue Recognition

The Corporation recognizes its revenue under the following policies:

### Revenues from Energy Sales

The Corporation recognizes its revenues, which consist of energy sales, when persuasive evidence of an arrangement exists, the goods are delivered, the significant risks and benefits of ownership are transferred, the price is fixed or determinable and collection of the resulting receivable is reasonably assured.

### Other Income

Other income is recognized when the service is provided and collection is considered likely.

## Net Earnings (Loss) per Share

Net earnings (loss) per share (basic and diluted) is determined based on the weighted average number of Class A shares outstanding during the year. The calculation of diluted earnings (loss) per share takes into account the potential impact of the exercise of all dilutive instruments, i.e., stock options and the impact of convertible debentures on the theoretical number of shares. Diluted earnings (loss) per share is calculated using the treasury stock method to determine the dilutive effect of the stock options and the "if converted" method for convertible debentures. For options that have a dilutive effect, i.e., when the average share price for the period is higher than the exercise price of the options, these methods assume that the options have been exercised at the beginning of the period and that the resulting proceeds have been used to buy back common shares of the Corporation at their average price during the period.

## Change in Accounting Policies

### IAS 16, *Property, plant and equipment*, and IAS 38, *Intangible assets*

In May 2014, the IASB amended IAS 16, *Property, Plant and Equipment*, and IAS 38, *Intangible Assets*, to provide clarification of the acceptable methods of amortization under those standards. The use of revenue-based amortization is prohibited for property, plant and equipment. However, the use of this method remains acceptable for intangible assets, but is significantly limited. The amended standards must be applied prospectively for fiscal years beginning on or after January 1, 2016, with earlier adoption permitted. The Corporation assessed their impact and early adopted the standards as of January 1, 2015. Energy sales contracts for the South Glens Falls and Hudson Falls hydroelectric power stations in the United States were amortized using a revenue-based method. To comply with the amended standards, the aforementioned contracts are amortized prospectively as of January 1, 2015 on a straight-line basis over their remaining terms, namely 20 and 21 years or until 2034 and 2035, respectively. The annual impact of this change for South Glens Falls is a decrease in amortization expense for the years 2015 to 2024 of \$290,000 (US\$250,000) and an increase in amortization expense from 2025 to 2034 of \$290,000 (US\$250,000). The annual impact of this change for Hudson Falls is a decrease in amortization expense for the years 2015 to 2025 of \$600,000 (US\$520,000) and an increase in amortization expense from 2026 to 2035 of \$660,000 (US\$570,000).

## Future Changes in Accounting Policies

### IFRS 9, *Financial Instruments*

In July 2014, IASB completed its three-phase project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, by issuing IFRS 9, *Financial Instruments*. IFRS 9 addresses the classification and measurement of financial assets and liabilities, and introduces a forward-looking expected credit loss impairment model and a substantially reformed hedge accounting model.

To determine whether a financial asset should be measured at amortized cost or at fair value, IFRS 9 uses a new approach that replaces the multiple rules of IAS 39. The approach recommended by IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of financial assets. Most of the requirements of IAS 39 for the classification and measurement of financial liabilities are carried forward in IFRS 9. However, the portion of the changes in fair value related to the entity's own credit risk, in measuring a financial liability at fair value through profit or loss, will be presented in *Accumulated other comprehensive loss* instead of in the statement of loss.

IFRS 9 also sets out an expected credit loss impairment model that will require more timely recognition of credit losses. More specifically, the new standard requires entities to account for expected credit losses upon initial recognition of financial instruments, and to recognize lifetime credit losses on a timely basis.

Last, IFRS 9 introduces a new hedge accounting model together with corresponding disclosure requirements about risk management activities. The new hedge accounting model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

### Note 3. Significant Accounting Policies (cont'd)

IFRS 9 will be effective for the Corporation's fiscal year beginning on or after January 1, 2018, but earlier adoption is permitted. The Corporation is currently assessing the impact of adopting this standard on its financial statements.

IFRS 10, *Consolidated Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures*  
IFRS 10, *Consolidated Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures* were revised to incorporate amendments published in September 2014. The amendments require recognizing in full gains and losses on a transaction involving assets that constitute a business between an investor and an associate or a joint venture. The amendments further require the partial recognition of gains and losses arising from a transaction involving assets that do not constitute a business between an investor and an associate or a joint venture. The Corporation is currently assessing the impact of adopting this standard on its financial statements.

#### IFRS 15, *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, a new standard that specifies the steps and timing for issuers to recognize revenue as well as requiring them to provide more informative, relevant disclosures. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. This standard supersedes IFRS 11, *Construction Contracts*, IAS 18, *Revenue*, as well as various interpretations regarding revenue. IFRS 15 is effective for fiscal years beginning on or after January 1, 2018 with earlier adoption permitted. The Corporation is currently assessing the impact of adopting this standard on its financial statements.

#### IFRS 16, *Leases*

In January 2016, the IASB issued IFRS 16, *Leases*, which supersedes IAS 17, *Leases*, as well as several interpretations on leases. IFRS 16 eliminates the classification of leases by a lessee between operating and finance leases. Instead, all leases will be classified as finance leases and recognized in the statement of financial position under lease assets and financial liabilities, with certain exceptions. IFRS 16 is effective for fiscal years beginning on or after January 1, 2019, with earlier adoption permitted provided that IFRS 15, *Revenue from Contracts with Customers*, is also applied. The Corporation is currently assessing the impact of adopting this standard on its financial statements.

#### IAS 7, *Statement of Cash Flows*

On February 2, 2016, the IASB issued narrow-scope amendments to IAS 7, *Statement of Cash Flows*, to require companies to provide information on changes in their financing liabilities. The changes apply to fiscal years beginning on or after January 1, 2017 with earlier adoption permitted. The Corporation is currently assessing the impact of adopting this standard on its financial statements.

#### IAS 1, *Presentation of Financial Statements*

In December 2014, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, as part of its initiative to improve presentation and disclosure requirements for financial reporting. The amendments to IAS 1 provide further guidance on the current presentation and disclosure requirements for materiality, notes structure, subtotals, accounting policies and disaggregation. The amendments also provide additional guidance on the exercise of professional judgment when determining what information to disclose in the preparation of notes to the financial statements. These amendments, which will apply to fiscal years beginning on or after January 1, 2016, are not expected to have a significant impact on the consolidated financial statements of the Corporation.

## Note 4. Main Sources of Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments that can materially affect the revenues, expenses, comprehensive income (loss), assets and liabilities, and the information reported in the consolidated financial statements.

The following items require management to make the most critical estimates and judgments:

### Main Sources of Uncertainty Relating to Management's Estimates

Management determines its estimates based on a number of factors, namely its experience, current events and measures the Corporation could subsequently take, as well as other assumptions it deems reasonable given the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results may differ from them. Underlying estimates and assumptions are periodically reviewed and the impact of any changes is recognized immediately.

#### Impairment of Assets

Every year, on October 31, the Corporation tests its CGUs and groups of CGUs for impairment with respect to intangible assets with indefinite useful lives and goodwill. Also, at each reporting date, if any evidence of impairment exists, the Corporation must perform impairment tests on its assets with indefinite and finite useful lives and goodwill to assess whether their carrying amounts are recoverable. Impairment tests require the use of various assumptions based on management's best estimates.

#### Recoverable Amount

Recoverable amounts are determined using value-in-use calculations based on cash flows discounted over a five-year period that factor in current economic conditions and management's estimates based on past experience. Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, including market and production estimates, together with economic factors such as selling prices and contract renewal prices, production cost estimates, future capital expenditure, after-tax discount rates, the growth rate and useful lives.

#### Discount Rate

The discount rate estimated and used by management represents the weighted average cost of capital determined for a group of CGUs. The growth rate is determined based on past experience, economic trends as well as market and industry trends.

#### Useful Lives of Property, Plant and Equipment and Intangible Assets with Finite Useful Lives

In determining the useful lives of property, plant and equipment and intangible assets with finite useful lives, management takes into account estimates of the expected use period of the asset. Such estimates are reviewed annually and the impacts of any changes are accounted for prospectively.

#### Deferred Taxes

Management is required to estimate the amounts to be recognized as deferred income tax assets and liabilities. In particular, management must assess the timing of the reversal of temporary differences to which future income tax rates are applied. Further, the amount of deferred tax assets, which is limited to the amount that is considered likely to be realized, is estimated by taking into account future taxable income.

#### Decommissioning Liability

Future remediation costs, whether required under contract or by law, are recognized based on management's best estimates. These estimates are calculated at the end of each period taking into account expected undiscounted outflows for each asset in question. Estimates depend on labour costs, efficiency of site restoration and remediation measures, inflation rates and pre-tax interest rates that reflect the assessment of the risks specific to the liability. Management also estimates the timing of expenses, which may change depending on the type of continuing operations. Expected future costs are inherently uncertain and could materially change over time. Given current knowledge, it is reasonably possible that, in upcoming fiscal years, actual costs could differ from the assumptions, requiring significant adjustments to the related liability's carrying amount.

#### Fair Value of Financial Instruments

Fair value is determined using discounted cash flow models. Fair value determined using such valuation models requires the use of assumptions concerning the amount and timing of estimated future cash flows, as well as for numerous other variables. These assumptions are determined using external, readily observable market inputs. Since they are based on estimates, fair values may not be realized in an actual sale or immediate settlement of the instruments. See note 24 for a more detailed explanation of the bases for the calculations and estimates used. Derivative financial instruments designated as cash flow hedges are accounted for at fair value in the statement of financial position and changes in fair value are reported in comprehensive income (loss).

#### Note 4. Main Sources of Uncertainty (cont'd)

##### Fair Value of Business Combinations

The Corporation makes a number of estimates when allocating fair values to the assets and liabilities acquired in a business acquisition. Fair values are estimated using valuation techniques that take into account several assumptions such as production, earnings and expenses, interest rate and discount rate.

##### Main Sources of Uncertainty Relating to Management's Key Judgments

###### Evidence of Asset Impairment

At each reporting date, management is required to use its judgment to assess whether there is any evidence that property, plant and equipment and intangible assets may be impaired. If applicable, the Corporation performs impairment tests on its CGUs to assess whether the carrying amounts of assets are recoverable. As described in the previous section, various estimates made by management are used in the impairment tests.

Management is required to exercise judgment and assess whether any events or changes in circumstances could have affected the recoverability of the carrying amount of assets. In making these assessments, management uses various indicators including, but not limited to, adverse changes in the industry or economic conditions, changes in the degree or method of use of the asset, a lower-than-expected economic performance of the asset or a significant change in market returns or interest rates.

###### Determining the Development Phase

The Corporation capitalizes project development costs during the period preceding commissioning. Recognition of an intangible asset resulting from the development phase starts when a given project meets IFRS capitalization criteria. This determination requires significant judgment by management. Deciding whether an event or a change in circumstances indicates that a project has reached the development phase depends on various factors, including the technical feasibility of completing the intangible asset, management's intention to complete the intangible asset and its ability to commission the project, how the intangible asset will generate probable future economic benefits, the availability of adequate technical and financial resources to complete the development, and management's ability to reliably measure the expenditures attributable to the project during its development.

###### Business Combination or Asset Acquisition

When a development project acquisition occurs, management is required to exercise its judgment to determine whether the transaction constitutes a business combination under IFRS 3, *Business Combinations*, or an asset acquisition. Management determines that a transaction is defined as a business combination when an acquired development project has completed the key steps required to obtain construction permits, financing and an energy sales contract.

## Note 5. Business Combinations

### Acquisition of a Portfolio in Europe (Ecotera)

On December 28, 2015, Boralex announced the closing of an acquisition, through its subsidiary Boralex Europe SARL, of 100% of the shares of several companies holding a portfolio of wind power projects under development in Northern France amounting to nearly 350 MW ("Ecotera"), for a net cash consideration of \$44,181,000 (€28,897,000). With this acquisition, Boralex gained access to a significant project pipeline, including 79 MW of ready-to-build projects that could be commissioned between 2017 and 2018.

This transaction gave rise to acquisition costs of \$929,000 (€623,000), which were expensed. This entity was acquired under Boralex's growth strategy through acquisitions aimed at expanding its market share in the French wind power market. The acquisition was accounted for by the Corporation using the acquisition method set out in IFRS 3, *Business Combinations*. The statement of financial position and the results of this acquisition are consolidated as of December 28, 2015.

The following table shows the preliminary purchase price allocation:

|   | Preliminary allocation |                     |
|---|------------------------|---------------------|
|   | (in thousands of \$)   | (in thousands of €) |
| Cash  | 12                     | 8                   |
| Trade and other receivables                       | 943                    | 617                 |
| Other current assets                              | 38                     | 25                  |
| Property, plant and equipment under construction  | 1,182                  | 773                 |
| Development projects                              | 4,340                  | 2,838               |
| Energy sales contracts                            | 75,317                 | 49,263              |
| Goodwill  | 25,103                 | 16,419              |
| Current liabilities                               | (5,170)                | (3,383)             |
| Deferred income tax liabilities                   | (25,103)               | (16,419)            |
| <b>Net assets</b>                                 | <b>76,662</b>          | <b>50,141</b>       |
| Less:   |                        |                     |
| Contingent consideration - current portion        | 16,271                 | 10,642              |
| Contingent consideration - non-current portion    | 16,210                 | 10,602              |
| <b>Net consideration paid for the acquisition</b> | <b>44,181</b>          | <b>28,897</b>       |

*Trade and other receivables* acquired at the time of the transaction had a fair value of \$943,000 (€617,000), and the Corporation expects they will all be received during 2016. Goodwill represents the potential renewal of energy sales contracts. Goodwill will not be deductible for tax purposes.

Contingent consideration is related to a potential compensation agreement signed by the parties to the share sale agreements. Under the terms of the agreements, Boralex will have to make future payments to the seller based on the achievement of certain key steps. Contingent consideration was measured at \$32,481,000 (€21,244,000) at the time of the acquisition.

Furthermore, an additional maximum amount of \$97,093,000 (€64,604,000) could also be paid to the seller under the terms of the agreements for development projects. These will be accounted for at the time of future payments, if any.

The preliminary purchase price allocation was based on the fair value at the acquisition date. Following the final purchase price allocation, the *Development projects*, *Energy sales contracts*, *Goodwill*, *Contingent consideration - current portion*, *Contingent consideration - non-current portion* and *Deferred income tax liabilities* are the items likely to be adjusted.

Since the acquisition date, the acquired entity has not contributed to revenues from energy sales and has generated non-significant net income (loss) attributable to shareholders of Boralex as the projects are under construction and costs are mainly capitalized.

### Touvent Acquisition

On February 5, 2015, Boralex announced the closing of a transaction through which it acquired, through its subsidiary, Boralex Europe S.A., 100% of the shares of an entity owning a 13.8 MW wind power project under development in France (the "Touvent" wind power project), which is covered by a 15-year energy sales contract with EDF, for a total cash consideration paid of \$5,031,000 (€3,546,000). This transaction gave rise to non-significant acquisition costs, which were expensed. This entity was acquired under Boralex's growth strategy through acquisitions aimed at expanding its market share in the French wind power market.

The acquisition was accounted for by the Corporation using the acquisition method set out in IFRS 3, *Business Combinations*. The statement of financial position and the results of this acquired entity are consolidated as of February 5, 2015.

Note 5. Business Combinations (cont'd)

The following table shows the final purchase price allocation:

|   | Preliminary allocation |                     | Final allocation     |                     |
|---|------------------------|---------------------|----------------------|---------------------|
|   | (in thousands of \$)   | (in thousands of €) | (in thousands of \$) | (in thousands of €) |
| Tax receivables                                     | 26                     | 18                  | 26                   | 18                  |
| Property, plant and equipment                       | 111                    | 78                  | 111                  | 78                  |
| Development project                                 | 497                    | 351                 | 497                  | 351                 |
| Energy sales contract                               | —                      | —                   | 4,400                | 3,102               |
| Goodwill  | 4,400                  | 3,102               | 1,467                | 1,034               |
| Deferred income tax liabilities                     | —                      | —                   | (1,467)              | (1,034)             |
| Current liabilities                                 | (3)                    | (3)                 | (3)                  | (3)                 |
| <b>Total consideration paid for the acquisition</b> | <b>5,031</b>           | <b>3,546</b>        | <b>5,031</b>         | <b>3,546</b>        |

The final purchase price allocation was determined using fair value at the acquisition date and the exchange rate in effect at that date.

For the fiscal year ended December 31, 2015, the acquired entity did not contribute to revenues from energy sales and generated a non-significant net earnings (loss) attributable to shareholders of Boralex, as the project is under construction and the costs are mainly capitalized.

### Frampton Acquisition

On January 12, 2015, Boralex acquired an interest in the 24 MW Frampton community wind power project for a total cash consideration of \$12,097,000 in cash. The payment was made in two instalments, \$11,097,000 in February 2015 and \$1,000,000 in December 2014. Boralex has a 67% interest and the Municipality of Frampton a 33% interest in the project, which is covered by a 20-year energy sales contract with Hydro-Québec. The wind power station was commissioned on December 15, 2015.

This transaction gave rise to acquisition costs of \$226,000, which were expensed. This entity was acquired under Boralex's growth strategy through acquisitions aimed at expanding its market share in the Québec wind power market. The acquisition was accounted for by the Corporation using the acquisition method set out in IFRS 3, *Business Combinations*. The statement of financial position and the results of this acquired entity are consolidated as of January 12, 2015. The wind power station was commissioned on December 15, 2015.

The following table shows the final purchase price allocation:

|   | Preliminary allocation | Final allocation     |
|---|------------------------|----------------------|
|   | (in thousands of \$)   | (in thousands of \$) |
| Cash  | 4                      | 4                    |
| Tax receivables                                     | 15                     | 15                   |
| Property, plant and equipment under construction    | 592                    | 592                  |
| Energy sales contract                               | —                      | 11,493               |
| Goodwill  | 11,493                 | 2,036                |
| Deferred income tax liabilities                     | —                      | (2,036)              |
| Non-controlling shareholders                        | (3)                    | (3)                  |
| <b>Net assets</b>                                   | <b>12,101</b>          | <b>12,101</b>        |
| Less:   |                        |                      |
| Cash at acquisition                                 | 4                      | 4                    |
| <b>Total consideration paid for the acquisition</b> | <b>12,097</b>          | <b>12,097</b>        |

The final purchase price allocation was determined using fair value at the acquisition date.

For the fiscal year ended December 31, 2015, the acquired entity contributed \$560,000 to revenues from energy sales and generated non-significant net earnings (loss) attributable to shareholders of Boralex.

## Acquisition of Enel Green Power France S.A.S.

On December 18, 2014, Boralex Inc. acquired all of the issued and outstanding shares of Enel Green Power France S.A.S. from Enel Green Power International B.V., a wholly-owned subsidiary of Enel Green Power SpA, for a cash consideration of \$188,948,000 (€132,272,000). The company has been renamed Boralex Énergie Verte S.A.S. ("BEV"). BEV is an independent power producer headquartered in Lyon, France. As a result of the acquisition, Boralex expanded its portfolio with (i) 11 operational wind farms with an installed capacity totalling 186 MW, (ii) the 10 MW Cômes de l'Arce wind farm commissioned in 2015, and (iii) a considerable pipeline of projects, primarily wind power, at various stages of development.

The total cash consideration paid was financed through cash funds drawn from the revolving credit facility, whose authorized limit was increased by \$45,000,000 to \$175,000,000, and a \$100,000,000 bridge credit facility.

This transaction gave rise to acquisition costs of \$5,340,000, which were expensed. This entity was acquired under Boralex's growth strategy through acquisitions aimed at expanding its market share in the French wind power market. The acquisition was accounted for by the Corporation using the acquisition method set out in IFRS 3R, *Business Combinations*. The statement of financial position and the results of this acquired entity are consolidated as of December 18, 2014.

The following table shows the final purchase price allocation:

|   | Preliminary allocation |                     | Final allocation     |                     |
|---|------------------------|---------------------|----------------------|---------------------|
|   | (in thousands of \$)   | (in thousands of €) | (in thousands of \$) | (in thousands of €) |
| Cash  | 2,138                  | 1,497               | 2,138                | 1,497               |
| Trade and other receivables                         | 7,047                  | 4,934               | 7,236                | 5,066               |
| Other current assets                                | 1,426                  | 998                 | 1,426                | 998                 |
| Assets held for sale                                | 21,983                 | 15,389              | 21,983               | 15,389              |
| Property, plant and equipment                       | 310,232                | 217,177             | 305,550              | 213,899             |
| Energy sales contracts                              | 2,355                  | 1,649               | 83,561               | 58,496              |
| Goodwill  | 86,053                 | 60,241              | 46,194               | 32,338              |
| Deferred income tax assets                          | 4,474                  | 3,132               | —                    | —                   |
| Other non-current assets                            | 110                    | 77                  | 110                  | 77                  |
| Current liabilities                                 | (8,562)                | (5,994)             | (10,254)             | (7,178)             |
| Assumed non-current debt                            | (233,314)              | (163,331)           | (233,314)            | (163,331)           |
| Deferred income tax liabilities                     | —                      | —                   | (15,717)             | (11,002)            |
| Other non-current liabilities                       | (2,856)                | (2,000)             | (17,827)             | (12,480)            |
| <b>Net assets</b>                                   | <b>191,086</b>         | <b>133,769</b>      | <b>191,086</b>       | <b>133,769</b>      |
| Less:   |                        |                     |                      |                     |
| Cash at acquisition                                 | 2,138                  | 1,497               | 2,138                | 1,497               |
| <b>Total consideration paid for the acquisition</b> | <b>188,948</b>         | <b>132,272</b>      | <b>188,948</b>       | <b>132,272</b>      |

In December 2015, the Corporation finalized the purchase price allocation for the BEV acquisition that took place on December 18, 2014, and retroactively adjusted the preliminary allocation entry to December 18, 2014. This final purchase price allocation was determined using fair value at the acquisition date with the collaboration of independent professional valuers and translated using a weighted average rate. The average rate was calculated using the average exchange rate in effect on the date of acquisition and the exchange rate of the financial instrument entered into by the Corporation to hedge €126,000,000 of the acquisition. This determination of the purchase price is final.

*Trade and other receivables* acquired at the time of the transaction at a fair value of \$7,236,000 (€5,066,000), all of which was received by the Corporation during 2015. Goodwill represents the renewal potential of the energy sales contracts for the 11 operational wind farms, the 10 MW Cômes de l'Arce wind farm commissioned in 2015, the potential for completion of the pipeline of projects, and the expected synergies of consolidating these operations within Boralex. Goodwill will not be deductible for tax purposes.

Assets held for sale comprising a 10 MW wind farm were sold to a third party for \$21,983,000 (€15,389,000) on December 23, 2014.

## Calmont Acquisition

On July 30, 2014, Boralex announced the closing of a transaction through which it acquired, through its subsidiary, Boralex Europe S.A., 100% of the shares of an entity owning a 14 MW wind power project under development in France (the "Calmont" wind power project) for a total cash consideration paid of €5,500,000. The payment was made in two instalments, consisting of \$4,840,000 (€3,315,000) in July and \$3,091,000 (€2,185,000) in September 2014. This transaction gave rise to non-significant acquisition costs, which were expensed. This entity was acquired under Boralex's growth strategy through acquisitions aimed at expanding its market share in the French wind power market. The wind power station was commissioned on December 6, 2015.

The acquisition was accounted for by the Corporation using the acquisition method set out in IFRS 3, *Business Combinations*. The statement of financial position and the results of this acquired entity are consolidated as of July 30, 2014.

The following table shows the final purchase price allocation:

|                               | Preliminary allocation |                     | Final allocation     |                     |
|-------------------------------|------------------------|---------------------|----------------------|---------------------|
|                               | (in thousands of \$)   | (in thousands of €) | (in thousands of \$) | (in thousands of €) |
| Current assets                | 13                     | 9                   | 13                   | 9                   |
| Property, plant and equipment | 517                    | 354                 | 517                  | 354                 |
| Energy sales contract         | 8,004                  | 5,482               | 8,004                | 5,482               |
| Current liabilities           | (504)                  | (345)               | (504)                | (345)               |
| <b>Net assets</b>             | <b>8,030</b>           | <b>5,500</b>        | <b>8,030</b>         | <b>5,500</b>        |

The final purchase price allocation was determined using fair value at the acquisition date and the exchange rate in effect at that date.

## Note 6. Trade and Other Receivables

|   | As at<br>December 31,<br>2015 | As at<br>December 31,<br>2014 |
|---|-------------------------------|-------------------------------|
| Trade receivables - net   | 41,306                        | 32,209                        |
| Receivables from related parties (note 28)                        | 1,395                         | 1,328                         |
| Tax receivables   | 16,416                        | 9,057                         |
| Payment receivable for property, plant and equipment (note 11(c)) | 15,219                        | 6,157                         |
| Other receivables   | 11,014                        | 10,588                        |
|   | 85,350                        | 59,339                        |

All these amounts have current maturities. Their net carrying amounts reasonably approximate their fair values.

The Corporation has not recorded a provision for the accounts in the above table given the clients' high credit ratings. As at December 31, 2015, approximately 2% of trade and other receivables (9% as at December 31, 2014) were outstanding for more than 90 days since invoice date, while approximately 88% of accounts (70% as at December 31, 2014) were current (under 30 days).

## Note 7. Inventories

|                     | As at<br>December 31,<br>2015 | As at<br>December 31,<br>2014 |
|---------------------|-------------------------------|-------------------------------|
| Replacement parts   | 5,730                         | 4,941                         |
| Wood residue        | 679                           | 614                           |
| Other raw materials | 478                           | 65                            |
|                     | 6,887                         | 5,620                         |

Inventory costs of \$3,503,000 (\$3,124,000 in 2014) were expensed in 2015 under *Operating* in the statement of loss.

## Note 8. Property, Plant and Equipment

|  | Wind power stations | Hydroelectric power stations | Thermal power stations | Solar power stations | Corporate | Total     |
|--|---------------------|------------------------------|------------------------|----------------------|-----------|-----------|
| <b>Year ended December 31, 2014</b>              |                     |                              |                        |                      |           |           |
| Balance - beginning of year                      | 535,095             | 214,840                      | 23,245                 | 19,627               | 6,406     | 799,213   |
| Translation adjustment                           | (20,575)            | 8,876                        | (448)                  | (777)                | 6         | (12,918)  |
| Additions  | 137,542             | 13,664                       | 9,198                  | —                    | 376       | 160,780   |
| Additions through business combinations (note 5) | 306,067             | —                            | —                      | —                    | —         | 306,067   |
| Transfer of assets from development projects     | 7,571               | —                            | —                      | —                    | —         | 7,571     |
| Disposals  | (42)                | —                            | (270)                  | —                    | —         | (312)     |
| Amortization                                     | (37,963)            | (7,656)                      | (3,367)                | (1,134)              | (525)     | (50,645)  |
| Decommissioning liability (note 16)              | 790                 | —                            | —                      | —                    | —         | 790       |
| Other changes                                    | 157                 | —                            | —                      | —                    | —         | 157       |
| Balance - end of year                            | 928,642             | 229,724                      | 28,358                 | 17,716               | 6,263     | 1,210,703 |
| <b>As at December 31, 2014</b>                   |                     |                              |                        |                      |           |           |
| Cost   | 1,119,329           | 268,620                      | 59,053                 | 21,601               | 11,533    | 1,480,136 |
| Accumulated amortization                         | (190,687)           | (38,896)                     | (30,695)               | (3,885)              | (5,270)   | (269,433) |
| Net carrying amount                              | 928,642             | 229,724                      | 28,358                 | 17,716               | 6,263     | 1,210,703 |
| <b>Year ended December 31, 2015</b>              |                     |                              |                        |                      |           |           |
| Balance - beginning of year                      | 928,642             | 229,724                      | 28,358                 | 17,716               | 6,263     | 1,210,703 |
| Translation adjustment                           | 46,603              | 20,060                       | 748                    | 1,926                | 95        | 69,432    |
| Additions  | 296,740             | 27,837                       | 2,573                  | 15,824               | 1,379     | 344,353   |
| Additions through business combinations (note 5) | 1,885               | —                            | —                      | —                    | —         | 1,885     |
| Transfer of assets from development projects     | 497                 | 3,644                        | —                      | —                    | —         | 4,141     |
| Disposals  | (318)               | (38)                         | (113)                  | (12)                 | (36)      | (517)     |
| Amortization                                     | (61,348)            | (9,111)                      | (3,660)                | (1,274)              | (971)     | (76,364)  |
| Decommissioning liability (note 16)              | 3,842               | —                            | —                      | —                    | —         | 3,842     |
| Other changes                                    | (2,041)             | —                            | —                      | —                    | 940       | (1,101)   |
| Balance - end of year                            | 1,214,502           | 272,116                      | 27,906                 | 34,180               | 7,670     | 1,556,374 |
| <b>As at December 31, 2015</b>                   |                     |                              |                        |                      |           |           |
| Cost   | 1,492,558           | 330,015                      | 63,171                 | 39,680               | 16,089    | 1,941,513 |
| Accumulated amortization                         | (278,056)           | (57,899)                     | (35,265)               | (5,500)              | (8,419)   | (385,139) |
| Net carrying amount                              | 1,214,502           | 272,116                      | 27,906                 | 34,180               | 7,670     | 1,556,374 |

Amortization of property, plant and equipment is presented under *Amortization*. Amortization of property, plant and equipment amounted to \$76,364,000 for the year ended December 31, 2015 (\$50,645,000 in 2014) including \$270,000 related to finance leases (\$279,000 in 2014). Cost and accumulated amortization of assets under finance leases totalled \$5,916,000 and \$4,158,000, respectively, as at December 31, 2015 (\$5,523,000 and \$3,617,000 as at December 31, 2014). Assets include replacement parts amounting to \$3,662,000 (\$2,839,000 as at December 31, 2014) and power stations under construction totalling \$27,174,000 (\$76,795,000 as at December 31, 2014). These assets are not amortized until they are commissioned.

An amount of \$26,274,000 relating to additions to property, plant and equipment was still unpaid as at December 31, 2015 (\$9,591,000 in 2014) and included under *Trade and other payables*.

## Note 9. Other Intangible Assets and Goodwill

|   | Other intangible assets |              |                      |                   |          |          |
|---|-------------------------|--------------|----------------------|-------------------|----------|----------|
|   | Energy sales contracts  | Water rights | Development projects | Other intangibles | Total    | Goodwill |
| <b>Year ended December 31, 2014</b>                 |                         |              |                      |                   |          |          |
| Balance - beginning of year                         | 111,206                 | 105,998      | 35,559               | 4,295             | 257,058  | 49,890   |
| Translation adjustment                              | (1,723)                 | —            | (884)                | 30                | (2,577)  | (1,211)  |
| Additions   | —                       | —            | 5,821                | 680               | 6,501    | —        |
| Additions through business combinations (note 5)    | 91,565                  | —            | —                    | 110               | 91,675   | 46,194   |
| Transfer of assets to property, plant and equipment | —                       | —            | (7,571)              | —                 | (7,571)  | —        |
| Amortization  | (6,473)                 | (2,964)      | —                    | (328)             | (9,765)  | —        |
| Other changes                                       | 13,322                  | —            | (13,975)             | (751)             | (1,404)  | —        |
| Balance - end of year                               | 207,897                 | 103,034      | 18,950               | 4,036             | 333,917  | 94,873   |
| <b>As at December 31, 2014</b>                      |                         |              |                      |                   |          |          |
| Cost  | 246,754                 | 115,871      | 18,950               | 7,049             | 388,624  | 94,873   |
| Accumulated amortization                            | (38,857)                | (12,837)     | —                    | (3,013)           | (54,707) | —        |
| Net carrying amount                                 | 207,897                 | 103,034      | 18,950               | 4,036             | 333,917  | 94,873   |
| <b>Year ended December 31, 2015</b>                 |                         |              |                      |                   |          |          |
| Balance - beginning of year                         | 207,897                 | 103,034      | 18,950               | 4,036             | 333,917  | 94,873   |
| Translation adjustment                              | 13,198                  | —            | (381)                | (8)               | 12,809   | 3,528    |
| Additions   | —                       | —            | 4,249                | 1,637             | 5,886    | —        |
| Additions through business combinations (note 5)    | 91,210                  | —            | 4,837                | —                 | 96,047   | 28,606   |
| Transfer of assets to property, plant and equipment | —                       | —            | (4,141)              | —                 | (4,141)  | —        |
| Amortization  | (17,176)                | (3,042)      | —                    | (390)             | (20,608) | —        |
| Other changes                                       | 10,807                  | —            | (10,807)             | (288)             | (288)    | —        |
| Balance - end of year                               | 305,936                 | 99,992       | 12,707               | 4,987             | 423,622  | 127,007  |
| <b>As at December 31, 2015</b>                      |                         |              |                      |                   |          |          |
| Cost  | 372,645                 | 115,871      | 12,707               | 8,390             | 509,613  | 127,007  |
| Accumulated amortization                            | (66,709)                | (15,879)     | —                    | (3,403)           | (85,991) | —        |
| Net carrying amount                                 | 305,936                 | 99,992       | 12,707               | 4,987             | 423,622  | 127,007  |

Amortization of energy sales contracts, water rights and other intangible assets is included under *Amortization*.

The weighted average amortization period of intangible assets with finite useful lives is as follows:

|                        |          |
|------------------------|----------|
| Energy sales contracts | 17 years |
| Water rights           | 26 years |

*Water rights* of the Buckingham hydroelectric power station, which amounted to \$38,214,000 in 2015 and 2014, are not amortized given their indefinite useful life. *Development projects* consist primarily of wind power projects in Ontario and British Columbia and a hydroelectric power project in Québec. *Other intangible assets* consist primarily of CO<sub>2</sub> quotas held by the Blendecques natural gas power station in France and an integrated management information system.

Note 9. Other Intangible Assets and Goodwill (cont'd)

The following table shows the allocation of goodwill by CGU:

|  | As at<br>December 31,<br>2015 | As at<br>December 31,<br>2014 |
|--|-------------------------------|-------------------------------|
| Seven hydroelectric power stations   | 38,063                        | 38,063                        |
| St-Patrick, Vron, Fortel-Bonnières and St-François wind power stations             | 10,041                        | 9,378                         |
| 11 BEV wind power stations in operation and the Cômes de l'Arce wind power station | 48,601                        | 45,396                        |
| Frampton wind power station  | 2,036                         | —                             |
| Touvent wind power station   | 1,554                         | —                             |
| Jamie Creek hydroelectric power station  | 1,836                         | 1,836                         |
| Ecotera wind power projects  | 24,676                        | —                             |
| Other  | 200                           | 200                           |
|  | 127,007                       | 94,873                        |

\* Since the final purchase price allocation will be determined over the next 12 months, this amount is subject to change.

Goodwill and water rights with indefinite useful life relating to the Buckingham power station were tested for impairment as at October 31, 2015. Currently, according to analyses, the carrying amounts of the cash-generating units exceed the recoverable amounts determined using cash flow projections. A discount rate between 5.40% and 6.50% and a growth rate of 2% were used in these impairment tests.

## Note 10. Interests in the Joint Ventures

### Joint Ventures Phases I and II

The Corporation entered into partnership agreements with a subsidiary of Gaz Métro L.P. and Valener Inc. and created Seigneurie de Beaupré 2 and 3 Wind Farms General Partnership ("Joint Venture Phase I") and Seigneurie de Beaupré 4 Wind Farm General Partnership ("Joint Venture Phase II") located in Canada, of which each party owns 50%. Under these agreements, all expenditures are made jointly and all earnings, costs, expenses, liabilities, obligations and risks resulting from the joint ventures are shared jointly but not severally. The Corporation's interest in these joint ventures is accounted for using the equity method. The year-end date of these joint ventures is December 31. The Phase II wind farm was commissioned on December 1, 2014.

### Joint Venture in Denmark

In July 2014, Boralex entered into a joint venture agreement with a Danish developer. The joint venture's goal is to develop nearshore wind farms in Denmark. In 2014, Boralex invested €1,818,000 (\$2,656,000) to acquire a 50% share in the joint venture and to finance development activities. To date, Boralex's share in results is non-material.

### Interests in the Joint Ventures

|  | 2015     |          |         |          | 2014     |          |         |          |
|--|----------|----------|---------|----------|----------|----------|---------|----------|
|  | Phase I  | Phase II | Denmark | Total    | Phase I  | Phase II | Denmark | Total    |
| Balance - beginning of year                | 67,287   | 21,627   | 2,569   | 91,483   | 75,442   | 15,438   | —       | 90,880   |
| Cash contribution                          | —        | —        | —       | —        | 3,416    | 7,181    | 2,656   | 13,253   |
| Share in net earnings (loss)               | 9,618    | 643      | (15)    | 10,246   | 6,147    | (45)     | (3)     | 6,099    |
| Share in other comprehensive income (loss) | (6,262)  | —        | 139     | (6,123)  | (17,718) | (794)    | (84)    | (18,596) |
| Distributions                              | (20,300) | (8,800)  | —       | (29,100) | —        | —        | —       | —        |
| Other                                      | —        | —        | —       | —        | —        | (153)    | —       | (153)    |
| Balance - end of year                      | 50,343   | 13,470   | 2,693   | 66,506   | 67,287   | 21,627   | 2,569   | 91,483   |

### Financial Statements of Joint Ventures Phases I and II (100%)

|                                   | As at<br>December 31,<br>2015 |          |         | As at<br>December 31,<br>2014 |          |         |
|-----------------------------------|-------------------------------|----------|---------|-------------------------------|----------|---------|
|                                   | Phase I                       | Phase II | Total   | Phase I                       | Phase II | Total   |
| Cash and cash equivalents         | 14,815                        | 2,884    | 17,699  | 21,534                        | 1,367    | 22,901  |
| Restricted cash                   | —                             | 325      | 325     | 970                           | 13,741   | 14,711  |
| Other current assets              | 8,784                         | 1,991    | 10,775  | 8,571                         | 16,514   | 25,085  |
| Non-current assets                | 641,573                       | 173,617  | 815,190 | 676,785                       | 182,050  | 858,835 |
| TOTAL ASSETS                      | 665,172                       | 178,817  | 843,989 | 707,860                       | 213,672  | 921,532 |
| Current portion of debt           | 24,785                        | 3,767    | 28,552  | 23,156                        | 16,280   | 39,436  |
| Other current liabilities         | 10,291                        | 3,015    | 13,306  | 9,197                         | 5,646    | 14,843  |
| Non-current debt                  | 435,213                       | 131,951  | 567,164 | 456,914                       | 135,430  | 592,344 |
| Non-current financial liabilities | 46,175                        | —        | 46,175  | 33,504                        | —        | 33,504  |
| Other non-current liabilities     | 48,023                        | 12,750   | 60,773  | 50,516                        | 12,652   | 63,168  |
| TOTAL LIABILITIES                 | 564,487                       | 151,483  | 715,970 | 573,287                       | 170,008  | 743,295 |
| NET ASSETS                        | 100,685                       | 27,334   | 128,019 | 134,573                       | 43,664   | 178,237 |

Note 10. Interests in the Joint Ventures (cont'd)

|                                   | 2015     |          |          | 2014     |          |          |
|-----------------------------------|----------|----------|----------|----------|----------|----------|
|                                   | Phase I  | Phase II | Total    | Phase I  | Phase II | Total    |
| Revenues from energy sales        | 95,217   | 22,182   | 117,399  | 90,612   | 1,597    | 92,209   |
| Operating                         | 13,486   | 3,558    | 17,044   | 12,443   | 169      | 12,612   |
| Administrative                    | 138      | 54       | 192      | 144      | 64       | 208      |
| Development                       | —        | —        | —        | —        | 15       | 15       |
| Amortization                      | 35,273   | 8,989    | 44,262   | 34,988   | 746      | 35,734   |
| Other gains                       | (2,570)  | (648)    | (3,218)  | (2,569)  | (51)     | (2,620)  |
| OPERATING INCOME                  | 48,890   | 10,229   | 59,119   | 45,606   | 654      | 46,260   |
| Financing costs                   | 29,654   | 8,945    | 38,599   | 33,310   | 727      | 34,037   |
| Foreign exchange loss (gain)      | —        | (2)      | (2)      | 2        | 8        | 10       |
| Net loss on financial instruments | —        | —        | —        | —        | 10       | 10       |
| NET EARNINGS (LOSS)               | 19,236   | 1,286    | 20,522   | 12,294   | (91)     | 12,203   |
| Total other comprehensive loss    | (12,524) | —        | (12,524) | (35,435) | (1,588)  | (37,023) |
| COMPREHENSIVE INCOME (LOSS)       | 6,712    | 1,286    | 7,998    | (23,141) | (1,679)  | (24,820) |

### Share in Earnings of the Joint Ventures

The following table reconciles the total share in earnings (loss) of the Joint Ventures as reported in the consolidated statements of loss of Boralex:

|  | 2015    |          |         |         | 2014    |          |         |         |
|--|---------|----------|---------|---------|---------|----------|---------|---------|
|  | Phase I | Phase II | Denmark | Total   | Phase I | Phase II | Denmark | Total   |
| Share in results                               | 9,618   | 643      | (15)    | 10,246  | 6,147   | (45)     | (3)     | 6,099   |
| Other <sup>(1)</sup>                           | (2,632) | 1        | —       | (2,631) | (2,664) | (9)      | —       | (2,673) |
| Share in earnings (loss) of the Joint Ventures | 6,986   | 644      | (15)    | 7,615   | 3,483   | (54)     | (3)     | 3,426   |

<sup>(1)</sup> Other represents the amortization of Boralex's unrealized gains (losses) on financial swaps - interest rates designated for Phases I and II wind power projects. These unrealized gains (losses), which had been accumulated in *Accumulated other comprehensive loss* upon termination of the hedging relationships, are accounted for in net earnings (loss) over the life of the Joint Ventures' debt financing.

### Share in Comprehensive Income (Loss) of the Joint Ventures

The following table reconciles the change in fair value of financial instruments of the Joint Ventures as reported in the consolidated statements of comprehensive income (loss) of Boralex:

|                                      | 2015    |          |         |         | 2014     |          |         |          |
|--------------------------------------|---------|----------|---------|---------|----------|----------|---------|----------|
|                                      | Phase I | Phase II | Denmark | Total   | Phase I  | Phase II | Denmark | Total    |
| Share in comprehensive income (loss) | (6,262) | —        | 139     | (6,123) | (17,718) | (794)    | (84)    | (18,596) |

### Boralex's Share of the Commitments of Joint Ventures Phases I and II

|                       | 2015            |                   |              |        |
|-----------------------|-----------------|-------------------|--------------|--------|
|                       | Payments        |                   |              |        |
|                       | Current portion | From 1 to 5 years | Over 5 years | Total  |
| Service Contracts     | 613             | 2,622             | 11,936       | 15,171 |
| Maintenance contracts | 517             | 21,961            | —            | 22,478 |
| Land lease contracts  | 971             | 4,032             | 15,042       | 20,045 |
| Total                 | 2,101           | 28,615            | 26,978       | 57,694 |

### Energy Sales Contracts

The Joint Ventures are committed to selling 100% of their power output (subject to certain minimum criteria) under 20-year contracts maturing in 2033 and 2034. A portion of these contracts provide for annual indexation based on the Consumer Price Index ("CPI").

## Note 10. Interests in the Joint Ventures (cont'd)

### Service Contracts

Under the terms of service contracts entered into with Joint Ventures, Boralex will be the operator of the wind farms and will be responsible for their operation, maintenance and administration. The 21-year term contracts expire in 2033 and 2034. The amounts payable under those agreements are limited to operating and maintenance expenses and include fixed and variable management fees. Fixed management fees are indexed annually based on the CPI.

### Maintenance Contracts

The Joint Ventures entered into 15-year wind turbine maintenance contracts maturing in 2028 and 2029. These contracts include a cancellation option at the Joint Ventures' discretion after seven years, that is, in 2020 and 2021.

### Land Lease Contracts

The Joint Ventures have land lease contracts maturing in 2033 and 2034, renewable each year at the lessee's option. The land on which the wind turbines are installed is leased for an annual amount of approximately \$1,900,000, indexed annually at a rate of 1.5%.

### Contingency

On January 21, 2016, the Québec Court of Appeal rendered a decision allowing the motion of the applicants (which challenged the decision of the Superior Court, District of Québec, disallowing the motion requesting authorization to institute a class action against Joint Ventures Phases I and II). Consequently, the Court of Appeal sent the matter back to the Superior Court for a hearing on the grounds for a class action. However, the Court of Appeal revisited the definition of the group covered by the class action. Accordingly, only persons residing on specific roads (corresponding to the road giving access to the wind farms) may now join the class action and eventually (if the Court allows the class action) obtain compensation. Based on the evidence presented to date, this group is currently estimated to comprise about 50 residences. This redefining of the group covered by the class action will likely reduce the amount to which the Joint Ventures could be liable for. To-date, the insurer of the project has assumed the total defence costs. Potential claims resulting from a possible decision favourable to the applicants could be reimbursed by the insurer, depending on their nature, and taking into account the exclusions provided for in the insurance policy.

Based on this information, the Corporation has estimated that the provision would be insignificant and accordingly, has not recorded a provision for this contingency.

## Note 11. Other Non-current Assets

|   | Note | As at<br>December 31,<br>2015 | As at<br>December 31,<br>2014 |
|---|------|-------------------------------|-------------------------------|
| Reserve funds   | a)   | 35,319                        | 29,987                        |
| Renewable energy tax credits                          | b)   | 8,528                         | 7,609                         |
| Payments receivable for property, plant and equipment | c)   | —                             | 6,956                         |
| Investments   | d)   | 1,564                         | 1,576                         |
| Borrowing cost, net of accumulated amortization       |      | 1,020                         | 1,071                         |
| Other   |      | —                             | 246                           |
|   |      | 46,431                        | 47,445                        |

- (a) *Reserve funds* consist primarily of reserves for servicing non-current debt. The reserves guarantee financing arrangements in France, the United States and Canada and are sufficient to service the debt for three to nine months, depending on the project. Those reserves amounted to \$30,140,000 (€9,818,000, US\$7,159,000 and \$5,522,000) as at December 31, 2015 and \$26,169,000 (€9,659,000, US\$7,414,000 and \$4,008,000) as at December 31, 2014. A reserve to finance maintenance of property, plant and equipment amounted to \$4,740,000 (US\$3,072,000 and \$490,000) as at December 31, 2015 and \$3,369,000 (US\$2,816,000 and \$102,000) as at December 31, 2014.
- (b) *Renewal energy tax credits* represent the balance of tax credits earned by the Corporation in the United States and will be used to reduce the Corporation's future tax burden in that country. Financial projections indicate that the amount recorded may be realized by the expiration date, that is, from 2026 to 2029.
- (c) In 2014, the *Payment receivable for property, plant and equipment* consisted of a due from Hydro-Québec for repayment of the transformer substation and collector system for certain projects under development.
- (d) *Investments* consisted primarily of a minority interest in CelluFuel Inc.

## Note 12. Trade and Other Payables

|   | As at<br>December 31,<br>2015 | As at<br>December 31,<br>2014 |
|---|-------------------------------|-------------------------------|
| Trade payables                                      | 10,201                        | 10,039                        |
| Related party payables (note 28)                    | 277                           | 220                           |
| Accrued liabilities                                 | 30,318                        | 23,242                        |
| Contingent consideration - current portion (note 5) | 16,271                        | —                             |
| Interest payable                                    | 11,292                        | 9,507                         |
| Maintenance contracts                               | 4,383                         | 2,072                         |
| Other payables                                      | 19,383                        | 14,197                        |
|   | 92,125                        | 59,277                        |

## Note 13. Non-current Debt

|   | Note | Maturity  | Rate <sup>(1)</sup> | Currency of origin | As at December 31, 2015 | As at December 31, 2014 |
|---|------|-----------|---------------------|--------------------|-------------------------|-------------------------|
| Bridge financing facility                       | a)   | —         | —                   |                    | —                       | 100,000                 |
| Revolving credit facility                       | b)   | 2018      | —                   |                    | 70,210                  | 110,561                 |
| Term loans payable – Canada                     | c)   | 2024-2054 | 5.45                |                    | 527,372                 | 291,140                 |
| Term loans payable – Europe                     | d)   | 2017-2033 | 3.32                | 458,944            | 689,742                 | 587,909                 |
| Term loan payable – United States               | e)   | 2026      | 3.51                | 70,205             | 97,163                  | 93,234                  |
| Term loan payable – Cube                        | f)   | 2019      | 6.50                | 40,000             | 60,116                  | —                       |
|   |      |           | 4.09                |                    | 1,444,603               | 1,182,844               |
| Current portion of debt                         |      |           |                     |                    | (145,200)               | (172,044)               |
| Borrowing cost, net of accumulated amortization |      |           |                     |                    | (23,546)                | (21,713)                |
|   |      |           |                     |                    | 1,275,857               | 989,087                 |

<sup>(1)</sup> Weighted average rates adjusted to reflect the impact of interest rate swaps, where applicable.

### (a) Bridge financing facility

This loan was repaid on January 12, 2015 using the proceeds from the sale of Class A common shares of Boralex (note 17(b)).

### (b) Revolving credit facility

The revolving credit facility is secured by the assets of Boralex Inc., its power stations located in Québec, and the investments in its U.S. operations. The authorized limit is \$175,000,000 and may be increased by \$50,000,000 under certain conditions. For drawdowns in U.S. dollars, the interest rate is based on LIBOR or the U.S. prime rate plus a margin while interest on Canadian dollar drawdowns is calculated using the Canadian bankers' acceptance rates or prime rate plus their respective margins.

As at December 31, 2015, \$70,210,000 in cash had been drawn down under this credit facility and a total of \$28,587,000 was drawn down to issue letters of credit.

### (c) Term Loans Payable - Canada

The Corporation has contracted term loans for two hydroelectric power stations and five wind power sites. These term loans, secured by the underlying assets at the respective sites, are repayable over periods from 2024 to 2054 on a monthly, quarterly or half-yearly basis, and bear interest at rates varying from 3.94% to 7.05% or at a weighted average rate of 5.45%, taking into account the impact of interest rate swaps.

Certain of these term loans include credit facilities with a total authorized amount of \$32,420,000. As at December 31, 2015, an amount of \$7,432,000 was drawn down from these facilities to issue letters of credit.

As at December 31, 2015, the balance of term loans payable included amounts for bridge facilities contracted to finance the costs incurred for the construction of the transformer substation and collector system. These bridge facilities amounting to \$15,219,000 will be repaid in 2016 when Hydro-Québec reimburses the Corporation for the construction costs incurred.

### (d) Term Loans Payable - Europe

The Corporation has contracted term loans for most of its projects. These term loans, secured by the underlying assets of the respective projects, are repayable over periods from 2017 to 2033 on a quarterly or half-yearly basis, and bear interest at rates ranging from 2.19% to 4.97% or at a weighted average rate of 3.32%, taking into account the impact of interest rate swaps.

Certain of these term loans include revolving credit facilities with a total authorized amount of \$15,020,000. As at December 31, 2015, these facilities were undrawn.

### (e) Term Loan Payable - United States

The U.S. note, secured by all of the South Glens Falls and Hudson Falls hydroelectric power stations' assets, is subject to a number of covenants, including the maintenance of certain financial ratios. The loan bears interest at a fixed rate of 3.51% and will be fully amortized by semi-annual payments over a 13-year period through 2026.

### (f) Cube

On February 27, 2015, Boralex announced the closing of a financial settlement whereby Cube Energy SCA ("Cube") agreed to exchange its entire 25% equity interest in Boralex Europe S.A. for term loans. Under the settlement, in consideration for the Corporation acquiring 100% control of Boralex Europe, Cube would receive a payment of €16,000,000 (\$24,046,000), bearing interest at a fixed rate of 6.5%, which was paid in December 2015, and the shares held by Cube would be exchanged for two term loans totalling €40,000,000 (\$60,116,000) contracted by two European subsidiaries of the Corporation and bearing interest at a fixed rate of 6.5%, with no repayment prior to maturity in January 2019.

### Note 13. Non-current Debt (cont'd)

#### Term credit facility

On June 22, 2015, Boralex entered into a \$75,000,000 term credit facility that will be available until March 31, 2016 and if the Corporation makes use of this facility, it will expire on June 27, 2018. The interest rate is based on Canadian bankers' acceptance rate or prime rate plus their respective margins. This facility is secured by the assets of Boralex Inc., its power stations in Québec and its investments in its U.S. operations. As at December 31, 2015, this term credit facility was undrawn.

#### Financial Ratios and Guarantees

The debt agreements include certain restrictions governing the use of cash resources of the Corporation's subsidiaries. As well, certain financial ratios, such as debt service ratios, must be met on a quarterly, semi-annual or annual basis.

The carrying amount of assets pledged to secure the loans totalled \$1,739,000,000 as at December 31, 2015.

Substantially all of the Boralex's borrowings include requirements to establish and maintain reserve accounts or accounts for issuing letters of credit for current debt servicing, equipment maintenance or income taxes at various times over the terms of the borrowings. As at December 31, 2015, the amounts maintained in reserve accounts for that purpose stood at \$34,880,000 (\$29,538,000 as at December 31, 2014) (see note 11).

As at December 31, 2015, Boralex and its subsidiaries met all of their financial ratios.

## Note 14. Convertible Debentures

|                 | Note | Effective rate | Maturity  | Initial nominal value | Nominal value as at December 31, 2015 | As at December 31, 2015 | As at December 31, 2014 |
|-----------------|------|----------------|-----------|-----------------------|---------------------------------------|-------------------------|-------------------------|
| 2010 Debentures | (a)  | 8.50%          | June 2017 | 245,150               | —                                     | —                       | 232,977                 |
| 2015 Debentures | (b)  | 6.36%          | June 2020 | 143,750               | 143,750                               | 133,070                 | —                       |
|                 |      |                |           |                       |                                       | 133,070                 | 232,977                 |

As at December 31, 2015, Boralex had 1,437,500 issued and outstanding 2015 convertible debentures with a nominal value of \$100 each (2,443,367 2010 Debentures as at December 31, 2014).

### 2010 Debentures

- (a) On August 31, 2015, Boralex committed itself to make a cash redemption on September 30, 2015 of a \$150,000,000 principal amount (out of a \$244,079,000 total principal amount) of its 2010 6.75% convertible unsecured subordinated debentures, which would not have been converted as of the redemption date. In accordance with the conversion option offered to holders of the debentures, the Corporation received conversion requests for a nominal amount of \$196,972,000, which resulted in the issuance of 16,864,000 new Class A shares. The Corporation redeemed the full non-converted principal amount with a nominal value of \$47,107,000 on September 30, 2015 and recognized a loss on redemption of convertible debentures of \$2,759,000 (\$2,315,000 net of taxes). The equity component of the converted debentures, representing an amount of \$14,379,000, was reclassified to capital stock.

### 2015 Debentures

- (b) On June 22, 2015, the Corporation closed its bought deal financing of convertible unsecured subordinated debentures with a syndicate of underwriters for an amount of \$125,000,000 ("2015 Debentures"). On June 26, 2015, Boralex announced the exercising of the over-allotment option for this investment in an amount of \$18,750,000. The total value of 2015 Debentures was therefore \$143,750,000 (\$137,418,000 net of transaction costs).

These debentures bear interest at an annual rate of 4.50% payable semi-annually, in arrears, on June 30 and December 31 of each year, starting December 31, 2015. In accordance with the trust indenture, each debenture is convertible into Class A common shares of Boralex at the option of the holder at any time prior to the close of business on the earlier of the business day immediately preceding the maturity date and the business day immediately preceding the date fixed for early redemption of the debentures at the initial conversion price of \$19.60 per common share, subject to adjustments.

The 2015 debentures may be early redeemed by Boralex after June 30, 2018. From July 1, 2018 to June 30, 2019, Boralex may, under certain circumstances, such as if Boralex's share price is trading at 125% of the conversion price, redeem these debentures at their principal amount plus accrued and unpaid interest. As of July 1, 2019, Boralex may redeem these debentures, without restrictions, at their principal amount plus accrued and unpaid interest.

The Corporation has determined the fair value of the conversion option at \$5,366,000. The fair value of debentures was determined by discounting the cash flows related to these debentures at a rate of 5.30%, which is the interest rate that the Corporation would have expected to pay if the debentures did not have a conversion option, representing the excess of the fair value of debentures and their nominal value. The Corporation also incurred transaction costs in the amount of \$6,332,000. The initial fair value of these debentures is therefore \$132,052,000.

## Note 15. Income Taxes

The impact of income tax recovery is as follows:

|                | 2015    | 2014    |
|----------------|---------|---------|
| Current taxes  | 1,919   | 4,249   |
| Deferred taxes | (3,415) | (5,103) |
|                | (1,496) | (854)   |

The reconciliation of income tax recovery, calculated using the statutory income tax rates prevailing in Canada, with the income tax recovery reported in the financial statements is as follows:

|   | 2015    | 2014     |
|---|---------|----------|
| Net loss before income taxes  | (9,708) | (14,595) |
| Combined basic Canadian and provincial income tax rate                  | 26.58%  | 26.59%   |
| Income tax recovery at the statutory rate                               | (2,580) | (3,881)  |
| Increase (decrease) in income taxes arising from the following:         |         |          |
| Non-taxable/non-deductible items  | (1,113) | 499      |
| Difference in foreign operations' statutory income tax rates            | 1,668   | 1,932    |
| Change in unrecognized deferred income tax asset and tax rates          | 464     | 343      |
| Remeasurement of current and deferred income tax assets and liabilities | 249     | (62)     |
| Foreign income taxes payable on dividends and other items               | (184)   | 315      |
| Effective income tax recovery   | (1,496) | (854)    |

|                               | 2015     | 2014     |
|-------------------------------|----------|----------|
| Deferred income tax asset     | 21,190   | 8,744    |
| Deferred income tax liability | (87,353) | (46,225) |
|                               | (66,163) | (37,481) |

The changes in deferred taxes by nature are as follows:

|   | As at<br>January 1,<br>2015 | Recorded in<br>comprehensive<br>income (loss) | Recorded in<br>net loss | Business<br>acquisitions | Recorded in<br>convertible<br>debentures | Recorded in<br>capital stock | As at<br>December 31,<br>2015 |
|---|-----------------------------|---|-------------------------|--------------------------|--|------------------------------|-------------------------------|
| Deferred income tax asset related to loss carryforwards       | 109,138                     | —   | 8,345                   | —                        | —  | —                            | 117,483                       |
| Financial instruments   | 14,696                      | (1,437)                                       | 6,082                   | —                        | 430                                      | —                            | 19,771                        |
| Provisions  | 5,254                       | —   | 2,184                   | —                        | —  | —                            | 7,438                         |
| Interests in the Joint Ventures                               | 3,703                       | 1,666   | (2,686)                 | —                        | —  | —                            | 2,683                         |
| Temporary differences between accounting and tax amortization | (165,031)                   | —   | (10,374)                | (28,285)                 | —  | —                            | (203,690)                     |
| Translation adjustments                                       | (783)                       | (6,092)                                       | 778                     | —                        | —  | —                            | (6,097)                       |
| Financing and other costs                                     | (4,458)                     | —   | (914)                   | —                        | —  | 1,621                        | (3,751)                       |
| Total deferred income tax liabilities                         | (37,481)                    | (5,863)                                       | 3,415                   | (28,285)                 | 430                                      | 1,621                        | (66,163)                      |

|   | As at<br>January 1,<br>2014 | Recorded in<br>comprehensive<br>income (loss) | Recorded in<br>net loss | Business<br>acquisitions | As at<br>December 31,<br>2014 |
|---|-----------------------------|---|-------------------------|--------------------------|-------------------------------|
| Deferred income tax asset related to loss carryforwards       | 75,983                      | —   | 553                     | 32,602                   | 109,138                       |
| Financial instruments   | 9,057                       | 6,315   | (676)                   | —                        | 14,696                        |
| Provisions  | 2,469                       | —   | 2,675                   | 110                      | 5,254                         |
| Interests in the Joint Ventures                               | 496                         | 4,819   | (1,612)                 | —                        | 3,703                         |
| Temporary differences between accounting and tax amortization | (121,651)                   | —   | 4,777                   | (48,157)                 | (165,031)                     |
| Translation adjustments                                       | (1,708)                     | (780)   | 1,705                   | —                        | (783)                         |
| Financing and other costs                                     | (2,139)                     | —   | (2,319)                 | —                        | (4,458)                       |
| Total deferred income tax liabilities                         | (37,493)                    | 10,354  | 5,103                   | (15,445)                 | (37,481)                      |

Given that future taxable income is expected to be sufficient, deductible temporary differences, unused loss carryforwards and tax credits have been recorded as a deferred tax asset in the statement of financial position. A deferred tax asset of \$1,949,000 (\$1,736,000 in 2014) in Canada was not imputed against the \$9,698,000 capital loss carryforwards, as no unrealized capital gain is expected. The capital losses have no expiry date.

## Note 16. Decommissioning Liability

For the wind power sites, the Corporation has a legal or contractual obligation to decommission its facilities when their commercial operations are discontinued. The Corporation has considered the duration of the leases and of the energy sales contracts, as well as their renewal periods, if applicable, ranging from 22 to 80 years, to calculate the decommissioning liability. These costs are mostly related to the removal, transportation and disposal of the reinforced concrete bases that support the wind turbines, as well as the revegetation. No disbursements are expected before 2036. As at December 31, 2015 cash flows were discounted using a pre-tax interest rates that reflect the assessment of the risks specific to the liability related to each wind power station, ranging from 1.39% to 7.05% to determine the non-current decommissioning liability.

The following table shows the changes in the liability during fiscal 2015 and 2014:

|   | 2015   | 2014   |
|---|--------|--------|
| Balance - beginning of year                             | 25,486 | 7,198  |
| Translation adjustment                                  | 1,696  | (267)  |
| Liability assumed as part of the business acquisition   | —      | 17,259 |
| Revised cash flow estimates                             | 60     | —      |
| New obligations   | 3,782  | 790    |
| Accretion expense included in financing costs (note 21) | 788    | 506    |
| Balance - end of year                                   | 31,812 | 25,486 |

## Note 17. Capital Stock, Contributed Surplus and Dividends

Boralex's capital stock is composed of an unlimited number of Class A common shares and an unlimited number of preferred shares, none of which had been issued as at December 31, 2015. The Class A shares have no par value and confer on each shareholder the right to vote at any meeting of shareholders, receive any dividends declared by the Corporation thereon and share in the residual property upon dissolution of the Corporation. The preferred shares have no par value and were created to provide the Corporation with additional flexibility with respect to future financing, strategic acquisitions and other transactions. The preferred shares are issuable in series with the number of shares in each series to be determined by the directors prior to issuance.

The Corporation's contributed surplus is equal to the cumulative value of unexercised stock options granted to senior management.

The following changes occurred in the Corporation's capital stock and contributed surplus between December 31, 2014 and 2015:

|  | Note | Capital stock    |         | Contributed surplus |
|--|------|------------------|---------|---------------------|
|  |      | Number of shares | Amount  | Amount              |
| Balance as at January 1, 2014                  |      | 37,767,855       | 223,079 | 7,730               |
| Issuance of shares on debenture conversions    | a)   | 26,118           | 318     | —                   |
| Fair value of options recorded during the year | c)   | —                | —       | 536                 |
| Exercise of options                            | c)   | 630,457          | 4,860   | —                   |
| Balance as at December 31, 2014                |      | 38,424,430       | 228,257 | 8,266               |
| Issuance of shares on debenture conversions    | a)   | 16,885,754       | 197,230 | —                   |
| Redemption of debentures                       | a)   | —                | 10,544  | —                   |
| Issuance of shares                             | b)   | 9,505,000        | 119,542 | —                   |
| Fair value of options recorded during the year | c)   | —                | —       | 340                 |
| Exercise of options                            | c)   | 13,928           | 107     | —                   |
| Balance as at December 31, 2015                |      | 64,829,112       | 555,680 | 8,606               |

- (a) Each debenture is convertible into Class A common shares of Boralex at the option of the holder at any time under the terms and conditions described in note 14. Also, on August 31, 2015, the Corporation undertook to redeem the 2010 Debentures. For further details, see note 14. In 2015, debenture holders converted 1,972,296 debentures with a value of \$197,230,000 into 16,885,754 shares (3,178 debentures with a value of \$318,000 into 26,118 shares in 2014).
- (b) On January 12, 2015, Boralex announced the closing of the offering via an underwriting agreement of Class A common shares of Boralex for gross proceeds of \$110,011,000. The offering was carried out by a syndicate of underwriters who purchased an aggregate of 8,430,000 common shares of the Corporation at a price of \$13.05 per share. The common shares were offered under a simplified prospectus dated January 5, 2015 in all Canadian provinces. The offering proceeds were used to fully repay the \$100,000,000 bridge facility (note 13(a)).

On January 30, 2015, Boralex announced that the over-allotment option in the aforementioned public offering had been 85% exercised. The syndicate of underwriters purchased 1,075,000 additional shares at a price of \$13.05 per share for gross proceeds of \$14,029,000 for Boralex.

These capital increases generated gross proceeds of \$124,040,000 and net proceeds of \$119,542,000 (net of issuance costs and related taxes).

- (c) The Corporation has a stock option plan as disclosed in note 18. During fiscal year 2015, 13,928 stock options held by current and past senior executives were exercised and a total amount of \$107,000 was paid to the Corporation (630,457 stock options exercised totalling \$4,860,000 in 2014).

### Dividends

During fiscal 2015, the Corporation authorized and declared quarterly dividends of \$0.13 per Class A common share for total dividends of \$0.52 per share for the year. Boralex expects to pay common share dividends on an annual basis representing, in the medium term, a ratio of 40% to 60% of its discretionary cash flows (defined as its cash flows from operations, less capital investments required to maintain its production capacity and project-related non-current debt repayments, as well as distributions paid to non-controlling shareholders and discretionary development expenses). Boralex reserves the right to adjust this calculation for any special items unrelated to current operations to ensure comparable ratios between periods. On March 16, June 15, September 16 and December 15, 2015, the Corporation paid dividends totalling \$27,129,000 (\$19,896,000 in 2014). An additional dividend of \$0.13 per common share was declared on February 7, 2016 and will be paid on March 15, 2016 for holders of record at the close of business on February 29, 2016.

## Note 18. Stock-based Compensation

The Corporation has a stock option plan for the benefit of directors, senior management and certain key employees under which 3,500,000 Class A shares have been reserved for issuance. The exercise price equals the market value on the day preceding the option grant date. Options vest at the rate of 25% per year beginning the year after they are granted and the options granted before May 2012 cannot be exercised if the market value of the share is lower than its carrying amount on the grant date. All the options have a ten-year term. This plan has been determined to be settled using equity securities.

The stock options are as follows for the years ended December 31:

|                                   | 2015              |                                 | 2014              |                                 |
|-----------------------------------|-------------------|---------------------------------|-------------------|---------------------------------|
|                                   | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Outstanding - beginning of year   | 1,566,871         | 9.91                            | 2,085,272         | 9.08                            |
| Granted                           | 103,717           | 13.87                           | 112,056           | 12.90                           |
| Exercised                         | (13,928)          | 7.70                            | (630,457)         | 7.71                            |
| Cancelled                         | (19,781)          | 14.36                           | —                 | —                               |
| Outstanding - end of year         | 1,636,879         | 10.12                           | 1,566,871         | 9.91                            |
| Options exercisable - end of year | 1,322,671         | 9.75                            | 1,169,343         | 9.87                            |

The following options were outstanding as at December 31, 2015:

| Granted in | Options outstanding |                | Options exercisable |                |                |
|------------|---------------------|----------------|---------------------|----------------|----------------|
|            | Number of options   | Exercise price | Number of options   | Exercise price | Year of expiry |
| 2006       | 66,778              | 9.46           | 66,778              | 9.46           | 2016           |
| 2007       | 136,839             | 13.30          | 136,839             | 13.30          | 2017           |
| 2008       | 120,409             | 17.29          | 120,409             | 17.29          | 2018           |
| 2009       | 291,647             | 7.14           | 291,647             | 7.14           | 2019           |
| 2010       | 203,657             | 9.20           | 203,657             | 9.20           | 2020           |
| 2011       | 226,062             | 8.50           | 226,062             | 8.50           | 2021           |
| 2012       | 249,977             | 7.96           | 186,566             | 7.96           | 2022           |
| 2013       | 128,161             | 10.29          | 63,310              | 10.29          | 2023           |
| 2014       | 109,632             | 12.90          | 27,403              | 12.90          | 2024           |
| 2015       | 103,717             | 13.87          | —                   | —              | 2025           |
|            | 1,636,879           | 10.12          | 1,322,671           | 9.75           |                |

The fair value of each option granted was determined using the Black-Scholes model. The assumptions used to calculate the fair values of options are detailed below:

|  | 2015     | 2014     |
|--|----------|----------|
| Share price on grant date              | 13.91    | 12.97    |
| Exercise price                         | 13.87    | 12.90    |
| Expected annual dividend rate          | 4.52%    | 5.58%    |
| Term                                   | 10 years | 10 years |
| Expected volatility                    | 17.98%   | 21.59%   |
| Risk-free interest rate                | 2.21%    | 2.83%    |
| Weighted average fair value per option | 2.09     | 2.17     |

Determining the volatility assumption is based on a historic volatility analysis over a period equal to the options' lifetime.

The Corporation applies the fair value method of accounting for options granted to officers and employees. These amounts are recorded under *Administrative and Contributed surplus*. A \$340,000 compensation expense in respect of the stock option plans was recognized for fiscal 2015 (\$536,000 in 2014).

## Note 19. Non-controlling Shareholders

### Boralex Europe S.A.

On February 27, 2015, the Corporation announced the closing of a financial settlement whereby its partner Cube agreed to exchange its entire 25% equity interest in Boralex Europe for term loans as discussed in note 13. The excess of proceeds on the repurchase of non-controlling shareholders, amounting to \$51,567,000, was recorded in *Retained earnings*. In 2014, Boralex Europe S.A. paid a dividend to our partner totalling \$2,050,000 (€1,451,000).

### Côte-de-Beaupré Wind Farm

As at December 31, 2015, our partner Côte-de-Beaupré RCM, which holds a 49% interest in the wind farm, made a cash contribution of \$2,616,000 (\$1,479,000 in 2014).

### Frampton Wind Farm

As at December 31, 2015, the Municipality of Frampton, which holds a 33% interest in the wind farm, made a cash contribution of \$4,466,000. Following the financing, the Corporation also made a special distribution of \$3,867,000 to the municipality to repay the excess amount of equity it had invested.

### Témiscouata I Wind Farm

As at December 31, 2014, our partner Témiscouata RCM, which holds a 49% interest in the wind farm, made a cash contribution of \$3,756,000. In 2015, the Corporation made a distribution of \$4,496,000 to the municipality.

## Note 20. Expenses by Nature

### Operating and Administrative

|                                    | 2015   | 2014   |
|------------------------------------|--------|--------|
| Raw material and consumables       | 14,762 | 17,518 |
| Maintenance and repairs            | 22,044 | 15,708 |
| Employee benefits                  | 22,599 | 18,818 |
| Rental expenses, taxes and permits | 21,190 | 14,021 |
| Other operating expenses           | 6,875  | 5,825  |
| Professional fees                  | 4,627  | 2,459  |
| Other administrative expenses      | 3,891  | 3,426  |
|                                    | 95,988 | 77,775 |

### Employee Benefits

|                                | 2015   | 2014   |
|--------------------------------|--------|--------|
| Current salaries and benefits  | 20,023 | 16,667 |
| Other post-employment benefits | 2,235  | 1,615  |
| Share-based benefits           | 341    | 536    |
|                                | 22,599 | 18,818 |

## Note 21. Financing Costs

|  | Note | 2015    | 2014    |
|--|------|---------|---------|
| Interest on non-current debt, net of the impact of interest rate swaps |      | 52,311  | 37,505  |
| Interest on convertible debentures                                     |      | 18,443  | 19,466  |
| Interest and other interest income                                     |      | (638)   | (906)   |
| Amortization of borrowing costs (note 13)                              |      | 4,452   | 3,036   |
| Accretion expense (note 16)  |      | 788     | 506     |
| Other interest and banking fees  | b)   | 1,988   | 1,499   |
|  |      | 77,344  | 61,106  |
| Interest capitalized to qualifying assets                              | a)   | (3,325) | (3,009) |
|  |      | 74,019  | 58,097  |

(a) The weighted average rate for the capitalization of borrowing costs to qualifying assets was 4.59% per annum (3.24% per annum in 2014).

(b) *Other interest and banking fees* consist of financing costs on short-term borrowings, such as the \$100,000,000 bridge facility, which was repaid in January 2015.

## Note 22. Net Earnings (Loss) per Share

### Net Earnings (Loss) per Share (Basic and Diluted)

| (in thousands of dollars, except per share amounts and number of shares)                                  | 2015       | 2014       |
|---|------------|------------|
| Net loss attributable to shareholders of Boralex  | (10,835)   | (11,767)   |
| Less:   |            |            |
| Net earnings from discontinued operations   | —          | 2,652      |
| Net loss from continuing operations attributable to shareholders of Boralex (basic and diluted)           | (10,835)   | (14,419)   |
| Weighted average number of shares (basic and diluted)   | 52,364,710 | 38,283,988 |
| Net loss per share (basic and diluted) from continuing operations attributable to shareholders of Boralex | (\$0.21)   | (\$0.38)   |
| Net earnings per share (basic and diluted) from discontinued operations                                   | —          | \$0.07     |
| Net loss per share (basic and diluted) attributable to shareholders of Boralex                            | (\$0.21)   | (\$0.31)   |

The table below shows the items that could dilute basic net earnings (loss) per common share in the future, but that were not reflected in the calculation of diluted net earnings (loss) per common share due to their anti-dilutive effect:

|   | 2015      | 2014       |
|---|-----------|------------|
| Convertible debentures excluded due to their anti-dilutive effect | 7,334,183 | 20,327,494 |
| Stock options excluded due to their anti-dilutive effect          | 1,636,879 | 1,566,871  |

## Note 23. Change in Non-cash Items Related to Operating Activities

|                             | 2015     | 2014    |
|-----------------------------|----------|---------|
| Decrease (Increase) in:     |          |         |
| Trade and other receivables | (6,012)  | (1,898) |
| Inventories                 | (1,346)  | —       |
| Prepaid expenses            | 893      | (1,861) |
| Increase (Decrease) in:     |          |         |
| Trade and other payables    | (7,494)  | 1,739   |
|                             | (13,959) | (2,020) |

## Note 24. Financial Instruments

The classification of financial instruments, complete with the respective carrying amounts and fair values, is as follows:

|   | As at<br>December 31,<br>2015 |               | As at<br>December 31,<br>2014 |               |
|---|-------------------------------|---------------|-------------------------------|---------------|
|   | Carrying<br>amount            | Fair<br>value | Carrying<br>amount            | Fair<br>value |
| <b>OTHER LIABILITIES</b>                          |                               |               |                               |               |
| Non-current debt                                  | 1,421,057                     | 1,502,335     | 1,161,131                     | 1,234,873     |
| Convertible debentures (including equity portion) | 137,010                       | 145,906       | 247,356                       | 272,264       |

The fair value of the derivative financial instruments designated as cash flow hedges and hedge of a net investment is as follows:

|  | As at<br>December 31,<br>2015 | As at<br>December 31,<br>2014 |
|--|-------------------------------|-------------------------------|
|  |                               |                               |
| <b>OTHER CURRENT FINANCIAL ASSETS</b>          |                               |                               |
| Foreign exchange forward contracts             | 541                           | 1,213                         |
| <b>OTHER NON-CURRENT FINANCIAL ASSETS</b>      |                               |                               |
| Foreign exchange forward contracts             | 239                           | 3,230                         |
| <b>OTHER CURRENT FINANCIAL LIABILITIES</b>     |                               |                               |
| Financial swaps - interest rates               | 41,356                        | 34,116                        |
| <b>OTHER NON-CURRENT FINANCIAL LIABILITIES</b> |                               |                               |
| Foreign exchange forward contracts             | 4,130                         | 2,368                         |
| Financial swaps - interest rates               | 32,586                        | 31,254                        |
|  | 36,716                        | 33,622                        |

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, restricted cash, trade and other receivables, reserve funds, and trade and other payables approximate their carrying amounts due to their short-term maturities.

The fair value of non-current debt is essentially based on the calculation of discounted cash flows. Discount rates, ranging from 0.89% to 5.14%, were determined based on local government bond yields adjusted for the risks specific to each of the borrowings and for credit market liquidity conditions. The convertible debentures are traded on the stock exchange, and their fair values are based on the prices as at December 31, 2015.

### Financial Swaps - Interest Rates

Cash flows are discounted using a curve that reflects the credit risk of the Corporation or the counterparty, as applicable. The following table summarizes the Corporation's commitments under financial swaps - interest rates as at December 31, 2015:

| As at December 31,<br>2015       | Currency | Fixed-rate payer | Floating-rate receiver | Maturity  | Current notional<br>(in CAD) | Fair value<br>(in CAD) |
|----------------------------------|----------|------------------|------------------------|-----------|------------------------------|------------------------|
| Financial swaps - interest rates | EUR      | 1.02%–5.16%      | 6-month Euribor        | 2016-2033 | 376,323                      | (28,209)               |
| Financial swaps - interest rates | CAD      | 2.38%–5.81%      | 3-month CDOR           | 2034-2055 | 212,531                      | (45,733)               |

Financial swaps - interest rates denominated in Canadian dollars contain an early termination clause that is mandatory in 2016. As a result, they are presented as current financial liabilities.

### Foreign Exchange Forward Contracts

The fair values of foreign exchange forward contracts are determined using a generally accepted technique, namely the discounted value of the difference between the value of the contract at expiry calculated using the contracted exchange rate and the value determined using the exchange rate the financial institution would use if it renegotiated the same contract under the same conditions as at the statement of financial position date. Discount rates are adjusted for the credit risk of the Corporation or of the counterparty, as applicable. When determining credit risk adjustments, Boralex considers offsetting agreements, if any.

## Note 24. Financial Instruments (cont'd)

As at December 31,

2015

|  | Exchange rate | Maturity  | Current notional<br>(in CAD) | Fair value<br>(in CAD) |
|--|---------------|-----------|------------------------------|------------------------|
| Foreign exchange forward contracts (EUR for CAD) | 1.5137-1.5475 | 2016-2025 | 156,302                      | (3,350)                |

### Hierarchy of Financial Assets and Liabilities Measured at Fair Value

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Financial instruments measured at fair value in the financial statements are classified according to the following hierarchy of levels:

- Level 1: Consists of measurements based on quoted prices (unadjusted) in markets for identical assets or liabilities;
- Level 2: Consists of measurement techniques based mainly on inputs, other than quoted prices, that are observable either directly or indirectly in the market;
- Level 3: Consists of measurement techniques that are not based mainly on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the financial instrument fair value measurement in its entirety.

The Corporation classified the convertible debentures as Level 1, as their fair values are determined using quoted market prices.

For non-current debt, financial swaps - interest rates, and foreign exchange forward contracts, the Corporation classified the fair value measurements as Level 2, as they are based mainly on observable market data, namely government bond yields, interest rates and exchange rates.

The following table classifies the Corporation's financial instruments by level in the fair value hierarchy:

|   | Fair value hierarchy levels   |         |           |         |
|---|-------------------------------|---------|-----------|---------|
|   | As at<br>December 31,<br>2015 | Level 1 | Level 2   | Level 3 |
| <b>DERIVATIVE FINANCIAL ASSETS</b>      |                               |         |           |         |
| Foreign exchange forward contracts      | 780                           | —       | 780       | —       |
| <b>OTHER FINANCIAL LIABILITIES</b>      |                               |         |           |         |
| Non-current debt                        | 1,502,335                     | —       | 1,502,335 | —       |
| Convertible debentures                  | 145,906                       | 145,906 | —         | —       |
|   | 1,648,241                     | 145,906 | 1,502,335 | —       |
| <b>DERIVATIVE FINANCIAL LIABILITIES</b> |                               |         |           |         |
| Foreign exchange forward contracts      | 4,130                         | —       | 4,130     | —       |
| Financial swaps - interest rates        | 73,942                        | —       | 73,942    | —       |
|   | 78,072                        | —       | 78,072    | —       |

|   | Fair value hierarchy levels   |         |           |         |
|---|-------------------------------|---------|-----------|---------|
|   | As at<br>December 31,<br>2014 | Level 1 | Level 2   | Level 3 |
| <b>DERIVATIVE FINANCIAL ASSETS</b>      |                               |         |           |         |
| Foreign exchange forward contracts      | 4,443                         | —       | 4,443     | —       |
| <b>OTHER FINANCIAL LIABILITIES</b>      |                               |         |           |         |
| Non-current debt                        | 1,234,873                     | —       | 1,234,873 | —       |
| Convertible debentures                  | 272,264                       | 272,264 | —         | —       |
|   | 1,507,137                     | 272,264 | 1,234,873 | —       |
| <b>DERIVATIVE FINANCIAL LIABILITIES</b> |                               |         |           |         |
| Foreign exchange forward contracts      | 2,368                         | —       | 2,368     | —       |
| Financial swaps - interest rates        | 65,370                        | —       | 65,370    | —       |
|   | 67,738                        | —       | 67,738    | —       |

## Note 25. Financial Risks

The Corporation is exposed in the normal course of business to various financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

### Market Risk

#### Foreign Exchange Risk

The Corporation generates foreign currency liquidity through the operation of its power stations in France and the United States. First, the Corporation reduces its risk exposure to a minimum, as revenues, expenses and financing are in the local currency. Accordingly, foreign exchange risk arises from the residual liquidity that can be distributed to the parent company.

In France, given the above, the large BEV acquisition made in December 2014 and that Boralex now pays a dividend in Canadian dollars, the Corporation entered into forward sales to hedge the exchange rate on a portion of the distributions it expects to repatriate from Europe up to 2025. Similar purchases will be made when large transactions are entered into outside Canada.

Management considers that the cash flows generated in the United States do not represent a significant risk at present. A hedging strategy could be developed in due course.

In connection with Canadian project development, certain future expenditures may be in foreign currencies. For example, equipment purchases in Canada are partly denominated in euros or U.S. dollars. Where applicable, the Corporation's objective is to protect its anticipated return on its investment by entering into hedging instruments to eliminate volatility in expected expenditures and, in turn, stabilize significant costs such as turbines.

On December 31, 2015, a \$0.05 rise or fall in the Canadian dollar against the other currencies, assuming that all other variables had remained the same, would have resulted in a \$409,000 (\$577,000 in 2014) increase or decrease, respectively, in the Corporation's net loss for the year ended December 31, 2015, whereas *Accumulated other comprehensive loss* would have increased or decreased by an after-tax amount of \$9,144,000 (\$6,728,000 in 2014), respectively.

#### Price Risk

As at December 31, 2015, our power stations in France and Canada, as well as those in Hudson Falls and South Glens Falls, had long-term energy sales contracts, the vast majority of which are subject to partial or full indexation clauses tied to inflation. Approximately 2% of the Corporation's power production is sold at market prices or under short-term contracts in the Northeastern United States and is accordingly subject to fluctuations in energy prices. Energy prices vary according to supply, demand and certain external factors, including weather conditions, and the price from other sources of power. As a result, prices may fall too low for the power stations to yield an operating profit.

On December 31, 2015, a 5% rise or fall in the price of energy, assuming that all other variables had remained the same, would have resulted in a \$112,000 (\$204,000 in 2014) increase or decrease, respectively, in the Corporation's net loss for the year ended December 31, 2015, whereas *Accumulated other comprehensive loss* would have remained unchanged (nil in 2014).

#### Interest Rate Risk

##### Europe

In Europe, the vast majority of non-current debt bears interest at variable rates. To mitigate interest rate risk, the Corporation has entered into interest rate swaps to fix the interest rate on 75%-100% of the corresponding variable rate debt. These agreements involve the periodic exchange of interest payments without any exchange of the notional amount on which payments are calculated. Under these agreements, the Corporation receives a variable amount based on EURIBOR and pays fixed amounts at rates ranging from 1.02% to 5.16%. Since the credit is drawn gradually and the loans are periodically repaid when sites are commissioned, the swaps have been structured to mirror the terms of the underlying credit arrangements and to always cover a significant portion of the arrangements.

##### Canada

In Canada, most of the non-current debt have fixed interest rates, with the exception of the borrowings for the Côte-de-Beaupré and Frampton wind farms. To mitigate the interest rate risk of these borrowings, the Corporation has entered into interest rate swaps to set a fixed interest rate expense for 90% of the debt with variable interest rates. These agreements require the periodic exchange of interest rate payments without any exchange of the notional amounts with which these payments are calculated. Under these agreements, the Corporation receives a variable amount based on the CDOR and pays fixed amounts based on rates ranging from 2.38% to 2.45%. Since the credit facilities are drawn down gradually and the loans are repaid periodically following the commissioning of sites, the swaps have been structured to replicate the underlying credit terms and conditions and maintain hedging for a large portion of the debt.

In addition, the Yellow Falls hydroelectric power facility and two other development projects that the Corporation intends to build, finance and commission in the coming years are also sources of interest rate risk exposure. Therefore, the Corporation holds financial swaps - interest rates that have been designated as hedges of variable interest cash flows associated with anticipated financing programs with a notional amount of \$98,031,000.

## Note 25. Financial Risks (cont'd)

Note that in 2014, in connection with bids made for wind power projects under the tender for 450 MW in Québec, the Corporation had redesignated swaps with a notional amount of \$120,000,000 (previously designated for the Témiscouata I and II wind power projects) as hedges for these anticipated future projects. In December 2014, the Corporation was informed that its projects had not been selected. As at December 31, 2014, this instrument was no longer subject to hedge accounting. This financial instrument was redesignated for two other development projects in 2015. As a result, during the few months that this instrument was not designated, the total changes in fair value was recorded in the statement of loss under *Net loss on financial instruments* in the amount of \$4,708,000.

As at December 31, 2015, all these financial instruments were subject to hedge accounting.

### Total

These instruments have allowed the Corporation to reduce the percentage of variable rate debt from 42% to 9%. As at December 31, 2015, the notional balance of these swaps stood at \$588,854,000 (€250,398,000 and \$212,531,000) (\$486,237,000 (€244,852,000 and \$142,514,000) in 2014), while their unfavourable fair value was \$73,942,000 (€18,770,000 and \$45,733,000) (\$65,370,000 (€22,264,000 and \$34,116,000) in 2014). These swaps mature from 2016 to 2035 and are all subject to cash flow hedge accounting. Accordingly, unrealized gains and losses resulting from changes in fair value of the effective portion of these contracts are included in *Accumulated other comprehensive loss* until the corresponding hedged item is recognized in earnings (loss). They are then recognized in earnings (loss) as an adjustment to *Financing costs*. As at December 31, 2015, the Corporation expects to reclassify, over the next 12 months, a pre-tax expense of approximately \$10,601,000 from *Accumulated other comprehensive loss* to earnings (loss) (\$7,200,000 as at December 31, 2014).

On December 31, 2015, a 5% rise or fall in the variable interest rates, assuming that all other variables had remained the same, would have resulted in a \$80,000 (\$88,000 in 2014) increase or decrease, respectively, in the Corporation's net loss for the year ended December 31, 2015, whereas *Accumulated other comprehensive loss* would have increased or decreased by an after-tax amount of \$7,909,000 (\$5,423,000 in 2014), respectively.

### Credit Risk

Credit risk stems primarily from the potential inability of clients to meet their obligations. Given the nature of the Corporation's business, its clients are few in number. However, they generally have high credit ratings. The electricity markets that the Corporation serves in Canada and France are limited to monopolies. Steam generated in France is used in the papermaking process. Accordingly, the Corporation's client is in the private sector, which makes for a higher credit risk. The U.S. market is more deregulated, and the Corporation transacts some business through the New York State regional producers' association, NYISO, which enjoys a very high credit rating. In the U.S. market, the Corporation can also negotiate private agreements directly with electricity distributors, usually large corporations which typically have investment grade credit ratings. The Corporation regularly monitors the financial condition of these clients.

The Corporation's counterparties for derivative financial instruments, as well as cash and cash equivalents and restricted cash, consist mainly of large corporations. Before entering into a derivative transaction, the Corporation analyzes the counterparty's credit rating and assesses the overall risk based on the counterparty's weighting in the Corporation's portfolio.

Where these analyses return unfavourable results because the partner's credit rating has changed significantly or its portfolio weighting has become too high, the Corporation does not pursue the transaction. Furthermore, if a company does not have a public credit rating, the Corporation assesses the risk and may require financial guarantees.

### Liquidity Risk

Liquidity risk is the risk that the Corporation will experience difficulty meeting its obligations as they fall due. The Corporation has a Treasury Department in charge, among other things, of ensuring sound management of available cash resources, of securing financing and meeting maturity obligations for all of the Corporation's activities. With senior management oversight, the Treasury Department manages the Corporation's cash resources based on financial forecasts and expected cash flows.

Note 25. Financial Risks (cont'd)

The contractual maturities of the Corporation's non-derivative financial liabilities and derivative financial instruments as at December 31, 2015 and 2014 are detailed in the following tables:

| As at December 31,                    |                 | Undiscounted cash flows (principal and interest) |                   |                   |              |           |
|---------------------------------------|-----------------|--|-------------------|-------------------|--------------|-----------|
| 2015                                  | Carrying amount | Current portion                                  | From 1 to 2 years | From 2 to 5 years | Over 5 years | Total     |
| Non-derivative financial liabilities: |                 |  |                   |                   |              |           |
| Trade and other payables              | 92,125          | 92,125   | —                 | —                 | —            | 92,125    |
| Non-current debt                      | 1,421,057       | 205,553  | 146,054           | 510,705           | 1,107,313    | 1,969,625 |
| Convertible debentures                | 137,010         | 6,469  | 6,469             | 16,171            | —            | 29,109    |
| Derivative financial instruments:     |                 |  |                   |                   |              |           |
| Financial swaps - interest rates      | 73,942          | 10,601   | 12,497            | 29,180            | 35,991       | 88,269    |
| Foreign exchange forward contracts    | 4,130           | —  | —                 | 533               | 5,028        | 5,561     |
|                                       | 1,728,264       | 314,748  | 165,020           | 556,589           | 1,148,332    | 2,184,689 |

| As at December 31,                    |                 | Undiscounted cash flows (principal and interest) |                   |                   |              |           |
|---------------------------------------|-----------------|--|-------------------|-------------------|--------------|-----------|
| 2014                                  | Carrying amount | Current portion                                  | From 1 to 2 years | From 2 to 5 years | Over 5 years | Total     |
| Non-derivative financial liabilities: |                 |  |                   |                   |              |           |
| Trade and other payables              | 59,277          | 59,277   | —                 | —                 | —            | 59,277    |
| Non-current debt                      | 1,161,131       | 214,147  | 123,652           | 452,605           | 865,215      | 1,655,619 |
| Convertible debentures                | 247,356         | 16,493   | 24,739            | —                 | —            | 41,232    |
| Derivative financial instruments:     |                 |  |                   |                   |              |           |
| Financial swaps - interest rates      | 65,370          | 7,199  | 7,851             | 25,340            | 36,776       | 77,166    |
| Foreign exchange forward contracts    | 2,368           | —  | —                 | —                 | 3,517        | 3,517     |
|                                       | 1,535,502       | 297,116  | 156,242           | 477,945           | 905,508      | 1,836,811 |

Undiscounted cash flows of non-derivative financial liabilities are determined using expected principal repayments and interest payments and a conversion of convertible debentures in July 2019. Undiscounted cash flows of derivatives are determined using the values of underlying indices at the reporting date. Since these indices are highly volatile, the undiscounted cash flows presented could vary significantly until realized.

## Note 26. Capital Management

The Corporation's objectives when managing capital are as follows:

- Safeguard the Corporation's ability to pursue its operations and development;
- Maintain financial flexibility to enable the Corporation to seize opportunities when they arise;
- Safeguard the Corporation's financial flexibility with a view to offsetting the seasonal nature of its operations primarily for the cyclical variations in hydroelectric and wind power generation;
- Maximize the terms of borrowings in line with the useful lives of its assets or underlying contracts;
- Ensure continuous access to capital markets; and
- Diversify the project risks in its portfolio through project-specific financing arrangements without recourse to the other assets of the parent company and to maximize its financial leverage in light of the significant capital requirements for project completion in the energy sector.

The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain its capital structure, the Corporation prioritizes the use of less costly financing sources, such as cash flows from operations, borrowings, hybrid instruments such as convertible debentures, equity issuance and, as a last resort, the sale of assets. In managing liquidity, the Corporation's policy is to earmark in priority its available cash resources for (i) growth projects and (ii) the payment of a quarterly dividend. Generally, Boralex expects to pay common share dividends on an annual basis representing a ratio of 40% to 60% of its discretionary cash flows (defined as its cash flows from operations less capital investments required to maintain its production capacity and project-related non-current debt repayments, as well as distributions paid to non-controlling shareholders and discretionary development expenses). Boralex reserves itself the right to adjust this calculation for any special items unrelated to current operations to ensure comparable ratios between periods.

The Corporation's investment policy governing cash resources is limited to investments with maturities of less than one year that are guaranteed by financial institutions. For instance, bankers' acceptances guaranteed by a Canadian chartered bank meet these criteria. The Corporation deems its current financing sources to be sufficient to support its plans and its operating activities.

The Corporation monitors its capital on a quarterly and annual basis based on various financial ratios and non-financial performance indicators. It is also required to meet certain ratios under its non-current financial commitments.

More specifically, the Corporation must meet ratios pertaining to debt coverage, debt service and interest coverage in relation to the measures specified in the respective credit agreements.

As at December 31, 2015 and 2014, the Corporation was in compliance with its minimum ratio commitments. The Corporation is not subject to any regulatory capital requirements.

The Corporation's capital management objectives have remained unchanged from the previous year. The Corporation relies mainly on the net debt ratio for capital management purposes. Cash and cash equivalents available are also a key factor in capital management, as the Corporation must retain sufficient flexibility to seize potential growth opportunities. To achieve this objective, the Corporation establishes long-term financial forecasts to determine future financing requirements in line with its strategic business development plans

For calculation purposes, net debt is defined as follows:

|  | As at<br>December 31,<br>2015 | As at<br>December 31,<br>2014 |
|--|-------------------------------|-------------------------------|
| Non-current debt                                 | 1,275,857                     | 989,087                       |
| Current portion of debt                          | 145,200                       | 172,044                       |
| Borrowing costs, net of accumulated amortization | 23,546                        | 21,713                        |
| Less:  |                               |                               |
| Bridge financing facility*                       | —                             | 100,000                       |
| Cash and cash equivalents                        | 99,641                        | 75,394                        |
| Restricted cash                                  | 3,345                         | 12,459                        |
| Net debt   | 1,341,617                     | 994,991                       |

\* The bridge financing facility was excluded from net debt as at December 2014, as it related to temporary financing.

Note 26. Capital Management (cont'd)

The Corporation defines total market capitalization as follows:

|   | As at<br>December 31,<br>2015 | As at<br>December 31,<br>2014 |
|---|-------------------------------|-------------------------------|
| (in thousands of dollars, except for the number of outstanding shares and share market price) |                               |                               |
| Number of outstanding shares (in thousands)   | 64,829                        | 38,424                        |
| Share market price (in \$ per share)  | 14.46                         | 12.85                         |
| Market value of equity attributable to shareholders   | 937,429                       | 493,754                       |
| Non-controlling shareholders  | 8,038                         | 33,128                        |
| Bridge financing facility   | —                             | 100,000                       |
| Net debt  | 1,341,617                     | 994,991                       |
| Convertible debentures (nominal value)  | 143,750                       | 244,337                       |
| Total market capitalization   | 2,430,834                     | 1,866,210                     |

The Corporation computes the net debt to market capitalization ratio as follows:

|  | As at<br>December 31,<br>2015 | As at<br>December 31,<br>2014 |
|--|-------------------------------|-------------------------------|
| (in thousands of dollars)  |                               |                               |
| Net debt   | 1,341,617                     | 994,991                       |
| Total market capitalization  | 2,430,834                     | 1,866,210                     |
| <b>NET DEBT RATIO (market capitalization)</b>  | <b>55.2%</b>                  | <b>53.3%</b>                  |
| <b>NET DEBT RATIO (market capitalization, excluding non-current debt drawn for projects under construction)*</b> | <b>55.2%</b>                  | <b>52.3%</b>                  |

\* Given the significant growth in recent years with the addition of long-term contracted capacity and fixed-rate debt, the portion of non-current debt drawn for projects under development was excluded.

At present, the net debt to capitalization ratio stands at 55.2% and the Corporation wishes to maintain this ratio below 65%. It is important to specify that the Corporation uses a project-based financing approach whereby each project leverage is maximized up to nearly 80% of amounts invested. However, those financing arrangements are generally repayable over the life of the contract. Consequently, as other projects are added, the debt level could increase above this limit but the Corporation would ensure to reduce the ratio below the limit within a reasonable time frame. Analysis of those ratios must take into account changes in items such as *Accumulated other comprehensive loss*, which are affected by the notional amount of the interest rate swaps, which declines each year.

## Note 27. Commitments and Contingency

In addition to the commitments of the Joint Ventures (discussed in note 10), the Corporation entered into the following transactions:

|                                     | Payments        |                   |              | Total   |
|-------------------------------------|-----------------|-------------------|--------------|---------|
|                                     | Current portion | From 1 to 5 years | Over 5 years |         |
| Purchase and construction contracts | 74,710          | 227               | —            | 74,937  |
| Maintenance contracts               | 15,420          | 45,967            | 25,886       | 87,273  |
| Operating land lease contracts      | 4,163           | 23,074            | 48,656       | 75,893  |
|                                     | 94,293          | 69,268            | 74,542       | 238,103 |

### Energy Sales Contracts - Power Stations in Operation

#### Canada

For the Canadian power stations, the Corporation is committed to selling 100% of its power output (subject to certain minimum criteria) under long-term contracts maturing between 2016 and 2054. These contracts provide for annual indexation based on the Consumer Price Index ("CPI"). However, under long-term contracts for the Québec hydroelectric power stations (except for the Forces Motrices St-François power station, which is indexed at an annual fixed rate), the indexation rate should not be lower than 3% or higher than 6%.

#### France

For the wind power stations, thermal power station and solar power facilities in France, the Corporation is committed to selling 100% of its power output under long-term contracts maturing from 2017 to 2035. The contracts provide for annual indexation based on changes in hourly labour costs and industry activity levels.

#### United States

In the United States, under a long-term contract expiring in 2029, the Corporation is committed to selling 100% of the power output of its **Middle Falls** hydroelectric power station. A price equal to 90% of the market price is stipulated in the contract.

For the **South Glens Falls** and **Hudson Falls** hydroelectric power stations in the United States, the Corporation is committed to sell the electricity it generates under long-term contracts expiring in 2034 and 2035. These contracts provide for contract payment rates for most of the electricity it generates. The price structure is as follows:

|                     | South Glens Falls<br>US\$/MWh | Hudson Falls<br>US\$/MWh |
|---------------------|-------------------------------|--------------------------|
| 2016 - 2017         | 83.67 – 86.65                 | 81.78– 80.58             |
| 2018 - 2024         | 86.65                         | 48.27                    |
| 2025                | 121.79 or market*             | 48.27                    |
| 2026 and thereafter | 121.79 or market*             | 56.28 or market*         |

\* The client has the option of replacing the contract price with the market price until the contract terminates in 2025 for the South Glens Falls facility and in 2026 for the Hudson Falls facility.

### Energy Sales Contracts - Projects Under Development

#### Canada

The **Yellow Falls** hydroelectric power station is covered by an initial 20-year energy sales contract with four renewal options, each for a five-year period, at the Corporation's discretion. The contract will begin when the power station is commissioned and will be indexed annually.

#### France

The Corporation has a 15-year energy sales contract for the **Touvent** wind power project. This contract will begin when the wind farm is commissioned, and the selling price will be indexed annually.

### Purchase and Construction Contracts - Projects Under Development

#### Canada

The Corporation has entered into turbine purchase and construction contracts for the **Yellow Falls** hydroelectric power project.

#### France

- The Corporation has entered into a number of turbine construction and installation contracts as well as a connection agreement for the **Touvent** wind power project.
- The Corporation has entered into a connection agreement for the **Plateau de Savernat** wind power project.

## Maintenance contracts

### Canada

- (a) The Corporation has entered into 12-year wind turbine maintenance contracts expiring in 2022 for the **Thames River** wind farms. Those contracts include a cancellation option at the Corporation's discretion after five years.
- (b) The Corporation has entered into 15-year wind turbine maintenance contracts expiring in 2029 and 2030, respectively, for the **Témiscouata I** and **Côte-de-Beaupré** wind farms. Those contracts include a cancellation option at the Corporation's discretion after five years.
- (c) The Corporation has entered into 15-year wind turbine maintenance contracts expiring in 2030, respectively, for the **Témiscouata II** and **Frampton** wind farms. Those contracts include a cancellation option at the Corporation's discretion after seven years.

### France

The Corporation has entered into wind turbine maintenance contracts for its power stations in operation in France. The contracts have initial terms of two to 15 years.

## Operating Leases on Property

### Canada

- (a) For the **Thames River**, **Témiscouata I**, **Témiscouata II**, **Côte-de-Beaupré** and **Frampton** wind farms, the Corporation leases land on which wind turbines are installed under 20-year lease agreements. These leases may be renewed at the option of the Corporation.
- (b) The Corporation leases the sites on which the six Canadian hydroelectric power stations are located, as well as the water rights over the hydraulic power required to operate them. Under the terms of these agreements, expiring from 2016 to 2020, the Corporation's lease payments are based on power generation levels.
- (c) For the **Frampton** wind farm, the Corporation leases land on which wind turbines are installed under 22-year lease agreements.

### France

The land on which the French wind power stations and the solar power facilities are located is leased under emphyteutic leases over terms ranging from 11 to 99 years. Royalties under these leases are due annually and are indexed each year, based on the CPI and the Construction Cost Index published by the National Institute of Statistics and Economic Studies.

### United States

- (a) For its **Middle Falls** power station, the Corporation leases the land on which the power station is located from the Niagara Mohawk Power Corporation ("NMPC") under a lease expiring in 2029. Lease payments are variable, totalling 30% of the power station's gross revenue.
- (b) The land on which the Corporation's U.S. **South Glens Falls** and **Hudson Falls** hydroelectric facilities are located is leased from NMPC. The leases expire at the same time as the energy sales contracts, namely in 2034 and 2035, respectively. Rental expense for non-contingent lease payments is recognized in earnings (loss) on a straight-line basis based on the average rental payment over the lease terms. Total minimum future lease payments for the South Glens Falls power station in New York State do not include contingent lease payments for years 26 through 40, inclusively, of the lease agreement given the uncertainty surrounding the amounts. Rental expense in those years is based on a percentage of gross revenues. In addition, the leases provide NMPC a right of first refusal to acquire the hydroelectric facilities at fair value at the end of the lease term. The leases also require the Corporation to convey title to the hydroelectric facilities if abandoned during the lease term and require NMPC to acquire, and the Corporation to sell, the hydroelectric facilities at the end of the lease term at the lower of fair value or US\$10,000,000 (Hudson Falls power station) and US\$5,000,000 (South Glens Falls power station).

## Contingency

### Canada

Since January 2011, O'Leary Funds Management LP et al. has been suing the Corporation in the Superior Court of Québec. The suit alleges that the November 1, 2010 business combination between Borelex and the Fund was illegal and, accordingly, demands payment of damages amounting to nearly \$6,700,000 (the initial suit was for an amount of nearly \$14,400,000). The Corporation considers that this procedure has no basis in fact or in law and is defending itself vigorously. Therefore, the Corporation has not recorded any provision in respect of this litigation. In its defence, the Corporation has filed a counterclaim for over \$1,400,000.

## Note 27. Commitments and Contingency (cont'd)

### Other

#### Canada

On June 8, 2015, Boralex announced the signature of a buy option (the “Option”) for a 25% economic interest in the 230 MW **Niagara Region Wind Farm** project in which wind turbine maker Enercon is the majority owner. Located in the Regional Municipality of Niagara, the Niagara Region Wind Farm project will comprise 77 Enercon wind turbines of 3 MW and is slated for commissioning by the end of 2016. Boralex has undertaken to pay Enercon an initial deposit of \$5,000,000 to acquire the Option. The total investment planned for this major undertaking ranges from \$900,000,000 to \$950,000,000. Under its partnership agreement with Enercon, Boralex is responsible for the coordination of the project construction, which began in June 2015, and the operation and management of the future site following the exercise of the Option. The Corporation expects that \$60,000,000 in equity will be needed to exercise the Option.

## Note 28. Related Party Transactions

Related parties include the Corporation's subsidiaries, Joint Ventures and main senior executives. Details of related party transactions are as follows:

|  | 2015 | 2014 |
|--|------|------|
| <b>OTHER REVENUES</b>  |      |      |
| R.S.P. Energy Inc. - an entity in which Richard and Patrick Lemaire, directors of the Corporation, are two of three shareholders | 539  | 509  |
| Joint Ventures Phases I and II   | 733  | 604  |
| <b>COSTS AND OTHER EXPENSES</b>  |      |      |
| Operating  |      |      |
| Cascades Inc. - an entity having significant influence over the entity   | 569  | 640  |
| Chargeback of salaries   |      |      |
| Joint Ventures Phases I and II   | 45   | 821  |
| Interest income  |      |      |
| R.S.P. Energy Inc. - an entity in which Richard and Patrick Lemaire, directors of the Corporation, are two of three shareholders | —    | (18) |
| CelluFuel Inc. - associated company  | (19) | —    |

These transactions were made on terms equivalent to those that prevail under normal terms in arm's length transactions.

Receivables and payables arising from the above transactions at the end of the fiscal year were as follows:

|  | As at<br>December 31,<br>2015 | As at<br>December 31,<br>2014 |
|--|-------------------------------|-------------------------------|
| <b>RELATED PARTY RECEIVABLES</b>   |                               |                               |
| European partner   | —                             | 524                           |
| Cascades Inc. - an entity having significant influence over the entity   | 301                           | 186                           |
| R.S.P. Energy Inc. - an entity in which Richard and Patrick Lemaire, directors of the Corporation, are two of three shareholders | 25                            | —                             |
| Joint Ventures Phases I and II   | 409                           | 618                           |
| Otter Creek Wind Farm Limited Partnership – associated company   | 660                           | —                             |
|  | 1,395                         | 1,328                         |
| <b>RELATED PARTY PAYABLES</b>  |                               |                               |
| Cascades Inc. - an entity having significant influence over the entity   | 275                           | 148                           |
| Joint Venture Phase I  | 2                             | 72                            |
|  | 277                           | 220                           |

Related party receivables and payables are due between 30 and 45 days following the sale or purchase. Receivables are unsecured and bear interest when past due. No allowance for doubtful accounts has been recognized in respect of receivables. Cascades receivables are related to charged back costs.

## Executive Compensation

Compensation allocated to senior executives and to members of the Board of Directors is detailed in the following table:

|                               | 2015  | 2014  |
|-------------------------------|-------|-------|
| Current salaries and benefits | 1,809 | 1,764 |
| Other long-term benefits      | 1,739 | 1,798 |
| Stock-based compensation      | 185   | 204   |
|                               | 3,733 | 3,766 |

## Note 29. Segmented Information

The Corporation's power stations are grouped into four distinct operating segments – wind, hydroelectric, thermal and solar power. The Corporation operates under one identifiable industry sector: power generation. The classification of these segments is based on the different cost structures relating to each of the four types of power stations. The same accounting rules are used for segmented information as for the consolidated accounts.

The operating segments are presented according to the same criteria used to prepare the internal report submitted to the segment leader who allocates resources and assesses operating segment performance. The President and Chief Executive Officer is considered the segment leader, who assesses segment performance based on power production, revenues from energy sales and EBITDA(A).

EBITDA(A) represents earnings before interest, taxes, depreciation and amortization, adjusted to include other items. EBITDA(A) does not have a standardized meaning under IFRS; accordingly, it may not be comparable to similarly named measures used by other companies. Investors should not view EBITDA(A) as an alternative measure to, for example, net earnings (loss), or as a measure of operating results, which are IFRS measures.

EBITDA(A) and EBITDA are reconciled to the most comparable IFRS measure, namely, net loss, in the following table:

|  | 2015           | 2014           |
|--|----------------|----------------|
| Net loss                                     | (8,212)        | (11,089)       |
| Income tax recovery                          | (1,496)        | (854)          |
| Financing costs                              | 74,019         | 58,097         |
| Amortization                                 | 96,972         | 60,410         |
| <b>EBITDA</b>                                | <b>161,283</b> | <b>106,564</b> |
| Adjustments:                                 |                |                |
| Net earnings from discontinued operations    | —              | (2,652)        |
| Loss on redemption of convertible debentures | 2,759          | —              |
| Net loss on financial instruments            | 7,467          | 8,187          |
| Foreign exchange loss (gain)                 | (2,374)        | 406            |
| Other gains                                  | (379)          | (1,962)        |
| <b>EBITDA(A)</b>                             | <b>168,756</b> | <b>110,543</b> |

## Information on Principal Clients

Revenues are allocated according to the client's country of domicile. In 2015 and 2014, the Corporation had four clients accounting for 10% and more of its revenues.

The tables below show the respective percentage of consolidated revenues from each client, as well as the segments in which they operate:

| 2015                                  |                                 | 2014                                  |                                 |
|---------------------------------------|---------------------------------|---------------------------------------|---------------------------------|
| % of sales attributable to one client | Segment(s)                      | % of sales attributable to one client | Segment(s)                      |
| 52                                    | Wind, thermal and solar         | 39                                    | Wind, thermal and solar         |
| 17                                    | Wind, hydroelectric and thermal | 16                                    | Wind, hydroelectric and thermal |
| 11                                    | Wind                            | 16                                    | Wind                            |
| 10                                    | Hydroelectric                   | 13                                    | Hydroelectric                   |

Note 29. Segmented Information (cont'd)

Information by Operating Segment

|                              | 2015                   | 2014        | 2015                                       | 2014                          |
|------------------------------|------------------------|-------------|--|-------------------------------|
|                              | Power production (MWh) |             | Revenues from energy sales                 |                               |
|                              | (Unaudited)            | (Unaudited) |  |                               |
| Wind power stations          | 1,396,000              | 785,997     | 177,720                                    | 102,063                       |
| Hydroelectric power stations | 626,477                | 641,979     | 58,166                                     | 58,166                        |
| Thermal power stations       | 154,701                | 169,637     | 26,477                                     | 30,090                        |
| Solar power stations         | 8,720                  | 6,259       | 3,264                                      | 3,082                         |
|                              | 2,185,898              | 1,603,872   | 265,627                                    | 193,401                       |
|                              | EBITDA (A)             |             | Additions to property, plant and equipment |                               |
| Wind power stations          | 149,516                | 87,595      | 291,448                                    | 139,785                       |
| Hydroelectric power stations | 40,792                 | 42,715      | 19,298                                     | 17,796                        |
| Thermal power stations       | 5,704                  | 5,247       | 2,870                                      | 9,417                         |
| Solar power stations         | 2,834                  | 2,634       | 14,793                                     | —                             |
| Corporate and eliminations   | (30,090)               | (27,648)    | 1,146                                      | 688                           |
|                              | 168,756                | 110,543     | 329,555                                    | 167,686                       |
|                              |                        |             | As at<br>December 31,<br>2015              | As at<br>December 31,<br>2014 |
| <b>Total assets</b>          |                        |             |  |                               |
| Wind power stations          |                        |             | 1,756,548                                  | 1,357,952                     |
| Hydroelectric power stations |                        |             | 478,837                                    | 458,540                       |
| Thermal power stations       |                        |             | 41,684                                     | 40,332                        |
| Solar power stations         |                        |             | 40,752                                     | 20,139                        |
| Corporate                    |                        |             | 124,106                                    | 72,815                        |
|                              |                        |             | 2,441,927                                  | 1,949,778                     |
| <b>Total liabilities</b>     |                        |             |  |                               |
| Wind power stations          |                        |             | 1,382,196                                  | 928,815                       |
| Hydroelectric power stations |                        |             | 174,853                                    | 183,782                       |
| Thermal power stations       |                        |             | 12,744                                     | 14,466                        |
| Solar power stations         |                        |             | 32,935                                     | 16,175                        |
| Corporate                    |                        |             | 286,502                                    | 470,221                       |
|                              |                        |             | 1,889,230                                  | 1,613,459                     |

Note 29. Segmented Information (cont'd)

Information by Geographic Segment

|   | 2015                   | 2014        | 2015                                       | 2014                          |
|---|------------------------|-------------|--|-------------------------------|
|   | Power production (MWh) |             | Revenues from energy sales                 |                               |
|   | (Unaudited)            | (Unaudited) |  |                               |
| Canada  | 767,645                | 636,929     | 85,420                                     | 70,768                        |
| France  | 1,087,003              | 586,573     | 150,481                                    | 90,672                        |
| United States   | 331,250                | 380,370     | 29,726                                     | 31,961                        |
|   | 2,185,898              | 1,603,872   | 265,627                                    | 193,401                       |
|   | EBITDA (A)             |             | Additions to property, plant and equipment |                               |
| Canada  | 51,906                 | 33,741      | 259,093                                    | 101,249                       |
| France  | 95,876                 | 52,962      | 69,746                                     | 64,257                        |
| United States   | 20,974                 | 23,840      | 716  | 2,180                         |
|   | 168,756                | 110,543     | 329,555                                    | 167,686                       |
|   |                        |             | As at<br>December 31,<br>2015              | As at<br>December 31,<br>2014 |
| <b>Total assets</b>   |                        |             |  |                               |
| Canada  |                        |             | 1,055,924                                  | 778,165                       |
| France  |                        |             | 1,178,015                                  | 983,967                       |
| United States   |                        |             | 207,988                                    | 187,646                       |
|   |                        |             | 2,441,927                                  | 1,949,778                     |
| <b>Non-current assets, excluding <i>Interests in the Joint Ventures and Deferred income tax asset</i></b> |                        |             |  |                               |
| Canada  |                        |             | 878,544                                    | 622,064                       |
| France  |                        |             | 1,089,368                                  | 903,017                       |
| United States   |                        |             | 185,761                                    | 165,087                       |
|   |                        |             | 2,153,673                                  | 1,690,168                     |
| <b>Total liabilities</b>  |                        |             |  |                               |
| Canada  |                        |             | 834,495                                    | 765,528                       |
| France  |                        |             | 905,905                                    | 709,813                       |
| United States   |                        |             | 148,830                                    | 138,118                       |
|   |                        |             | 1,889,230                                  | 1,613,459                     |

## Note 30. Subsequent Events

### Term Loan Payable - Touvent Wind Power Project

On January 26, 2016, the Corporation completed the closing of long-term financing for the **Touvent** wind power project. The loan, secured by the assets of this wind power project, consists of an amount of €20,590,000 (\$30,945,000), an amount of €3,674,000 (\$5,222,000) drawn from a bridge facility and an amount of €3,200,000 (\$4,809,000) from a revolving VAT financing facility. The €20,590,000 loan will be fully amortized in quarterly payments over a 15-year period. The first quarterly repayment is due a few months after commissioning slated for July 2016. The variable interest rate for the €20,590,000 facility is based on EURIBOR, plus a margin. To reduce its exposure to rate fluctuations, Boralex entered into financial swaps - interest rates with a notional amount of €18,531,000 (\$27,850,000) at a rate of 0.88%, excluding the margin. With these swaps, the rate is fixed at 2.18% for 90% of the €20,590,000 debt.

### Term Loan Payable - St-Patrick Wind Farm

On January 26, 2016, the Corporation refinanced the term loan for the **St-Patrick** wind farm. The initial loan with a balance of €28,422,000 (\$42,717,000) as at December 31, 2015 was repaid in full on January 29, 2016 and the financial swaps - interest rates were closed out. The new loan, secured by the assets of this wind power project, consists of an amount of €42,412,000 (\$63,741,000). The loan will be amortized in quarterly payments over an 11-year period. The variable interest rate for the facility is based on EURIBOR, plus a margin. To reduce its exposure to rate fluctuations, Boralex entered into financial swaps - interest rates with a notional amount of €38,171,000 (\$57,367,000) at a rate of 0.38%, excluding the margin. With these swaps, the rate is fixed at 1.68% for 90% of the €42,412,000 debt.

### Purchase and Construction Contract - Plateau de Savernat Wind Power Project

On February 18, 2016, the Corporation entered into a wind turbine purchase and construction contract for the **Plateau de Savernat** wind power project. The Corporation's net commitment under this contract amounts to \$16,950,000 (€11,280,000). Expenditures will be made according to the percentage of completion.

# GENERAL INFORMATION

## HEAD OFFICE

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Additional copies  
of the following documents  
and other information can also  
be obtained at the above address  
or on Boralex's and SEDAR's websites:

- » Annual Report
- » Interim Reports
- » Annual Information Form
- » Management Proxy Circular

## Transfer Agent and Registrar

### **Computershare Investor Services Inc.**

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Canada H3A 3S8

Telephone: 514-982-7555 | 1-800-564-6253  
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service@computershare.com

## Shareholder Information

**The annual Meeting of Shareholders** will be held on Wednesday,  
May 11, 2016, at 11:00 a.m., at the following address:

### **Musée d'art contemporain de Montréal**

Beverly Webster Rolph Hall  
185 Sainte-Catherine Street West  
Montréal (Québec)  
Canada H2X 3X5  
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25, rue de la République  
CS 70353  
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info@boralex.com

# BOARD OF DIRECTORS



**Robert F. Hall**  
Chairman of the Board  
Boralex Inc.



**Patrick Lemaire**  
President and Chief  
Executive Officer  
Boralex Inc.



**Germain Benoit** <sup>(4)</sup>  
Chairman of the Board  
Capital Benoit Inc.



**Alain Ducharme** <sup>(2) (4)</sup>  
Consultant



**Edward H. Kernaghan** <sup>(3)</sup>  
President  
Principia Research Inc. and  
Kernwood Ltd  
  
Senior Investment Advisor  
Kernaghan & Partners Ltd



**Richard Lemaire** <sup>(2)</sup>  
President  
Séchoirs Kingsey Falls Inc.  
and R.S.P. Énergie Inc.



**Yves Rheault** <sup>(2) (4)</sup>  
Corporate Director and  
Consultant



**Alain Rhéaume** <sup>(1) (3)</sup>  
Founder and Managing  
Partner  
Trio Capital Inc.



**Michelle  
Samson-Doel** <sup>(1) (3)</sup>  
President  
Samson-Doel Group Ltd  
  
Corporate Director



**Pierre Seccareccia** <sup>(1)</sup>  
Corporate Director

- <sup>(1)</sup> Member of the Audit Committee  
<sup>(2)</sup> Member of the Environmental, Health and Safety Committee  
<sup>(3)</sup> Member of the Corporate Governance Committee  
<sup>(4)</sup> Member of the Human Resources Committee

# MANAGEMENT TEAM



**Patrick Lemaire**  
President and Chief  
Executive Officer



**Jean-François  
Thibodeau**  
Vice President and Chief  
Financial Officer



**Sylvain Aird**  
Vice President, Boralex  
Europe, Chief Legal  
Officer and Corporate  
Secretary



**Hugues Girardin**  
Vice President,  
Development



**Marie-Josée Arsenault**  
Corporate Director,  
Human Resources



**Denis Aubut**  
General Manager,  
Operations



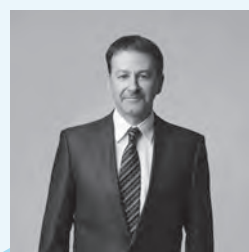
**Patrick Decostre**  
General Manager, Boralex  
Europe



**Guy D'Aoust**  
Director, Finance and  
Treasury



**Gabriel Ouellet**  
Director, Biomass



**Jean Virolle**  
IT Director

The Corporation aims to boost its installed capacity to **1,650 MW** by 2020.







**Text:** Lefebvre communications financières inc.

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