

**BORALEX INC.**

**FORM 51-102F4**

**BUSINESS ACQUISITION REPORT**

**ITEM 1            IDENTITY OF COMPANY**

**1.1                *Name and Address of Company***

Boralex Inc. ("**Boralex**" or the "**Corporation**")  
36 Lajeunesse Street  
Kingsey Falls, Québec J0A 1B0

**1.2                *Executive Officer***

The following executive officer of Boralex is knowledgeable about the significant acquisition and this business acquisition report (the "**Report**"):

Pascal Hurtubise  
Vice-President, Chief Legal Officer and Corporate Secretary  
(514) 985-1349

**ITEM 2            DETAILS OF ACQUISITION**

**2.1                *Nature of Business Acquired***

On September 14, 2018, Boralex completed the acquisition (the "**Acquisition**") of all of the economic interests of Invenergy Renewables LLC ("**Invenergy**") in 5 wind farms in Québec (the "**Projects**"), totaling 201 MW of net installed capacity, for a total cash consideration of \$215 million, subject to post-closing adjustments to the purchase price under the acquisition agreements.

More particularly, Boralex acquired pursuant to the Acquisition all of Invenergy's:

- 51% indirect interest in the 136 MW Des Moulins I wind farm project ("**Des Moulins I**") located in the MRC des Appalaches, Québec. The remaining 49% interest is indirectly held by Caisse de dépôt et placement du Québec ("**la Caisse**"). Des Moulins I consists of 59 E-82 wind turbines, was commissioned in December 2013 and has a power purchase agreement ("**PPA**") in place expiring in December 2033;
- 51% indirect interest in the 21 MW Des Moulins II wind farm project ("**Des Moulins II**" and together with Des Moulins I, "**Des Moulins I & II**") located in the MRC d'Avignon in Gaspésie, Québec. The remaining 49% is indirectly held by la Caisse. Des Moulins II consists of 9 E-92 wind turbines, was commissioned in December 2013 and has a PPA expiring in December 2033;
- 51% indirect interest in the 139 MW Le Plateau I wind farm project ("**Le Plateau I**") located in the MRC d'Avignon in Gaspésie, Québec. The remaining 49% interest is

indirectly held by la Caisse. Le Plateau I consists of 60 E-70 E4 wind turbines, was commissioned in March 2012 and has a PPA expiring in March 2032;

- 59.96% indirect economic interest in the 21 MW Le Plateau II wind farm project ("**Le Plateau II**") located in the MRC d'Avignon in Gaspésie, Québec. The remaining 40.04% economic interest is indirectly held by local community partner Régie intermunicipale de l'énergie Gaspésie-Iles-de-la-Madeleine. Le Plateau II consists of 9 E-92 wind turbines, was commissioned in December 2014 and has a PPA expiring in December 2034; and
- 50% indirect interest in the 75 MW Roncevaux wind farm project ("**Roncevaux**") located in the MRC d'Avignon in Gaspésie, Québec. The remaining 50% interest is indirectly held by local community partners Énergie éolienne Bas-St-Laurent SENC (33.33%) and Régie intermunicipale de l'énergie Gaspésie-Iles-de-la-Madeleine (16.67%). Roncevaux consists of 34 GE wind turbines, was commissioned in December 2016 and has a PPA expiring in December 2041.

The Acquisition is expected to strengthen Boralex's leading position in the Canadian renewable energy sector and is consistent with the Corporation's proven acquisition strategy. The Acquisition adds 201 MW of clean energy to Boralex's asset portfolio, increasing the Corporation's net installed capacity by nearly 12% to 1,820 MW while extending its portfolio's weighted average PPA term to 14 years.

For further information regarding the Acquisition and the Projects, readers are referred to the information under the headings "The Acquisition" (on pages 14 through 16), "Description of the Projects" (on pages 17 through 25) and "Risk Factors – Risks Related to the Acquisition" (on pages 48 through 51) of the short form prospectus of Boralex dated July 4, 2018 filed on SEDAR and available under the Corporation's issuer profile at [www.sedar.com](http://www.sedar.com) (the "**Prospectus**").

## **2.2 Acquisition Date**

September 14, 2018.

## **2.3 Consideration**

The aggregate cash consideration for the Acquisition was \$215 million, subject to post-closing adjustments under the acquisition agreements. Each of the Projects have secured long-term project financing from syndicates of international financial institutions. The financings consist of a combination of term loans at variable interest rates (a portion of which has been hedged) and fixed rate notes and loans. Outstanding project debt as at March 31, 2018 totaled \$550 million (\$283 million based on Boralex's proportionate share of each Project).

The purchase price was financed using the net proceeds from the Corporation's \$207 million public bought deal offering of subscription receipts completed through a syndicate of underwriters and a \$51.8 million concurrent private placement of subscription receipts with la Caisse.

## **2.4** *Effect on Financial Position*

Borex does not currently have any plan or proposal for material changes in its business affairs or the affairs of the Projects which may have a significant effect on the financial performance or financial position of Borex.

## **2.5** *Prior Valuations*

No valuation required by securities legislation or a Canadian exchange or market to support the consideration paid by Borex pursuant to the Acquisition has been obtained within the past 12 months.

## **2.6** *Parties to Transaction*

As of the date of closing of the Acquisition, la Caisse indirectly held a 53.6% economic interest in Invenergy. La Caisse also owns class A shares of Borex representing approximately 19.9% of the class A shares issued and outstanding as of the date hereof. For further information regarding la Caisse and its relationship to Borex and Invenergy, readers are referred to the information under the heading "Related Party Transaction Matters" (on page 54) of the Prospectus.

Accordingly, the Acquisition could be interpreted as being with an associate of an "informed person" (as such term is defined in Section 1.1 of National Instrument 51-102 – *Continuous Disclosure Obligations*) of Borex by virtue of the ownership interests of la Caisse in both Borex and Invenergy.

## **2.7** *Date of Report*

November 23, 2018.

## **ITEM 3** **FINANCIAL STATEMENTS AND OTHER INFORMATION**

As a result of the approval rights held by the partners of Invenergy in the Projects under the relevant governing agreements, the Corporation's investment in the Projects will not be consolidated and will be accounted for using the equity method. The Corporation is therefore exempt pursuant to Section 8.6 of National Instrument 51-102 – *Continuous Disclosure Obligations* from the requirements to include in this Report historical financial statements of the Projects and pro forma financial statements reflecting the Acquisition.

Summarized information of the total assets, total liabilities, revenue and profit or loss of the Project LPs, as well as of other selected financial information, for (i) the years ended and as of December 31, 2017 and 2016, (ii) the three months ended and as of March 31, 2018 and 2017 and (iii) the last 12 months ended and as of March 31, 2018, which is included under the heading "Summary Historical Financial Information of the Projects" (on pages 26 through 29) of the Prospectus, is incorporated by reference into and forms an integral part of this Report.

## **FORWARD-LOOKING STATEMENTS**

*Some of the statements contained in this Report, including those regarding future results and performance, are forward-looking statements based on current expectations, within the meaning of securities legislation. They are based on Boralex management's expectations, estimates and assumptions as at the date hereof. This forward-looking information includes statements about the Corporation's business model and growth strategy, wind power and other renewable energy production projects in the pipeline and their expected performance, the Corporation's expected installed or contracted capacity or megawatt growth objectives or targets, business strategies and plans and objectives of or relating to the Corporation before and after the Acquisition, planned production, capital expenditure and investment programs, access to credit facilities and financing, capital tax, income tax, risk profile, cash flows and earnings and their components.*

*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 forward-looking statement. The main factors that could lead to a material difference between the Corporation's actual results and the forward-looking financial information or expectations set forth in the forward-looking statements include, but are not limited to, the general impact of economic conditions, currency fluctuations, volatility in energy selling prices, the Corporation's financing capacity, competition, changes in general market conditions, the regulations governing the industry and raw material price increases and availability, regulatory disputes and other issues related to projects in operation or under development, as well as certain other factors described in the documents filed by the Corporation with the different securities commissions, and, with respect to the Acquisition, potential risks include: potential undisclosed costs or liabilities associated with the Acquisition, which may be significant; impact of transaction-related expenses; the failure to realize, in the timeframe anticipated or at all, the anticipated benefits and synergies of the Acquisition, including without limitation growth and accretion in various financial metrics and operating synergies; the possibility that the Corporation's integration plan for the Projects could not be successfully implemented and result in loss of benefits of the Projects; factors relating to the integration by the Corporation of the Projects, such as the impact of significant demands placed on the Corporation and the Projects as a result of the Acquisition, the time and resources required to integrate both businesses, diversion of management time on integration-related issues, unanticipated costs of integration in connection with the Acquisition, including operating costs or business disruption being greater than expected; the difficulties and delays associated with such integration.*

*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.*