

NORTHLAND POWER INC.

ANNUAL INFORMATION FORM

For the year ended December 31, 2019

February 25, 2020

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INTRODUCTION AND USE OF DEFINED TERMS

All capitalized terms used in this Annual Information Form (“**Annual Information Form**” or “**AIF**”) have the meanings assigned to them under the heading “Glossary of Terms”, unless otherwise defined. All currency amounts in this AIF are in Canadian dollars unless otherwise indicated. Unless otherwise noted, the information contained in this AIF is given as at or for the year ended December 31, 2019.

FORWARD-LOOKING STATEMENTS

*This AIF contains certain forward-looking statements that are provided for the purpose of presenting information about management’s current expectations and plans. Readers are cautioned that such statements may not be appropriate for other purposes. Northland’s actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, the events anticipated by the forward-looking statements may or may not transpire or occur. Forward-looking statements are predictive in nature, depend upon or refer to future events or conditions, or include words such as “expects,” “anticipates,” “plans,” “predicts,” “believes,” “estimates,” “intends,” “targets,” “projects,” “forecasts” or negative versions thereof and other similar expressions or future or conditional verbs such as “may,” “will,” “should,” “would” and “could.” These statements may include, without limitation, statements regarding future adjusted EBITDA, free cash flow, dividend payments and dividend payout ratios; the construction, completion, attainment of commercial operations, cost and output of development projects; litigation claims; plans for raising capital; and the future operations, business, financial condition, financial results, priorities, ongoing objectives, strategies and outlook of Northland Power Inc. (“**Northland**” or the “**Company**”) and its subsidiaries. These statements are based upon certain material factors or assumptions that were applied in developing the forward-looking statements, including the design specifications of development projects, the provisions of contracts to which Northland or a subsidiary is a party, management’s current plans and its perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. Although these forward-looking statements are based upon management’s current reasonable expectations and assumptions, they are subject to numerous risks and uncertainties. Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, revenue contracts, counterparty risks, contractual operating performance, variability of revenue from generating facilities powered by intermittent renewable resources, offshore wind concentration, natural gas and power market risks, operational risks, recovery of utility operating costs, permitting, construction risks, project development risks, acquisition risks, financing risks, interest rate and refinancing risks, liquidity risk, credit rating risk, currency fluctuation risk, variability of cash flow and potential impact on dividends, taxation, natural events, environmental risks, health and worker safety risks, market compliance risk, government regulations and policy risks, utility rate regulation risks, international activities, reliance on information technology, labour relations, reputational risk, insurance risk, risks relating to co-ownership, bribery and corruption risk, legal contingencies, and other factors described in this AIF and in the Management’s Discussion and Analysis (**MD&A**) included in Northland’s 2019 Annual Report (“**Annual Report**”), which can be found on SEDAR at www.sedar.com under Northland’s profile and on Northland’s website at northlandpower.com. Northland’s actual results could differ materially from those expressed in, or implied by, these forward-looking statements and the events anticipated by the forward-looking statements may not transpire or occur. The forward-looking statements contained in this AIF are based on assumptions that were considered reasonable as at February 25, 2020. Other than as specifically required by law, Northland undertakes no obligation to update any forward-looking statements to reflect events or circumstances after such date or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.*

NON-IFRS FINANCIAL MEASURES

This AIF includes references to the Company’s adjusted earnings before interest, income taxes, depreciation and amortization (“**adjusted EBITDA**”), free cash flow and applicable payout ratio and per share amounts, measures not prescribed by International Financial Reporting Standards (**IFRS**), and therefore do not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. Adjusted EBITDA and free cash flow are presented at Northland’s share of underlying operations. These measures should not be considered alternatives to net income (loss), cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Rather, these measures are provided to complement IFRS measures in the analysis of Northland’s results of operations from management’s perspective. Management believes that adjusted EBITDA, free cash flow and applicable payout ratio and per share amounts are widely accepted financial indicators used by investors and securities analysts to assess the performance of a company, including its ability to generate cash through operations.

Readers should refer to the MD&A included in the 2019 Annual Report for an explanation of key non-IFRS measures and for a reconciliation of consolidated net income (loss) under IFRS to reported adjusted EBITDA and a reconciliation of cash provided by operating activities under IFRS to reported free cash flow.

CORPORATE STRUCTURE

Northland is a corporation governed by the *Business Corporations Act* (Ontario). The head and registered office of Northland is located at 30 St. Clair Avenue West, Suite 1700, Toronto, Ontario, M4V 3A1.

The following is a list of Northland's principal subsidiary entities, showing the jurisdiction where they were incorporated or otherwise established and Northland's direct or indirect voting interest. Further information on key operating facilities is provided in "Description of Northland's Business".

	Place of incorporation	Voting interest as at Dec. 31, 2019
Offshore Wind		
Northland Deutsche Bucht GmbH (" Deutsche Bucht ")	Germany	100.0%
Buitengaats C.V. and ZeeEnergie C.V. (" Gemini ")	The Netherlands	60.0%
Nordsee One GmbH (" Nordsee One ")	Germany	85.0%
Thermal		
Iroquois Falls Power Corp. (" Iroquois Falls ")	Ontario, Canada	100.0%
Kingston CoGen Limited Partnership (" Kingston ")	Ontario, Canada	100.0%
Kirkland Lake Power Corp. (" Kirkland Lake ") ⁽¹⁾	Ontario, Canada	100.0%
North Battleford Power L.P. (" North Battleford ")	Saskatchewan, Canada	100.0%
Spy Hill Power L.P. (" Spy Hill ")	Saskatchewan, Canada	100.0%
Thorold CoGen L.P. (" Thorold ")	Ontario, Canada	100.0%
On-shore Renewable		
Four solar facilities (" Cochrane Solar ")	Ontario, Canada	62.5%
Grand Bend Wind L.P. (" Grand Bend ")	Ontario, Canada	50.0%
Saint-Ulric Saint-Léandre Wind L.P. (" Jardin ")	Québec, Canada	100.0%
McLean's Mountain Wind L.P. (" McLean's ")	Ontario, Canada	50.0%
Mont-Louis Wind L.P. (" Mont Louis ")	Québec, Canada	100.0%
Nine solar facilities (" Solar ")	Ontario, Canada	100.0%
NP Energia La Lucha SA de CV (" La Lucha ")	Mexico	100.0%
Utility		
Empresa de Energía de Boyacá S.A E.S.P (" EBSA ") ⁽²⁾	Colombia	99.2%

(1) Northland indirectly controls 100% of the voting interest of Kirkland Lake, while third-parties have non-voting ownership interests. Northland's effective net economic interest in Kirkland Lake is approximately 77%.

(2) Northland's acquisition of EBSA was completed on January 14, 2020.

Northland's ownership interests as at December 31, 2019, were materially unchanged from December 31, 2018. Subsequent to December 31, 2019, Northland acquired EBSA, a regulated power distribution utility located in Colombia.

OVERVIEW

Northland's vision is to be a top clean and green developer, owner, constructor and operator of sustainable infrastructure assets, inspiring our people to achieve a sustainable and prosperous future for all of our stakeholders.

Northland's business strategy is centered on establishing a significant global presence as a sustainable power provider. Northland aims to increase shareholder value by leveraging its expertise and early mover advantage in relevant markets to create and operate high-quality, sustainable projects supported by revenue contracts that deliver predictable cash flows. Northland leverages its operational knowledge and the application of appropriate technology to enhance operational performance, with the goal of reducing the impact of energy usage on the environment. Northland aims to inspire its people to achieve excellence by embracing and living Northland's values on a daily basis.

To successfully execute its strategy, Northland must excel in each of the following strategic objectives:

- **Winning Business** - The global shift to renewable energy sources is creating opportunities based on favourable government policies aimed at sustainability, energy security and reducing greenhouse gas emissions. Northland is well positioned through its regional development offices to capture development opportunities that will help facilitate the global advancement of renewable energy targets. Northland develops, constructs and operates sustainable infrastructure projects across a range of clean and green technologies, such as wind (offshore and on-shore), solar and thermal (natural-gas-fired and biomass) and asset classes, such as utilities. Clean-burning natural-gas-fired plants provide reliable baseload and dispatchable power, grid support and backup for renewable generation as needed by customers. Northland remains focused on pursuing growth opportunities in jurisdictions that meet Northland's risk management criteria such as North America, Europe, Latin America and Asia. Northland manages its development processes prudently by regularly balancing the probability of success against associated costs and risks.
- **Building Facilities** - Northland aims to increase shareholder value by creating high-quality projects designed for the intended purpose of earning income from revenue contracts. Northland exercises judgment, discipline and acumen in its construction activities to ensure maximum success. Northland's successful record of on-time, on-budget project execution results from these core strengths and contributes to consistent investor returns.
- **Operating Facilities** - A core element of Northland's strategy is the optimization of revenues and predetermined costs through revenue contracts with creditworthy counterparties. For the thermal generation facilities, the key terms of operating facilities' long-term power purchase agreements (**PPA**) and fuel supply contracts are aligned for each facility, such that revenues and cost escalations are substantially linked. For renewable generation facilities, Northland does not incur an associated cost of sales and generally enters into long-term operating and maintenance contracts with leading service providers at predetermined rates. This approach provides predictability for each facility's operating income and cash flow, while ensuring ongoing environmental sustainability and the health and safety of employees and host communities. Northland's management maximizes sustainable returns through a focus on efficient and effective facility operations; longer-term asset management; and structuring sales supply and maintenance agreements to maximize revenues, while carefully managing risk. Opportunities to maximize returns beyond the contract terms are routinely sought and achieved. With a commitment to continuous improvement, Northland's operations group shares its experiences with the development, engineering and construction groups on an ongoing basis, to ensure all knowledge gained is factored into the development and construction of any new projects Northland undertakes.
- **Organizational Effectiveness** - Underpinning Northland's strategy is a focus on strong management of key corporate functions such as: governance; human resources and talent management; construction; environment; health and safety; finance and accounting; management information systems and communications. Management recognizes that a commitment to organizational effectiveness is an essential component of Northland's long-term success and continued growth.

As of December 31, 2019, Northland owns or has a net economic interest in 2,014 megawatts (**MW**) of power-producing facilities with a total operating capacity of approximately 2,429 MW. Northland's operating facilities produce electricity from renewable resources and natural gas for sale primarily under long-term PPA or other revenue arrangements with creditworthy customers in order to generate predictable cash flows. Subsequent to December 31, 2019, Northland acquired EBSA, a regulated power distribution utility located in Colombia.

As of December 31, 2019, Northland had 399 MW of generating capacity under construction, representing the Deutsche Bucht offshore wind project ("**Deutsche Bucht**") in the North Sea and the La Lucha solar project ("**La Lucha**") in Mexico, in addition to its 60% equity stake in the 1,044 MW Hai Long projects under development in Taiwan. Furthermore, Northland actively pursues projects in various stages of development in Europe, North America, Latin America and Asia.

NORTHLAND'S GENERAL ACTIVITIES

Summary of Business Activities

- On February 24, 2020, Northland announced the acquisition of Dado Ocean Wind Farm Co., Ltd ("**Dado Ocean**"), an offshore wind development company based in Korea with rights to multiple early-stage development sites off the southern coast of the Korean Peninsula.
- On January 14, 2020, Northland completed its previously announced acquisition of a 99.2% interest in the Colombian regulated power distribution utility, EBSA, for a total purchase price of COP 2,412 billion (\$960 million) including existing debt of COP 550 billion (approximately \$219 million) (the "**EBSA Acquisition**"). The EBSA Acquisition was subject to customary closing conditions, including the receipt of approval by the local regulator of EBSA's proposed tariff for the next regulatory period. Pursuant to the share purchase agreement, the purchase price was adjusted to COP 2,412 billion (\$960 million) from COP 2,665 billion (\$1.05 billion) based on the tariff resolution issued by the regulator in December 2019, and remains subject to post-closing adjustments to the purchase price following a review of the tariff resolution.
- Construction of the Deutsche Bucht offshore wind project was highlighted by the installation of all 31 monopile foundations and turbines, ahead of schedule, and generating power by the end of September 2019, earning \$96 million of pre-completion revenues in sales in 2019. Installation of the two turbines utilizing mono bucket foundations ("**Demonstrator Project**") was paused in the fourth quarter of 2019 following the identification of technical issues. A thorough evaluation of the cause of the technical issues is ongoing and there is a possibility that the Demonstrator Project may not proceed. As a result of the uncertainty, Northland recorded a non-cash impairment loss of \$98 million for project costs incurred to date associated with the Demonstrator Project. The total estimated project cost remains at approximately €1.4 billion (\$2.0 billion).
- In November 2019, Northland signed an agreement with Shizen Energy Inc. ("**Shizen Energy**") to jointly establish Chiba Offshore Wind Inc. ("**Chiba**") to develop early stage offshore wind development opportunities in Japan. The prospective projects have an expected combined capacity of approximately 600 MW. Northland and Shizen Energy intend to collaborate to further develop these and other opportunities.
- In May 2019, Northland started construction of the La Lucha 130 MW solar project in the State of Durango, Mexico. The project is progressing according to schedule and on track with estimated project costs. Total capital cost for the project is expected to be \$190 million with project completion anticipated in the second half of 2020. Negotiation of bilateral power contracts continues with qualified providers of retail electricity services in Mexico ("**Qualified Suppliers**") for delivery of energy and clean energy certificates to commercial and industrial off-takers and is expected to be finalized prior to project completion.
- In February 2019, Northland and its 40% partner, Yushan Energy, executed a 20-year PPA with Taiwan Power Company ("**Taipower**") for the Hai Long 2A offshore wind project, based on the 300 MW Feed-in-Tariff (**FIT**) allocation. In the fourth quarter of 2019, preferred supplier agreements for turbine supply and balance of plant components were executed, for all of Hai Long 2 and 3. Northland continues to develop Hai Long 2B and Hai Long 3 sub-projects allocated a total of 744 MW under auction in 2018 and expects to execute their respective PPAs in 2020. Refer to the "Development Prospects" section for additional information.
- In December 2017, the Nordsee One offshore wind project achieved final completion, marking the end of construction and the start of commercial operations. The project was completed on schedule and under its total estimated project costs of €1.2 billion.
- In August 2017, Northland acquired the Deutsche Bucht offshore wind project and achieved financial close. Northland has invested approximately \$408 million of corporate funds into the project.
- In July 2017, Iroquois Falls executed an Enhanced Dispatch Contract (**EDC**) with the Independent Electricity System Operator (**IESO**) for the balance of the Iroquois Falls PPA. The EDC took effect July 1, 2017, succeeding an interim enhanced dispatch arrangement entered into effective January 1, 2017.
- In April 2017, the Gemini offshore wind project achieved final completion. The project was completed ahead of schedule and under its total estimated project costs of €2.8 billion.

- In January 2017, the Kingston Facility ceased generating electricity for Ontario’s power grid, upon expiry of its PPA. Subsequently, the Kingston Facility commenced selling electrical capacity into the New York Independent System Operator market.
- In January 2017, the litigation regarding PPAs related to Iroquois Falls, Kirkland Lake and Cochrane was resolved in Northland’s favour.

Summary of Corporate Activities

- In December 2019, the Toronto Stock Exchange (**TSX**) approved the renewal of Northland’s Normal Course Issuer Bid (**NCIB**) commencing December 17, 2019, and ending December 16, 2020. Pursuant to the NCIB, Northland may purchase for cancellation up to 8,000,000 Common Shares representing approximately 4.5% of Northland’s issued and outstanding Common Shares. In accordance with TSX rules, any daily purchases (other than pursuant to a block purchase exemption) on the TSX under the NCIB are limited to a maximum of 148,272 Common Shares, which represents 25% of the average daily trading volume on the TSX for the six months ended November 30, 2019. A copy of the notice filed by Northland with the TSX may be obtained by Shareholder’s by contacting Northland’s Investor Relations department.
- In December 2019, Northland announced that John W. Brace was named Chair of the Board. James C. Temerty stepped down as Chair but will continue to serve as a Director of the Company. Mr. Brace joined Northland in 1988, shortly after the Company was founded. He was appointed Chief Executive Officer (**CEO**) in 2003 and served in the role until his retirement in 2018. Mr. Brace helped steer Northland through many of its projects and initiatives and its growth over his tenure as CEO. He was appointed to the Board of Directors in 2018 where he has continued his involvement in the future success of the Company.
- Concurrent with the announcement of the EBSA Acquisition in September 2019, Northland issued 14,289,000 subscription receipts in a public offering (the “**Offering**”) for gross proceeds of \$347 million, which converted to 14,289,000 Common Shares upon closing of the EBSA Acquisition on January 14, 2020. The proceeds were used to partially repay the bridge credit facility (the “**EBSA Bridge**”) drawn as part of the initial funding of the EBSA Acquisition.
- As part of the initial funding of the EBSA Acquisition, Northland entered into the EBSA Bridge, a \$495 million 12-month bridge credit facility. The terms of the EBSA Bridge are aligned with the terms of Northland’s syndicated revolving facility. Northland drew the full \$495 million on January 14, 2020, and subsequently repaid \$310 million using the proceeds from the Offering.
- In the year ended December 31, 2019, Northland made net repayments of \$125 million on its syndicated revolving facility, with the remaining movement in the year due to foreign exchange fluctuations.
- In the third quarter of 2019, the \$100 million bilateral letter of credit facility was extended to March 31, 2021.
- In the second quarter of 2019, the \$1.0 billion revolving credit facility was extended to June 22, 2024.
- In April 2019, a secondary offering of 36,938,000 Common Shares held by entities controlled by James Temerty, the then Chair of the Board of Directors was completed. Northland did not receive any proceeds from this transaction.
- In December 2018, Northland completed the early redemption of its 5.0% extendible convertible unsecured subordinated debentures, Series B, due June 30, 2019 (“**2019 Debentures**”). There was approximately \$77 million aggregate principal amount of the 2019 Debentures outstanding when the redemption notice was issued on November 16, 2018. Holders converted \$54 million of their 2019 Debentures into 2,504,670 Common Shares prior to the December 21, 2018 redemption date. Northland redeemed the remaining \$23 million of the 2019 Debentures for cash.
- In November 2018, Northland reduced the discount at which Common Shares are issued under its Dividend Re-investment Plan (**DRIP**) from 5% to nil. Additionally, Northland began sourcing Common Shares for purposes of the DRIP through market purchases but reserved the right to issue Common Shares from treasury. This change was effective for the dividend paid on December 14, 2018.
- In October 2018, Standard and Poor’s (“**S&P**”) reaffirmed Northland’s credit rating of BBB (Stable).

- In June 2018, Northland entered into a \$1.25 billion corporate credit facility with a syndicate of financial institutions. The credit facility consists of a \$1 billion revolving facility and \$250 million term loan, and replaced Northland's previous \$700 million syndicated credit facility. The revolving facility is used to fund development opportunities and acquisitions, provide letters of credit to secure obligations that would otherwise be funded in cash, and for general corporate purposes including working capital. Northland also amended and restated its \$100 million corporate bilateral letter of credit facility and replaced its export credit agency-backed corporate letter of credit, in both cases to align key covenants and terms with the syndicated corporate facility.
- In May 2018, Northland renewed and increased its base shelf prospectus which enables the Company to offer an aggregate of up to \$1 billion of debentures, preferred shares, common shares and subscription receipts, or any combination thereof, over a 25-month period. The increase was commensurate with the relative growth of the Company and provides financial flexibility and efficient access to the Canadian capital markets.
- In December 2017, Northland announced a fixed dividend rate of 5.08% on its Cumulative Rate Reset Preferred Shares, Series 3 ("**Series 3 Preferred Shares**") for the five years commencing December 31, 2017 and ending December 30, 2022. Series 3 Preferred Shares holders had an option to elect to convert all or part of their Series 3 Preferred Shares, on a one-for-one basis, into variable rate Cumulative Rate Reset Preferred Shares, Series 4 ("**Series 4 Preferred Shares**"). However, because fewer than one million shares were elected to be converted, no conversions occurred and therefore no Series 4 Preferred Shares were issued.
- In December 2017, the Board of Directors increased the monthly dividend on Common Shares and Class A shares to \$0.10 per month (\$1.20 annually), an increase of 11% from the previous dividend of \$0.09 per month (\$1.08 annually), commencing with the dividend paid on January 15, 2018.
- In June 2017, Northland obtained a \$100 million corporate letter of credit facility supported by an export credit agency guarantee. The facility provided additional capacity to support the letters of credit Northland is required to provide as security for its international development activities.

Summary of Project Financing Activities

- In February 2019, Nordsee One amended its debt facility agreement to include a debt service reserve facility, resulting in the release of approximately €50 million in funds previously restricted for debt service.
- In July 2018, the Deutsche Bucht Demonstrator Project achieved financial close, increasing its borrowing capacity under the Deutsche Bucht non-recourse construction and term loan by €63 million subject to the same interest rate and maturity. Refer to Summary of Business Activities for an update on the Demonstrator Project.
- In March 2018, Northland upsized the debt on its first six solar installations by \$15 million subject to the same interest rate and maturity. Northland used the proceeds to fully repay the outstanding principal balance on Mont Louis' loan from Investissement Québec originally maturing in 2032.
- In December 2017, Nordsee One renegotiated its €840 million senior debt, reducing loan margins by 150 basis points.
- In August 2017, Deutsche Bucht closed on a €988 million non-recourse project financing, as well as a €54 million facility of contingent debt.
- In August 2017, Northland restructured the project debt totaling \$300 million relating to seven of its solar facilities, reducing loan margins by 50 basis points and eliminating certain reserve requirements.
- In April 2017, Gemini renegotiated its €2 billion senior debt, reducing the loan margin by 80 basis points and eliminating a cash sweep provision.

DESCRIPTION OF NORTHLAND'S BUSINESS

Northland develops, constructs and operates sustainable infrastructure projects across a range of clean and green technologies, such as wind (offshore and on-shore), solar and thermal (natural-gas-fired and biomass) and asset classes, such as utilities. Clean-burning natural-gas-fired plants provide reliable baseload and dispatchable power, grid support and backup for renewable generation as needed by customers. Northland remains focused on pursuing growth opportunities in jurisdictions that meet Northland's risk management criteria such as North America, Europe, Latin America and Asia. Northland manages its development processes prudently by regularly balancing the probability of success against associated costs and risks.

Electricity Industry Overview

The following provides an overview of the electricity industry in each jurisdiction where Northland's operating facilities and projects under construction and in advanced development are located.

The Netherlands

In the Netherlands, the electricity market is currently governed by the *Electricity Act 1998*. The Netherlands has not added renewable generation as quickly as neighbouring jurisdictions. The country is behind on the European Union ("EU") target to source 14% of final energy consumption from renewable source by 2020. To address this, the Dutch government implemented several policies, including a June 2019 agreement between many organizations in the Netherlands known as the "National Climate Agreement". The central goal of the National Climate Agreement is to reduce greenhouse gas emissions in the Netherlands by 49% by 2030 compared to 1990 levels. Policies also include a plan to phase out coal by 2030 and shut the Groningen natural gas fields.

Support for renewable generation, as well as low carbon energy sources for heat and transport, has been provided through financial incentives. The most important financial incentive in the Netherlands is the subsidy under the Ministerial regulation Stimulation of Sustainable Energy Production (*Stimulering Duurzame Energieproductie*; "SDE"). The SDE subsidizes the difference between the production costs of 'green' energy and 'grey' energy (i.e. from fossil fuels) for 8, 12 or 15 years depending on the technology, in the form of a subsidy per kilowatt-hour of energy produced. After the 2020 SDE spring tender round, the SDE subsidy will be expanded to provide an operating subsidy to sustainable energy and CO₂-reducing techniques.

The Offshore Wind Energy Act ("OWEA") regulates the permit system for the exclusive right to construct and operate a future offshore wind farm. The permit for constructing and operating an offshore wind farm is awarded through a tender. The OWEA provides for procedures for tenders with and without an application for SDE subsidy. In a tender procedure including SDE subsidy, the applicant with the lowest subsidy price wins the tender. In a non-subsidized tender, the applications will be ranked on the basis of certain criteria, including the knowledge and experience of the parties involved and the quality of the identification and analysis of the risks. Recent tenders for offshore wind have been awarded on a subsidy-free basis.

Germany

The energy transition from conventional and nuclear power to renewable power sources remains in effect. At present, approximately 40% of Germany's electrical energy comes from wind, solar, hydro and biomass. The remainder is provided by conventional energy sources, in particular coal, nuclear and natural gas.

The cornerstones of Germany's energy transition are:

- Remaining nuclear power plants representing about 8GW of capacity will be shut down by 2022;
- 80% of the German electrical power supply will be generated by renewable energy sources by 2050;
- Emissions of greenhouse gases will be reduced by at least 55% by 2030 and by 80% to 95% by 2050;
- Germany will become less dependent on oil and gas imports; and
- Use of energy will become more efficient (covering areas such as the building sector, the heating sector, etc.).

The most recent auction for offshore wind was initiated by the Federal Network Agency (*Bundesnetzagentur*) in April 2018. In total, a volume of 1.6 GW was awarded in the auction. The lowest bid to win a tender was 0,00 ct/kWh, the highest was 9,38 ct/kWh. The average bid to win a tender of 4.66 ct/kWh was significantly higher than the average in 2017 of 0.44 ct/kWh.

With the finalization of the second auction, the transitional period for the offshore wind auctions, which applies to projects with commissioning between 2021 and 2025, has ended and for future offshore wind farm projects with commissioning dates of 2026 onwards, a “central model” will apply.

In the central model, the *Bundesnetzagentur* together with the Federal Maritime and Hydrographic Agency (*Bundesamt für Schifffahrt und Hydrographie*) will designate areas for wind farms in an area development plan, which will set out (i) where wind farms are being constructed in the future and (ii) when and how these areas will be connected to the grid. The area development plan will become the most important planning instrument for future offshore wind projects. Auctions will take place once a year. The next auction for offshore wind will be held in 2021.

As a result of this regulatory framework, PPAs are increasing important and offer the possibility for wind farm operators to reduce market price risks and generate predictable revenue without relying on a market premium.

Canada

Ontario

Ontario’s electricity generation market is currently a hybrid market which comprises both a wholesale spot market and long-term contracts for the purchase of electricity issued or administered by the IESO. The IESO’s market renewal initiatives are intended to, among other things: (i) introduce a competitive market for suppliers of electricity by way of a capacity auction; and (ii) introduce a financially-binding day-ahead market and a single scheduling market as a replacement to the IESO’s existing day-ahead commitment process. Other operational, technical and rule changes are proposed as part of the IESO’s market renewal initiative.

In 2019, the IESO sought to modify the existing Demand Response (**DR**) auction to a broader capacity auction, which would allow demand response resources (dispatchable loads, behind the meter generation, etc.) and dispatchable generation not currently under contract to compete to meet Ontario’s incremental capacity needs, with commitments for six month periods. Challenges to the proposed rule change have prevented its implementation to date; however, the broader capacity auction, including participation from dispatchable generators with expired contracts, is now expected to be held in 2020.

As a result of the structure of their respective PPAs, Northland’s thermal facilities, with the exception of one in Ontario, have not been financially affected by the Canadian federal carbon pricing program in effect from January 2019 upon cancellation of Ontario’s provincial carbon cap-and-trade program in 2018. The federal program acts as a “backstop” program that only applies to provinces and territories that do not have their own carbon pricing system that aligns with the federal requirements.

Saskatchewan

Most of Saskatchewan’s electricity requirements are served by the Saskatchewan Power Corporation (“**SaskPower**”), a provincial Crown corporation and vertically-integrated utility. SaskPower maintains an extensive power system that consists of generation, transmission and distribution infrastructure assets.

Although gas and coal-fired generation together form the primary component in Saskatchewan’s supply mix, SaskPower has a goal of generating 50% of its total generation supply mix from renewable resources by 2030 and a goal to reduce its greenhouse gas emissions from 2005 levels by 40% by 2030. In that respect, SaskPower completed a competition for 200 MW of wind generation capacity by 2021 and 10 MW of utility-scale solar generation. Northland’s thermal facilities in Saskatchewan have not been financially affected by the federal carbon pricing program as a result of the structure of their respective PPAs.

Québec

The effect of the Québec government’s 2030 Energy Policy enacted in 2016 is to emphasize the goal of decreasing its economy’s dependence on fossil fuels and increasing the province’s reliance on cleaner forms of energy. Bill 106 also created Transition énergétique Québec (“**TEQ**”), whose mission is to support, stimulate and promote energy transition, innovation and efficiency and to coordinate the implementation of all of the programs and measures necessary to achieve the energy targets defined by the government.

Taiwan

Taiwan's electricity industry is structured around Taipower, a state-owned public utility company under supervision of the Ministry of Economic Affairs ("MOEA") and the Bureau of Energy ("BOE"). Taipower has its own extensive generation facilities (including from nuclear, coal, gas and onshore wind energy sources), and is also the owner and operator of the national grid and the monopoly wholesaler/retailer of electricity in Taiwan. The market is open to independent power producers and several rounds of procurement have occurred, in which independent power producers were invited to tender for the supply of thermal generation to Taipower. As a result, foreign entities have successfully invested in power plants in Taiwan.

Taiwan's *Renewable Energy Development Act* ("REDA") promotes and incentivizes the development of renewable energy. The REDA authorizes the MOEA to set targets for the promotion of renewable energy and the target share of renewable installed capacity for various types of renewable energy for a period of 20 years from the effective date of the REDA and to offer incentive feed-in tariffs. Renewable energy currently comprises approximately 5% of all generation but the government's renewable energy policy goals aim to raise this to 20% by 2025. Specifically, the government is targeting development of 20 GW of solar, 5.5 GW of offshore wind and 1.2 GW of on-shore wind by 2025. In order to achieve these goals, the government has introduced policies and regulatory regimes to facilitate project development. In the case of offshore wind, this included introducing a Site Planning regime which permits developers to secure sites for their projects and grid selection (by project merit) and grid auction (by tendered price) regimes for developers to compete for and secure grid connection according to their committed year of completion and available grid capacity. Taipower is expected to expand grid capacity to ensure that projects are able to connect to and supply the national grid in their year of completion. It is proposed that a further tender round (by tendered price) be held for the development of 5 GW of offshore wind projects for completion dates between 2026 and 2030 but the details and timing remain to be finalized and announced.

Projects will sell their generation to Taipower based on the incentive feed-in tariff or tendered tariff price for a 20-year term and Taipower's prescribed form of power purchase agreement. Taipower, as national grid operator, is required by law to purchase all renewable energy generation. The Electricity Law allows renewable energy generators to sell generation directly to end users under corporate power purchase agreements and wheeling agreements through the national grid. Non-renewable generation may still only be sold to Taipower and not directly to end users. The law provides additional support for renewable energy generation including preferential rates for dispatching/transmission fees, priority over grid connection and exemption from reserve capacity requirements for generation below certain capacity.

Mexico

In 2013, a Constitutional reform in Mexico led to restructuring of the energy industry and increased private sector participation. The fundamental elements of the reform impacting the electricity sector are summarized as follows:

- Generation, transmission, distribution and retail activities servicing regulated and non-regulated consumers were vertically separated, with the industry divided into the following competitive and regulated segments:
 - Power generation and retail activities - previously reserved for government, were opened to the private sector under a competitive regime.
 - Transmission and distribution services - supply to regulated consumers remains under control of the Comisión Federal de Electricidad (CFE), the incumbent state-owned utility, at regulated tariffs.
 - Trading of electricity and procurement of inputs - performed by both private and state-owned companies under a competitive regime.
- A wholesale market was created for the generation segment to lay the bases to obtain better electric tariffs. The market consists of a commodities market in which power utilities and retailers purchase and sell electricity, capacity and clear energy certificates. Generation dispatch at minimum cost was established to benefit end users through a central dispatch operator ("CENACE") for all generators.
- Retail activities were classified based on the characteristics of end-users. End-users with aggregate peak demand of at least 1 MW are considered Qualified Users, while end-users with an aggregate peak demand of less than 1 MW are considered Basic Users. Three types of retail electricity service providers were established:
 - Qualified Electricity Service Supplier (*Suministrador de Servicios Calificados*; "Qualified Supplier") providing retail electricity services at unregulated prices and commercial terms, subject to minimum general terms and conditions enacted by the Energy Regulatory Commission (Comisión Reguladora de Energía; "CRE").

- Basic Electricity Service Supplier (*Suministrador de Servicios Básicos*) providing retail electricity services at regulated prices and commercial terms enacted by the CRE.
- Last Resort Electricity Service Supplier (*Suministrador de Último Recurso*) providing a temporary default retail electricity service at regulated prices to customers whose retailer terminated service for some reason (e.g. bankruptcy).
- Qualified Users can participate in the wholesale power market and acquire their energy through contracts entered into with power generators or through Qualified Suppliers.
- All new load greater than 1 MW will be required to secure supply through the competitive market, either directly or through a Qualified Supplier.

Generators are able to sell their energy and capacity in Mexico through various channels:

- Transparent wholesale markets established for energy, capacity and ancillary services.
- Long-term auctions for energy and capacity organized by CENACE on a regular basis. All energy procured to meet CFE's demand for regulated customers must be through these auctions. Competitive suppliers may also procure products in these centrally organized auctions.
- Bilateral contracts with Qualified Users or Qualified Suppliers.

Renewable Energy is supported through an obligation placed on load to procure a certain percentage of renewable energy each year. Compliance with the program is managed through the purchase of clean energy certificates (Certificado de Energía Limpia; "CELS"). Applicable renewable generators earn 1 CEL for each MWh of production. These CELs are sold to obligated load to meet their requirements. The CELs can be generated by a power plant for a period of 20 years. A CEL does not have an expiry date. Renewable generators that are entitled to receive CELs are (i) those that entered into operation after August 11, 2014, and (ii) expansions to clean generation production of existing plants. CELs can be sold through the long-term auctions or through bilateral contracts with Qualified Users.

Colombia

The electricity sector's main legal framework (also known as the Public Utilities Law and the Electricity Law) defines the structure and general principles that guide the sector's regulation (e.g. remuneration, tariffs, service quality, consumer's rights, energy market, service activities and the different authorities' roles). The main principles are: (i) free enterprise such that any person may organize and operate public utility companies; (ii) tariff sufficiency (i.e. tariff rate formulas should ensure the recovery of costs of service and remunerate investors' capital equivalent to recovery in an efficient enterprise in a comparable risk sector); (iii) efficiency (i.e. resource allocation to provide service at the least economic cost as would occur in a competitive market); (iv) quality; (v) service continuity, even in case of bankruptcy or government intervention; (vi) adaptability, taking into account technology improvements; (vii) neutrality (i.e. equal treatment of consumers under the same conditions); (viii) solidarity; and (ix) equity (i.e. subsidy scheme for consumers).

The electricity distribution sector in Colombia follows a rate-regulated model that guarantees a regulated return for companies that own and operate a distribution network. Revenue for distribution companies is set using a building block and revenue cap approach. The building block methodology is made of a set of underlying components that add up to the total revenue attributable to the distributor. The main components are: (i) the return on capital (i.e. profit); (ii) return of capital (i.e. investment recovery); and (iii) operating and maintenance allowance. The revenue cap regulatory mechanism guarantees an annual income to the distributor, irrespective of the electricity consumption volumes or prices. Capital investment plans are reviewed and approved by the Colombian energy and utility regulator (Comisión de Regulación de Energía y Gas, "CREG") every few years.

Distribution companies are responsible for procuring energy on behalf of regulated clients in their service territory and managing the billing and collection of rates from the regulated clients. Rates are designed to pass through system and efficient energy procurement costs to end customers, based on regulated procurement practices to be followed by the distribution company.

Operating Facilities

Northland's 2019 Annual Report includes the results of Northland's operating facilities, the most significant of which are listed in the section below.

	Gross capacity (MW)	Northland's economic interest		Contract counterparty	PPA expiry	Remaining PPA term ⁽¹⁾	% of 2019 Adjusted EBITDA ⁽²⁾	% of 2018 Adjusted EBITDA ⁽²⁾
		%	Capacity (MW)					
OFFSHORE WIND:								
Gemini	600	60%	360	Government of The Netherlands	2031	11.5	32%	33.0%
Nordsee One	332	85%	282	Government of Germany	2027	7.3	24%	24.0%
THERMAL:								
North Battleford	260	100%	260	SaskPower	2033	13.4	11%	11%
Iroquois Falls	120	100%	120	IESO/OEFC	2021	2.0	8%	7%
Thorold	265	100%	265	IESO	2030	10.2	6%	6%
Kirkland Lake ⁽³⁾	132	77%	102	IESO/OEFC	2030/2035	14.2	1%	—%
Spy Hill	86	100%	86	SaskPower	2036	16.8	2%	2%
Kingston	110	100%	110	N/A	N/A	—	—%	—%
ON-SHORE RENEWABLE:								
Solar	90	100%	90	IESO	2033	13.8	6%	6%
Grand Bend	100	50%	50	IESO	2036	16.3	3%	3%
Jardin	133	100%	133	Hydro-Québec	2029	9.9	2%	2%
Cochrane Solar	40	62.5%	25	IESO	2035	15.7	2%	2%
Mont Louis	101	100%	101	Hydro-Québec	2031	11.7	2%	2%
McLean's	60	50%	30	IESO	2034	14.3	1%	1%
UTILITY:								
EBSA ⁽⁴⁾	N/A	99.2%	N/A	N/A	N/A	N/A	N/A	N/A
Total or w. average	2,429		2,014			10.4	100%	100%

(1) In year ended and as at December 31, 2019. Weighted average based on contribution to 2019 adjusted EBITDA from facilities.

(2) Represents the approximate percentage of reported adjusted EBITDA from facilities for the respective year generated by each facility.

(3) Fees and dividends earned by Northland from Kirkland Lake are considered intercompany amounts and are eliminated on consolidation. However, in the calculation of reported adjusted EBITDA, Northland includes those fees and dividends earned rather than the adjusted EBITDA.

(4) Northland's acquisition of EBSA was completed on January 14, 2020. Total and weighted average figures exclude EBSA.

Except as otherwise noted, all contract counterparties are of investment grade as rated by one or more rating agencies.

Projects under Construction

Project	Northland's economic interest			Contract counterparty	Expected PPA expiry
	Project capacity (MW)	%	Capacity (MW)		
Deutsche Bucht	269	100.0%	269	Government of Germany ⁽¹⁾	2032 ⁽²⁾
La Lucha	130	100.0%	130	N/A ⁽³⁾	N/A ⁽³⁾

(1) The main source of revenues is ultimately an obligation of the Government of Germany.

(2) Based on 12.7 years from expected project completion.

(3) La Lucha PPA contract not yet executed; expected to be executed prior to project completion.

Revenue by Segment

<i>(in millions)</i>	2019	2018
Offshore wind	\$ 1,006	\$ 931
Thermal	421	406
On-shore renewable	219	214
Other ⁽¹⁾	169	100
Inter-segment revenue ⁽²⁾	(156)	(95)
Total	\$ 1,659	\$ 1,556

(1) Includes management and operations fees, corporate energy marketing revenue, investment income, general and administrative and development expenditures.

(2) Inter-segment revenue is eliminated on consolidation.

Offshore Wind Facilities

In addition to the Deutsche Bucht offshore wind project under construction, Northland owns and operates approximately 932 MW (642 MW net Northland interest) of offshore wind facilities located in the North Sea, off the coasts of The Netherlands and Germany. Wind power generation harnesses renewable wind energy by converting the kinetic energy of wind into electrical energy. Wind facilities tend to produce more electricity during winter due to denser air and higher winds compared to summer.

Offshore wind facilities comprised \$1.0 billion of revenues and \$7.1 billion of assets representing 60.6% and 68.0%, respectively, of total revenues and total assets for the year ended and as at December 31, 2019.

Gemini Offshore Wind Farm

Gemini is a 600 MW (360 MW net Northland interest) offshore wind farm located in the North Sea approximately 85 km off the northeast coast of the Netherlands. Gemini is owned by a consortium of entities including affiliates of Northland (60%), Siemens Financial Services (20%), N.V. HVC (10%) and Alte Leipziger-Hallesche insurance group (10%).

Gemini has subsidy agreements with the Government of the Netherlands which expire in 2031. The subsidies top up the wholesale market-based revenue generated by Gemini to a fixed, contractual rate per MWh and are subject to an annual production ceiling (the “**Gemini Subsidy Cap**”), beyond which, production earns revenue at wholesale market prices. Based on management’s expectations of wind resources and resultant electricity production volumes, the Gemini Subsidy Cap and the associated earnings would be achieved during the fourth quarter of the calendar year. The top up to a fixed contractual rate is subject to a floor price, thereby exposing Gemini to market price risk if the average wholesale market price for the year falls below the contractual floor price (“**SDE floor**”) of approximately €44/MWh.

Gemini has a long-term service agreement (“**LTSA**”) to provide ongoing maintenance and service on the wind turbines with the original equipment manufacturer that results in stable and predictable wind turbine operating costs over the term of the agreement, which expires in 2031, as well as other long-term arrangements to cover the balance of operating services and costs.

Northland and a Danish pension fund also provided subordinated loans, with a total outstanding balance of €309.8 million (\$484.4 million) as at December 31, 2019; Northland holds 40% of the subordinated loans that earn an interest rate of 9.0% annually.

Nordsee One Offshore Wind Farm

Nordsee One is a 332 MW (282 MW net Northland interest) offshore wind farm located in the North Sea, 40 km north of Juist Island in German territorial waters. In 2014, Northland acquired an 85% equity stake in Nordsee One as well as two early-stage development opportunities. The remaining 15% equity interest in the wind farms is held by innogy SE (formerly RWE AG).

Each turbine in Nordsee One is entitled to a FIT subsidy for approximately 10 years from the date of its commissioning under the German *Renewable Energy Sources Act*, which is added to the wholesale market rate, effectively generating a fixed unit price for energy sold. The subsidy compensates for certain production curtailments required by the system operator. Under the German *Renewable Energy Sources Act*, while the tariff compensates for most production curtailments required by the system operator, Nordsee One does not receive revenue for periods where the market power price remains negative for longer than six consecutive hours. Nordsee One may also be subject to unpaid curtailment by the system operator for grid repairs.

Nordsee One has a LTSA, which expires in 2027, as well as other long-term arrangements to cover the balance of operating services and costs. In September 2019, the turbine manufacturer for Nordsee One declared non-fulfillment of its service

maintenance agreement after having filed for insolvency in April 2019. Nordsee One previously depended on the manufacturer to complete outstanding warranty work and perform under its service maintenance agreement. In preparation for the insolvency, Northland and Nordsee One entered into a service maintenance agreement in July 2019 whereby Northland provides all maintenance services on behalf of the manufacturer for Nordsee One's benefit.

Thermal Facilities

Northland owns and operates approximately 973 MW (943 MW net Northland interest) of thermal generation located in Ontario and Saskatchewan, Canada. Northland's thermal facilities generate electricity through the combustion of natural gas that spins turbines coupled to electrical generators. Natural gas is the cleanest-burning fossil fuel, resulting in lower atmospheric emissions of sulphur dioxide, small particulate matter, carbon monoxide, nitrogen oxide and greenhouse gases such as carbon dioxide, than the combustion of other fossil fuels. Northland's Kirkland Lake facility generates electricity using biomass in addition to natural gas.

The thermal facilities earn revenue by selling electricity and/or capacity (i.e. the availability of generation). For certain thermal facilities, revenues earned differ for on-peak vs. off-peak time periods, as defined by their PPA, and depending on market conditions, specifically prices for electricity and natural gas. The contractual structures of Northland's thermal facilities ensure the facility's gross profit is generally stable, within a seasonal profile, regardless of production or sales levels, so long as the plant is available. Under some PPAs, the facility is reimbursed for certain costs of sales by the counterparty.

A facility's PPA may allow for economic curtailments, whereby the power off-taker may pay the facility to produce less than available electricity, which can result in lower sales and operating costs and equal or higher gross profit for the facility.

Operating thermal facilities purchase natural gas pursuant to supply contracts with creditworthy counterparties and/or from the market as required. The operating thermal facilities also have long-term gas turbine maintenance agreements, which include various provisions such as routine maintenance, repairs, upgrades and improvements. All Northland thermal facilities hold all necessary permits and approvals required for operations and have an environmental monitoring and reporting system in place.

Thermal facilities comprised \$421 million of revenues and \$1.4 billion of assets representing 25.4% and 13.6%, respectively, of total revenues and total assets for the year ended and as at December 31, 2019.

The following describes Northland's operating thermal facilities:

North Battleford

The 260 MW North Battleford Facility is a natural-gas-fired combined-cycle plant located in Saskatchewan. The facility receives monthly capacity-related payments under its PPA with SaskPower based on the facility's ability to deliver electricity during defined on-peak periods, which are designed to cover all fixed costs, debt service and return on equity. During off-peak periods, North Battleford may be dispatched to operate at lower production levels at SaskPower's discretion; however, gross profit is not significantly affected by the off-peak production level. The PPA provides protection against changes in the market price of natural gas since all fixed fuel costs and most variable fuel costs are passed through to SaskPower. Northland is responsible for operating the plant to achieve specified efficiency and reliability levels. The contractual structure of the facility is designed to ensure predictable, stable and sustainable cash flows over the entire 20-year term of the PPA, expiring June 2033.

Following enhancements to North Battleford's generation equipment, Northland amended its PPA with SaskPower effective January 2, 2019, thereby contracting North Battleford to provide ancillary services in the form of operating reserve.

Iroquois Falls

The 120 MW Iroquois Falls Facility is a natural gas-fired facility operating under an EDC entered into with the IESO in 2017 for the balance of the facility's PPA which expires in December 2021. Under the EDC, Northland is responsible for operating the plant to deliver capacity and, when requested, electricity to achieve specified efficiency and reliability levels.

Thorold

The 265 MW Thorold Facility is a natural gas-fired cogeneration facility that sells electricity to the IESO under a 20-year PPA contract expiring March 2030. Thorold generally produces electricity only when market conditions are economical but has a contract structure designed to largely insulate it from volume risk and volatility in electricity and natural gas prices. Under its PPA, Thorold earns a fixed amount from the IESO intended to cover fixed operating costs, debt service and return on equity. The structure ensures Thorold's gross profit under the PPA is generally fixed and largely dependent on its ability to operate according to the contract parameters. Thorold can earn additional gross profit from the Ontario electricity market under favourable market conditions.

Spy Hill

The 86 MW Spy Hill Facility is a natural-gas-fired facility located in Saskatchewan on land leased from SaskPower. It generates electricity and provides grid stability under the terms of its 25-year PPA with SaskPower which expires October 2036. Spy Hill's PPA is designed to ensure predictable, stable and sustainable cash flows by providing monthly payments that cover all fixed costs, debt service and return on equity and by passing fuel costs to SaskPower, thus insulating the facility against changes in natural-gas market prices. Northland is responsible for operating the plant to achieve specified efficiency and reliability levels. Upon the expiry of the Spy Hill PPA, SaskPower has the option to purchase the facility for \$1.

Kirkland Lake

The 132 MW Kirkland Lake Facility comprises a 102 MW natural gas and biomass-fired baseload power plant and a 30 MW natural gas peaking (dispatchable) power plant. Kirkland Lake's baseload power plant has a 40-year PPA with the IESO, which expires August 2030, while the peaking power plant has a 20-year PPA with the OEFC, expiring August 2035. Under the dispatchable PPA, Kirkland Lake receives fixed monthly capacity payments regardless of dispatch levels. The baseload PPA provides protection against changes in the market price of natural gas since all fixed fuel costs and most variable fuel costs are passed through to the OEFC.

Kingston

The 110 MW Kingston Facility's long-term PPA expired in January 2017, and subsequent to which, the Ontario market electricity prices have generally been insufficient to operate the facility in the Ontario market. Northland continues to evaluate all revenue alternatives and, in the interim, is selling electrical capacity into the New York Independent System Operator (**NYISO**) market through participation in seasonal auctions.

On-shore Renewable

Northland owns and operates 524 MW (429 MW net Northland interest) of on-shore renewable assets comprised of on-shore wind and solar facilities, located in Ontario and Québec. On-shore wind projects are similar in nature operationally to offshore wind; however, with lower operating costs and generally lower equipment maintenance costs. Solar power facilities have lower fixed operating costs per unit of capacity than thermal or wind facilities. Electricity production from solar facilities tends to be less variable than wind but is limited to available sunlight, which is generally higher in the summer than in the winter.

Northland's on-shore renewable facilities comprised \$219 million of revenues and \$1.4 billion of total assets, representing 13.2% and 13.1%, respectively, of total revenues and total assets for the year ended and as at December 31, 2019.

The following describes Northland's on-shore renewable facilities:

Solar

The 90 MW Solar facility comprises nine ground-mounted solar installations totaling 90 MW located in eastern and central Ontario. Each of the installations has a 20-year PPA with the IESO, which expires between June 2033 and September 2034. The solar installations are not IESO market participants and thus cannot be dispatched nor subject to curtailment by the IESO. Operations and maintenance activities are performed in-house for Solar and long-term parts agreements are in place with the original equipment manufacturer of the inverters.

Grand Bend

Grand Bend Wind Farm is a 100 MW (50 MW net Northland interest) wind farm located in Grand Bend, Ontario and co-owned through a 50/50 partnership with First Nations partners. Grand Bend has a 20-year PPA with the IESO awarded under its FIT program expiring April 2036. Grand Bend is subject to curtailment by the IESO with up to 2,500 MWh of annual un-paid curtailment, over which curtailment is paid at the contracted FIT rate. The amount of un-paid curtailment is capped at 30,000 MWh, which is expected to be reached in April 2028. Grand Bend has a LTSA with the wind turbine original equipment manufacturer that expires in April 2036.

Jardin

The 133 MW Jardin Wind Farm is located on leased agricultural land in the Gaspésie region of Québec. Jardin has a 20-year PPA with Hydro-Québec to supply electricity expiring November 2029. The facility received an incentive payment from the Canadian government under the ecoENERGY for Renewable Power program for its first 10 years of operation, which expired March 2019. Under the terms of its PPA, Jardin transferred 75% of the ecoENERGY incentive to Hydro-Québec and retained the balance. Jardin's LTSA with the wind turbine original equipment manufacturer includes a profit-sharing component and expires in November 2029.

Cochrane Solar

Cochrane Solar comprises four installations totaling 40 MW (25 MW net interest to Northland) located in northern Ontario and is owned by Northland and a First Nations partner who hold 62.5% and 37.5% interest, respectively. The installations are IESO market participants and thus dispatchable and subject to curtailment by the IESO. This economic curtailment is limited to 125 MWh per installation per year with a contract lifetime maximum of 1500 MWh per installation, which is expected to be reached in 2027. Any curtailment above these limits is paid at the full FIT rate. Each of the installations has a 20-year PPA with the IESO which expires between July 2035 and October 2035. Operations and maintenance activities are performed in-house for Cochrane Solar and a long-term parts agreements exists with the original equipment manufacturer.

Mont Louis

The 101 MW Mont Louis Wind Farm is located on public land leased from the Québec government in the Gaspésie region of Québec. Mont Louis has a 20-year PPA with Hydro-Québec to supply electricity, which expires September 2031. Mont Louis receives an incentive payment from the Canadian government expected to expire in April 2021, under the ecoENERGY for Renewable Power program. Under the terms of its PPA, Mont Louis transfers 75% of the incentive payment to Hydro-Québec and retains the balance. Mont Louis' LTSA with the wind turbine original equipment manufacturer includes a profit-sharing component and expires September 2031.

McLean's Mountain

McLean's Mountain Wind Farm is a 60 MW (30 MW net Northland interest) facility located on leased land on Manitoulin Island, Ontario, co-owned through a 50/50 partnership with its First Nations partner. McLean's has a 20-year PPA with the IESO awarded under its FIT program which expires April 2034 and is subject to an annual escalation. McLean's is subject to curtailment by the IESO with up to 1,500 MWh of annual un-paid curtailment, over which, curtailment is paid the contracted FIT rate. The amount of un-paid curtailment is capped at 18,000 MWh, which is expected to be reached in April 2026. McLean's has a LTSA with the wind turbine original equipment manufacturer that expires May 2024.

Utility

EBSA

Northland completed the acquisition of EBSA on January 14, 2020. For 2020 and future years, EBSA will be consolidated into Northland's financial results. EBSA holds the sole franchise rights for electricity distribution in the Boyacá region of Colombia and is an electricity retailer for the regulated residential sector in the region. EBSA owns and operates an extensive distribution network, serving approximately 480,000 customers. EBSA's net revenue is almost entirely regulated, of which the vast majority is earned from its distribution business and the remainder primarily from its electricity retail business.

EBSA, like most electric distribution utilities, earns revenue by charging customers a rate approved under a regulatory framework administered by CREG. The rate charged is set for a five-year period and includes amounts retained by EBSA, as retailer and distributor, and amounts passed on to other electricity system participants, such as the transmission operator. EBSA's portion of the rate is determined based on its asset base (i.e. the "rate base"), inflation indexation per the established Colombian producer price index and a regulated weighted average cost of capital ("WACC") of approximately 11.5% for an expected five-year period. The rate base takes into account the depreciated cost of existing equipment and anticipated future expenditure for maintenance and growth. EBSA's portion of the rate also includes standardized allowances set by the regulator intended to cover fixed and variable operating costs. The rate is designed to ensure EBSA earns a predictable and stable return.

Key Business Drivers for Significant Operating Facilities

Northland constantly monitors the performance of its operating facilities with a focus on the key business drivers that result in the most significant variation in financial results. Key business drivers vary by facility due to the nature of the power generation technology employed and the revenue and cost contracting structure and are outlined in the table below.

Significant drivers of variances in financial results			
	Primary	Secondary	Tertiary
Gemini	Wind resource	Market price compared to subsidy floor price	Equipment availability, operating and maintenance costs
Nordsee One & Deutsche Bucht	Wind resource	Unpaid curtailment from negative market prices for longer than six consecutive hours or grid unavailability	Equipment availability, operating and maintenance costs
North Battleford	On-peak equipment availability	Favourable cooler ambient temperatures	PPA rate escalation, gas optimization, operating and maintenance costs
Iroquois Falls	PPA rate escalation	Gas transportation cost	Contractual availability or capacity factor obligation shortfalls
Thorold	Equipment availability and electricity production incremental to contract parameters	Gas transportation cost optimization	Changes in deemed margin as calculated by the system operator
Kirkland Lake	Equipment availability	Opportunities for paid curtailment	Additional management fees earned based on EBITDA ⁽¹⁾
On-shore Renewable	Solar/wind resource and weather events	Instances of unpaid curtailment and permit related restrictions on operations	Effectiveness of snow removal at solar sites, operating and maintenance costs
EBSA ⁽²⁾	Regulatory changes and execution of capital investment plans	Growth in number of customers	Operating costs relative to recovery of regulated efficient costs

(1) Fees and dividends earned by Northland from Kirkland Lake are considered intercompany amounts and are eliminated on consolidation. However, in the calculation of reported adjusted EBITDA, Northland includes those fees and dividends earned rather than the adjusted EBITDA.

(2) Northland's acquisition of EBSA was completed on January 14, 2020.

Projects Under Construction

Deutsche Bucht Offshore Wind Project

Deutsche Bucht is a 269 MW offshore wind facility located in the North Sea, more than 100 kilometers from the mainland in the German Exclusive Economic Zone. In August 2017, Northland acquired the project, currently under construction, from a European developer and, concurrent with the acquisition, achieved financial close. The Deutsche Bucht project is comprised of 31 turbines utilizing monopile foundations and two turbines utilizing mono bucket foundations. Each turbine in Deutsche Bucht is entitled to a FIT subsidy for approximately 13 years from the date of its commissioning under the German *Renewable Energy Sources Act*, equating to approximately €184/MWh for 8 years and €149/MWh for the remainder. The subsidy compensates for certain production curtailments required by the system operator. The majority of the project returns are expected to be earned during the 13 year FIT subsidy period, with the remainder of the expected returns earned in the later years from the German wholesale electricity market.

Construction of the Deutsche Bucht offshore wind project was highlighted by the installation of all 31 monopile foundations and turbines, ahead of schedule, and generating power by the end of September 2019, earning \$96 million of pre-completion revenues in sales in 2019. Installation of the two turbines utilizing mono bucket foundations ("**Demonstrator Project**") was paused in the fourth quarter of 2019 following the identification of technical issues. A thorough evaluation of the cause of the technical issues is ongoing and there is a possibility that the Demonstrator Project may not proceed. As a result of the uncertainty, Northland recorded a non-cash impairment loss of \$98 million for project costs incurred to date associated with the Demonstrator Project. The total estimated project cost remains at approximately €1.4 billion (\$2.0 billion).

La Lucha Solar Project

La Lucha is a 130 MW solar project located in the State of Durango, Mexico, which Northland originated as part of its broader Mexico development strategy. Northland announced the financial investment decision in May 2019 and subsequently commenced project construction. Construction is progressing on schedule with engineering almost fully complete and procurement of major components finalized. Negotiation of bilateral power contracts continues with qualified providers of retail electricity services in Mexico (“**Qualified Suppliers**”) for delivery of energy and clean energy certificates to commercial and industrial off-takers and is expected to be finalized prior to project completion. Northland intends to utilize non-recourse project financing for La Lucha once construction is complete. Total capital cost for the project is expected to be \$190 million with project completion anticipated in the second half of 2020.

Sale of Assets

In September 2018, Northland, through its subsidiaries, completed the sale of its indirect interest in a 28 MW biomass-fired power facility located in Chapais, Québec (“**Chapais**”).

In March 2018, Northland, through its subsidiaries, completed the sale of its interest in the idled Cochrane thermal facility.

In November 2017, Northland completed the sale of its 22 MW German onshore wind farms.

Development Prospects

Northland actively pursues new power development opportunities that encompass a range of clean technologies, including natural gas, wind, solar and hydro, to provide a sustainable source of energy in various geographic regions and political jurisdictions. Northland believes this diversified strategy mitigates the risk of adverse changes to local demographics or governmental policies.

During 2019, Northland continued to expand its earlier-stage development pipeline, pursuing opportunities that meet the Company’s investment criteria in targeted markets including but not limited to, North America, Europe, Latin America and Asia. Northland’s sustained focus is on purposefully advancing those development opportunities that align with its business strategy, while prudently managing the cost exposure of earlier-stage projects.

Acquisition of Offshore Wind Development Company in South Korea

On February 24, 2020, Northland announced the acquisition of Dado Ocean Wind Farm Co., Ltd (“**Dado Ocean**”), an offshore wind development company based in Korea with rights to multiple early-stage development sites off the southern coast of the Korean Peninsula.

Joint Venture with Shizen Energy for Offshore Wind Projects in Japan

In November 2019, Northland signed an agreement with Shizen Energy Inc. (“**Shizen Energy**”) to jointly establish Chiba Offshore Wind Inc. (“**Chiba**”) to develop early stage offshore wind development opportunities in Japan. The prospective projects have an expected combined capacity of approximately 600 MW. Northland and Shizen Energy intend to collaborate to further develop these and other opportunities.

Hai Long Offshore Wind Project

In 2018, the Hai Long project owned by Northland and its 40% partner, Yushan Energy, was allocated a total of 1,044 MW (626 MW net to Northland) by the Bureau of Energy of Taiwan under a FIT program and an auction process. Key aspects of the Hai Long project are presented below:

Sub-project	Gross Capacity (MW)	Net Capacity (MW)⁽¹⁾	Year of Grid Connection	Type of Procurement
Hai Long 2A	300	180	2024	FIT
Hai Long 2B	232	139	2025	Auction
Hai Long 3	512	307	2025	Auction
Total	1,044	626		

(1) Represents Northland’s 60% economic interest.

In February 2019, Northland and Yushan Energy executed a 20-year PPA with Taipower for the Hai Long 2A offshore wind project, based on the 300 MW FIT allocation. In the fourth quarter of 2019, preferred supplier agreements for turbine supply and balance of plant components were executed, covering all sub-projects. Northland continues to develop Hai Long 2B and

Hai Long 3 sub-projects allocated a total of 744 MW under auction in 2018 and expects to execute their respective PPAs in 2020.

Competitive Conditions

Northland operates power generation facilities and a power distribution utility, while also pursuing projects in various stages of development in North America, Europe, Latin America and Asia. The nature and extent of competition Northland faces varies from jurisdiction to jurisdiction. Within the renewable and clean energy markets, Northland primarily faces competition from large utilities, other independent power producers and in certain jurisdictions, competition from generators who utilize non-renewable sources to generate electricity including coal, nuclear and oil. Northland's utility, EBSA, competes with other utilities operating in the same region in serving customers as well as in competitive auction processes for grid expansion/improvement projects.

In every jurisdiction in which it operates, Northland depends primarily upon the sale of its power to credit-worthy counterparties under long-term PPAs, rate regulated frameworks or similar revenue stability mechanisms. Such counterparties include European government entities or utilities and agencies in Canada, such as the IESO in Ontario and provincially-owned utilities such as SaskPower and Hydro-Québec. Long-term PPAs are generally the result of a competitive request for proposals process or a FIT program established by the relevant agencies or utilities in which Northland's competitors may also participate.

Globally, competitive auction processes are increasingly demonstrating that developers are willing to accept significant merchant price risk in order to secure power projects. Should this industry trend continue, Northland may increasingly choose to enter into PPAs with commercial and industrial customers, accept greater revenue volatility, enter into shorter term contracts, enter into new geographical markets, pursue projects at an earlier stage of development or a combination thereof.

The cost to construct and operate a project, and the type and characteristics of governmental programs to support clean and renewable power projects or infrastructure improvements are important drivers of pricing and competition in most international markets. Numerous factors may affect governmental policy in these areas, which in turn can affect the availability of opportunities to develop new power projects.

Northland manages the risk posed by competitive conditions through its ongoing strategic planning process, geographically and technologically diverse portfolio, disciplined approach to project development, strategic partnerships, energy marketing and hedging programs, proven track-record, in-market presence, financial structuring and the experience of its management team.

Maintenance of Capacity

To maintain its production capacity, defined as electricity production measured in megawatts or a facility's availability to operate, Northland (i) invests in durable assets that have a long physical life; (ii) undertakes regular predictive and preventive maintenance; and (iii) makes improvements to major equipment when economically viable.

For most thermal facilities, gas turbines are maintained through long-term maintenance contracts that include provisions for routine inspections, maintenance and repairs, as well as major overhauls at periodic intervals. Overhauls of hot gas path components occur at intervals equivalent to approximately three operating years. Major turbine overhauls occur at intervals equivalent to approximately six operating years. Since overhaul intervals are based on operating hours, the interval period is typically longer for facilities that operate less frequently. These overhauls return the gas turbines to essentially as-new condition.

For renewable facilities, on-shore and offshore wind turbines are generally maintained by original suppliers and/or service providers under contract. For offshore wind facilities, maintenance of the balance of plant is undertaken by various contractors. Inverters at the solar sites are covered under long-term warranties and parts agreements with the original equipment manufacturer. The cost of parts and maintenance under these contracts is included in operating expenses.

For utility equipment, maintenance, repair and replacement work on electrical lines and substations is performed by qualified employees and contractors. Maintenance and replacement schedules take into consideration the age of the equipment relative to its useful life, results from routine inspections and the potential impact of failure.

Environmental Matters

Northland's facilities are subject to environmental laws and regulations and must maintain licences, permits and approvals established by governmental authorities and regulatory agencies in good standing. Northland is also required to comply with local and municipal approvals and actively works to establish and maintain positive relationships with the communities in which its facilities are located.

Each facility is designed, constructed and operated to meet or exceed environmental standards for air emissions, sound, and use of water and other resources. Northland has internal processes and procedures to monitor environmental conditions, changes in regulations, and to ensure each facility remains in compliance with applicable laws, codes, standards and industry practices. Changes in regulation are monitored and adjustments are made, as required, to address non-conformance.

Employees

As at December 31, 2019, Northland had 418 (2018 - 363) permanent full-time employees. The increase in employee headcount from December 31, 2018 was primarily due to expansion of Northland's offshore wind operations in Germany in order to provide maintenance services to Nordsee One, on behalf of the turbine manufacturer, as well as new employees at La Lucha and growth in Northland's corporate and development teams.

CAPITAL STRUCTURE

The Articles authorize the Corporation to issue the following classes of shares:

- an unlimited number of Common Shares;
- 42,478,451 Class A Shares; and
- an unlimited number of Preferred Shares, issuable in series, of which:
 - 6,000,000 have been designated as 3.51% Series 1 Preferred Shares;
 - 6,000,000 have been designated as 4.48% Series 2 Preferred Shares;
 - 4,800,000 have been designated as 5.08% Series 3 Preferred Shares; and
 - 4,800,000 have been designated as Series 4 Preferred Shares.

As at December 31, 2019, Northland had outstanding 179,441,219 Common Shares (2018 - 179,201,743 Common Shares), 4,501,565 Series 1 Preferred Shares, 1,498,435 Series 2 Preferred Shares, 4,800,000 Series 3 Preferred Shares, Nil Series 4 Preferred Shares and 1,000,000 Class A Shares. As at December 31, 2019, Northland also had 14,289,000 subscription receipts outstanding, which were all converted into Common Shares on a one-for-one basis on January 14, 2019 on closing of the EBSA Acquisition.

The following is a summary of the rights, privileges, restrictions and conditions attached to Northland's outstanding securities:

Description of the Common Shares

Holders of Common Shares are entitled to one vote in respect of each Common Share held at any meeting of the Shareholders except meetings at which only the holders of a specified class or series of shares of Northland are entitled to vote. Subject to the rights of holders of Preferred Shares or any series thereof, and other shares of Northland ranking in priority to the Common Shares, the holders of Common Shares are entitled to receive dividends as and when declared by the Board of Directors in its discretion from time to time. In addition, subject to the prior rights of holders of Preferred Shares or any series thereof, and other shares of Northland ranking in priority to the Common Shares, the holders of the Common Shares are entitled to that portion of the balance of the assets of Northland equal to the ratio that the outstanding number of Common Shares is to the aggregate of the number of Common Shares outstanding and the product of the number of Class A Shares outstanding and the Class A Conversion Rate (as defined in the Articles) upon the liquidation, dissolution or winding-up of Northland or other distribution of assets of Northland among its shareholders.

Description of the Class A Shares

The Class A Shares are entitled to one vote per share and carry specified appointment rights for directors of Northland as described below. The Class A Shares, all of which are held by Northland Power Holdings Inc. (**NPHI**), are non-transferable, except on a reorganization of NPHI. On liquidation, subject to the rights of the Preferred Shares and the Common Shares, the holders of the Class A Shares share in the distribution of the balance of the assets of Northland.

NPHI, as the only holder of the Class A Shares can exercise special appointment rights for directors as long as it holds Class A Shares and the thresholds described below and set out in the Articles are met. If NPHI converts all of the Class A Shares into Common Shares, it will no longer have special director appointment rights.

So long as NPHI is controlled directly or indirectly by James C. Temerty, NPHI shall have the right to appoint (i) 49% of the directors of the Company as long as NPHI-held Common Shares represent at least 15% of the Voting Shares; or (ii) 40% of the directors of the Company as long as NPHI-held Common Shares represent at least 10% and up to 15% of the Voting Shares. As noted below, NPHI has recently reduced the number of Common Shares held by it.

So long as NPHI is controlled directly or indirectly by a Temerty Entity (but not Mr. Temerty), NPHI shall have the right to appoint (i) 49% of the directors of the Company as long as NPHI-held Common Shares represent at least 20% of the Voting Shares; or (ii) 40% of the directors of the Company as long as NPHI-held Common Shares represent at least 15% and up to 20% of the Voting Shares. As noted below, NPHI has recently reduced the number of Common Shares held by it.

NPHI can decide whether to exercise the special director election rights for any particular director election. If NPHI exercises the special director election rights for a particular election, then the holders of the Common Shares are entitled to elect the balance of the directors. If NPHI does not elect to exercise, the holders of the Class A Shares vote with the holders of the Common Shares for all directors.

On April 5, 2019, NPHI and other entities controlled by Mr. Temerty completed a secondary offering of 36,938,000 Common Shares. Subsequent to the closing, Mr. Temerty beneficially owned, or exercised control and direction over, approximately 11.5% of the Common Shares and all of the 1,000,000 Class A shares of Northland. As of January 31, 2020, Mr. Temerty owns or has control or direction over 20,740,884 Common Shares (representing approximately 10.7% of the outstanding Common Shares) and 1,000,000 Class A Shares (representing 100% of the Class A Shares).

Description of the Preferred Shares as a Class

Issuance in Series

The Board of Directors may from time to time issue preferred shares in one or more series, each series to consist of such number of shares as will before issuance thereof be fixed by the Board of Directors who will at the same time determine the designation, rights, privileges, restrictions and conditions attaching to that series of preferred shares.

Voting

Subject to applicable corporate law, the preferred shares of each series shall be non-voting and not entitled to receive notice of any meeting of shareholders, provided that the designation, rights, privileges, restrictions and conditions may provide that if Northland shall fail, for a specified period, which is at least two years, to pay dividends at the prescribed rate on any series of the preferred shares, thereupon, and so long as any such dividends shall remain in arrears, the holders of that series of preferred shares shall be entitled to receive notice of, to attend and vote at all meetings of shareholders, except meetings at which only holders of a specified class or series of shares are entitled to attend.

Dividends

Payments of dividends and other amounts in respect of the preferred shares will be made by Northland to Canadian Depository for Securities (CDS), or its nominee, as the case may be, as registered holder of the preferred shares. As long as CDS, or its nominee, is the registered holder of the preferred shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the preferred shares for the purposes of receiving payment on the preferred shares.

Tax Election

Northland will elect, in the manner and within the time provided under Part VI.1 of the Tax Act, to pay or cause payment of the tax, under Part VI.1 at a rate such that the corporate holders of preferred shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares.

Series 1 and 2 Preferred Shares

In 2010, Northland issued 6.0 million Series 1 Preferred Shares at a price of \$25.00 per share, for gross proceeds of \$150 million. The annual dividend rate was reset on September 30, 2015 to 3.51%, from 5.25% previously, and will reset every five years thereafter at a rate equal to the then five-year Government of Canada bond yield plus 2.80%. The holders of the Series 1 Preferred Shares are entitled to fixed cumulative dividends, payable quarterly, as and when declared by the Board of Directors.

The holders of Series 1 Preferred Shares have the right, at their option, to convert their shares into Series 2 Preferred Shares on September 30, 2020, and on September 30 of every fifth year thereafter, subject to certain conditions. On September 30, 2015, 1,498,435 of the 6,000,000 Series 1 Preferred Shares were converted on a one-for-one basis into Series 2 Preferred Shares. Consequently, Northland has 4,501,565 Series 1 Preferred Shares outstanding. Series 1 Preferred Shares are redeemable on September 30, 2020, and will be redeemable on September 30 of every fifth year thereafter.

The Series 2 Preferred Shares carry the same features as the Series 1 Preferred Shares, except that holders are entitled to receive quarterly floating-rate cumulative dividends, as and when declared by the Board of Directors, at an annual rate equal to the then three-month Government of Canada treasury bill yield plus 2.80% (4.44% as of December 31, 2019). The holders of Series 2 Preferred Shares will have the right to convert their shares back into Series 1 Preferred Shares on September 30, 2020, and on September 30 of every fifth year thereafter.

Series 3 and 4 Preferred Shares

In 2012, Northland issued 4.8 million Series 3 Preferred Shares at a price of \$25.00 per share, for gross proceeds of \$120 million. The annual dividend rate was reset on December 31, 2017 to 5.08%, from 5.00% previously, and will reset every five years thereafter at a rate equal to the then five-year Government of Canada Bond yield plus 3.46%. The holders of the Series 3 Preferred Shares are entitled to fixed cumulative dividends, payable quarterly, as and when declared by the Board of Directors.

The holders of the Series 3 Preferred Shares have the right, at their option, to convert their shares into Series 4 Preferred Shares on December 31, 2022, and have such right on December 31 of every fifth year thereafter, subject to certain conditions.

There currently are no Series 4 Preferred Shares outstanding. The Series 4 Preferred Shares, if issued at subsequent conversion dates, will carry the same features as the Series 3 Preferred Shares, except that holders will be entitled to receive quarterly floating-rate cumulative dividends, as and when declared by the Board of Directors at an annual rate equal to the then 90-day Government of Canada treasury bill yield plus 3.46%.

Description of the Subscription Receipts as a Class

In September 2019, Northland completed the Offering of 14,289,000 subscription receipts for gross proceeds of \$347 million. At closing of the EBSA Acquisition on January 14, 2020, the subscription receipts converted, for no additional consideration, into Common Shares with each subscription receipt holder receiving one Common Share as well as a payment equivalent to dividends paid on Common Shares in the period since the Offering for each subscription receipt held. This resulted in the issuance of 14,289,000 additional Common Shares subsequent to year end, following which there were no outstanding subscription receipts.

Non-Recourse Interest-Bearing Loans and Borrowings

Northland generally finances facilities through secured credit arrangements at the subsidiary level that are non-recourse to Northland. These loans and borrowings (net of transaction costs and /or fair value adjustments) are summarized below:

<i>In thousands</i>	Loan maturity	Term to maturity	Interest rate	As at Dec. 31, 2019	As at Dec. 31, 2018
Kirkland Lake	2023	3.2	3.5%	\$ 11,800	\$ 12,712
Nordsee One	2026	7.0	2.2%	957,164	1,149,657
Jardin	2029	9.9	6.0%	86,776	93,485
Thorold	2030	10.2	6.7%	263,090	279,274
Gemini ⁽¹⁾	2030	10.5	4.1%	2,620,897	3,010,917
Mont Louis	2031	11.7	6.6%	73,468	78,203
Solar (Phase I Financing)	2032	12.5	4.4%	187,758	200,065
Solar (Phase II Financing)	2032	12.5	5.4%	99,461	105,833
North Battleford	2032	13.0	5.0%	543,260	565,914
Cochrane Solar	2033	13.5	5.3%	163,587	172,551
Deutsche Bucht	2033	14.0	2.6%	1,308,283	755,669
McLean's	2034	14.2	6.0%	118,708	124,416
Grand Bend	2035	15.8	4.3%	325,645	325,645
Spy Hill	2036	16.2	4.1%	133,330	137,231
Weighted average or Total		11.4	3.9%	\$ 6,893,227	\$ 7,011,572

(1) Includes the amount drawn on the senior debt and the third-party portion of subordinated debt.

In order to make distributions, under the terms of each facility's credit arrangement, Thorold, Spy Hill and North Battleford maintain a major maintenance reserve to help smooth the cash flow impact of periodic costs arising from major maintenance inspections and overhauls. The major maintenance reserve can be funded with cash or a letter of credit. Some facilities are also required under certain conditions to maintain a debt service reserve, which can be funded with cash or a letter of credit as well.

In addition to the loan balance summarized above, as at December 31, 2019, \$40 million (2018 - \$43 million) of letters of credit were issued under facility- or project-level credit agreements.

Debt Covenants

Northland generally conducts its business indirectly through separate subsidiary legal entities and is dependent on the distribution of cash from those subsidiary entities to defray its corporate expenses, repay corporate debt and to pay cash dividends to common, Class A and preferred shareholders. Most operating subsidiaries hold non-recourse debt, which typically prohibits distributions if the loan is in default (notably for non-payment of principal or interest) or if the entity fails to achieve a benchmark debt service coverage ratio, which is the ratio of EBITDA to scheduled principal and interest payments over a specified time period. Northland and its subsidiaries were in compliance with all debt covenants for the year ended December 31, 2019.

Corporate Credit Facilities

As of December 31, 2019, Northland's available corporate credit facilities totaled \$1.2 billion. The facilities are available for general corporate purposes, to support operational, construction and development opportunities and to provide letters of credit issued on behalf of Northland or its subsidiaries.

- In the year ended December 31, 2019, Northland made net repayments of \$125 million on the syndicated revolving facility, with the remaining movement in the year due to foreign exchange fluctuations.
- In the third quarter of 2019, the \$100 million bilateral letter of credit facility was extended to March 31, 2021.
- In the second quarter of 2019, the \$1.0 billion revolving credit facility was extended to June 22, 2024.
- The \$100 million letter of credit facility maturing March 2020, which Northland entered into during 2017, is supported by an export credit agency guarantee and allows successive annual renewals at Northland's option, subject to lender and export credit agency approval. The facility supports Northland's international activities.

The corporate credit facilities are summarized in the table below:

As at December 31, 2019						
In thousands						
	Facility size	Amount drawn	Outstanding letters of credit	Available borrowing capacity	Maturity date	
Syndicated revolving facility ⁽¹⁾	\$ 1,000,000	\$ 175,689	\$ 92,925	\$ 731,386	Jun. 2024	
Bilateral letter of credit facility	100,000	—	99,393	\$ 607	Mar. 2021	
Export credit agency backed letter of credit facility	100,000	—	44,221	55,779	Mar. 2020	
Total	\$ 1,200,000	\$ 175,689	\$ 236,539	\$ 787,772		

(1) The \$250 million syndicated term loan facility was repaid in full in August 2018 and cannot be redrawn.

- Of the \$237 million of corporate letters of credit issued as at December 31, 2019, \$116 million relate to projects under advanced development or construction.
- As part of the initial funding of the EBSA Acquisition, Northland entered into the EBSA Bridge, a \$495 million 12-month bridge credit facility. The terms of the EBSA Bridge are aligned with the terms of Northland's syndicated revolving facility. Northland drew the full \$495 million on January 14, 2020, and subsequently repaid \$310 million using the proceeds from the Offering.

Northland's corporate credit facilities include provisions that allow for successive annual renewals at Northland's option, subject to approval by the lenders as applicable.

Northland's corporate financings are not subject to the types of debt service coverage ratios or reserve requirements which apply at the project-level financings but Northland is required to maintain certain covenants including a minimum fixed charge coverage ratio and a maximum ratio of net debt to EBITDA based on specified financial measures and components.

Exposure to LIBOR and EURIBOR

LIBOR and EURIBOR are the two key global benchmark rates used to determine interest rates and value government and corporate bonds, loans, currency and interest rate swaps and many other financial products. Regulators are expected to discontinue the use of these rates by the end of 2021, at which time each jurisdiction will identify its own alternative replacement rate. Each jurisdiction has formed working groups to identify and develop a preferred successor rate.

As at December 31, 2019, Northland had €4.3 billion of EURIBOR-linked borrowings and derivatives that extend beyond 2021. Northland did not have any US dollar LIBOR-linked borrowings or derivatives at the end of 2019. Northland expects to incur additional USD borrowings during 2020 to fund the construction of La Lucha.

In 2019, management formed an internal task force to monitor industry developments and develop a transition plan in consultation with legal counsel and advisors. Transition activities will include a comprehensive review of financial exposures, discussions with lenders as well as planning and implementing potential amendments to preserve the originally intended economics of loan arrangements. Risks to Northland in relation to the transition may include: (i) short-term and long-term instability in rates, negatively impacting the economics of existing loan and swap arrangements; (ii) mis-alignment of rates or payments on loans compared to the corresponding swap arrangements, reducing hedge effectiveness; and (iii) delays or inability to secure loan or swap amendments needed to preserve the originally intended economics. Management continues to monitor and manage the situation closely.

Convertible Debentures

In December 2018, Northland completed the early redemption of its 2019 Debentures. There was approximately \$77 million aggregate principal amount of the 2019 Debentures outstanding when the redemption notice was issued on November 16, 2018. Holders converted \$54 million of their 2019 Debentures into 2,504,670 Common Shares prior to the December 21, 2018 redemption date. Northland redeemed the remaining \$23 million of the 2019 Debentures for cash.

In January 2015, Northland issued \$158 million of 4.75% convertible unsecured subordinated debentures maturing on June 30, 2020 (“**2020 Debentures**”) with net proceeds of \$151 million after costs and underwriters’ fees. The 2020 Debentures are convertible into Common Shares at the option of the holder at a conversion price of \$21.60 per Common Share and are presently redeemable by Northland at its option. Northland may redeem the 2020 Debentures subject to the early redemption provisions in the Convertible Indenture. At maturity, Northland may, at its option, repay the principal amount in cash or through the issuance of Common Shares.

DIVIDENDS

Sustainability of Dividends

The Board and management are confident that Northland has adequate access to funds to meet its dividend commitment, including operating cash flows and corporate funds.

Under the DRIP, Shareholders may elect to reinvest their dividends in Common Shares. In November 2018, Northland reduced the discount at which Common Shares are issued under its DRIP from 5% to nil. Additionally, Northland began sourcing Common Shares for purposes of the DRIP through market purchases, but reserves the right to issue Common Shares from treasury. This change was effective with the dividend paid on December 14, 2018. Northland elected to update its DRIP as a result of sufficient liquidity for its near-term funding requirements.

In December 2017, the Board of Directors declared an increase to dividends on Common Shares and Class A Shares to \$0.10 per month (\$1.20 annually), an increase of 11% from the prior dividend of \$0.09 per month (\$1.08 annually) commencing with the dividend paid on January 15, 2018. The Board of Directors reviews the dividend policy periodically as part of Northland’s overall capital allocation strategy to balance growth requirements and investor preferences.

History of Dividends

The following table shows per Common Share and Class A Share cash dividends declared monthly for the past 3 years.

	2019	2018	2017
January	\$0.1000	\$0.1000	\$0.0900
February	0.1000	0.1000	0.0900
March	0.1000	0.1000	0.0900
April	0.1000	0.1000	0.0900
May	0.1000	0.1000	0.0900
June	0.1000	0.1000	0.0900
July	0.1000	0.1000	0.0900
August	0.1000	0.1000	0.0900
September	0.1000	0.1000	0.0900
October	0.1000	0.1000	0.0900
November	0.1000	0.1000	0.0900
December	0.1000	0.1000	0.1000
	\$1.2000	\$1.2000	\$1.0900

The following table shows per Series 1 Preferred Share dividends declared quarterly for the past 3 years.

	2019	2018	2017
March	\$0.2196	\$0.2196	\$0.2196
June	0.2196	0.2196	0.2196
September	0.2196	0.2196	0.2196
December	0.2196	0.2196	0.2196
	\$0.8784	\$0.8784	\$0.8784

The following table shows per Series 2 Preferred Shares dividends declared quarterly for the past 3 years.

	2019	2018	2017
March	\$0.2780	\$0.2262	\$0.2040
June	0.2792	0.2474	0.2044
September	0.2829	0.2584	0.2098
December	0.2798	0.2716	0.2231
	\$1.1199	\$1.0036	\$0.8413

The following table shows per Series 3 Preferred Share dividends declared quarterly for the past 3 years.

	2019	2018	2017
March	\$0.3175	\$0.3175	\$0.3125
June	0.3175	0.3175	0.3125
September	0.3175	0.3175	0.3125
December	0.3175	0.3175	0.3125
	\$1.2700	\$1.2700	\$1.2500

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

Northland's corporate credit rating as rated by S&P is currently BBB (Stable), which was reaffirmed in October 2018. In addition, Northland's preferred share rating on S&P's global and Canada scale is BB+.

An S&P issuer credit rating is a forward-looking opinion about an obligor's overall creditworthiness, focusing on the obligor's capacity and willingness to meet its financial commitments as they come due. S&P's rating methodology considers a number of factors, including but not limited to: Northland's business and financial risks, actual and projected financial ratios, corporate liquidity and debt levels, corporate and project financing strategies, the quality and diversity of cash flows and track record of operations and construction.

Northland pays fees to S&P for its issuer credit rating and preferred shares rating along with the annual review thereof.

MATERIAL CONTRACTS

Northland entered into one material contract, the Subscription Receipts Agreement, as defined under National Instrument 51-102 in 2019, prior to which, Northland entered into two other material contracts that remain in effect as at December 31, 2019:

- a. the Subscription Receipts Agreement;
- b. the Convertible Debenture Indenture and related supplemental indentures; and
- c. the Pre-emptive Rights, Tendering and Voting Agreement, dated December 8, 2010, between a predecessor of the Company and NPHI, described below.

Subscription Receipts Agreement

On September 18, 2019, the Company entered into a subscription receipt agreement with Computershare Trust Company of Canada, as subscription receipt agent, and CIBC World Markets Inc. The subscription receipt agreement governed the terms of the subscription receipts that were issued as part of the Offering. Pursuant to the terms of the agreement, on the completion of the EBSA Acquisition, each outstanding subscription receipt was automatically converted, for no additional consideration, into one Common Share, and entitled the holder to a cash payment equivalent to dividends paid on Common Shares during the period between the Offering and the closing of the EBSA Acquisition.

Convertible Debenture Indenture

The Convertible Debenture Indenture permits the issuance of Debentures without limiting the aggregate principal amount or limiting Northland's ability to incur additional indebtedness, including Senior Indebtedness. The 2020 Debentures are a direct obligation of Northland and are not secured by any mortgage, pledge, hypothec or other charge and are subordinated to all Senior Indebtedness. Refer to the "Capital Structure" section above.

Pre-emptive Rights, Tendering and Voting Agreement

The Pre-emptive Rights, Tendering and Voting Agreement provides that, for so long as James C. Temerty and/or a Temerty Entity controls NPHI and for so long as NPHI and James C. Temerty and/or the Temerty Entities collectively hold, directly or indirectly, not less than 20% of the issued and outstanding Common Shares and Class A Shares, taken together, no Common Shares or securities convertible into or exchangeable for Common Shares will be issued by Northland and no option or other right for the purchase of or subscription for any such securities will be granted unless NPHI is offered the opportunity to purchase such securities in such issuance on a pro-rata basis, but only to the extent necessary to maintain its proportional fully diluted interest in Northland. The pre-emptive right of NPHI will not apply to: (i) the issue of any Common Shares outstanding pursuant to any rights to acquire such Common Shares that were outstanding as of January 1, 2011; (ii) any employee or executive compensation arrangement; or (iii) the DRIP.

If an offeror makes a take-over bid for the Common Shares, including Common Shares issuable upon conversion, exercise or exchange of securities that are convertible into or exchangeable for Common Shares without the payment of additional consideration ("**Exchangeable Securities**") (other than Common Shares held by the offeror or an affiliate of the offeror), and the offeror within 120 days after the date of the take-over bid acquires pursuant to that offer not less than 90% of the Common Shares outstanding and issuable pursuant to the Exchangeable Securities, taken together (other than Common Shares and Common Shares issuable upon the exchange, conversion or exercise of any outstanding Exchangeable Securities held at the date of the take-over bid by or on behalf of or issuable to the offeror or associates or affiliates of the offeror), NPHI will be

required to convert its Class A Shares into Common Shares so that the offeror will have the right to compulsorily acquire such Common Shares.

In addition, if a special resolution of the holders of the Common Shares and Class A Shares, voting together, is passed to: (i) amend the Articles if the holders of the Common Shares and Class A Shares would be entitled to a class vote solely because the change is to (a) add to the rights or privileges of any class or series of shares having rights or privileges equal or superior to the Common Shares or Class A Shares or (b) make any class or series of shares equal to or superior to the Common Shares or Class A Shares; or (ii) approve an amalgamation or an arrangement which would have such effect, and such change does not affect the Class A Shares in a different manner from the Common Shares, then NPHI will cast its votes, or sign a written resolution in connection with such class vote in favour of the amendment to the Articles, the amalgamation or arrangement, as the case may be.

As of January 31, 2020, Mr. Temerty owns or has control or direction over less than 20% of the outstanding Common Shares and Class A Shares taken together. See “Description of Class A Shares” above.

MARKET FOR SECURITIES

The table below presents the reported monthly high and low trading prices and trading volumes of the Common Shares on the TSX during 2019:

Common Shares (TSX: “NPI”)	High	Low	Volume
January	\$24.11	\$21.58	8,819,594
February	\$25.21	\$23.46	10,918,340
March	\$26.21	\$22.90	18,308,936
April	\$24.05	\$23.14	16,206,318
May	\$25.48	\$23.65	14,539,449
June	\$25.82	\$24.65	11,696,320
July	\$26.32	\$25.08	9,484,760
August	\$25.73	\$24.79	8,834,872
September	\$25.90	\$23.89	18,447,669
October	\$26.56	\$25.15	14,320,464
November	\$28.07	\$25.56	11,945,030
December	\$28.13	\$26.97	7,590,362

The tables below present the monthly reported high and low trading prices and trading volumes of each series of preferred shares on the TSX during 2019:

Series 1 Preferred Shares (TSX: “NPI.PR.A”)	High	Low	Volume
January	\$17.29	\$15.74	98,898
February	\$16.50	\$15.70	156,314
March	\$16.14	\$15.58	144,473
April	\$16.15	\$15.80	72,934
May	\$16.15	\$15.50	44,131
June	\$15.57	\$14.75	40,283
July	\$15.88	\$15.10	33,024
August	\$15.44	\$13.40	174,843
September	\$15.31	\$14.15	38,777
October	\$14.87	\$13.69	174,159
November	\$15.11	\$14.40	125,338
December	\$15.91	\$14.10	123,083

Series 2 Preferred Shares (TSX: "NPI.PR.B")	High	Low	Volume
January	\$18.19	\$16.08	18,290
February	\$17.00	\$16.69	7,510
March	\$16.87	\$15.88	21,436
April	\$16.30	\$15.68	20,179
May	\$16.20	\$16.00	17,400
June	\$16.15	\$15.09	18,426
July	\$16.00	\$15.23	26,660
August	\$15.57	\$13.49	32,234
September	\$15.35	\$14.29	8,308
October	\$14.88	\$13.90	43,765
November	\$15.08	\$14.61	40,490
December	\$15.48	\$14.39	22,517

Series 3 Preferred Shares (TSX: "NPI.PR.C")	High	Low	Volume
January	\$21.22	\$19.50	48,549
February	\$20.84	\$20.40	37,918
March	\$20.83	\$20.11	141,763
April	\$20.63	\$20.02	72,722
May	\$20.02	\$19.12	48,876
June	\$19.50	\$18.35	39,458
July	\$19.56	\$18.96	77,621
August	\$19.40	\$17.04	90,579
September	\$19.40	\$18.49	52,619
October	\$18.88	\$17.69	87,150
November	\$18.92	\$18.37	107,725
December	\$19.24	\$18.35	104,227

The table below present the monthly reported high and low trading prices and trading volumes of the 2020 Debentures on the TSX during 2019:

2020 Debentures (TSX: "NPI.DB.C")	High	Low	Volume
January	\$113.50	\$106.40	36,240
February	\$119.06	\$112.53	49,050
March	\$122.98	\$111.00	14,710
April	\$113.00	\$108.67	7,570
May	\$117.25	\$111.18	7,340
June	\$119.00	\$115.24	30,070
July	\$121.75	\$116.48	12,150
August	\$120.13	\$116.49	14,500
September	\$118.88	\$112.00	8,910
October	\$123.50	\$117.18	33,548
November	\$130.00	\$121.67	116,810
December	\$130.30	\$125.49	57,095

The table below present the monthly reported high and low trading prices and trading volumes of the subscription receipts on the TSX during 2019:

Subscription Receipts (TSX: "NPI.R")	High	Low	Volume
September	\$25.25	\$23.94	3,110,213
October	\$26.35	\$24.81	1,156,768
November	\$27.95	\$25.51	364,608
December	\$28.13	\$26.55	354,768

RISK FACTORS

Northland's overall risk management approach seeks to mitigate risk, when economically feasible, in order to maintain stable predictable and sustainable cash flow to pay dividends to Shareholders.

The following are certain risk factors that affect Northland and its businesses. The following information is only a summary of such risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF and the MD&A included in the 2019 Annual Report.

Related to Ownership and Operation of Assets

Contracts

The majority of Northland's consolidated revenue is generated under long-term PPAs or revenue subsidy contracts at its facilities, with initial terms of 10 to 25 years, although the remaining PPA terms for certain facilities are considerably shorter.

As the facilities' PPAs expire, Northland may or may not be able to extend them or enter into new contracts or other revenue arrangements in the same or new markets. The renegotiation of certain contract provisions could entail capital investments for plant modifications and/or result in reduced facility profitability due to lower sales volumes, different operating modes or reduced margins. Northland may not be able to extend the existing PPAs or enter into new contracts or other revenue arrangements.

Contract Counterparties

The amount of cash flow received by Northland is dependent upon the counterparties to Northland's long-term contracts fulfilling their contractual obligations and energy market system operators fulfilling their regulatory obligations. In particular, because electricity sales provide nearly all of the revenue generated by Northland's facilities, the failure of a counterparty or system operator to meet its contractual or regulatory obligations would have an adverse effect on cash flow.

Northland's operating facilities contract with third-party equipment maintenance and service providers, primarily related to gas turbine and wind turbine inspections as well as equipment service and maintenance. The failure of provider to meet its obligations could cause that equipment to experience downtime or increased maintenance costs which could reduce cash flows.

Northland and its subsidiaries engage contractors and third-party suppliers for equipment and services during the construction of new facilities. The failure of a supplier to meet its obligations could cause Northland to experience construction delays and/or cost overruns. Failure could also prevent those projects from meeting obligations under PPAs or financing agreements. Multiple physical and contractual interfaces may also increase the risks to the facility from an overall project management perspective. Increase in risks related to multiple physical and contractual interfaces include risks pertaining to coordination, compatibility errors, liability caps, warranties on an individual work package basis, delays, cost overruns, performance failures and litigation.

Northland and its subsidiaries contract with partners to collaborate on development projects, including sharing development costs in agreed upon ratios. The failure of a partner to meet its obligations could cause Northland to take on additional credit exposure or make additional development expenditures to maintain the development project's status.

Financial counterparty risk arises primarily from holding cash and cash equivalents at banks and financial institutions; counterparty exposure arising from derivative financial instruments with banks, financial institutions and other derivative providers; unfunded credit commitments from banks and financial institutions; claims receivables due from insurance providers and receivables due from customers and other counterparties. The maximum financial exposure to counterparty risk, other

than for unfunded credit commitments, is equal to the carrying value of the financial assets. The inability of a financial counterparty to perform under agreements with Northland could have a material impact on Northland's assets, liabilities, earnings and/or cash flow.

Operating Performance

The contractual structure of the revenue agreements at Northland's operating subsidiaries requires them to operate based on certain contractual parameters, for example when requested by the offtaker or at minimum output or availability levels. If facilities are unable to operate according to their contractual parameters this could result in penalties or other financial impacts that could negatively impact financial results and cash flow.

North Battleford's PPA provides a monthly capacity-based payment that may be affected if North Battleford is unable to deliver minimum levels of electricity based on ambient temperatures specified. If North Battleford does not meet minimum delivered electricity targets it may be subject to a maximum annual penalty of \$15 million. SaskPower can terminate the PPA in certain circumstances in the event that North Battleford fails to perform certain of its obligations under the contract and claim damages in respect thereof.

Iroquois Falls' EDC includes provisions that would require the facility to generate under certain circumstances. If Iroquois Falls did not operate according to its contractual parameters, it would be subject to a decrease in revenue or associated penalties.

Thorold's PPA monthly revenue payments will be reduced if Thorold does not operate according to the terms and conditions in the PPA. Monthly revenue payments are also reduced based on the gross profit deemed under the PPA based on a structure that is meant to keep the facility neutral with respect to revenue earned from the combined PPA and market revenue. The facility's actual revenue may then be affected, positively or negatively, by the difference between gross profit deemed under the PPA compared to the actual gross profit Thorold earned from the Ontario electricity market. Thorold has historically operated at or above contractual levels, but there is a risk that external market factors or maintenance issues may reduce Thorold's ability to do so in the future.

Spy Hill's PPA provides a monthly availability payment that may be affected if Spy Hill is unable to meet minimum availability requirements. If Spy Hill does not meet the PPA minimum availability requirements it may be subject to a maximum annual penalty of \$4 million. Under the PPA agreement, SaskPower can terminate the PPA in certain circumstances in the event that Spy Hill fails to perform certain of its material obligations under the contract.

Jardin and Mont Louis' PPAs include financial penalties if the three-year rolling average production for each wind farm is less than a defined target. The penalty is calculated based on the shortfall from the target. In addition, there is a reduction in the electricity price for production that exceeds 120% of the target. There are no production obligations for the McLean's or Grand Bend wind facilities.

The solar facilities' PPAs do not contain production obligations that affect payments to the solar facilities beyond the loss of revenue from reduced production.

There are no minimum production obligations at the Gemini and Nordsee One offshore wind farms.

EBSA's rate regulated revenues earned for delivering electricity to customers are not subject to minimum operating performance metrics; however, poor performance on key service reliability indicators may negatively impact EBSA's reputation or future rate applications, reducing future cash flows. Key reliability indicators include System Average Interruption Frequency Index (**SAIFI**) and System Average Interruption Duration Index (**SAIDI**), which measure the frequency and duration, respectively, of interruptions in the power supply to customers.

Variability of Renewable Resources

The wind and solar resources at Northland's wind and solar farms will vary. Although management believes that the resource surveys and historical production data collected demonstrate that the sites are economically viable, historical data and technical predictions could prove not to reflect accurately the strength and consistency of the resources in the future.

Offshore Wind Concentration

Northland's consolidated financial results reflect profits and cash flows generated by a number of subsidiaries. Northland's consolidated results are significantly driven by the performance of its offshore wind farms, with over 50% of consolidated adjusted EBITDA and consolidated free cash flow generated by Gemini and Nordsee One. This will further increase with the expected commencement of operations of Deutsche Bucht in 2020.

Power Market Prices

Northland has market price risk exposure primarily at its offshore wind facilities. Gemini, Nordsee One and Deutsche Bucht are exposed to a degree of market price (merchant) risk to the extent the annual average day-ahead spot electricity price in their respective markets falls below the contractual floor price for Gemini or below zero for longer than six hours for Nordsee One and Deutsche Bucht. If this pricing differential remains for an extended period it could negatively affect financial results and cash flow. Additionally, production in excess of the annual Gemini Subsidy Cap earns revenue at wholesale market prices. Refer to *Description of Northland's Business* section in this AIF for additional information.

Northland is also exposed to merchant risk at facilities, such as Kingston, that do not have a fixed-price revenue contract.

Globally, competitive auction processes are increasingly demonstrating that developers are willing to accept significant merchant price risk in order to secure power projects. Northland has typically sought contracted cash flows. Should this industry trend continue, Northland may increasingly choose to enter into PPAs with commercial and industrial customers, accept greater revenue volatility, enter into shorter term contracts, enter into new geographical markets, pursue projects at an earlier stage of development or a combination thereof.

Natural Gas Fuel Supply, Transportation and Price

Certain natural-gas-fired facilities (and the biomass facility) owned or managed by Northland may be affected by the availability, or lack of availability, of a stable supply of fuel at reasonable or predictable prices. Although these facilities attempt to match fuel cost setting mechanisms in supply agreements to PPA energy payment formulas, increases in fuel costs or insufficient fuel supply can nonetheless adversely affect the profitability of the facilities.

The ability to produce energy at certain facilities is highly dependent on the ability to procure and transport fuel to the facility. Such facilities depend on suppliers fulfilling their contractual obligations under natural gas fuel supply and transportation agreements. The loss of significant fuel supply could have an adverse impact on the facilities' ability to produce electricity, reducing expected cash flow. To the extent possible, Northland's gas-fired facilities attempt to contract with creditworthy counterparties and/or source gas through index-based pricing from liquid trading hubs with potential alternate suppliers.

Upon the expiry or termination of existing fuel supply agreements, Northland will be required to either renegotiate these agreements or source fuel from other suppliers. Northland may not be able to renegotiate these agreements or enter into new agreements on similar or otherwise desirable terms.

Operations and Maintenance

Northland's power generation and utility facilities are subject to operational risks that could have an adverse effect on cash flow, including premature wear or failure of major equipment due to defects in design, material or workmanship or due to more stressful operating conditions. For EBSA, retirement of distribution equipment prior to the end of its rate regulated useful life reduces the rate base on which rate regulated revenues are calculated.

Utility Operating Costs

EBSA's ability to recover the actual costs of providing service and earn the allowed weighted average cost of capital depends on EBSA realizing the cost forecasts approved in the rate-setting process. Actual costs could exceed the approved forecasts if, for example, EBSA incurs operations, maintenance, administration, capital and financing costs above those included in EBSA's approved revenue requirement. EBSA may not be able to recover significant differences between forecast and actual costs, adversely affecting EBSA's financial results. In addition, EBSA's current revenue requirements are based on cost and other assumptions that may not materialize.

Permitting

All of Northland's facilities (both under construction or in operations) are required to maintain permits issued by governments and agencies that govern overall facility construction or operations and place limits on the discharge or use of air, noise, water and emissions, and other permitted parameters. If Northland is unable to renew existing permits or enter into new permits, then there may be adverse effects, such as loss of revenue and/or capital expenditures to enable long-term operations, potentially under different operating profiles.

Insurance

Northland procures insurance to address material insurable risks such as property damage, business interruption and liability. Insurance coverage decisions are based on what Northland believes would be maintained by a prudent manager/owner/operator of similar facilities or projects and certain contractual obligations. Northland reviews and benchmarks its insurance program annually, or as regularly required, to ensure terms and limits are at or above industry standards. Northland's insurance

is subject to deductibles, limits and exclusions that are customary or reasonable given the cost of procuring insurance, current operating conditions and insurance market conditions. Such insurance may not continue to be available or available at economically feasible costs. Some events that could give rise to a loss or liability may not be insurable, and the amounts of insurance may not be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the facilities, projects or Northland. Insurance coverage of project assets and facilities may be prescribed by project financing agreements and/or PPAs.

Reliance on Third Parties

In the normal course of business, and in addition to the reliance upon counterparties as described under the heading “Contract Counterparties” above, Northland routinely relies on third parties with respect to construction services and subsequently, operations and maintenance services during the operating phase of the project.

Reliance on Transportation and Distribution Infrastructure

Northland’s operations rely on assets such as transmission and distribution grids, towers and substations owned and operated by third-parties. These assets may be adversely affected by extreme weather events, mis-management, climate change and other factors, which Northland has little ability to control. Failure of transportation and distribution infrastructure on which Northland relies may prevent Northland from delivering electricity to contract counterparties, reducing cash flows.

Terrorism and Security

Northland’s physical and technological assets may be subject to acts of terrorism, vandalism or sabotage that prevent Northland from meeting its operational and contractual commitments, negatively affecting financial results. Additional expenditure may be required to restore damaged assets.

Health and Safety of Employees and the Public

Due to the nature of Northland’s assets, particularly its high voltage transmission and distribution infrastructure, there is a risk to the safety of employees and the public. EBSA’s distribution systems covers an extensive area, including highly populated and rural areas, where EBSA cannot fully control public access to its assets at all times. EBSA is required to operate and maintain its electric distribution system in a manner that enables the provision of safe and reliable utility service to customers and that will ensure the safety of employees, contractors and the general public. A significant health and safety incident may negatively affect Northland’s reputation, which may lead to loss of revenue, future opportunities, key employees, or customers.

Construction

There is a risk that delays and/or material cost overruns will be incurred in the course of the construction of Northland’s current and future development or expansion/upgrade projects. There is also a risk that a project under construction could be stopped or canceled and/or a contractor could fail to complete its contractual obligations. There is further risk that the projects, once constructed, will not immediately perform as intended. Any significant delays in construction, cost overruns, project cancellations, or project shortfalls as a result of construction activities may have an adverse impact on Northland’s operations and financial performance. For EBSA, delays in executing the capital investment projects approved in its rate application are factored into the calculation of future regulated rate revenues.

Development Prospects and Advanced Stage Development Projects

Northland incurs early-stage development costs before it can determine whether a prospective project is technically and financially feasible and before Northland has rights or ownership of the project. The nature of some of these expenditures is speculative. Northland may also be required to advance funds, enter into commitments and/or post performance bonds, parental guarantees or other security in the course of acquiring or developing prospects. There are a number of factors that could cause a prospective development project to fail, including: inability to secure favourable sites; inability to secure PPAs; failure to obtain permits, consents, licenses and approvals; increases in interest rates or unfavourable currency fluctuations; inability to acquire suitable equipment and construction services at a favourable price; inability to attract project financing, and the inability to mitigate other critical risks. Significant costs related to prospective development projects may be incurred in preparation for the associated bidding process and such costs may not be recovered if Northland fails to win the bid.

Northland pursues earlier-stage development prospects which are inherently riskier than late stage developments. In addition, increased competition in the industry and changes in the ways Northland’s customers procure power require the acceptance and management of increasing amounts of merchant price risk, technology development risk, and construction risks. If these risks manifest in a material manner, overall project returns could be adversely affected.

Projects may fail to reach financial close, and all investments, cost commitments and credit support provided up to that point, which could be material, may be lost or unrealizable. Factors that could cause an advanced stage development project to fail include: (i) failure to obtain permits, consents, licenses and approvals; (ii) increases in interest rates; (iii) inability to finalize equipment and construction contracts or services or financing agreements at economically viable levels; (iv) inability to obtain financing; (v) the inability to mitigate other critical risks; and/or, (vi) failure of a partner to meet its obligations with respect to the project.

Climate Change

Climate change may increase the potential for increased variability of renewable resources, resulting in higher variability of electricity production and financial results, across all time horizons. If there is reduced wind or solar resources, the underlying financial projections regarding the amount of electricity to be generated by the renewable farms may not be met, and cash flow and the ability to meet debt service obligations could be adversely affected.

Research on the impact of climate change on wind and solar patterns in areas of concentrated renewable power production, though growing, remains in early stages. Reliable information on localized impact for specific regions over the long-term is not yet available in today's climate change computer simulation models. Northland's concentration of offshore wind farms in the North Sea presents a performance and operating risk. Over the long-term, the effects of climate change and severe weather events may also change energy demand patterns and market prices in the regions where Northland operates to the benefit or detriment of Northland.

Natural Events

Northland's facilities and projects are exposed to the elements such as wind, water and in the case of the offshore wind projects, movement of the sea floor. They are also susceptible to extreme weather conditions and natural disasters such as hurricanes, tornadoes, lightning storms, icing events and in the case of distribution lines, fires. Extreme weather conditions and natural disasters can cause downtime, construction delays, production losses and/or damage to equipment. Natural events may also make it impossible for operations and maintenance crews to access the disabled equipment to deliver parts and provide services.

Northland is exposed to weather risk and subsurface risk during the construction and operation of its offshore wind farms. Northland attempts to mitigate these risks through the purchase of insurance and/or the inclusion of provisions under applicable construction agreements with contractors. However, insurance policies and/or construction agreements may not provide coverage for certain events, or coverage may be insufficient to compensate for all of the losses suffered by a project. Such insurance may not continue to be available at all or at economically feasible cost.

Acquisitions

Northland's growth strategy includes potential acquisitions of assets or companies. These acquisitions may not result in the anticipated benefits to Northland due to changes in results compared to those on which due diligence assessments were based, reliance on information provided by the seller, loss of key members of the acquired company's management team, identification of unexpected costs or liabilities of the acquired company, difficulties integrating the new assets or companies and other factors.

Related to Financing

Financing

Northland expects to employ non-recourse project financing to fund material portions of acquisitions, investments, refinancing, capital expenditures or expansion projects. However, there may not be sufficient capital available on acceptable terms. In addition, if a loan provided to a Northland subsidiary enters into default, this might cause Northland to lose its investment in the project.

Most of Northland's facilities and projects have construction or term loans or other financing arrangements in place with various lenders. These financing arrangements are typically secured by project assets and contracts, as well as Northland's equity interests in the project operating entity. The terms of these financing arrangements generally impose many covenants and obligations on the part of the project operating entity and other borrowers, guarantors and sponsors. In many cases, a default by any party under a project operating agreement (such as a PPA) will also constitute a default under the project's term loan or other financing arrangement. Failure to meet certain financial covenants, to comply with the terms of the term loans or financing arrangements, or the occurrence of an event of default, may prevent cash distributions by the project or the project operating entity and may entitle the lenders to demand repayment and enforce their security against project assets. In addition,

if an event of default occurs, lenders are entitled to take possession of the equity interests in project operating entities that have been pledged to such lenders by the sponsors. The interruption of cash distributions from a project or the loss of an equity interest in a project could have a material impact on Northland's financial results and cash flow.

Northland has historically financed its equity investment in new projects through a combination of one or more of: corporate funds, cash flow from operations, borrowings under its corporate credit facilities, and issuance of capital markets instruments such as convertible debentures, preferred shares and common equity. Sufficient capital may not be available on acceptable terms to fund such an investment. An increase in corporate leverage may result in a higher risk of a default if Northland is unable to comply with covenants and obligations required under the corporate financing documentation.

For EBSA, if the weighted average cost of capital realized through its financing arrangements exceed the weighted average cost of capital determined by the regulator to be reflective of the typical Colombian utility, EBSA's regulated revenues may not fully recover its cost of capital.

Interest Rates and Refinancing

Interest rate fluctuations are of particular concern to a capital-intensive industry such as the electricity infrastructure business. For instance, the credit spread portion of floating interest rate loans cannot be fixed beyond an initial term and could increase materially at loan maturity, thus reducing a project's cash flow. The ability to refinance, renew or extend debt instruments is dependent on the capital markets at the time of maturity, and the condition and prior performance of the asset, which may affect the availability, pricing or terms and conditions of replacement financing.

Northland generally hedges the interest rate on its corporate term facility borrowings, although interest rates remain variable on shorter-term borrowings under the revolving facility. Northland is also exposed to refinancing risk on its corporate credit facilities.

A significant rise in interest rates or credit spreads may materially increase the cost of Northland's development projects. This may potentially prevent certain opportunities from proceeding because the economics may no longer be feasible at higher rates, possibly resulting in asset impairment.

Liquidity

Liquidity risk arises through an excess of financial obligations over available financial assets at any point in time. Impairments in Northland's asset values or cash flows could result in Northland not having sufficient funds to settle a transaction on a due date; Northland could be forced to sell financial assets at a value that is less than what they are worth; or Northland could be unable to settle or recover a financial asset at all. Liquidity limitations may also prevent Northland from pursuing favourable development projects.

Northland is also subject to internal liquidity risk since it conducts its business activities through separate legal entities (subsidiaries and affiliates) and is dependent on receipts of cash from those entities to defray its corporate expenses (including corporate debt interest and principal payments) and to make dividend payments to Shareholders.

Credit Rating

Northland is currently rated BBB with a stable outlook by S&P. Certain projects with non-recourse project bonds have credit ratings by Dominion Bond Rating Service ("**DBRS**"). There is a risk that Northland's or its subsidiaries' credit ratings may be adversely affected by changes in ratings criteria or methodology, by adverse financial or operational performance, or by other factors. Any downgrade of or other adverse rating action affecting Northland could adversely affect the trading price of Northland securities or the trading markets for Northland securities, Northland's ability to obtain or maintain unsecured credit with various parties, and lender confidence. The risk of a negative credit rating action at a subsidiary could affect future lending considerations.

Currency Fluctuations

Northland receives payments in Euros in respect of the Gemini and Nordsee One wind farms and, in the future, the Deutsche Bucht project. Northland also has payment obligations in U.S. dollars, primarily related to the service agreements for gas turbines. Certain development expenses may also be denominated in U.S. dollars or other currencies, including the Euro, New Taiwan dollar, Mexican Peso and Japanese Yen. Northland also continues to explore new geographies which introduce additional currency exposures. Exchange rate fluctuations between the Euro or the U.S. dollar and the Canadian dollar may affect Northland's financial results and cash flow. In 2020, with the acquisition of EBSA and completion of the La Lucha project, fluctuations between the Colombian Peso or the Mexican Peso and the Canadian dollar may also affect Northland's financial results and cash flow.

Northland's development, construction and operating activities may utilize equipment purchased from foreign suppliers. Northland's risk management approach is to hedge such foreign exchange risks where economically feasible. However, fluctuations in exchange rates relative to the Canadian dollar could have a material impact on the cost of this equipment and thus have a negative impact on the feasibility of one or more of the projects. In addition, projects Northland is developing may require expenditures, advances, equity investments or provide project distributions that are denominated in foreign currencies. Fluctuations in exchange rates relative to the Canadian dollar could have a material impact on the amount of equity investment required or the Canadian dollar equivalent of project distributions which may have a negative impact on the feasibility of one or more development projects.

Variability of Cash Flow and Potential Impact on Dividends

The actual amount of cash flow to service dividends to Shareholders will depend on numerous factors, including the financial performance of Northland's subsidiary operations, ability to meet debt covenants and obligations, working capital requirements, future capital requirements, participation in the DRIP and tax related matters.

The payment and the amount of dividends declared, if any, are at the discretion of the Board and will depend on the Board's assessment of Northland's outlook for growth, capital expenditure requirements, funds from operations, potential opportunities, debt position and other conditions that the Board may consider relevant at such future time, including applicable restrictions that may be imposed under Northland's credit facilities and on the ability of Northland to pay dividends. The amount of future cash dividends, if any, could also vary depending on adverse impacts from a variety of factors, including fluctuations in energy prices, capital expenditure requirements, debt service requirements, operating costs and foreign exchange rates. The market value of the Common Shares may decline if Northland's cash dividends decline in the future and that market value decline may be material.

Taxes

Income and sales tax laws in the jurisdictions in which Northland and its subsidiaries do business could change in a manner that adversely affects Northland and its shareholders. Northland is also subject to various uncertainties concerning the interpretation and application of domestic and international laws that could affect its profitability and cash flows. Whenever possible, Northland negotiates change-in-law provisions in its contracts that include sales tax to limit the negative impact of such changes.

Related to Regulations and Compliance

Environmental, Health and Safety

Northland's facilities are subject to numerous and significant laws, including statutes, regulations, bylaws, guidelines, policies, directives and other requirements governing or relating to, among other things: air emissions; the storage, handling, use, transportation and distribution of dangerous goods and hazardous and residual materials, such as chemicals; the prevention of releases of hazardous or other unsuitable materials into the environment; the prevention, presence and remediation of hazardous materials in soil and groundwater, both on- and off-site; land use and zoning matters; workers' and public health and safety matters; and matters relating to the protection of migratory birds and endangered species. The operation of the facilities carries an inherent risk of environmental, health and safety liabilities (including potential civil actions, compliance or remediation orders, fines and other penalties) and may result in the facilities being involved from time to time in administrative and judicial proceedings relating to such matters, which could have a materially adverse effect on Northland's business, financial condition and results of operations.

All of Northland's combustion generating equipment is designed to produce air contaminant emissions below applicable permit limits. As the greenhouse effect's impact on climate change has raised environmental concern, certain jurisdictions have implemented legislation or regulations to regulate greenhouse gas (GHG) emissions. Although the Ontario government rescinded the previous cap-and-trade program intended to limit GHG emissions in 2018, the government has updated emissions performance standards in 2019 that place a limit on emissions by industrial facilities. Saskatchewan has also legislated restrictions on GHG emissions, but excluded the electricity sector from its main program. In the absence of a provincial GHG program, the Canadian government imposed a federal GHG program, which came into effect January 1, 2019. Regardless of which provincial or federal GHG program is applicable, the financial exposure at most of Northland's thermal facilities is minimal either because it has been reduced by restructuring the PPAs to allow a pass through of compliance costs as part of the daily electricity price bid for facilities or because the existing PPAs already allowed for recovery of compliance costs from the counterparty.

Although management believes the operation of each of the facilities is currently in material compliance with applicable environmental laws, licenses, permits and other authorizations required for the operation of the facilities and although there are environmental monitoring and reporting systems in place with respect to all facilities, more stringent laws or regulations may be imposed, there may be more stringent enforcement of applicable laws or that such systems may fail, which may result in material expenditures or fines. Failure by the facilities to comply with any environmental, health or safety requirements or increases in the cost of such compliance, which could be a result of unanticipated liabilities or expenditures for investigation, assessment, remediation or prevention, could possibly result in additional expenses, capital expenditures, restrictions and delays in the facilities' activities, the extent of which cannot be predicted.

Reliability and Market Compliance

Northland continues to develop its Compliance Framework and has established an Internal Compliance Program (ICP) for its North American power generation activities. Northland continuously works to maintain its compliance with regulators such as the North American Electric Reliability Corporation (NERC) and regional market operators (e.g. Independent Electricity System Operator in Ontario). Compliance with regulatory standards and regional market rules may cause modest increases in facility operating costs to maintain compliance. Instances of significant non-compliance could result in a financial penalty, and, in worst case scenarios, removal from the power system until the violation has been remedied.

As at December 31, 2019, Northland remains in good standing with market regulators regarding its compliance with the various market rules and regulations.

Government Regulations and Policy

Northland and its development and construction projects, and operating facilities are subject to policies, laws and regulations, established by various levels of government and government agencies. These are subject to change by the governments or their agencies or the courts and are administered by agencies that may have discretion in their interpretation. Future legal and regulatory changes or interpretations may have a material effect on Northland, its development prospects, its development and construction projects, and its operating facilities.

With the growing scrutiny of environmental impacts of business activities, Northland faces the risk of increased costs for regulatory compliance such as carbon pricing programs for natural gas fired thermal facilities, maintenance of air and water quality standards, limiting greenhouse gas emissions and costs of compliance during the construction phase.

Utility Rate Regulation

As a rate regulated utility, EBSA's revenues are based on rate application decisions made by CREG. EBSA is subject to the risk that CREG will not approve rate-regulated tariffs requested by EBSA in future applications. Withheld or unfavourable rate application decisions may limit EBSA's ability to reinvest capital through approved investment projects that grow rate base or prevent recovery of all costs incurred in operations, negatively affecting future cash flow.

CREG approves and periodically changes the rate-setting models and methodology for the utility businesses. Changes to the application type, filing requirements, tariff-setting methodology, or revenue requirement determination may have a negative impact on EBSA's revenue and net income.

International Activities

Northland's activities outside of Canada are subject to risks inherent in undertaking international activities. These risks could involve matters arising out of the policies of foreign governments, imposition of special taxes or similar charges by government bodies, restrictions on carrying on business or the revocation or non-issuance of licenses to carry on business by a foreign government, foreign exchange fluctuations and controls, civil disturbances and deprivation or unenforceability of contract rights or the taking of property without fair compensation. Foreign properties, operations and investments may be adversely affected by local political and economic developments, including nationalization, laws affecting foreign ownership, government participation, royalties, duties, rates of exchange, exchange controls, currency fluctuation, taxation and new laws or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation.

Cybersecurity, Data Protection and Reliance on Information Technology

Northland's business activities rely to a high degree on information technology and systems for business operations, remote monitoring and controlling of assets, communicating with regulatory agencies, energy markets and customers, financial management and human resource systems, amongst others.

A system failure, loss of data, cybersecurity incident or breach could result in disruption of business activities, operational delays and downtimes, information losses, significant remediation costs, increased cybersecurity costs, lost revenues,

diminished competitive advantage, penalties for non-compliance with privacy and security laws, effectiveness of controls over financial reporting, litigation and reputational harm affecting customer, employee and investor confidence, which could materially adversely affect Northland's business, financial condition, and operating results. Losses may be incurred related to these factors beyond the limits or coverage of current insurance and existing provisions for such losses may not be sufficient to cover the ultimate loss or expenditure.

Northland must comply to the data privacy laws in each of the jurisdictions it operates in, such as Canadian privacy laws including the Personal Information Protection and Electronic Documents Act (PIPEDA) and Freedom of Information and Protection of Privacy Act (FIPPA) as well as the General Data Protection Regulation (GDPR) in the European Union. These data privacy laws have expanded in recent years, leading to increased obligations, and fines for breaches of privacy laws have increased. Northland may incur additional costs to maintain compliance or significant financial penalties in the event of a breach.

The Audit Committee is responsible for the oversight of the Company's cybersecurity and data protection protocols and implementation as related to the business and operational systems. Under the Audit Committee's supervision, management maintains a disaster recovery plan, technical and process controls, enforcement and comprehensive monitoring of systems and networks designed to prevent, detect and respond to unauthorized activity in the Company's systems. Protocols are also in place for annual awareness training for all employees on data privacy and protection, while access to personal data is controlled through physical as well as IT security mechanisms.

Northland's customers, counterparties, business partners, employees and suppliers also face risks of unauthorized access to their information systems that may contain information related to the Company. Northland has not experienced a cybersecurity attack of a material nature to date. However, considering the growing sophistication of attacks, the complexity and evolving nature of the threats, as well as the unpredictability of timing, nature and scope of disruptions from such threats, measures taken by Northland may be insufficient to counter any such unauthorized access to information systems, or that measures are sufficient to avoid, or mitigate the impact of, a system failure.

Related to Organization and Structure

Relationship with Stakeholders

Certain joint venture partners, stakeholders or communities with which Northland has arrangements may have, or may develop, interests or objectives which are different from or even in conflict with those of Northland. Any such differences could lead to development, construction or operations issues that could negatively impact the success of Northland's projects. The Company is sometimes required through the permitting and approval process to notify, consult and/or accommodate and obtain consent from various stakeholder groups, including landowners, indigenous or aboriginal peoples and municipalities. Any unforeseen delays or issues in this process may negatively impact Northland's ability to complete any given project on time or at all.

Employee Retention and Labour Relations

Northland's senior management and other key employees play a significant role in its success. The loss of the services of any of these persons for any reason could negatively impact Northland's business and operations. Further, the loss of any of our key employees could be negatively perceived in the capital markets. Recruiting and retaining qualified personnel is critical to our success. Management may not be able to retain these personnel on acceptable terms given the competition among companies for similar personnel.

In the event of a labour disruption such as a strike or lockout, the ability of Northland's facilities to generate income may be impaired. Employees at Iroquois Falls and Kirkland Lake are unionized. A large portion of EBSA employees are also unionized but do not have the right to strike. In the event of a strike or lock-out, the ability of the affected facilities to operate may be limited and their ability to generate cash available for distribution may be impaired, negatively impacting Northland's results. Employees at Northland's other facilities are not unionized.

Reputation

Northland's reputation is important to its continued success. There is a risk that events could occur, or be alleged to have occurred, that could affect how the general public, governments, counterparties, employees or other stakeholders of Northland perceive the Company. Negative impacts from a weakened or compromised reputation could result in loss of revenue, loss of future opportunity or loss of key employees, any of which could adversely affect Northland.

The actions of employees, when not sanctioned or expressly contrary to Northland policies, could harm Northland's reputation, and result in potential liability for Northland.

Co-ownership

Northland relies on other investors in its non-wholly owned subsidiaries, including Gemini, Nordsee One, Kirkland Lake, Grand Bend, McLean's and Cochrane Solar, to fulfill their commitments and obligations in respect of the project/facility. There is a risk that one or more other investors will be unable or unwilling to fulfill its obligations in respect of the project/facility. In such a case, the facility's operations may be adversely affected and therefore Northland's cash flows from the project could be negatively affected.

Bribery and Corruption

Northland's activities are subject to risks associated with potentially unauthorized payments to government officials (domestic or foreign) in order to obtain an expedited or a favourable outcome to a permit, approval, action or similar requirement of a government official. All such unauthorized payments to government officials (domestic or foreign) would be in contravention of Northland's anti-corruption/anti-bribery policy ("**ABAC Policy**"). The ABAC Policy includes ongoing employee and contractor education and training, due diligence on third-party service providers and business partners, and anti-corruption and anti-bribery contract provisions with third-parties as a condition of doing business with Northland.

Legal Contingencies

Northland and its subsidiaries may be named as a defendant in various claims and legal actions. Refer to "Legal Proceedings and Regulatory Actions" for further information.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Litigation, claims and regulatory issues and proceedings arise from time to time in the ordinary course of business for Northland. To the knowledge of Northland, there is no currently outstanding litigation, claim or regulatory proceeding involving Northland that is expected to be material to Northland.

BOARD OF DIRECTORS AND OFFICERS OF NORTHLAND

The following table presents the members of the Board of Directors, their principal occupations during the five preceding years and the year they first became Trustees/Directors. Each Director is appointed to serve until the next annual meeting of Shareholders or until his or her successor is elected or appointed.

Name and residence	Positions held at Northland	Director since ⁽¹⁾	Principal occupation(s) during the past five years
John W. Brace ⁽⁵⁾ Ontario, Canada	Chair and Director ⁽⁹⁾	2018	Corporate Director; <i>prior to August 2018</i> , Chief Executive Officer of Northland
Russell Goodman ⁽²⁾⁽³⁾⁽⁵⁾⁽⁶⁾ Québec, Canada	Lead Director	2014	Corporate Director; <i>formerly</i> Partner at PricewaterhouseCoopers LLP
James C. Temerty C.M. Ontario, Canada	Director ⁽⁹⁾	1997	Corporate Director of Northland; <i>prior to December 2019</i> , Chair of Northland
Linda L. Bertoldi ⁽²⁾⁽⁴⁾ Ontario, Canada	Director	2010	Corporate Director; <i>formerly</i> Senior Counsel, Borden Ladner Gervais LLP
Dr. Marie Bountrogianni ⁽²⁾⁽⁴⁾⁽⁷⁾ Ontario, Canada	Director	2009	Corporate Director; <i>formerly</i> Dean of the Chang School of Continuing Education at Ryerson University
Barry Gilmour ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁸⁾ Ontario, Canada	Director	2014	Corporate Director; <i>formerly</i> Group Head, Technology and Operations, Bank of Montreal Financial Group
Keith Halbert ⁽²⁾⁽³⁾⁽⁴⁾ Ontario, Canada	Director	2019	Corporate Director; <i>formerly</i> Chief Financial Officer of Clearstream Energy Services

(1) Includes service under Northland's predecessor, Northland Power Income Fund and its subsidiary.

(2) Independent Director.

(3) Member of the Audit Committee.

(4) Member of Governance and Nominating Committee.

(5) Member of Compensation Committee.

(6) Chair of Audit Committee.

(7) Chair of the Governance and Nominating Committee

(8) Chair of Compensation Committee.

(9) Mr. Temerty was Chair of Northland until December 13, 2019.

The following table presents Northland's executive officers, their positions held with the Company and their principal occupations during the past five years.

Name and residence	Position held	Principal occupation(s) during the past five years
Mike Crawley Ontario, Canada	President and Chief Executive Officer	President and Chief Executive Officer of Northland; <i>prior to August 2018</i> , Executive Vice President, Development of Northland; <i>prior to July 2015</i> , President, Engie Canada (<i>formerly</i> GDF Suez Canada)
Paul J. Bradley Ontario, Canada	Chief Financial Officer	Chief Financial Officer of Northland
Troy Patton Ontario, Canada	Chief Operations Officer	Chief Operations Officer of Northland; <i>prior to September 2017</i> , Chief Executive Officer of Northern Power Systems
Morten Melin Midtjylland, Denmark	Executive Vice President, Construction	Executive Vice President, Construction of Northland; <i>prior to August 2017</i> , Vice President, Engineering, Procurement & Construction of Ørsted
David Povall Ontario, Canada	Executive Vice President, Development	Executive Vice President, Development of Northland; <i>prior to October 2019</i> , Chief Executive Officer of Acacia Renewables; <i>prior to January 2017</i> , Chief Executive Officer of RES Asia-Pacific
Michael D. Shadbolt Ontario, Canada	Vice President and General Counsel	Vice President and General Counsel of Northland

Share Ownership

As of January 31, 2020, 21,940,644 Common Shares, representing 11.3% (2018 - 33.2%) of the total outstanding Common Shares, were beneficially owned, directly or indirectly, or controlled by the Directors and executive officers of the Company. Including Class A Shares, 11.8% (2018 - 33.5%) of all voting rights of the Company were owned, directly or indirectly, or controlled by Directors and executive officers of the Company.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To the knowledge of Northland and other than as described below, none of the directors or executive officers of Northland: (a) is, as at the date of this AIF, or has been, within the 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that: (i) was subject to a cease trade order (or similar order) issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order (or similar order) issued after the person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; (b) is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the person.

While Mr. Patton was chief executive officer of Northern Power Systems Corp. (“**Northern Power**”), he and Northern Power chief financial officer were the subject of a management cease trade order followed by a cease trade order issued by the Ontario Securities Commission as a result of failure by Northern Power to file, by the statutory deadline, audited financial statements and related annual filings for the year ended December 31, 2015. The failure arose as a result of an error in the timing of recognizing revenue for wind turbine sales resulting in the necessity to restate Northern Power’s financial statements. The financial statements were subsequently filed and the cease trade orders lifted.

To the knowledge of the Company, none of the Directors or executive officers of Northland, nor any shareholder holding a sufficient number of securities of Northland to affect materially the control of Northland: (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed in this Annual Information Form, none of the Directors or executive officers of Northland, or any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of Northland’s outstanding voting securities, or any associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Northland.

AUDIT COMMITTEE

The Board has established an Audit Committee composed of Messrs. Goodman, Halbert and Gilmour, all of whom are independent, as defined in National Instrument 52-110 *Audit Committees* (the “**Audit Committee Rule**”). The Audit Committee meets with representatives of management to discuss internal controls, financial reporting issues, risk management, and auditing matters related to Northland. The Board has adopted an Audit Committee Charter which sets out terms of reference for the Audit Committee consistent with the Audit Committee Rule. The Audit Committee Charter is attached as Schedule “A” to this Annual Information Form.

All of the members of the Audit Committee are financially literate and the Board has determined that all members of the Audit Committee are independent - in each case as required by the Audit Committee Rule. The relevant experience of each of the Audit Committee members is as follows:

Russell Goodman (Chair) - Mr. Goodman is a Chartered Professional Accountant who is a director and Chair of Audit Committees of Gildan Activewear Inc. and Metro Inc. Previously, Mr. Goodman was a partner for 24 years at PricewaterhouseCoopers LLP and Price Waterhouse LLP.

Barry Gilmour - Mr. Gilmour is a former senior executive from the Bank of Montreal Financial Group (BMO). Prior to his retirement, Mr. Gilmour was Group Head, Technology and Operations at BMO.

Keith Halbert - Mr. Halbert is a Chartered Professional Accountant and a member of the Institute of Corporate Directors. Mr. Halbert is a former Chief Financial Officer of ClearStream Energy Services Inc. (formerly Tuckamore Capital Management Inc.) and has an extensive background in the environmental, oil and gas, technology, and financial services sectors.

The Audit Committee is required to approve all audit services and pre-approve all non-audit services provided to Northland by its external auditor. Fees paid by Northland to its external auditors, Ernst & Young LLP are disclosed below. The Audit Committee discusses fee changes with the external auditor. Audit fees increased in 2019 compared to 2018 due to additional corporate accounting activity and audit services related to prospectus filings.

The Audit Committee is involved in assessing the qualifications of the external auditor and their work quality as well as selecting the lead audit partner. To assess the qualifications of the external auditor, the Audit Committee considers a variety of factors, including: independence; content, timeliness and practicality of communications with management and the Audit Committee; adequacy of information provided on accounting issues, auditing issues and applicable regulatory developments; timeliness, accuracy and completeness of all services; management feedback; and lead partner performance. The Audit Committee considers the materiality of any non-audit fees and services when assessing auditor independence. The Audit Committee completes a formal assessment of the external auditors on an annual basis.

During the year ended December 31, 2019, topics discussed by the Audit Committee and external auditor focused on areas of significant judgment and estimates, such as the accounting treatment of project development costs, as well as the implementation of new accounting standards, specifically IFRS 16 “Leases”.

A copy of the Audit Committee Charter is included as Schedule “A” and is filed on SEDAR and can be reviewed and obtained from www.sedar.com under Northland’s profile.

AUDITORS

Ernst & Young LLP, Chartered Accountants, Ernst & Young Tower, 100 Adelaide Street West, PO Box 1, Toronto, Ontario are the auditors of Northland. Ernst & Young LLP is independent in accordance with the rules of professional conduct of the various provincial institutes of chartered accountants.

Audit and Other Fees

For the years ended December 31, 2019 and 2018, Ernst & Young LLP were paid by Northland and its subsidiaries, approximately \$2.1 million and \$1.8 million, respectively, as detailed below, for services to the Company and its wholly owned subsidiaries.

For year ended December 31,		2019	2018
<i>in thousands</i>			
Assurance and related services fees	\$	1,949	\$ 1,701
All other fees ⁽¹⁾		132	72
Total	\$	2,081	\$ 1,773

(1) Includes fees for translation services.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares, 2020 Debentures, Series 1 Preferred Shares, Series 2 Preferred Shares and Series 3 Preferred Shares of Northland is Computershare, 100 University Avenue, Toronto, Ontario.

ADDITIONAL INFORMATION

Additional information relating to Northland may be found on SEDAR at www.sedar.com under Northland's profile. Additional information, including directors' and officers' remuneration and indebtedness, and principal holders of Common Shares, is contained in Northland's Management Information Circular filed in connection with the Annual Meeting of Common Shareholders currently scheduled for May 22, 2020.

Additional financial information is provided in the 2019 Annual Report, including the MD&A therein.

Contact:

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GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Information Form.

“2019 Debentures” means the 5.00% convertible unsecured subordinated debentures, Series B of Northland, redeemed on December 21, 2018.

“2020 Debentures” means the 4.75% convertible unsecured subordinated debentures, Series C of Northland due June 30, 2020.

“Annual Information Form” or **“AIF”** means Northland’s annual information form for the year ended December 31, 2019.

“Annual Report” means Northland’s annual report for the year ended December 31, 2019.

“Articles” means the Articles of Amalgamation of the Company as currently in effect.

“Audit Committee Rule” means National Instrument 52-110 Audit Committees.

“Board of Directors” or **“Board”** means the board of directors of Northland.

“Class A Shares” means the Class A shares in the capital of Northland.

“Cochrane” means Cochrane Power Corporation.

“Cochrane Solar” includes four ground-mounted solar facilities: Northland Power Solar Long Lake LP, Northland Power Solar Empire LP, Northland Power Solar Martin’s Meadows LP and Northland Power Solar Abitibi LP, in which Northland has a 62.5% ownership.

“Common Shares” means the common shares in the capital of Northland.

“Common Shareholders” means the holders of the Common Shares.

“Company” or the **“Corporation”** or **“Northland”** means Northland Power Inc.

“Computershare” means Computershare Trust Company of Canada.

“Convertible Debenture Indenture” means the trust indenture dated August 26, 2004, as amended and restated as of October 14, 2009, as supplemented by a first supplemental indenture dated October 15, 2009, as supplemented by a second supplemental indenture dated January 1, 2011, as supplemented by a third supplemental indenture dated March 5, 2014 and as supplemented by a fourth supplemental indenture dated January 22, 2015, between Northland and Computershare in its capacity as trustee under the Convertible Debenture Indenture.

“CDS” means Canadian Depository for Securities.

“CEL” means clean energy certificates or *Certificado de Energía Limpias*.

“CREG” means the Colombian energy and utility regulator, Comisión de Regulación de Energía y Gas.

“Debenture” means debentures issued pursuant to the Convertible Debenture Indenture.

“Deutsche Bucht” or **“DeBu”** means the 269 MW offshore wind project currently under construction located 100 km west of the city of Emden in German territorial waters.

“DRIP” means the dividend reinvestment plan.

“DSCR” means debt service coverage ratio.

“EBITDA” means earnings before interest, taxes, depreciation and amortization, as adjusted.

“EBSA” means Empresa de Energía de Boyacá, a Colombian regulated utility that holds the sole franchise rights for electricity distribution in the Boyacá region of Colombia and is an electricity retailer for the regulated residential sector in the region in which Northland has a 99.2% ownership.

“EBSA Acquisition” means the 99.2% interest in the Colombian regulated power distribution utility, Empresa de Energía de Boyacá S.A.E.S.P, acquired for a total purchase price of COP 2,412 billion including existing debt of COP 550 billion (approximately \$219 million).

“EDC” means an enhanced dispatch contract.

“EURIBOR” means the euro interbank offered rate.

“Exchangeable Securities” means securities that are convertible into or exchangeable for Common Shares without the payment of additional consideration.

“final completion” means the end of construction of a project and the start of commercial operations.

“financial close” means full equity commitment by Northland and debt commitment by the project debt lenders.

“First Nations” means the aboriginal tribes or nations located in Ontario, including, as applicable, the Taykwa Tagamou Nation and Wahgoshig First Nation, the Giiwedini Noodin First Nation, Aamjiwnaang First Nation and Bkejwanong Territory (Walpole Island First Nation) and United Chiefs and Councils of Mnidoo Mnising First Nation.

“FIT” means Feed-in Tariff.

“Gemini Offshore Wind Farm” or **“Gemini”** means the 600 MW offshore wind farm located 85 km off the North East coast of the Netherlands.

“GHG” means greenhouse gas.

“Grand Bend” means collectively the Grand Bend LP and Grand Bend Wind Farm.

“Grand Bend LP” means the Grand Bend Wind L.P., which owns the Grand Bend Wind Farm.

“Grand Bend Wind Farm” means the 100 MW wind project located in Grand Bend, Ontario.

“Hydro-Québec” means Hydro-Québec, a Québec Crown Corporation.

“IESO” means the Independent Electricity System Operator for Ontario.

“IFRS” means International Financial Reporting Standards.

“Iroquois Falls” means collectively Iroquois Falls Power Corp. and the Iroquois Falls Facility.

“Iroquois Falls Facility” means the 120 MW natural-gas fired Cogeneration facility located in Iroquois Falls, Ontario, and all ancillary assets.

“Jardin” means collectively the Jardin d’Éole Facility and Jardin LP.

“Jardin d’Éole Facility” or **“Jardin Wind Farm”** means the 133 MW wind farm located near the municipalities of Saint-Ulric, Saint-Léandre and Matane, Québec.

“Jardin LP” means Saint-Ulric Saint-Léandre Wind L.P., a Québec limited partnership which owns the Jardin d’Éole Facility.

“Kingston” means collectively the Kingston Facility and Kingston LP.

“Kingston Facility” means the 110 MW electricity and steam generating facility and all ancillary assets located near Kingston, Ontario and owned by Kingston LP.

“Kingston LP” means Kingston CoGen Limited Partnership, a limited partnership established pursuant to the laws of Ontario.

“Kirkland Lake” means collectively Kirkland Lake Power Corp., and the Kirkland Lake Facility.

“Kirkland Lake Facility” means the 102 MW baseload power plant and a 30 MW peaking facility near Kirkland Lake, Ontario owned by Kirkland Lake Power Corp.

“La Lucha” means the 130 MW solar project located in the State of Durango, Mexico.

“LIBOR” means the London interbank offered rate.

“LTSA” means a long-term service agreement for the ongoing maintenance and service on wind turbines and related equipment typically with the original equipment manufacturer primarily at onshore wind facilities.

“McLean’s” means collectively McLean’s LP and McLean’s Mountain Wind Farm.

“McLean’s LP” means McLean’s Mountain Wind L.P.; a 50-50 partnership between Northland and the United Chiefs and Councils of Mnidoo Mnising First Nations.

“McLean’s Mountain Wind Farm” means the 60 MW wind farm located on Manitoulin Island, Ontario and owned by McLean’s LP.

“Mont Louis” means collectively Mont Louis LP and Mont Louis Wind Farm.

“Mont Louis LP” means Mont-Louis Wind L.P., which owns the Mont Louis Wind Farm.

“Mont Louis Wind Farm” means the 101 MW wind farm located near the town of Mont Louis in the Gaspé region of Québec.

“MW” means 1,000 kilowatts of electrical energy.

“MWh” means 1,000 kilowatt hours of electrical energy.

“Nordsee One” means Nordsee One GmbH, which owns Nordsee One and relates to the 332 MW (282 MW net interest to Northland) offshore wind farm located in the North Sea, 40 km north of Juist Island in German territorial waters.

“North Battleford” means collectively North Battleford LP and North Battleford Facility.

“North Battleford Facility” means the 260 MW electricity generating facility located near North Battleford, Saskatchewan and owned by North Battleford LP.

“North Battleford LP” means North Battleford Power L.P., a limited partnership established pursuant to the laws of Ontario.

“NPHI” means Northland Power Holdings Inc., an Ontario corporation controlled by James C. Temerty.

“NPHI-held Common Shares” means those Common Shares held by NPHI and/or James C. Temerty for which NPHI has provided to the Board such reasonable evidence as the Board may require regarding the ownership of the Common Shares held by NPHI and James C. Temerty together with an undertaking from the registered holder thereof not to exercise the voting rights attached to such Common Shares in connection with the election of directors (for the purpose of this definition, Common Shares are considered held by a person if that person has beneficial ownership of, or control and direction over, such Common Shares);

“OEF” means Ontario Electricity Financial Corporation, the successor to Ontario Hydro as continued by the *Electricity Act, 1998* (Ontario) that holds all rights, obligations and liabilities related to the Iroquois Falls Power Purchase Agreement, and the Kirkland Lake Power Purchase Agreement.

“PPA” means a power purchase agreement.

“Preferred Shares” means collectively Series 1 Preferred Shares, Series 2 Preferred Shares, Series 3 Preferred Shares, and Series 4 Preferred Shares.

“Qualified Supplier” means Qualified Electricity Service Supplier (*Suministrador de Servicios Calificados*) that provides retail electricity services at unregulated price and commercial terms, subject to minimum general terms and conditions enacted by the Energy Regulatory Commission.

“Qualified Users” means end-users with aggregate peak demand of at least 1 MW.

“REDA” means the Renewable Energy Development Act passed in Taiwan in 2009.

“SaskPower” means Saskatchewan Power Corporation.

“SDE” means *Stimulerende Duurzame Energieproductie* in Dutch, which subsidizes the difference between the production costs of ‘green’ energy and ‘grey’ energy for 5, 12 or 15 years depending on the technology, in the form of a subsidy per kilowatt-hour of energy produced.

“Senior Indebtedness” means all direct indebtedness of Northland (whether outstanding as at the date of the Convertible Debenture Indenture or thereafter incurred) which, by the terms of the instrument creating or evidencing the indebtedness, is not expressed to be pari passu with, or subordinate in right of payment to, the Debentures.

“Series 1 Preferred Shares” means the cumulative rate reset preferred shares, series 1 in the capital of Northland.

“Series 2 Preferred Shares” means the cumulative floating rate preferred shares, series 2 in the capital of Northland.

“Series 3 Preferred Shares” means the cumulative rate reset preferred shares, series 3 in the capital of Northland.

“Series 4 Preferred Shares” means the cumulative floating rate preferred shares, series 4 in the capital of Northland.

“Shareholders” means Common Shareholders and the holder of Class A Shares.

“Solar” includes nine ground-mounted solar facilities in Eastern and Central Ontario; Northland Power Solar Crosby LP, Northland Power Solar McCann GP LP, Northland Power Solar Rideau Lakes LP, Northland Power Solar Burks Fall East LP, Northland Power Solar Belleville North LP, Northland Power Solar Belleville South LP, Northland Power Solar Glendale LP, Northland Power Solar North Burgess LP, Northland Power Solar Burks Falls West LP, which are fully-owned by the Company.

“Spy Hill” means collectively the Spy Hill Facility and Spy Hill LP.

“Spy Hill Facility” means the 86 MW electricity generating facility located near Spy Hill, Saskatchewan and owned by Spy Hill LP.

“Spy Hill LP” means Spy Hill Power L.P., a limited partnership established pursuant to the laws of Ontario.

“Standard & Poor’s” or **“S&P”** means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies (Canada) Corporation.

“Taipower” means Taiwan Power Company Limited. [defined pg 4 and 8]

“Tax Act” means the *Income Tax Act* (Canada) and the regulations thereunder.

“Temerty Entity” includes The Temerty Family Foundation, the spouse of James C. Temerty, a child of James C. Temerty or the estate of James C. Temerty;

“Temerty Entity Held Common Shares” means those Common Shares held by a Temerty Entity for which NPHI has provided to the Board such reasonable evidence as the Board may require regarding the ownership of the Common Shares held by Temerty Entities together with an undertaking from the registered owners thereof not to exercise the voting rights attached to such Common Shares in connection with the election of directors (for the purpose of this definition, Common Shares are considered held by a person if that person has beneficial ownership of, or control and direction over, such Common Shares);

“Thorold” means collectively Thorold LP and the Thorold Facility.

“Thorold LP” means Thorold CoGen LP, an Ontario limited partnership which owns the Thorold Facility.

“Thorold Facility” means the 265 MW cogeneration facility owned by Thorold LP located in Thorold, Ontario, 120 kilometres southwest of Toronto near the US border.

“TSX” means the Toronto Stock Exchange.

“Voting Shares” means Common Shares and the Class A Shares.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

SCHEDULE “A”

Audit Committee Charter of Northland Power Inc.

Purpose of the Audit Committee

The Audit Committee (the “**Committee**”) is appointed by the Board of Directors (the “**Board**”) to assist the Board in fulfilling its oversight responsibilities for Northland Power Inc. (the “**Corporation**”) with respect to the accounting and financial reporting requirements, the systems of internal controls, management information systems, risks and risk management, the external audit, and monitoring compliance with laws and regulations applicable to the Corporation, any other corporations, trusts, partnerships or other entities which may be owned or controlled by the Corporation (the “**Entities**”).

The Audit Committee shall also report the results of its activities to the Board.

The Audit Committee shall also report its recommendations to the Board with respect to the financial statements and other certifications and filings of the Corporation, the appointment of auditors and the compensation of the auditors.

Meetings and Procedures

The Audit Committee shall meet at least four times a year or more frequently if necessary.

Meetings of the Audit Committee may be held at the call of the Chair of the Committee (the “**Chair**”) or upon request by two members on two days’ prior notice to all members or, by agreement of all members of the Committee, without notice and may be held at the offices of the Corporation or at such other location as the Chair may determine. Meetings may also be held by conference telephone call where all members of the Committee can hear each other. A quorum for all meetings of the Audit Committee shall be two members. The Chair shall be responsible for agendas for the Committee and agendas and briefing materials shall be prepared and circulated in advance of the meeting.

The Audit Committee may determine its own procedures and shall keep minutes of its proceedings and report on its activities at each meeting of the Board.

Audit Committee Responsibilities

(i) *Annual Review of Audit Committee Charter*

The Audit Committee shall maintain this Audit Committee Charter which sets out the Committee’s mandate and responsibilities, and review at least annually this Charter to ensure that it conforms to the requirements of National Instrument 52-110 (the “**Audit Committee Rule**”) and the requirements of any other relevant securities regulations.

(ii) *The External Auditor*

Management is responsible for the preparation of the financial statements of the Corporation and, as applicable, the Entities. The external auditor is responsible for auditing those financial statements.

The Audit Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report, or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting. The Audit Committee must recommend to the Board:

- (A) the external auditor to be appointed for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation and the Entities; and
- (B) the compensation of the external auditor.

The Audit Committee shall require the external auditor to report directly to the Audit Committee and shall monitor the independence and performance of the external auditor of the Corporation through annual assessments. Based upon the annual assessments, the Audit Committee shall recommend the re-appointment or replacement of the auditors to the Board.

The Audit Committee must review and approve the hiring policies, as applicable, of the Corporation and the Entities regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

(iii) *Pre-Approval of All Audit and Non-Audit Services*

The Audit Committee shall approve all audit and pre-approve all non-audit services to be provided to the Corporation and, as applicable, the Entities by the Corporation’s external auditor. The Audit Committee may delegate to one or more of its members the authority to pre-approve all non-audit services, provided that: (i) the Audit Committee establishes pre-approval policies

that are detailed as to the particular service; and (ii) any such pre-approval of non-audit services by any member to whom such authority has been delegated must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

The Audit Committee satisfies the pre-approval requirement if: (i) the aggregate amount of non-audit services that were not pre-approved is reasonably expected to be no more than 5 per cent of total fees paid to the external auditor during the fiscal year in which the services are provided; (ii) the services were not recognized as non-audit services by the Corporation at the time of the engagement; and (iii) the services are immediately brought to the attention of the Audit Committee and approved, prior to the completion of the audit.

(iv) *Internal controls and integrity of financial statements and processes*

The Audit Committee shall oversee the Corporation's systems of internal controls, including IT systems and shall monitor the integrity of the financial statements, including any confidential or other disclosures of potential fraud.

(v) *Review of Financial Statements and other Filings*

The Audit Committee shall review the Corporation's financial statements, management's discussion and analysis, annual, interim earnings press releases and other press releases disclosing financial information, prospectuses, and disclosures of forward-looking financial information, and shall determine whether to recommend approval thereof to the Board before such documents are publicly disclosed by the Corporation.

The Audit Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, financial forecasts, and must assess the adequacy of such procedures on an annual basis.

(vi) *Compliance with Laws and Regulations*

The Audit Committee shall receive regular reports with respect to compliance with laws and regulations having a material impact on the financial statements, including but not limited to tax matters.

(vii) *Complaints and "Whistle Blowers"*

The Audit Committee shall establish procedures for:

- (A) the receipt, retention and treatment of complaints received by the Corporation and the Entities regarding accounting, internal accounting controls, or auditing matters; and
- (B) the confidential, anonymous submission by employees of the Corporation or of the Entities of concerns regarding questionable financial reporting, accounting or auditing matters.

(viii) *Risk management and Insurance*

The Audit Committee shall review and report to the Board at least annually significant risks, risk management strategies, and risk management policies for the Corporation and the Entities in the following areas and such other areas as the Committee may deem appropriate from time to time:

- (A) financial risk management exposures, strategies, policies and board reporting, including foreign currency, interest rate, liquidity and commodity hedging risks;
- (B) insurance coverage; and
- (C) other enterprise risks.

Composition of the Audit Committee

(i) *Number of Members*

The Audit Committee shall be composed of at least three directors of the Corporation, appointed by the Board from time to time. Each member of the Audit Committee shall continue to be a member until a successor is appointed unless the member resigns, ceases to be qualified to serve or ceases to be a director. The Chair of the Audit Committee shall be appointed by the Board.

(ii) *Financial Literacy*

Every member of the Audit Committee must be financially literate. An Audit Committee member who is not financially literate may be appointed to the Audit Committee, provided that such a member becomes financially literate within a reasonable period of time following his or her appointment.

“Financially literate” means having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

(iii) *Independence*

Each member of the Audit Committee must be a director who is independent for the purpose of the Audit Committee Rule, that is a director who has no direct or indirect material relationship with the Corporation or the Entities, as applicable, other than interests and relationships arising from the holding of shares of the Corporation. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment. Appendix I to this Charter describes in greater detail the requirements under the Audit Committee Rule and other applicable securities laws in effect as at the date of this Charter concerning the circumstances in which an individual is considered to have a material relationship with an issuer.

(iv) *Position Description - Audit Committee Chair*

The fundamental responsibility of the Chair of the Audit Committee is to effectively manage the duties of the Audit Committee with respect to the Corporation:

Key Responsibilities of the Chair

- ensures that the Audit Committee is properly organized, functions effectively and meets its obligations and responsibilities
- establishes the frequency of Audit Committee meetings and reviews such frequency from time to time, as considered appropriate, or as requested by the Board or the Audit Committee
- presides at Audit Committee meetings
- establishes the agenda and related matters for Committee meetings
- liaises and communicates with the Chair of the Board as necessary to co-ordinate input from the Audit Committee for Board meetings
- liaises and communicates with the Corporation’s external auditors and internal control service providers as necessary
- on behalf of the Audit Committee, reports to the Board on Committee meetings
- serves as a person to whom confidential disclosures, including possible fraud, may be made under the Corporation’s Financial Integrity Policy

Authority and Resources of the Audit Committee

The Audit Committee has the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties. For greater certainty the Audit Committee has the authority to retain, at the Corporation’s expense, special legal, accounting or such other advisors, consultants or experts it deems necessary in the performance of its duties;
- (b) set and pay the compensation for any advisors employed by the Committee. The Corporation or the Entities shall at all times make adequate provisions for the payment of all fees and other compensation, approved by the Committee, to the external auditor in connection with the issuance of its audit report, or to any consultants or experts employed by the Committee;
- (c) communicate directly with the internal and external auditors and external internal control service providers; and
- (d) conduct any investigation which it considers appropriate, and to communicate directly with and have direct access to the internal and external auditor as well as officers and employees of the Corporation and the Entities, as applicable.

Confirmed by the Board of Directors on December 11, 2019.

APPENDIX I to Schedule “A”

MEANING OF INDEPENDENCE

Part A: Meaning of Independence

1. An Audit Committee member is independent if he or she has no direct or indirect material relationship with the issuer.
2. For the purposes of subsection (1), a “**material relationship**” is a relationship which could, in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgement.
3. Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (c) an individual who:
 - (i) is a partner of a firm that is the issuer’s internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual;
 - (i) is a partner of a firm that is the issuer’s internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
 - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer’s current executive officers serves or served at that same time on the entity’s compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
4. For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
5. For the purposes of clause (3)(f), direct compensation does not include:
 - (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
6. Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
 - (a) has previously acted as an interim chief executive officer of the issuer, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
7. For the purpose of Part A, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Part B: Additional Independence Requirements

1. Despite any determination made under Part A, an individual who
 - (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - (b) is an affiliated entity of the issuer or any of its subsidiary entities,is considered to have a material relationship with the issuer.
2. For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
 - (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
3. For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.