NORTHLAND POWER

Interim Condensed Consolidated Financial Statements

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Interim Condensed Consolidated Balance Sheets

In thousands of Canadian dollars

(Unaudited) As at		March 31, 2020		December 31, 2019
Assets				
Cash and cash equivalents	**$**	**629,154**	$	268,193
Restricted cash [Note 6.4, 7]		**289,910**		623,007
Trade and other receivables		**486,276**		295,427
Other current assets		**60,101**		44,521
Derivative assets [Note 8]		**14,320**		47,637
Total current assets	**$**	**1,479,761**	$	1,278,785
Property, plant and equipment [Note 4]		**8,864,383**		8,072,519
Contracts and other intangible assets [Note 3]		**558,906**		521,050
Goodwill [Note 3]		**705,323**		204,942
Finance lease receivable		**139,628**		140,724
Derivative assets [Note 8]		**17,988**		33,604
Long-term deposits		**73,014**		66,332
Deferred tax asset		**53,043**		50,812
Other assets		**117,100**		109,900
Total assets	**$**	**12,009,146**	$	10,478,668
Liabilities and equity				
Trade and other payables	**$**	**312,623**	$	193,160
Interest-bearing loans and borrowings [Note 5.3]		**604,536**		567,936
Corporate credit facilities [Note 5.1]		**136,465**		—
Subscription receipts [Note 6.4]		**—**		339,181
Convertible debentures [Note 5.2]		**148,049**		150,102
Dividends payable		**19,484**		18,044
Derivative liabilities [Note 8]		**135,645**		129,572
Total current liabilities	**$**	**1,356,802**	$	1,397,995
Interest-bearing loans and borrowings [Note 5.3]		**6,869,644**		6,325,291
Corporate credit facilities [Note 5.1]		**522,409**		171,384
Provisions and other liabilities		**551,718**		439,767
Derivative liabilities [Note 8]		**468,779**		390,441
Deferred tax liability		**351,326**		243,038
Total liabilities	**$**	**10,120,678**	$	8,967,916
Equity				
Common and Class A shares [Note 6.1, 6.4]	**$**	**2,787,332**	$	2,443,209
Preferred shares		**260,880**		260,880
Contributed surplus		**(4,119)**		351
Accumulated other comprehensive loss		**(310,567)**		(174,597)
Deficit		**(1,334,515)**		(1,466,235)
Equity attributable to shareholders		**1,399,011**		1,063,608
Non-controlling interests [Note 7]		**489,457**		447,144
Total equity		**1,888,468**		1,510,752
Total liabilities and equity	**$**	**12,009,146**	$	10,478,668

See accompanying notes.

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Interim Condensed Consolidated Statements of Income (Loss)

In thousands of Canadian dollars except per Share and Share information

(Unaudited)		Three months ended March 31,		
		2020		**2019**
Sales				
Electricity and related products	**$**	**619,714**	$	493,991
Regulated electricity		**47,752**		—
Other		**229**		4,549
Total sales	**$**	**667,695**	$	498,540
Cost of sales				
Fuel purchases		**32,191**		39,617
Regulated electricity purchases		**16,729**		—
Total cost of sales		**48,920**		39,617
Gross profit	**$**	**618,775**	$	458,923
Expenses				
Operating costs		**66,812**		52,445
General and administrative costs - operations		**12,483**		9,901
General and administrative costs - development [Note 3]		**19,176**		8,358
Depreciation of property, plant and equipment		**129,665**		104,022
Total expenses	**$**	**228,136**	$	174,726
Investment income		**874**		273
Finance lease income		**3,038**		3,118
Operating income	**$**	**394,551**	$	287,588
Finance costs, net [Note 10]		**93,376**		79,855
Amortization of contracts and other intangible assets		**9,342**		4,753
Foreign exchange (gain) loss		**(74,047)**		3,223
Fair value (gain) loss on derivative contracts [Note 8]		**34,665**		(43,153)
Other (income) expense		**1,584**		(5,239)
Income (loss) before income taxes	**$**	**329,631**	$	248,149
Provision for (recovery of) income taxes				
Current		**45,126**		15,277
Deferred		**9,486**		28,642
Total income taxes		**54,612**		43,919
Net income (loss)	**$**	**275,019**	$	204,230
Net income (loss) attributable to:				
Non-controlling interests [Note 7]		**76,212**		60,616
Common shareholders		**198,807**		143,614
Net income (loss)	**$**	**275,019**	$	204,230
Weighted average number of Shares outstanding - basic (000s) [Note 9]		**192,581**		180,203
Weighted average number of Shares outstanding - diluted (000s) [Note 9]		**199,511**		187,625
Net income (loss) per share - basic [Note 9]	**$**	**1.02**	$	0.78
Net income (loss) per share - diluted [Note 9]	**$**	**0.99**	$	0.76

See accompanying notes.

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

In thousands of Canadian dollars

(Unaudited)	Three months ended March 31, 2020	2019
Net income (loss)	**$ 275,019**	$ 204,230
Items that may be re-classified into net income (loss):		
Exchange rate differences on translation of foreign operations	**(91,640)**	(53,521)
Change in fair value of hedged derivative contracts [Note 8]	**(73,675)**	(29,597)
Deferred tax recovery (expense)	**31,306**	4,975
Other comprehensive income (loss)	**$ (134,009)**	$ (78,143)
Total comprehensive income (loss)	**$ 141,010**	$ 126,087
Total comprehensive income (loss) attributable to:		
Non-controlling interests [Note 7]	**78,173**	28,590
Common shareholders	**62,837**	97,497
Total comprehensive income (loss)	**$ 141,010**	$ 126,087

See accompanying notes.

Interim Condensed Consolidated Statements of Changes in Equity

In thousands of Canadian dollars

(Unaudited)	Common and Class A shares	Preferred shares	Deficit	Contributed surplus	Accumulated other comprehensive income (loss)	Equity attributable to shareholders'	Non-controlling interests	Total equity
December 31, 2019	$ 2,443,209	$ 260,880	$ (1,466,235)	$ 351	$ (174,597)	**$ 1,063,608**	$ 447,144	**$ 1,510,752**
Net income (loss)	—	—	198,807	—	—	**198,807**	76,212	**275,019**
Deferred income taxes	—	—	—	—	31,097	**31,097**	209	**31,306**
Change in translation of net investment in foreign operations	—	—	—	—	(108,652)	**(108,652)**	17,012	**(91,640)**
Change in fair value of hedged derivative contracts [Note 8]	—	—	—	—	(58,415)	**(58,415)**	(15,260)	**(73,675)**
Total comprehensive income (loss)	—	—	198,807	—	(135,970)	**62,837**	78,173	**141,010**
Deferred rights [Note 6.1]	—	—	—	253	—	**253**	—	**253**
Recognition of put option [Note 3.1]	—	—	—	(4,723)	—	**(4,723)**	—	**(4,723)**
Conversion of subscription receipts [Note 6.1, 6.4]	341,744	—	—	—	—	**341,744**	—	**341,744**
Non-controlling interest acquired [Note 3]	—	—	—	—	—	**—**	2,645	**2,645**
Common and Class A share and non-controlling interest dividends declared [Note 6.3, 7]	—	—	(64,159)	—	—	**(64,159)**	(38,505)	**(102,664)**
Preferred share dividends [Note 6.2]	—	—	(2,928)	—	—	**(2,928)**	—	**(2,928)**
Conversion of debentures [Note 6.1]	2,379	—	—	—	—	**2,379**	—	**2,379**
March 31, 2020	**$ 2,787,332**	**$ 260,880**	**$ (1,334,515)**	**$ (4,119)**	**$ (310,567)**	**$ 1,399,011**	**$ 489,457**	**$ 1,888,468**

See accompanying notes.

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Interim Condensed Consolidated Statements of Changes in Equity - continued

In thousands of Canadian dollars

(Unaudited)	Common and Class A shares	Preferred shares	Deficit	Contributed surplus	Accumulated other comprehensive income (loss)	Equity attributable to shareholders'	Non-controlling interests	Total equity
December 31, 2018	$ 2,438,036	$ 260,880	$ (1,558,875)	$ 326	$ (68,659)	**$ 1,071,708**	$ 468,914	**$ 1,540,622**
Net income (loss)	—	—	143,614	—	—	**143,614**	60,616	**204,230**
Deferred income taxes	—	—	—	—	4,507	**4,507**	468	**4,975**
Change in translation of net investment in foreign operations	—	—	—	—	(42,124)	**(42,124)**	(11,397)	**(53,521)**
Change in fair value of hedged derivative contracts [Note 8]	—	—	—	—	(8,500)	**(8,500)**	(21,097)	**(29,597)**
Total comprehensive income (loss)	—	—	143,614	—	(46,117)	**97,497**	28,590	**126,087**
Deferred rights [Note 6.1]	—	—	—	110	—	**110**	—	**110**
Common and Class A share and non-controlling interest dividends declared [Note 6.3, 7]	—	—	(54,062)	—	—	**(54,062)**	(49,037)	**(103,099)**
Preferred share dividends [Note 6.2]	—	—	(2,929)	—	—	**(2,929)**	—	**(2,929)**
Conversion of debentures [Note 6.1]	158	—	—	—	—	**158**	—	**158**
March 31, 2019	**$ 2,438,194**	**$ 260,880**	**$ (1,472,252)**	**$ 436**	**$ (114,776)**	**$ 1,112,482**	**$ 448,467**	**$ 1,560,949**

See accompanying notes.

Interim Condensed Consolidated Statements of Cash Flows

In thousands of Canadian dollars

(Unaudited)		Three Months Ended March 31, 2020		2019
Operating activities				
Net income (loss)	**$**	**275,019**	$	204,230
Items not involving cash or operations:				
Depreciation of property, plant and equipment		**129,665**		104,022
Amortization of contracts and other intangibles		**9,342**		4,753
Finance costs, net		**55,091**		49,801
Fair value (gain) loss on derivative contracts [Note 8]		**34,665**		(43,153)
Unrealized foreign exchange (gain) loss		**(74,047)**		3,223
Deferred tax expense (recovery)		**9,486**		28,642
Other		**(930)**		(3,201)
	$	**438,291**	$	348,317
Net change in working capital related to operations		**(70,697)**		(40,523)
Cash provided by operating activities	**$**	**367,594**	$	307,794
Investing activities				
Purchase of property, plant and equipment		**(65,659)**		(161,445)
Acquisitions, net [Note 3]		**(734,170)**		—
Restricted cash utilization (funding)		**101,114**		(4,332)
Interest received		**3,528**		884
Warranty obligation settlement [Note 12.2]		**48,002**		—
Other		**1,306**		(42)
Net change in working capital related to investing activities		**(33,219)**		60,439
Cash used in investing activities	**$**	**(679,098)**	$	(104,496)
Financing activities				
Proceeds from borrowings, net of transaction costs		**1,069,706**		98,463
Repayment of borrowings		**(556,977)**		(132,142)
Interest paid		**(50,065)**		(43,501)
Restricted cash utilization (funding)		**(91,105)**		70,204
Common and Class A share dividends [Note 6.3]		**(62,717)**		(54,062)
Dividends to non-controlling interests [Note 7]		**(38,505)**		(49,026)
Preferred share dividends [Note 6.2]		**(2,928)**		(2,929)
Conversion of subscription receipts [Note 6.4]		**341,388**		—
Other		**(4,186)**		(2,245)
Cash (used in) provided by financing activities	**$**	**604,611**	$	(115,238)
Effect of exchange rate differences on cash and cash equivalents		**67,854**		(4,957)
Net change in cash and cash equivalents during the period		**360,961**		83,103
Cash and cash equivalents, beginning of period		**268,193**		278,400
Cash and cash equivalents, end of period	**$**	**629,154**	$	361,503
Dividends declared to shareholders	**$**	**0.30**	$	0.30

See accompanying notes.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

1. Description of Northland's Business

Northland Power Inc. (“**Northland**”) owns or holds net economic interests, through its subsidiaries, in power-producing facilities and a power distribution utility as well as in projects under construction or in development phases. Northland’s power-producing facilities produce electricity from clean energy sources for sale primarily under long-term power purchase agreements (**PPAs**) or other revenue arrangements with creditworthy customers. Northland’s utility is a distributor and retailer of electricity compensated under a regulated framework. These operating assets provide stable cash flow and are primarily located in Canada, Germany, the Netherlands and Colombia. Northland’s significant assets under construction and under development are located in Mexico and Taiwan, respectively.

Northland is incorporated under the laws of Ontario, Canada with common shares (“**Shares**”), Series 1 cumulative rate reset preferred shares (“**Series 1 Preferred Shares**”), Series 2 cumulative floating rate preferred shares (“**Series 2 Preferred Shares**”) and Series 3 cumulative rate reset preferred shares (“**Series 3 Preferred Shares**”) that are publicly traded on the Toronto Stock Exchange (“**TSX**”). Series C convertible unsecured subordinated debentures (“**2020 Debentures**”) outstanding on March 31, 2020 were converted to Shares or redeemed in exchange for cash on May 11, 2020. Northland is the parent company for the subsidiaries that operate Northland’s business. Northland’s registered office is located in Toronto, Ontario.

These unaudited interim condensed consolidated financial statements (“**Interim Financial Statements**”) include the results of Northland and its subsidiaries, of which the most significant are listed in the following table:

	Geographic region (1)	% voting ownership as at Mar. 31, 2020 (2)
Offshore Wind		
Buitengaats C.V. and ZeeEnergie C.V. (“**Gemini**”)	The Netherlands	60.0 %
Nordsee One GmbH (“**Nordsee One**”)	Germany	85.0 %
Northland Deutsche Bucht GmbH (“**Deutsche Bucht**”)	Germany	100.0 %
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**”) (3)	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) Geographic region corresponds to place of incorporation or, in the case of partnerships, registration, for all entities listed except North Battleford and Spy Hill, which are registered in Ontario, Canada.

(2) As at March 31, 2020, Northland’s economic interest was unchanged from December 31, 2019, with the exception of EBSA, which Northland acquired on January 14, 2020. EBSA’s results are consolidated in Northland’s financial results effective the acquisition date.

(3) Northland holds a 68% controlling interest in Canadian Environmental Energy Corporation (CEEC), which holds 100% of the voting shares of Kirkland Lake. Northland's effective net economic interest in Kirkland Lake is approximately 77%.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation and Statement of Compliance

These Interim Financial Statements of Northland and its subsidiaries were prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*, utilizing the accounting policies Northland outlined in its December 31, 2019 audited annual consolidated financial statements, except for the change in accounting policies discussed in Note 2.3 below. The accounting policies are in line with International Financial Reporting Standards (**IFRS**) guidelines. The Interim Financial Statements do not include all of the information and disclosures required in the audited annual consolidated financial statements and therefore should be read in conjunction with Northland's 2019 audited annual consolidated financial statements.

These Interim Financial Statements are presented in Canadian dollars and all values are presented in thousands except where otherwise indicated. Certain prior period disclosures have been reclassified for consistency with the current period presentation.

The Interim Financial Statements for the three months ended March 31, 2020 were approved by the Board of Directors on May 13, 2020.

2.2 Basis of Consolidation

The Interim Financial Statements comprise the financial statements of Northland and its subsidiaries at and for the three months ended March 31, 2020. Subsidiaries are fully consolidated on the date that Northland obtains control and continue to be consolidated until the date that such control ceases. Control is achieved when Northland is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Northland reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated balance sheets and consolidated statements of income (loss) from the date Northland gains control until the date control ceases. All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

2.3 Change in Accounting Policies

In 2019, the International Accounting Standards Board (**IASB**) issued narrow-scope amendments to IFRS 3, *Business Combinations*, including revising the definition of a business and introducing an optional concentration test. The amendments are intended to assist companies in determining whether a transaction should be accounted for a business combination or an asset acquisition. The amendments are effective for annual reporting periods beginning on or after January 1, 2020 and applied prospectively. In addition, the IASB has previously issued additional narrow-scope amendments to various standards including related to Interest Rate Benchmark Reform. Northland adopted these amendments as of January 1, 2020.

2.4 Future Accounting Policies

Northland assesses each new IFRS or amendment to determine whether it may have a material impact on its consolidated financial statements. As at March 31, 2020, there have been no accounting pronouncements by the IASB that would materially affect Northland's consolidated financial statements.

3. Acquisitions

3.1 Acquisition of EBSA Regulated Utility

On January 14, 2020, Northland completed its previously announced acquisition of a 99.2% interest in the Colombian regulated power distribution utility, Empresa de Energía de Boyacá S.A E.S.P ("**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**"). Pursuant to the share purchase agreement, the purchase price remains subject to post-closing adjustments following a review of the final tariff resolution.

The total purchase price at the time of closing was settled as follows:

Cash consideration paid	$	751,438
Add: Pre-closing estimate of indebtedness net of cash acquired at Northland's share		208,418
Initial purchase price at closing	**$**	**959,856**

The total consideration for the acquisition was preliminarily allocated to the fair value of the net assets acquired and liabilities assumed as follows:

As at		**January 14, 2020**
Cash and restricted cash	$	17,440
Accounts receivable		42,100
Other current assets		14,842
Property, plant and equipment		627,074
Intangible assets		11,027
Goodwill		575,585
Other long-term assets		1,562
Accounts payable		(46,485)
Interest-bearing loans and borrowings [Note 5.3]		(219,163)
Deferred tax liability		(129,473)
Other long-term liabilities		(50,536)
Total identifiable net assets acquired	$	843,973
Less: Non-controlling interests		1,648
Total purchase consideration	**$**	**842,325**
Cash consideration paid	$	751,438
Add: Contingent consideration		90,887
Total purchase consideration	**$**	**842,325**

Consideration Transferred

The EBSA Acquisition initial purchase price was settled by transferring cash of $751 million, funded through net proceeds from the subscription receipts offering, proceeds drawn under a fully committed bridge credit facility ("**EBSA Bridge**") and Northland's existing credit facilities.

Pursuant to the share purchase agreement, the final purchase price will take into account the final amounts of net indebtedness, working capital and cash acquired as well as the results of the appeal of the tariff resolution. As at March 31, 2020, Northland's expectation of the total purchase price includes the fair value of contingent consideration for these adjustments, which has been calculated based on the expectation the appeal of the tariff resolution will be successful. This contingent consideration is recorded in "trade and other payables" on the consolidated balance sheets due to its short-term nature.

Identifiable Net Assets

The determination of the fair value of assets acquired and liabilities assumed is based on preliminary estimates and certain assumptions with respect to the fair values of the assets acquired and liabilities assumed, except for deferred taxes, which are based on the full amount required under IAS 12, and are expected to be finalized within one year of acquisition.

The portion of the purchase price in excess of the net identifiable assets acquired is estimated at $576 million and allocated to goodwill in the consolidated balances sheets.

EBSA's Contribution to Northland's Results

EBSA's results are consolidated in Northland's financial results effective January 14, 2020. For the three months ended March 31, 2020, EBSA contributed $12 million to Northland's consolidated operating income. Transaction costs of $7 million were included in "general and administrative costs - development" in the consolidated statements of income (loss). Refer to utility segment in Note 11 for details on EBSA's assets and results.

Put option to acquire remaining non-controlling interest

The share purchase agreement obligates Northland to offer to buy the shares of EBSA's minority shareholders within a specified time period. This obligation comprises a written put option on an equity instrument under IFRS and is recognized in the consolidated balance sheets in "provisions and other liabilities" and "contributed surplus".

Updates to Accounting Policies

As at March 31, 2020, Northland's consolidated balance sheets include liabilities related to EBSA's post-employment benefit plans, including defined benefit and defined contribution plans. In accordance with IFRS, Northland recognizes the present value of defined benefit plan obligations and expenses the related cost as earned by employees over the term of their employment. The defined benefit plan obligation is determined by an independent actuary by discounting estimated cash flows and taking into account management's best estimate of certain underlying assumptions. Re-measurements of the obligation are recognized in other comprehensive income in the period they arise. The most recent full actuarial valuation was performed as at December 31, 2019. Post-employment benefit obligations are included in "trade and other payables" and "provision and other liabilities" on the interim condensed consolidated balance sheets.

As a result of the EBSA Acquisition, Northland also recognized new types of property, plant and equipment and intangible assets with useful lives that differ from the ranges presented in Northland's 2019 audited annual consolidated financial statements.

3.2 Acquisition of Dado Ocean, South Korean Offshore Wind Development Project

On February 28, 2020, Northland completed its acquisition of Dado Ocean Wind Farm Co. Ltd ("**Dado Ocean**"), an offshore wind development company based in South Korea with access to multiple early-stage development sites off the southern coast. The purchase price paid, net identifiable assets acquired and transaction costs related to the acquisition were immaterial.

3.3 Acquisition of Qualified Supplier in Mexico

On March 31, 2020, Northland completed the acquisition of an 88% ownership interest in a Mexican company, Northland Power Energía S.A. de C.V. ("**Energía**"), that holds a qualified supplier license, which enables it to enter into contract with power generators and commercial and industrial customers as well as provide retail electricity services at unregulated prices.

Northland paid $7 million, including future funding obligations, to complete the acquisition and acquire control of Energía. The total consideration paid was allocated to the fair value of the net assets acquired and liabilities assumed as follows:

As at		**March 31, 2020**
Working capital, including cash of $0.6 million	$	397
Contracts and other intangibles		7,905
Other long-term assets		5
Total identifiable net assets acquired	$	8,307
Less: Non-controlling interests		997
Total purchase consideration	**$**	**7,310**
Cash consideration paid	$	772
Add: Cash consideration accrued		5,775
Add: Loan receivable converted to equity		763
Total purchase consideration	**$**	**7,310**

The determination of the fair value of assets acquired and liabilities assumed is based on estimates and certain assumptions with respect to the fair values of the assets acquired and liabilities assumed. Contracts and other intangibles acquired include $8 million related to Energía's qualified supplier license.

For the three months ended March 31, 2020, transaction costs related to the acquisition were immaterial.

4. Property, Plant and Equipment

As at		March 31, 2020	December 31, 2019
Property, plant and equipment, net	$	**8,734,810**	$ 7,962,553
Construction-in-progress		**64,187**	44,449
Lease right-of-use (**ROU**) asset		**65,386**	65,517
Total property, plant and equipment, net	$	**8,864,383**	$ 8,072,519

For the three months ended March 31, 2020, construction-in-progress relates primarily to the La Lucha project in Mexico.

5. Corporate Credit Facilities, Convertible Debentures and Interest-Bearing Loans and Borrowings

5.1 Corporate Credit Facilities

The corporate credit facilities are summarized in the table below:

	Facility size	Amount drawn as at Mar. 31, 2020	Outstanding letters of credit	Available capacity	Maturity	Amount drawn as at Dec. 31, 2019
Syndicated revolving facility (1)	$ 1,000,000	$ **525,332**	$ 135,506	$ 339,162	Jun. 2024	$ 175,689
Bilateral letter of credit facility	150,000	**—**	98,597	51,403	Mar. 2022	—
Export credit agency backed letter of credit facility	100,000	**—**	57,958	42,042	Mar. 2021	—
EBSA bridge facility (2)	495,000	**137,497**	—	—	Jan. 2021	n/a
Total	$ 1,745,000	$ **662,829**	$ 292,061	$ 432,607		$ 175,689
Less: deferred financing costs		**3,955**				4,305
Total, net		$ **658,874**				$ 171,384

(1) The amount drawn on the syndicated revolving facility comprises $344 million USD converted to CAD at the period-end exchange rate, $30 million CAD and €8 million converted to CAD at the period-end exchange rate (December 31, 2019 - €107 million and $20 million).

(2) The amount drawn on the EBSA bridge facility comprises $98 million USD converted to CAD at the period-end exchange rate.

In the three months ended March 31, 2020, Northland made net draw downs of $318 million on the syndicated revolving facility, with remaining movement in the period due to foreign exchange fluctuations.

In January 2020, Northland entered into a $495 million 12-month bridge credit facility as part of the initial funding for the EBSA Acquisition. In the three months ended March 31, 2020, Northland drew the facility in full and made partial repayments, resulting in net draw downs of $137 million. The terms of the facility are aligned with the terms of Northland's syndicated revolving facility.

In the first quarter of 2020, the size of the bilateral letter of credit facility was increased to $150 million.

Amounts drawn under the syndicated revolving facility are collateralized by a debenture security and general security agreement that constitutes a first-priority lien on all of the real property and present and future property and assets of Northland.

5.2 Convertible Debentures

The 2020 Debentures have a maturity of June 30, 2020 and may be converted into Shares at a conversion price of $21.60 per share at any time prior to the maturity date. If the 2020 Debentures outstanding as at March 31, 2020 were converted in their entirety, an additional 7 million Shares would be issued.

As at March 31, 2020, $148 million, net of $0.3 million deferred financing costs (December 31, 2019 - $150 million, net of $1 million deferred financing costs) of 2020 Debentures were outstanding. At issuance, Northland estimated the fair value of the embedded holder option as nominal, and as a result, the entire amount of the Debentures was classified as a liability. The payment of convertible unsecured subordinated debenture principal and interest is subordinated in right of payment to the prior payment of all senior indebtedness of Northland.

On May 11, 2020, Northland completed the early redemption of the 2020 Debentures. Holders converted approximately $147 million of their 2020 Debentures into 6.8 million new common shares prior to the May 11, 2020, redemption date. Northland redeemed the remaining approximately $2 million of the 2020 Debentures in cash.

5.3 Interest-bearing Loans and Borrowings

As at March 31, 2020, interest-bearing loans of $191 million, including fair value adjustments, were recognized in relation to credit facilities held by EBSA. The various facilities mature from 2024 - 2026 and bear interest at an all-in weighted average rate of 7.46% as at March 31, 2020.

6. Equity

6.1 Common Shares and Class A Shares

Northland is authorized to issue an unlimited number of Shares. The terms and conditions of Northland's Class A Shares are defined in Northland's articles of incorporation. The Class A Shares are convertible into Shares on a one-for-one basis.

The change in Shares and Class A Shares during 2020 and 2019 was as follows:

	March 31, 2020		December 31, 2019	
	Shares	**Amount**	**Shares**	**Amount**
Shares outstanding, beginning of year	**179,441,219**	**$ 2,428,594**	179,201,743	$ 2,423,421
Conversion of subscription receipts [Note 6.4]	**14,289,000**	**341,744**	—	—
Conversion of debentures	**110,128**	**2,379**	239,476	5,173
Shares outstanding, end of period	**193,840,347**	**$ 2,772,717**	179,441,219	$ 2,428,594
Class A shares	**1,000,000**	**14,615**	1,000,000	14,615
Total common and convertible shares outstanding, end of period	**194,840,347**	**$ 2,787,332**	180,441,219	$ 2,443,209

Share-based compensation

Northland's Long-Term Incentive Plan (**LTIP**) provides for a maximum of 3.1 million Shares to be reserved and available for grant to employees of Northland and its subsidiaries. As at March 31, 2020, 1.2 million Shares remain available for future issuance under the LTIP. Shares may be awarded based on development profits, which arise from new projects or acquisitions ("**Development LTIP**"). The costs recognized for LTIP in the period depend management's best estimate of a project's expected development profit and expected timing of project milestones. Awards under the LTIP may be settled in Shares or in cash, at the discretion of Northland's Board of Directors. Shares may also be awarded under the LTIP to recognize achievements or attract and retain executives ("**Deferred Rights**"). Grants of Deferred Rights vest over a maximum of a three-year period, and the expected cost is expensed over the vesting period.

For the three months ended March 31, 2020, Northland had $nil amounts capitalized (2019 - $0.5 million) and expensed $0.3 million (2019 - $0.1 million) of costs under the LTIP. No forfeitures are assumed to occur. The balance of accrued awards related to the Development LTIP is shown in liabilities because these awards are expected to be settled in cash.

In addition to the LTIP, stock-based compensation in the form of Restricted Share Units (**RSU**) and Deferred Share Units (**DSU**) may be granted by Northland to employees and directors. These awards are settled and paid in cash and accounted for as a liability until paid.

6.2 Preferred Shares

Preferred share dividends, excluding tax, were paid as follows:

	Three months ended March 31,	
	2020	**2019**
Series 1	**$ 989**	$ 989
Series 2	**416**	417
Series 3	**1,523**	1,523
Total	**$ 2,928**	$ 2,929

6.3 Dividends

For the three months ended March 31, 2020, Northland declared $0.30 dividends per share as well as the dividend equivalent amount owed to subscription receipt holders [Note 6.4], resulting in total dividends declared of $64 million (2019 - $54 million).

6.4 Subscription Receipts

As a result of the close of the EBSA Acquisition on January 14, 2020 [Note 3.1], gross proceeds of $347 million from the subscription receipts, less applicable transaction costs, were converted to 14,289,000 common shares and a dividend equivalent cash payment equal to $0.40 per subscription receipt, totaling $6 million, was paid to subscription receipt holders.

7. Non-controlling Interests

Non-controlling interests relate to the interests not owned by Northland. Subsidiaries with non-controlling interests that are material to Northland's consolidated financial statements include Gemini (40%), Nordsee One (15%) and CEEC (32%). CEEC has voting control of Kirkland Lake but ownership interest of 8.8% as a result of non-voting ownership interest held by third-parties.

Summarized financial information for subsidiaries with material non-controlling interests in the consolidated balance sheets (shown at 100% totals) are as follows:

As at March 31, 2020	Current assets (1)	Long-term assets	Current liabilities	Long-term liabilities
Gemini	**$ 490,989**	**$ 3,426,843**	**$ 295,187**	**$ 2,984,065**
Nordsee One	**283,178**	**1,446,078**	**174,073**	**988,102**
CEEC	**30,485**	**24,523**	**6,381**	**11,302**
Other (2)	**114,270**	**993,831**	**98,292**	**875,229**
Total	**$ 918,922**	**$ 5,891,275**	**$ 573,933**	**$ 4,858,698**

As at December 31, 2019	Current assets (1)	Long-term assets	Current liabilities	Long-term liabilities
Gemini	$ 352,841	$ 3,232,175	$ 280,529	$ 2,744,762
Nordsee One	99,870	1,467,361	159,001	923,136
CEEC	30,220	24,440	9,529	10,674
Other (2)	34,333	741,739	34,003	654,224
Total	$ 517,264	$ 5,465,715	$ 483,062	$ 4,332,796

(1) As at March 31, 2020, restricted cash of $154 million is included for Gemini where the availability of funds is intended for debt repayments.

(2) Other includes subsidiaries with non-controlling interests that are not material to Northland's consolidated financial statements, including: McLean's (50%), Grand Bend (50%), Cochrane Solar (37.5%), Energia (12%) and EBSA (0.8%).

As at March 31, 2020, Northland had an outstanding receivable balance of $39 million from Cochrane Solar's First Nations partner (2019 - $40 million). This balance appears at a fair value of $35 million (2019 - $37 million) on the consolidated balance sheets, including $4 million classified as "trade and other receivables" and the remaining portion as "other assets".

The change in material non-controlling interests during 2020 and 2019 is as follows:

		Gemini		Nordsee One		CEEC		Other [(2)]		Total
As at January 1, 2019	$	218,504	$	51,951	$	141,574	$	56,885	$	468,914
Net income (loss) attributable [(1)]		92,830		17,963		11,633		8,564		130,990
Dividends and distributions declared [(1)]		(63,319)		(17,233)		—		(18,875)		(99,427)
Allocation of other comprehensive income (loss) [(1)]		(46,388)		(5,596)		—		(1,349)		(53,333)
As at December 31, 2019	$	201,627	$	47,085	$	153,207	$	45,225	$	447,144
Non-controlling interest acquired [Note 3]		**—**		**—**		**—**		**2,645**		**2,645**
Net income (loss) attributable [(1)]		**60,581**		**8,748**		**3,095**		**3,788**		**76,212**
Dividends and distributions declared [(1)]		**(30,334)**		**—**		**—**		**(8,171)**		**(38,505)**
Allocation of other comprehensive income (loss) [(1)]		**3,437**		**3,266**		**—**		**(4,742)**		**1,961**
As at March 31, 2020	**$**	**235,311**	**$**	**59,099**	**$**	**156,302**	**$**	**38,745**	**$**	**489,457**

(1) Net income (loss), dividends and distributions, and other comprehensive income (loss) are shown at the respective non-controlling interest share.

(2) Other includes subsidiaries with non-controlling interests that are not material to Northland's consolidated financial statements, including: McLean's (50%), Grand Bend (50%), Cochrane Solar (37.5%), Energia (12%) and EBSA (0.8%).

8. Financial Instruments

The derivative financial instruments consist of the following:

As at March 31, 2020		**Current assets**		**Current liabilities**		**Long-term assets**		**Long-term liabilities**		**Total**
Derivatives designated for hedge accounting										
Canadian dollar interest rate swaps	**$**	**—**	**$**	**(11,584)**	**$**	**—**	**$**	**(57,312)**	**$**	**(68,896)**
U.S. dollar foreign exchange contracts		**591**		**—**		**—**		**—**		**591**
Euro interest rate swaps		**—**		**(65,539)**		**—**		**(352,124)**		**(417,663)**
Euro foreign exchange contracts		**2,578**		**(3,469)**		**6,967**		**(44,033)**		**(37,957)**
Power forward contracts		**93**		**(1,801)**		**—**		**(1,107)**		**(2,815)**
Derivatives not designated for hedge accounting										
Canadian dollar interest rate swaps		**—**		**(33,324)**		**—**		**—**		**(33,324)**
U.S. dollar foreign exchange contracts		**2,516**		**—**		**—**		**—**		**2,516**
Euro foreign exchange contracts		**6,310**		**(307)**		**10,975**		**(3,247)**		**13,731**
Cross-currency interest rate swaps		**—**		**(4,441)**		**—**		**—**		**(4,441)**
Gas forward contracts		**2,232**		**(15,180)**		**46**		**(10,956)**		**(23,858)**
Total	**$**	**14,320**	**$**	**(135,645)**	**$**	**17,988**	**$**	**(468,779)**	**$**	**(572,116)**

As at December 31, 2019		Current assets		Current liabilities		Long-term assets		Long-term liabilities		Total
Derivatives designated for hedge accounting										
Canadian dollar interest rate swaps	$	75	$	(7,199)	$	166	$	(35,305)	$	(42,263)
U.S. dollar foreign exchange contracts		424		—		—		—		424
Euro interest rate swaps		—		(82,713)		—		(287,495)		(370,208)
Euro foreign exchange contracts		4,240		(76)		10,668		(49,340)		(34,508)
Power forward contracts		138		(574)		—		(171)		(607)
Derivatives not designated for hedge accounting										
Canadian dollar interest rate swaps		—		(23,467)		—		—		(23,467)
U.S. dollar foreign exchange contracts		—		(512)		—		(273)		(785)
Euro foreign exchange contracts		11,508		(32)		22,189		(2,361)		31,304
Colombian peso foreign exchange contracts		28,593		—		—		—		28,593
Gas forward contracts		2,649		(14,883)		575		(15,496)		(27,155)
Power forward contracts		10		(116)		6		—		(100)
Total	$	47,637	$	(129,572)	$	33,604	$	(390,441)	$	(438,772)

The change in derivative financial instruments for the three months ended March 31, 2020 and 2019 is as follows:

	Balance as at Dec. 31, 2019 asset (liability)	Designated in hedge relationships: Changes in fair value recognized in OCI (1)	Designated in hedge relationships: Cash and accrued payments/ (receipts) (2)	Designated in hedge relationships: Unrealized fair value changes (2)	Fair value changes on derivatives not designated in hedge relationships (2)	Foreign exchange gain (loss)	Balance as at Mar. 31, 2020 asset (liability)
Canadian dollar interest rate swaps	$ **(65,730)**	$ **(27,765)**	$ **1,969**	$ **(837)**	$ **(9,857)**	$ **—**	$ **(102,220)**
Euro interest rate swaps	**(370,208)**	**(41,267)**	**17,493**	**1,323**	**—**	**(25,004)**	**(417,663)**
Gas forward contracts	**(27,155)**	**—**	**—**	**—**	**3,297**	**—**	**(23,858)**
Power forward contracts	**(707)**	**(1,753)**	**—**	**(440)**	**85**	**—**	**(2,815)**
U.S. dollar foreign exchange contracts	**(361)**	**167**	**—**	**1**	**3,300**	**—**	**3,107**
Euro foreign exchange contracts	**(3,204)**	**(3,057)**	**(360)**	**(143)**	**(17,462)**	**—**	**(24,226)**
Cross-currency interest rate swaps	**—**	**—**	**—**	**—**	**(4,441)**	**—**	**(4,441)**
Colombian peso foreign exchange contracts	**28,593**	**—**	**—**	**—**	**(28,593)**	**—**	**—**
Total	$ **(438,772)**	$ **(73,675)**	$ **19,102**	$ **(96)**	$ **(53,671)**	$ **(25,004)**	$ **(572,116)**

(1) Amounts recognized in “Change in fair value of hedged derivative contracts” in the consolidated statements of comprehensive income (loss).

(2) Amounts recognized in “Fair value (gain) loss on derivative contracts” in the consolidated statements of income (loss).

	Balance as at Dec. 31, 2018 asset (liability)	Designated in hedge relationships: Changes in fair value recognized in OCI (1)	Designated in hedge relationships: Cash and accrued payments/ (receipts) (2)	Designated in hedge relationships: Unrealized fair value changes (2)	Fair value changes on derivatives not designated in hedge relationships (2)	Foreign exchange gain (loss)	Balance as at Mar. 31, 2019 asset (liability)
Canadian dollar interest rate swaps	$ (61,513)	$ (8,495)	$ 1,860	$ (3,090)	$ (3,420)	$ —	$ (74,658)
Euro interest rate swaps	(310,332)	(83,495)	18,380	(3,917)	—	13,691	(365,673)
Gas forward contracts	(41,674)	—	—	—	4,390	—	(37,284)
Power forward contracts	1,282	(288)	—	—	—		994
U.S. dollar foreign exchange contracts	1,824	(154)	—	(20)	—	—	1,650
Euro foreign exchange contracts	(126,744)	62,835	82	(4,158)	33,046	—	(34,939)
Total	$ (537,157)	$ (29,597)	$ 20,322	$ (11,185)	$ 34,016	$ 13,691	$ (509,910)

(1) Amounts recognized in "Change in fair value of hedged derivative contracts" in the consolidated statements of comprehensive income (loss).

(2) Amounts recognized in "Fair value (gain) loss on derivative contracts" in the consolidated statements of income (loss).

The objective of Northland's hedges is to reduce volatility in its cash flow related to changes in foreign exchange, interest rates and market prices for gas and power. The nature of the risks that Northland is exposed to and the related hedge objectives did not change in the three months ended March 31, 2020.

9. Net Income (Loss) per Share

The basic and diluted net income (loss) is calculated as follows:

	Three months ended March 31, 2020	2019
Net income (loss) for the period attributable to common shareholders	**$ 198,807**	$ 143,614
Less: preferred share dividends, net	**(2,928)**	(2,929)
Net income (loss) attributable to common shareholders for basic earnings	**$ 195,879**	$ 140,685
Add back: convertible unsecured subordinated debentures interest and amortization	**1,573**	1,633
Net income (loss) attributable to common shareholders for diluted earnings	**$ 197,452**	$ 142,318

The basic and diluted share amounts are calculated as follows:

	Three months ended March 31, 2020	2019
Weighted average number of Shares outstanding	**191,581,281**	179,202,854
Weighted average number of Class A shares	**1,000,000**	1,000,000
Weighted average number of Shares outstanding, basic	**192,581,281**	180,202,854
Effect of dilutive securities:		
Convertible unsecured subordinated debentures	**6,930,028**	7,421,699
Weighted average number of Shares outstanding, diluted	**199,511,309**	187,624,553

10. Finance Costs

Net finance costs consist of the following:

		Three months ended March 31,	
		2020	**2019**
Interest on debt, borrowings and bank fees	**$**	**88,351**	$ 73,283
Amortization of deferred financing costs		**7,048**	6,004
Discount on provisions for decommissioning liabilities		**1,127**	1,114
Lease interest		**378**	338
Finance income		**(3,528)**	(884)
Finance costs, net	**$**	**93,376**	$ 79,855

For the three months ended March 31, 2020, no interest (2019 - $7 million) was incurred related to facilities under construction, which was capitalized and included in construction-in-progress.

11. Operating Segment Information

Northland identified the operating segments as outlined in the table below based on the nature of operations and asset class. Northland analyzes the performance of its operating segments based on their operating income, which is defined as revenue less operating expenses.

Significant information for each segment for the consolidated statements of income (loss) is as follows:

Three months ended March 31, 2020	Offshore wind	Thermal	On-shore renewable	Utility	Other [(1)]	Eliminations	Total
External sales	$ 444,984	$ 114,865	$ 52,980	$ 49,671	$ 5,195	$ —	$ 667,695
Inter-company sales	—	—	—	—	54,934	(54,934)	—
Total sales	$ 444,984	$ 114,865	$ 52,980	$ 49,671	$ 60,129	$ (54,934)	$ 667,695
Cost of sales	—	27,818	—	16,729	4,373	—	48,920
Operating costs	36,312	11,956	6,794	11,750	—	—	66,812
General and administrative costs	2,280	79	197	1,594	27,509	—	31,659
Depreciation of PP&E	85,431	12,567	22,054	7,916	1,697	—	129,665
Other income [(2)]	—	(3,038)	—	—	(874)	—	(3,912)
Operating income	$ 320,961	$ 65,483	$ 23,935	$ 11,682	$ 27,424	$ (54,934)	$ 394,551
Finance costs, net	$ 49,607	$ 13,572	$ 14,244	$ 5,187	$ 10,766	$ —	$ 93,376

(1) Other external sales includes energy marketing activities. Other inter-segment sales include inter-company management fees, energy marketing activities and maintenance services, which are eliminated on consolidation.

(2) Other income includes investment income and finance lease income.

Three months ended March 31, 2019	Offshore wind	Thermal	On-shore renewable	Other (1)	Eliminations	Total
External sales	$ 310,222	$ 124,323	$ 58,230	$ 5,765	$ —	$ 498,540
Inter-company sales	—	—	—	49,300	(49,300)	—
Total sales	$ 310,222	$ 124,323	$ 58,230	$ 55,065	$ (49,300)	$ 498,540
Cost of sales	—	35,243	—	4,374	—	39,617
Operating costs	33,128	11,662	7,655	—	—	52,445
General and administrative costs	1,763	29	343	16,124	—	18,259
Depreciation of PP&E	67,664	12,463	23,276	619	—	104,022
Other income (2)	—	(3,118)	—	(273)	—	(3,391)
Operating income	$ 207,667	$ 68,044	$ 26,956	$ 34,221	$ (49,300)	$ 287,588
Finance costs, net	$ 46,918	$ 14,119	$ 14,705	$ 4,113	$ —	$ 79,855

(1) Other external sales includes energy marketing activities. Other inter-segment sales include inter-company management fees, energy marketing activities and maintenance services, which are eliminated on consolidation.

(2) Other income includes investment income and finance lease income.

Significant information for each segment for the consolidated balance sheets is as follows:

As at March 31, 2020	Offshore wind	Thermal	On-shore renewable	Utility	Other	Total
PP&E, net	**$ 6,164,198**	**$ 889,896**	**$ 1,231,308**	**$ 541,131**	**$ 37,850**	**$ 8,864,383**
Contracts and other intangibles, net	**485,253**	**56,148**	**—**	**9,590**	**7,915**	**558,906**
Goodwill	**—**	**150,201**	**54,741**	**500,381**	**—**	**705,323**
Equity-accounted investments (1)	**—**	**—**	**—**	**—**	**4,592**	**4,592**
Total assets	**7,850,365**	**1,423,491**	**1,371,252**	**1,127,663**	**236,375**	**$ 12,009,146**

(1) Includes investments in associates and joint ventures.

As at December 31, 2019	Offshore wind	Thermal	On-shore renewable	Other	Total
PP&E, net	$ 5,896,431	$ 901,963	$ 1,235,757	$ 38,368	$ 8,072,519
Contracts and other intangibles, net	463,363	57,687	—	—	521,050
Goodwill	—	150,201	54,741	—	204,942
Equity-accounted investments (1)	—	—	—	5,263	5,263
Total assets	7,121,648	1,429,373	1,368,631	559,016	$ 10,478,668

(1) Includes investments in associates and joint ventures.

Information on operations by geographic area is as follows:

Sales

		Three months ended March 31,	
		2020	**2019**
Europe	$	**444,984**	$ 310,222
North America		**173,040**	188,318
Latin America		**49,671**	—
Total	$	**667,695**	$ 498,540

Property, plant and equipment, net

As at		**March 31, 2020**	**December 31, 2019**
Europe (1)	$	**6,185,323**	$ 5,916,661
North America		**2,079,566**	2,114,748
Latin America		**599,494**	41,110
Total	$	**8,864,383**	$ 8,072,519

(1) Includes PP&E related to non-operating corporate assets.

12. Litigation, Claims, Contingencies and Commitments

Litigation, claims and other contingencies arise from time to time in the ordinary course of business for Northland. None of these contingencies, individually or in aggregate, are expected to result in a liability that would have a material adverse effect on Northland. Specific matters that arose in the three months ended March 31, 2020 are included below.

12.1 COVID-19

Each of Northland's operating facilities are deemed to be essential infrastructure and, as such, operations have continued uninterrupted to date. Accordingly, management has taken prudent and comprehensive measures to safeguard the health and well-being of all employees, contractors as well as host communities. All of Northland's facilities continue to operate as expected and preventative measures remain in place in accordance with Northland's crisis response plans and applicable local government directives. Management continues to actively monitor the situation, which remains uncertain, and may take further actions as required or recommended by authorities.

While there continues to be uncertainty with regard to the potential impact of COVID-19, as a result of the relative stability of Northland's revenues, management does not expect a material financial impact to Northland in 2020 due to COVID-19. Risks related to COVID-19 as a result of lower demand for power globally include increased negative pricing at Nordsee One and Deutsche Bucht, lower wholesale market-based prices at Gemini, higher unpaid curtailments in general, increased volatility in the value of financial instruments and reduction in sales and net earnings. Other risks include potential delays in construction timelines as a result of construction services and contractor unavailability or unavailability of key personnel resulting in the interruption of production and lower availability of power infrastructure, thus affecting sales, operating costs and net earnings.

12.2 Warranty and Insurance Proceeds

In the three months ended March 31, 2020, Nordsee One received partial proceeds from its turbine manufacturer, which filed for insolvency in 2019, to settle all warranty obligations for the remaining term of the original service agreement. Following the receipt of the full settlement in the second quarter of 2020, Nordsee One relinquishes its rights to make further warranty claims against the manufacturer. Northland recognized the proceeds as a reduction in "property, plant and equipment" in the consolidated balance sheets.

12.3 Milestone Payments for Development Project Acquisitions

In the course of business, Northland enters into acquisition agreements that may result in the Company making additional payments to the seller of a development project previously acquired upon the successful completion of certain milestones. As at March 31, 2020 these contingent payments were not recognized in the consolidated balance sheets and primarily relate to early stage offshore wind development projects.