Pattern

PATTERN ENERGY GROUP INC.

Investor presentation | March 2017

SAFE HARBOR STATEMENT

The following information contains, or may be deemed to contain, “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995 and “forward-looking information” as defined in Canadian securities laws). The words “may,” “plan,” “forecast,” “seek,” “target,” “goal,” “believe,” “expect,” “anticipate,” “intend,” “estimate” and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. You should not place undue reliance on these forward-looking statements about Pattern Energy Group Inc. (the “Company”). By their nature, forward-looking statements are not statements of historical facts and involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, many of which are outside the Company’s control. Such risks and uncertainties could cause the actual results, performance or achievements of the Company to be materially different from its current expectations and include, but are not limited to: the Company’s ability to complete construction of any construction projects and transition them into financially successful operating projects; the Company’s ability to complete acquisition of power projects; fluctuations in supply, demand, prices and other conditions for electricity; the Company’s electricity generation, projections thereof and factors affecting production including wind and other conditions, other weather conditions, availability and curtailment; changes in law; and the Company’s ability to keep pace with and take advantage of new technologies.

In particular, this presentation contains the Company’s adjusted EBITDA and cash available for distribution, which are not measures under generally accepted accounting principles in the United States (“U.S. GAAP”). Adjusted EBITDA and cash available for distribution have been disclosed because the Company believes that these measures may assist investors in evaluating its financial performance and its ability to pay dividends. Neither adjusted EBITDA nor cash available for distribution should be considered the sole measure of the Company’s performance and should not be considered in isolation from, or as a substitute for, the Company’s U.S. GAAP measures, including, but not limited to, the most directly comparable U.S. GAAP measures, net (loss) income and net cash provided by operating activities, respectively. See pages 19-21 of this presentation, Item 7 in the Company’s annual report on Form 10-K for the year ended December 31, 2016, titled Management’s Discussion and Analysis of Financial Condition and Results of Operations – Key Metrics, for a reconciliation of net cash provided by operating activities to cash available for distribution and net (loss) income to adjusted EBITDA. Forward looking measures of CAFD, run-rate CAFD and CAFD per share growth are non U.S. GAAP measures that cannot be reconciled to net cash provided by operating activates as the most directly comparable non U.S. GAAP financial measure without unreasonable effort. A description of the adjustments to determine CAFD can be found in Management’s Discussion and Analysis of Financial Condition and Results of Operations – Key Metrics of the Company’s 2016 Annual Report on Form 10-K for the period ended December 31, 2016.

All forward-looking statements speak only as of the date made, and the Company expressly disclaims any intention or obligation to revise or publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise except as may be required by applicable law. For additional information regarding known material risks that could cause the Company’s actual results to differ from its projected results please read “Risk Factors” in the Company’s 2016 annual report on Form 10-K for the period ended December 31, 2016.

(All currencies are U.S. dollars unless specified otherwise.)

HIGHLIGHTS

2.6 GW
OWNED CAPACITY

12th
CONSECUTIVE DIVIDEND INCREASE

$133M
2016 CAFD[1]

36%
INCREASE
TO PORTFOLIO ON IDENTIFIED ROFO LIST

$1.66
ANNUALIZED DIVIDEND PER SHARE

44%
INCREASE
VS 2015 CAFD

1) See pages 19-21 for a reconciliation of YTD 2016/2015 net cash provided by operating activities to YTD 2016/2015 cash available for distribution

WHAT IS PATTERN

OWNER & OPERATOR

Pattern

PEGI : NASDAQ
PEG : TSX

DEVELOPER

Pattern Development

Privately owned
Owns 19% of PEGI

INTEGRATED OPERATOR OF HIGH QUALITY ASSETS

Wind

Drop downs

Best-in-class equipment

+

Long term power sales contracts

Creditworthy counterparties

OUR STRATEGY FOR STABLE, GROWING RETURNS

GEOGRAPHICALLY DIVERSIFIED PORTFOLIO

PATTERN OUTLOOK

BEST-IN-CLASS BUSINESS

Built in CAFD Growth
- 2017 CAFD guidance of $140-165M up from $133M (FY 15)
- 12 consecutive dividend increases (32% increase since IPO)

Wind Resources
- ~7 years of on-site data
- Quarterly forecasting

Best Equipment
- Siemens/GE
- <3 year average age
- 97%+ turbine availability

Long-term Contracts
- A- weighted average credit rating of off-takers
- 91% of volume under long-term contract

Project Debt
- Amortizing ahead of PPA expiration
- <5% long-term fixed interest on project debt

SOUND STRATEGY

Driving Value Over 5 Years
- Reducing operating costs by $10,000 – $20,000/turbine
- Increasing production 3 – 5%
- Increasing corporate efficiencies

Patient Capital Needs
- No equity required for current business

Growing Responsibly
- Strong 962 MW identified ROFO
- Expanded Pattern Development capital

Expanding Business Opportunities
- 5,000 MW by 2020
- Development

Lasting Capital Structure
- Project debt
- 3X corporate debt cash flow coverage

PATTERN: A UNIQUE YIELDCO

	PATTERN ENERGY	TYPICAL YIELDCO
Sponsor flexibility	**private: high degree**	**public: lower degree**
Approach	**operating company**	**financial structure**
Management	**internal**	**external**
IDRs	**none**	**most have IDRs**
Growth strategies	**develop & drop opportunistic 3rd party**	**3rd party acquisitions, some drops**
Growth approach	**CAFD multiple + intrinsic / strategic**	**primarily CAFD multiple**

CLEAN & TRANSPARENT RELATIONSHIPS

- No IDRs
- No undisclosed commitments to sponsor
- No cross defaults on any loans
- No undisclosed 3rd party commitments

STRONG ALIGNMENT BETWEEN INVESTORS AND MANAGEMENT

CONSISTENTLY DELIVERED RESULTS

- Forecasting strength
- Managing costs

CONTRACTS DESIGNED FOR CASH FLOW STABILITY

Long-term, fixed-price PPA contracts

Stable operational cost profile

Fixed-price, amortizing project financing

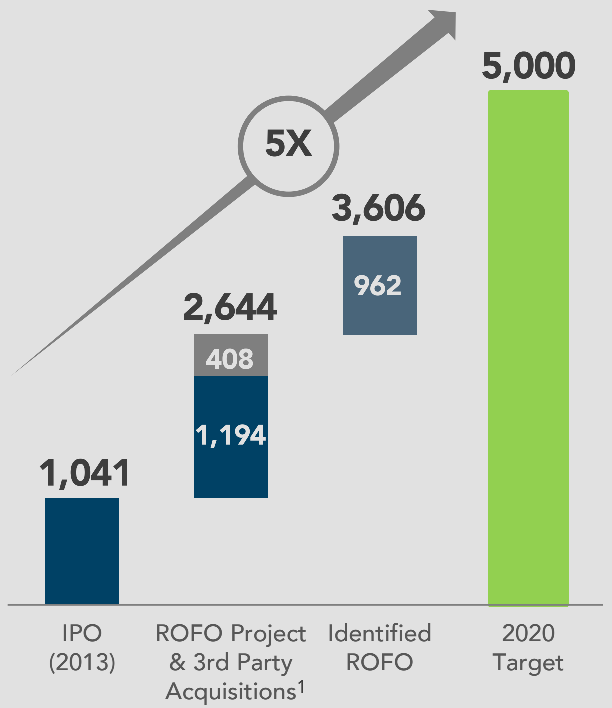
Tax and PPA term offset by
debt term and tax equity flip

25 YEARS
CAFD & EBITDA
STABILITY

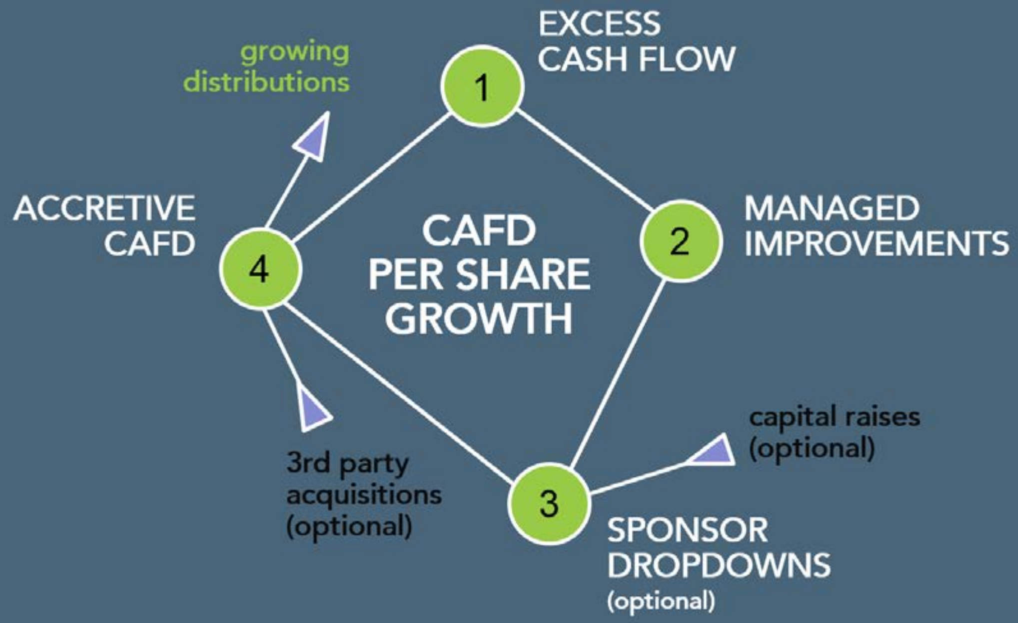
Assumes zero residual value with spot market pricing at approximately today's values

EXPANDING OUR OUTLOOK T0 5,000 MW BY 2020

OWNED CAPACITY GROWTH (MW)



PATTERN'S VIRTUOUS CYCLE



1) Includes agreement to acquire Pattern Development interest in Broadview

IDENTIFIED ROFO LIST

Near-term opportunities through Pattern Development purchase rights

	Net owned capacity (MW)	Revenue	Est. Commercial Operations Date
Pattern Development 1.0 projects			
Kanagi Solar, JP	6	20 year PPA	2016 A
Futtsu Solar, JP	19	20 year PPA	2016 A
Conejo Solar, CL	104	22 year PPA	2016 A
Meikle, BC	180	25 year PPA	2017 A
Belle River, ON	43	20 year PPA	2017
Ohorayama, JP	31	20 year PPA	2018
Mont Sainte-Marguerite, QC	147	25 year PPA	2017
Henvey Inlet, ON	150	20 year PPA	2018
North Kent, ON	43	20 year PPA	2018
Tsugaru, JP	63	20 year PPA	2019
Pattern Development 2.0 projects			
Grady, NM	176	25 year PPA	2019
Total	**962**		

962 MW
identified ROFO list owned interest

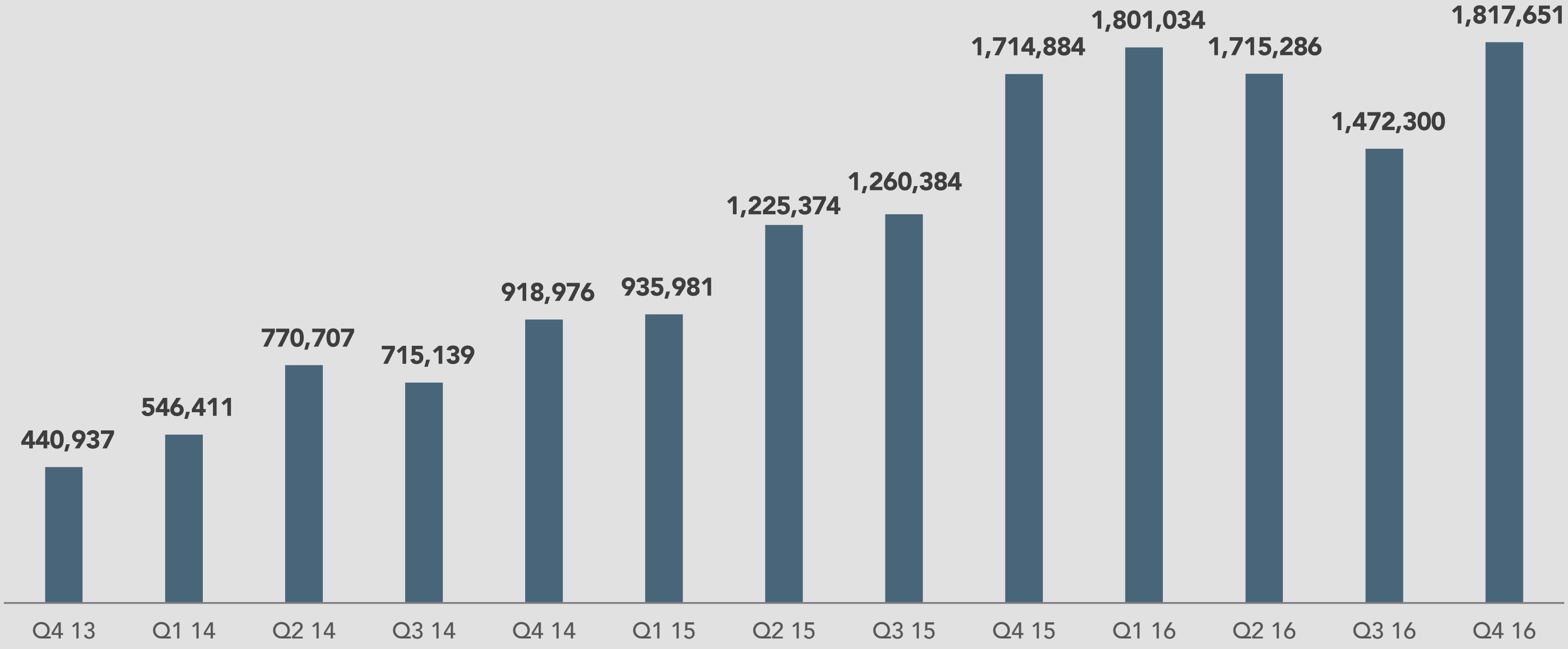
36%
increase to existing portfolio

1,194 MW
assets dropped down since IPO

FINANCIALS

DIVERSIFIED AND INCREASING ASSET BASE

QUARTERLY PROPORTIONAL PRODUCTION (MWh)



Q4 AND FY 2016 FINANCIAL SUMMARY

USD millions (except GWh)	Q4 2016	Q4 2015	change	2016	2015	change
GWh	**1,818**	**1,715**	**6%**	**6,806**	**5,137**	**33%**
Revenue	**$81.1**	**$90.6**	**(11)%**	**$354.1**	**$329.8**	**7%**
Adjusted EBITDA[1]	**$85.1**	**$78.3**	**9%**	**$304.2**	**$250.5**	**21%**
Cash Available for Distribution[1]	**$36.2**	**$32.9**	**10%**	**$133.0**	**$92.4**	**44%**

$140-165 M: 2017 CAFD TARGET RANGE[2]

1) See pages 19-21 for a reconciliation of Q4 2016/2015 and FY 2015/2016 net cash provided by operating activities to Q4 2016/2015 and FY 2016/2015 cash available for distribution and net (loss) income to adjusted EBITDA.
2) The forward looking measure of 2017 full year cash available for distribution (CAFD) is a non-GAAP measures that cannot be reconciled to net cash provided by operating activities as the most directly comparable GAAP financial measure without unreasonable effort primarily because of the uncertainties involved in estimating forward-looking changes in working capital balances which are added to earnings to arrive at cash provided by operations and subtracted therefrom to arrive at CAFD. A description of the adjustments to determine CAFD can be found within Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations - Key Metrics, of Pattern Energy's 2016 Annual Report on Form 10-K for the period ended December 31, 2016.

TWELFTH CONSECUTIVE DIVIDEND INCREASE

Period	Dividend per Class A share	% increase
Q1 2014	$0.3125	--
Q2 2014	$0.322	3.0%
Q3 2014	$0.328	1.9%
Q4 2014	$0.335	2.1%
Q1 2015	$0.342	2.1%
Q2 2015	$0.352	2.9%
Q3 2015	$0.363	3.1%
Q4 2015	$0.372	2.5%
Q1 2016	$0.381	2.4%
Q2 2016	$0.390	2.4%
Q3 2016	$0.400	2.6%
Q4 2016	$0.408	2.0%
Q1 2017	$0.41375	1.4%
TOTAL SINCE IPO		**32.4%**

LIQUIDITY (as of December 31, 2016, $ millions)

Unrestricted cash	**$84**
Restricted cash	**$25**
Revolver availability	**$288**
Undrawn capacity under certain project debt facilities	**$99**
Total	**$497**

MANAGING LIQUIDITY

80% target payout ratio of CAFD run rate

Reserving cash in strong cash flow periods

Repricing and modifying project debt

Increase project output via improvements and availability

STRONG POSITION FOR GROWTH

LOWER
kWh COSTS

GROWTH
WITH NO NEW EQUITY

GROWING
ROFO
LIST

RPSs
DRIVING
U.S. DEMAND

ONLY
ACCRETIVE
DROP DOWNS

CONSISTENTLY
DELIVERED
SINCE IPO

Pattern

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Appendix | March 2017

HIGH-QUALITY PORTFOLIO OF POWER PROJECTS

	Project size	Owned %	Owned MW	Revenue	Off-Taker	COD	Turbines	Contract Tenor	% Under Contract
Gulf Wind, TX	283	100%	283	Hedge	Morgan Stanley	Q3 2009	Mitsubishi	2019	~58%
Hatchet Ridge, CA	101	100%	101	PPA	PG&E	Q4 2010	Siemens	2025	100%
St. Joseph, MB	138	100%	138	PPA	Manitoba Hydro	Q2 2011	Siemens	2039	100%
Spring Valley, NV	152	100%	152	PPA	NV Energy	Q3 2012	Siemens	2032	100%
Santa Isabel, Puerto Rico	101	100%	101	PPA	PREPA	Q4 2012	Siemens	2037	100%
Ocotillo, CA	265	100%	265	PPA	SDG&E	Q4 2012/ Q2 2013	Siemens	2033	100%
South Kent, ON	270	50%	135	PPA	IESO	Q2 2014	Siemens	2034	100%
El Arrayán, Chile	115	70%	81	Hedge	Minera Los Pelambres	Q2 2014	Siemens	2034	~74%
Panhandle 1, TX	218	79%	172	Hedge	Citigroup Energy	Q2 2014	GE	2027	~80%
Panhandle 2, TX	182	81%	147	Hedge	Morgan Stanley	Q4 2014	Siemens	2027	~80%
Grand, ON	149	45%	67	PPA	IESO	Q4 2014	Siemens	2034	100%
Post Rock, KS	201	60%	120	PPA	Westar	Q4 2012	GE	2032	100%
Lost Creek, MO	150	100%	150	PPA	Associated Electric Cooperative	Q2 2010	GE	2030	100%
K2, ON	270	33%	90	PPA	IESO	Q2 2015	Siemens	2035	100%
Logan's Gap, TX	200	82%	164	PPA / Hedge	Wal-mart Stores Inc. / Merrill Lynch	Q3 2015	Siemens	2025/28	~75%
Amazon Wind Farm (F), IN	150	77%	116	PPA	Amazon.com	Q4 2015	Siemens	2028	100%
Broadview, NM	324	84%	272	PPA	Southern California Edison	H1 2017	Siemens	2037	100%
Armow, ON	180	50%	90	PPA	IESO	Q4 2015	Siemens	2035	100%
Total Combined[1]	**3,449**		**2,644**					**14 years**	**91%**

1. Includes agreement to acquire Pattern Development interests in Broadview

CASH AVAILABLE FOR DISTRIBUTION*

(NON-GAAP RECONCILIATION)

	Three months ended December 31,		For the year ended December 31,	
	2016	2015	2016	2015
Net cash provided by operating activities	**$56,293**	**$32,447**	**$163,664**	**$117,849**
Changes in operating assets and liabilities	(11,800)	1,669	(11,000)	(6,880)
Network upgrade reimbursement	4,821	618	4,821	2,472
Release of restricted cash to fund project and general and administrative costs	50	110	640	1,611
Operations and maintenance capital expenditures	(138)	(485)	(1,017)	(779)
Distributions from unconsolidated investments	1,632	10,722	41,698	34,216
Reduction of other asset - Gulf Wind energy derivative deposit	—	850	—	6,205
Other	(172)	(596)	(302)	(323)
Less:				
Distributions to noncontrolling interests	(6,125)	(3,500)	(17,896)	(7,882)
Principal payments paid from operating cash flows	(8,312)	(8,984)	(47,634)	(54,041)
Cash available for distribution	**$36,249**	**$32,851**	**$132,974**	**$92,448**

ADJUSTED EBITDA*
(NON-GAAP RECONCILIATION)

	Three months ended December 31, 2016	2015	For the year ended December 31, 2016	2015
Net loss	**$3,445**	**$(3,873)**	**$(52,299)**	**$(55,607)**
Plus:				
Interest expense, net of interest income	15,692	18,886	76,598	75,309
Tax provision	4,641	4,267	8,679	4,943
Depreciation, amortization and accretion	47,028	41,240	184,002	145,322
EBITDA	70,806	60,520	216,980	169,967
Unrealized loss on energy derivative (1)	7,797	2,391	22,767	791
Loss on undesignated derivatives, net	(14,361)	1,908	3,324	5,490
Realized loss on derivatives	—	—	—	11,221
Early extinguishment of debt	—	828	—	4,941
Net gain (loss) on transactions	(27)	737	326	3,400
Adjustments from unconsolidated investments (2)	18,914	—	(659)	—
Plus, proportionate share from equity accounted investments:				
Interest expense, net of interest income	9,325	6,452	32,103	23,537
Depreciation, amortization and accretion	8,139	6,434	27,763	22,680
Loss on undesignated derivatives, net	(15,463)	(1,017)	1,552	8,514
Adjusted EBITDA	**$85,130**	**$78,253**	**$304,156**	**$250,541**

1) Amount is included in electricity sales on the consolidated statements of operations.
2) Adjustments from unconsolidated investment for the three months ended December 31, 2016, consists of $4.9 million gains on distributions from unconsolidated investments and $(23.8) million of suspended equity earnings. Adjustments for the year ended December 31, 2016, consists of $19.9 million gains on distributions from unconsolidated investments and $(19.2) million of suspended equity earnings.

*SUMMARY NON-GAAP FINANCIAL MEASURES

Cash available for distribution represents net cash provided by operating activities as adjusted to (i) add or subtract changes in operating assets and liabilities, (ii) subtract net deposits into restricted cash accounts, which are required pursuant to the cash reserve requirements of financing agreements, to the extent they are paid from operating cash flows during a period, (iii) subtract cash distributions paid to noncontrolling interests, (iv) subtract scheduled project-level debt repayments in accordance with the related loan amortization schedule, to the extent they are paid from operating cash flows during a period, (v) subtract non-expansionary capital expenditures, to the extent they are paid from operating cash flows during a period, (vi) add cash distributions received from unconsolidated investments, to the extent such distributions were derived from operating cash flows, and (vii) add or subtract other items as necessary to present the cash flows we deem representative of our core business operations.

We disclose cash available for distribution because management recognizes that it will be used as a supplemental measure by investors and analysts to evaluate our liquidity. However, cash available for distribution has limitations as an analytical tool because it excludes depreciation, amortization, and accretion, does not capture the level of capital expenditures necessary to maintain the operating performance of our projects, is not reduced for principal payments on our project indebtedness except to the extent they are paid from operating cash flows during a period, and excludes the effect of certain other cash flow items, all of which could have a material effect on our financial condition and results from operations. Cash available for distribution is a non-U.S. GAAP measure and should not be considered an alternative to net cash provided by operating activities or any other liquidity measure determined in accordance with U.S. GAAP, nor is it indicative of funds available to fund our cash needs. In addition, our calculation of cash available for distribution is not necessarily comparable to cash available for distribution as calculated by other companies.

Adjusted EBITDA represents net (loss) income before net interest expense, income taxes, and depreciation, amortization and accretion, including our proportionate share of net interest expense, income taxes and depreciation, amortization, and accretion of unconsolidated investments. Adjusted EBITDA also excludes the effect of certain mark-to-market adjustments and infrequent items not related to normal or ongoing operations, such as early payment of debt, realized derivative gain or loss from refinancing transactions, gain or loss related to acquisitions or divestitures, and adjustments from unconsolidated investments. We disclose adjusted EBITDA, which is a non-U.S. GAAP measure, because management believes this metric assists investors and analysts in comparing our operating performance across reporting periods on a consistent basis by excluding items that our management believes are not indicative of our core operating performance. We use adjusted EBITDA to evaluate our operating performance. You should not consider adjusted EBITDA as an alternative to net loss, determined in accordance with U.S. GAAP.

During the year ended December 31, 2016, we suspended the equity method of accounting for our investments at South Kent and Grand as the carrying value of our investments were reduced to zero. Our definition of Adjusted EBITDA has accordingly been modified in the current period to include adjustments gains on distributions and suspended equity losses from unconsolidated investments.

Adjusted EBITDA has limitations as an analytical tool. Some of these limitations are:

- adjusted EBITDA:
  - does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
  - does not reflect changes in, or cash requirements for, our working capital needs;
  - does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
  - does not reflect our income tax expense or the cash requirement to pay our taxes; and
  - does not reflect the effect of certain mark-to-market adjustments and non-recurring items;
- although depreciation, amortization and accretion are non-cash charges, the assets being depreciated, amortized, and accreted will often have to be replaced in the future, and adjusted EBITDA does not reflect any cash requirements for such replacements; and
- other companies in our industry may calculate adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, adjusted EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with U.S. GAAP.