

PATTERN ENERGY GROUP INC.

FORM 8-K (Current report filing)

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Address	PIER 1 BAY 3 SAN FRANCISCO, CA, 94111
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Sector	Utilities
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): May 21, 2018

PATTERN ENERGY GROUP INC.

(Exact name of registrant as specified in its charter)

**Delaware
(State or other jurisdiction
of incorporation)**

**001-36087
(Commission
File Number)**

**90-0893251
(IRS Employer
Identification Number)**

**Pier 1, Bay 3
San Francisco, CA 94111
(Address and zip code of principal executive offices)**

**(415) 283-4000
(Registrant's telephone number, including area code)**

**Not Applicable
(Former name or former address, if changed since last report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act (17 CFR 230.405) or Rule 12b-2 of the Exchange Act (17 CFR 240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

Pattern Energy Group Inc. (the “Company”) previously in June 2017 entered into an Amended and Restated Purchase Rights Agreement (the “A&R 1.0 PRA”) by and among Pattern Energy Group LP (“Pattern Development 1.0”), the Company, Pattern Energy Group Holdings LP, and Pattern Energy Group Holdings GP LLC pursuant to which (among other things) Pattern Development 1.0 had agreed to offer the Company a right of first offer with respect to power projects that it decides to sell.

In addition, the Company previously in June 2017 entered into a Joint Venture Agreement (the “Joint Venture Agreement”) with the Public Sector Pension Investment Board (“PSP Investments”) pursuant to which (among other things) PSP Investments has the right to co-invest alongside the Company in energy projects over which the Company has a right of first offer pursuant to the Company’s rights under the A&R 1.0 PRA.

The Company has waived its right of first offer (“ROFO”) under the A&R 1.0 PRA with respect to the Conejo Solar project, a solar project located in the Antofagasta region of northern Chile in which Pattern Development 1.0 has an owned interest of approximately 104 MW (“Conejo Solar”), in connection with the sale of such project pursuant to a joint marketing process that was undertaken with the Company’s sale of its El Arrayan Wind project, a project also located in Chile in which the Company has an owned interest of approximately 81 MW. See Item 8.01 below.

PSP Investments has also provided the Company a waiver of PSP Investments’ co-investment rights for Conejo Solar under the Joint Venture Agreement.

Item 7.01 Regulation FD Disclosure.

On May 24, 2018, the Company issued a press release relating to the matters discussed herein under Item 1.01 and Item 8.01. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information included in this Current Report on Form 8-K under this Item 7.01 (including Exhibit 99.1 hereto) is being “furnished” and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of Section 18, nor shall it be incorporated by reference into a filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly set forth by specific reference in such filing. The information included in this Current Report on Form 8-K under this Item 7.01 (including Exhibit 99.1 hereto) will not be deemed an admission as to the materiality of any information required to be disclosed solely to satisfy the requirements of Regulation FD.

Item 8.01 Other Events.

El Arrayan Stock Purchase Agreement

On May 21, 2018, Pattern Finance Chile LLC (“Pattern Finance LLC”) and Pattern Chile Holdings LLC (“Pattern Holdings LLC,” and together with Pattern Finance Chile, the “Sellers”), both indirect wholly owned subsidiaries of the Company, entered into a Stock Purchase Agreement (the “El Arrayan SPA”) with Arroyo Energy Compania de Energias Renovables Limitada, a Chilean *Sociedad de Responsabilidad Limitada* (the “Buyer”).

Pattern Finance LLC owns 100% of the capital stock of Pattern Finance Chile SpA, a Chilean *sociedad por acciones* (“Pattern Finance SpA”), and Pattern Holdings LLC owns 100% of the capital stock of Pattern Chile Holdings SpA, a Chilean *sociedad por acciones* (“Pattern Holdings SpA”). The 100% of the capital stock of Pattern Finance SpA and 100% of the capital stock of Pattern Holdings SpA are referred to together as the “Chile Company Shares.”

Upon the terms and subject to the conditions set forth in the El Arrayan SPA, the Buyer will purchase at the closing from the Sellers the Chile Company Shares and Seller will receive cash consideration of \$67 million, subject to adjustments. Pattern Finance SpA owns approximately 70.75% of the capital stock of Parque Eolico El Arrayan SPA, a Chilean *sociedad por acciones*, which operates El Arrayan Wind, (a wind electric generation facility located approximately 400 kilometers north of Santiago on the coast of Chile in which the Company has an owned interest of approximately 81 MW) and also owns a company which holds assets and rights relating to ownership and operation of an extension of the trunk transmission system in Chile.

Buyer's and Sellers' obligations to consummate the transactions contemplated by the El Arrayan SPA are subject to the satisfaction or waiver of various customary conditions, including, among others, (1) no order, law, or proceeding that would reasonably be expected to result in an order restraining, enjoining, or prohibiting or making illegal the transactions contemplated, (2) all necessary approvals obtained and in full force and effect, including any necessary regulatory approvals related to regulatory filings, and (3) subject to certain exceptions, the accuracy of the representations of the other party set forth in the El Arrayan SPA. In addition, the obligations are conditioned on the closing of Buyer's purchase of the Conejo Solar facility from Pattern Development 1.0 which was marketed concurrently with the marketing for sale of El Arrayan Wind. Certain limited guarantees are being provided by both the Company and Arroyo Energy Investors Fund II, L.P., a Delaware limited partnership.

The El Arrayan SPA provides for certain limited rights to terminate the El Arrayan SPA, including if the transactions contemplated by the El Arrayan SPA have not been consummated by September 18, 2018 subject to limited postponement.

The El Arrayan SPA includes customary representations by Buyer and Sellers, including as to due authorization, non-contravention, compliance with laws, enforceability, ownership and title, no legal proceedings or adverse claims, and certain tax matters. The El Arrayan SPA provides for customary indemnification by Buyer and Sellers, as applicable, for breaches of representations or covenants, which indemnification is subject to customary limitations including, among other things, a cap and time limits.

Because the marketing for the sale of El Arrayán Wind was conducted concurrently with the marketing for the sale of Conejo Solar, the Conflicts Committee of the Board of Directors of the Company (which is comprised entirely of independent directors) reviewed and considered the El Arrayán Wind transaction in accordance with the Company's conflict of interest policies, including with respect to the relative purchase price of El Arrayán Wind and Conejo Solar and the waiver of the Company's ROFO over Conejo Solar. The Board of Directors of the Company approved the El Arrayán SPA described in this Item 8.01 and the waiver of the ROFO rights described in Item 1.01 above.

As a result of the transactions contemplated by the El Arrayan SPA, the Company expects to recognize an impairment charge in the second quarter of 2018 in the range of \$1.0 million to \$4.0 million, subject to certain closing adjustments, unrealized gains and loss on interest rate derivatives and final transaction costs.

Item 9.01. Financial Statements and Exhibits.

d. Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1	<u>Waiver Agreement dated as of May 21, 2018 entered into by Pattern Energy Group LP and the Company.</u>
10.2	<u>Consent and Waiver Agreement dated as of May 21, 2018 entered into by Public Sector Pension Investment Board and the Company.</u>
99.1	<u>Press release issued by the Company, dated May 24, 2018.</u>

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, Pattern Energy Group Inc. has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 25, 2018

PATTERN ENERGY GROUP INC.

By: /s/ Kim H. Liou

Name: Kim H. Liou

Title: Secretary

WAIVER AGREEMENT

This WAIVER AGREEMENT (the “Waiver Agreement”), dated as of May 21, 2018 is entered into by Pattern Energy Group LP, a Delaware limited partnership (“PEG LP”), and Pattern Energy Group Inc., a Delaware corporation (“PEG Inc.”). Each of PEG LP and PEG Inc. are hereafter referred to individually as a “Party” and collectively as “Parties.”

RECITALS

A. The Parties entered into the Amended and Restated Purchase Rights Agreement (as amended, supplemented or otherwise modified from time to time, the “PR Agreement”), dated as of June 16, 2017. Capitalized terms used in this letter and not otherwise defined or indicated herein shall have the meanings assigned thereto in the PR Agreement.

B. Pursuant to the PR Agreement, PEG LP has granted PEG Inc. and its Permitted Assignee a right of first offer on any proposed Transfer by any PEG LP Entity of all or any portion of such entity’s ownership interest in any Project owned by a PEG LP Entity (“ROFO Rights”) and PEG LP has agreed to perform certain obligations in support of such right.

C. PEG LP indirectly owns (i) all of the equity interest in that operating solar photovoltaic project in Chile known as “Conejo Solar” (the “Conejo Project”), owned directly by Conejo Solar SpA (“Conejo Project Company”), and (ii) certain other early stage development projects in Chile (together with the Conejo Project, the “Subject Projects”) owned indirectly by Pattern Chile Development Holdings SpA (the “Pattern Chile Devco.,” and together with the Conejo Project Company and all other subsidiaries of Pattern Chile Devco, the “Subject Project Companies”).

D. PEG LP is currently negotiating a Stock Purchase Agreement with a potential buyer, located as a result of a sales process run by its advisor, Credit Suisse Securities (USA) LLC, to sell 100% of all of PEG LP’s indirect equity interests in each of the Subject Project Companies (the “Proposed Transaction”).

E. Having been advised of the Proposed Transaction by PEG LP, PEG Inc. wishes to waive its ROFO Rights and associated rights thereto under the PR Agreement in accordance with the terms hereof.

WAIVER AGREEMENT
(A&R PURCHASE RIGHTS AGREEMENT)

NOW THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Waiver. PEG Inc., in accordance with the PR Agreement, on its behalf and on behalf of its Permitted Assignee, hereby waives all of its ROFO Rights and any right to performance of other obligations of PEG LP under the PR Agreement in support thereof, that have or may be triggered by the negotiation, documentation and closing of the Proposed Transaction, including without limitation: (a) the right to receive a Project Transfer Notice and associated evaluation material under Section 3.2 of the PR Agreement (beyond that information which has already been delivered to date) for any of the Subject Projects or Subject Project Company equity interests owned indirectly by PEG LP, or (b) the right to make any First Rights Project Offer or a Final Rights Project Offer on the same.

2. Acknowledgement.

(a) PEG Inc., on its behalf and on behalf of its Permitted Assignee, acknowledges having been informed of the Proposed Transaction and received supporting evaluation materials in connection therewith.

(b) The foregoing waivers are limited in effect and, except as specifically set forth above, shall apply only as expressly set forth in this Waiver Agreement and shall not constitute a consent, waiver, modification, approval or amendment of any other provision of the PR Agreement. The PR Agreement is modified only to the extent expressly provided in this Waiver Agreement, and shall, as so modified, remain in full force and effect and is hereby ratified and confirmed by the Parties in all respects.

3. Notices. Any communications between the parties in connection with the matters set forth herein shall be provided pursuant to Section 6.3 of the PR Agreement.

4. Binding Effect. This Waiver Agreement shall be binding upon and benefit the successors and permitted assigns of PEG LP and PEG Inc.

5. Miscellaneous. Sections 5.1 (*Choice of Law; Submission to Jurisdiction; Waiver of Jury Trial*), 5.4 (*Entire Agreement*), and 5.9 (*Severability*) of the PR Agreement are hereby incorporated into this acknowledgement and agreement, *mutatis mutandis* , and shall apply as if fully set forth herein .

6. Counterparts. This Waiver Agreement may be executed in one or more duplicate counterparts, and when executed and delivered by all the parties listed below, shall constitute a single binding agreement. The parties agree that delivery of a copy of this Waiver Agreement bearing an original signature by facsimile transmission, by electronic mail in “portable document format” (“.pdf”) form or by any other electronic means intended to preserve the original

graphic and pictorial appearance of a document, or by a combination of such means, shall have the same effect as physical delivery of the paper document bearing the original signature. “Originally signed” or “original signature” means or refers to a signature that has not been mechanically or electronically reproduced.

7. Interpretation. All references in this Waiver Agreement to any document, instrument or agreement (a) shall include all contract variations, change orders, exhibits, schedules and other attachments thereto, and (b) shall include all documents, instruments or agreements issued or executed in replacement or as predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the undersigned, by its representative thereunto duly authorized, has duly executed this Waiver Agreement as of the date first above written.

PATTERN ENERGY GROUP LP

By: /s/ Dyann Blaine
Name: Dyann Blaine
Title: Vice President

PATTERN ENERGY GROUP INC.

By: /s/ Dyann Blaine
Name: Dyann Blaine
Title: Vice President

CONSENT AND WAIVER AGREEMENT

This CONSENT AND WAIVER AGREEMENT (the “Consent and Waiver”), dated as of May 21, 2018 is entered into by Public Sector Pension Investment Board, a Canadian Crown corporation under the *Public Sector Pension Investment Board Act* (Canada) (“PSP”), and Pattern Energy Group Inc., a Delaware corporation (“PEG Inc.”). Each of PSP and PEG Inc. are hereafter referred to individually as a “Party” and collectively as “Parties.”

RECITALS

A. The Parties entered into the Joint Venture Agreement (as amended, supplemented or otherwise modified from time to time, the “JV Agreement”), dated as of June 16, 2017. Capitalized terms used in this letter and not otherwise defined or indicated herein shall have the meanings assigned thereto in the JV Agreement.

B. Pursuant to the JV Agreement, PEG Inc. has granted PSP a right to co-invest in certain renewable energy projects owned or under development by Pattern Energy Group LP (“PEG LP”) and certain of its affiliates (collectively, “PEG LP Entity”) over which PEG Inc. possess a right of first offer on any proposed transfer of all or any portion of such entity’s ownership interest in any such project owned by a PEG LP Entity pursuant to the Amended and Restated Purchase Rights Agreement (the “PR Agreement”), by and among PEG LP, PEG Inc., and Pattern Energy Group Holdings LP (“Co-Investment Rights”). PEG Inc. has agreed to perform certain obligations in support of such right.

C. PEG LP indirectly owns (i) all of the equity interest in that operating solar photovoltaic project in Chile known as “Conejo Solar” (the “Conejo Project”), owned directly by Conejo Solar SpA (“Conejo Project Company”), and (ii) certain other early stage development projects in Chile (together with the Conejo Project, the “Subject Projects”) owned indirectly by Pattern Chile Development Holdings SpA (the “Pattern Chile Devco.” and together with the Conejo Project Company and all other subsidiaries of Pattern Chile Devco, the “Subject Project Companies”).

D. PEG LP is currently negotiating a Stock Purchase Agreement with a potential buyer, located as a result of a sales process run by its advisor, Credit Suisse Securities (USA) LLC, to sell 100% of all of PEG LP’s indirect equity interests in each of the Subject Project Companies (the “Proposed Transaction”). PEG Inc. has been advised of the Proposed Transaction by PEG LP and wishes to waive its rights of first offer and associated rights thereto under the PR Agreement (“ROFO Rights”).

E. Having been advised of the Proposed Transaction and PEG Inc.’s desire to waive its ROFO Rights by PEG Inc., PSP wishes to waive its Co-Investments Rights and associated

CONSENT AND WAIVER
(JV AGREEMENT)

rights thereto under the JV Agreement and consent to PEG Inc.'s waiver of its ROFO Rights in accordance with the terms hereof.

NOW THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Waiver. PSP, in accordance with the JV Agreement, hereby waives all of its Co-Investment Rights and any right to performance of other obligations of PEG Inc. under the JV Agreement in support thereof, that have or may be triggered by the negotiation, documentation and closing of the Proposed Transaction by PEG LP and any associated waiver of PEG Inc.'s rights under the PR Agreement, including without limitation: (a) the right to receive a Covered Project Transfer Notice, a PEGI Purchase Declination, a Final Offer Notice, and associated evaluation material under Sections 3.01(a), 3.01(b) and 3.01(g) of the JV Agreement (beyond that information which has already been delivered to date) for any of the Subject Projects or Subject Project Company equity interests owned indirectly by PEG LP, (b) the right to demand that PEG Inc. wait until the end of the expiration of the First Rights Offer Period with respect to the Proposed Transaction prior to acting in connection therewith, (c) the right to make any Final Rights Project Offer on the same, or (d) any other right under Section 3.05(a) of the JV Agreement in connection with the Proposed Transaction.

2. Consent. PSP, in accordance with the JV Agreement, hereby consents and approves, for all purposes, to PEG Inc.'s execution of a Waiver Agreement substantially in the form attached hereto as Exhibit A ("PEG Inc. Waiver") in connection with the Proposed Transaction.

3. Acknowledgement and Agreement.

- (a) PSP acknowledges having been informed of the Proposed Transaction and received supporting evaluation materials in connection therewith.
- (b) The Parties agree that no Joint Acquisition Declination shall have occurred or deemed to have occurred under Section 3.04(a)(ii)(x) in connection with the Proposed Transaction as a result of the execution of this Consent and Waiver or the PEG Inc. Waiver.
- (c) The foregoing consent and waivers are limited in effect and, except as specifically set forth above, shall apply only as expressly set forth in this Consent and Waiver and shall not constitute a consent, waiver, modification, approval or amendment of any other provision of the JV Agreement. The JV Agreement is modified only to the extent expressly provided in this Consent and Waiver, and shall, as so modified, remain in full force and effect and is hereby ratified and confirmed by the Parties in all respects.

4. Notices. Any communications between the parties in connection with the matters set forth herein shall be provided pursuant to Section 5.07 of the JV Agreement.

5. Binding Effect. This Consent and Waiver shall be binding upon and benefit the successors and permitted assigns of PEG Inc. and PSP.

6. Miscellaneous. Sections 4.01 (*Confidentiality*), 5.03 (*Governing of Law; Consent to Jurisdiction; Waiver of Jury Trial*), 5.04 (*Entire Agreement*), and 5.05 (*Severability*), of the JV Agreement are hereby incorporated into this acknowledgement and agreement, *mutatis mutandis* , and shall apply as if fully set forth herein .

7. Counterparts. This Consent and Waiver may be executed in one or more duplicate counterparts, and when executed and delivered by all the parties listed below, shall constitute a single binding agreement. The parties agree that delivery of a copy of this Consent and Waiver bearing an original signature by facsimile transmission, by electronic mail in “portable document format” (“.pdf”) form or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by a combination of such means, shall have the same effect as physical delivery of the paper document bearing the original signature. “Originally signed” or “original signature” means or refers to a signature that has not been mechanically or electronically reproduced.

8. Interpretation. All references in this Consent and Waiver to any document, instrument or agreement (a) shall include all contract variations, change orders, exhibits, schedules and other attachments thereto, and (b) shall include all documents, instruments or agreements issued or executed in replacement or as predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the undersigned, by its representative thereunto duly authorized, has duly executed this Consent and Waiver as of the date first above written.

PUBLIC SECTOR PENSION INVESTMENT BOARD

By: /s/ Patrick Samson
Name: Patrick Samson
Title: Authorized Signatory

By: /s/ Michael Larkin
Name: Michael Larkin
Title: Authorized Signatory

PATTERN ENERGY GROUP INC.

By: /s/ Dyann Blaine
Name: Dyann Blaine
Title: Vice President

Exhibit A

Form of Waiver Agreement

WAIVER AGREEMENT

This WAIVER AGREEMENT (the “Waiver Agreement”), dated as of May 21, 2018 is entered into by Pattern Energy Group LP, a Delaware limited partnership (“PEG LP”), and Pattern Energy Group Inc., a Delaware corporation (“PEG Inc.”). Each of PEG LP and PEG Inc. are hereafter referred to individually as a “Party” and collectively as “Parties.”

RECITALS

A. The Parties entered into the Amended and Restated Purchase Rights Agreement (as amended, supplemented or otherwise modified from time to time, the “PR Agreement”), dated as of June 16, 2017. Capitalized terms used in this letter and not otherwise defined or indicated herein shall have the meanings assigned thereto in the PR Agreement.

B. Pursuant to the PR Agreement, PEG LP has granted PEG Inc. and its Permitted Assignee a right of first offer on any proposed Transfer by any PEG LP Entity of all or

any portion of such entity's ownership interest in any Project owned by a PEG LP Entity ("ROFO Rights") and PEG LP has agreed to perform certain obligations in support of such right.

C. PEG LP indirectly owns (i) all of the equity interest in that operating solar photovoltaic project in Chile known as "Conejo Solar" (the "Conejo Project"), owned directly by Conejo Solar SpA ("Conejo Project Company"), and (ii) certain other early stage development projects in Chile (together with the Conejo Project, the "Subject Projects") owned indirectly by Pattern Chile Development Holdings SpA (the "Pattern Chile Devco," and together with the Conejo Project Company and all other subsidiaries of Pattern Chile Devco, the "Subject Project Companies").

D. PEG LP is currently negotiating a Stock Purchase Agreement with a potential buyer, located as a result of a sales process run by its advisor, Credit Suisse Securities (USA) LLC, to sell 100% of all of PEG LP's indirect equity interests in each of the Subject Project Companies (the "Proposed Transaction").

E. Having been advised of the Proposed Transaction by PEG LP, PEG Inc. wishes to waive its ROFO Rights and associated rights thereto under the PR Agreement in accordance with the terms hereof.

NOW THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Waiver. PEG Inc., in accordance with the PR Agreement, on its behalf and on behalf of its Permitted Assignee, hereby waives all of its ROFO Rights and any right to performance of other obligations of PEG LP under the PR Agreement in support thereof, that have or may be triggered by the negotiation, documentation and closing of the Proposed Transaction, including without limitation: (a) the right to receive a Project Transfer Notice and associated evaluation material under Section 3.2 of the PR Agreement (beyond that information which has already been delivered to date) for any of the Subject Projects or Subject Project Company equity interests owned indirectly by PEG LP, or (b) the right to make any First Rights Project Offer or a Final Rights Project Offer on the same.

2. Acknowledgement.

(a) PEG Inc., on its behalf and on behalf of its Permitted Assignee, acknowledges having been informed of the Proposed Transaction and received supporting evaluation materials in connection therewith.

(b) The foregoing waivers are limited in effect and, except as specifically set forth above, shall apply only as expressly set forth in this Waiver Agreement and shall not constitute a consent, waiver, modification, approval or amendment of any other provision of the PR Agreement. The PR Agreement is modified only to the extent expressly provided in this Waiver Agreement,

and shall, as so modified, remain in full force and effect and is hereby ratified and confirmed by the Parties in all respects.

3. Notices. Any communications between the parties in connection with the matters set forth herein shall be provided pursuant to Section 6.3 of the PR Agreement.
4. Binding Effect. This Waiver Agreement shall be binding upon and benefit the successors and permitted assigns of PEG LP and PEG Inc.
5. Miscellaneous. Sections 5.1 (*Choice of Law; Submission to Jurisdiction; Waiver of Jury Trial*), 5.4 (*Entire Agreement*), and 5.9 (*Severability*) of the PR Agreement are hereby incorporated into this acknowledgement and agreement, *mutatis mutandis* , and shall apply as if fully set forth herein .
6. Counterparts. This Waiver Agreement may be executed in one or more duplicate counterparts, and when executed and delivered by all the parties listed below, shall constitute a single binding agreement. The parties agree that delivery of a copy of this Waiver Agreement bearing an original signature by facsimile transmission, by electronic mail in “portable document format” (“pdf”) form or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by a combination of such means, shall have the same effect as physical delivery of the paper document bearing the original signature. “Originally signed” or “original signature” means or refers to a signature that has not been mechanically or electronically reproduced.
7. Interpretation. All references in this Waiver Agreement to any document, instrument or agreement (a) shall include all contract variations, change orders, exhibits, schedules and other attachments thereto, and (b) shall include all documents, instruments or agreements issued or executed in replacement or as predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the undersigned, by its representative thereunto duly authorized, has duly executed this Waiver Agreement as of the date first above written.

PATTERN ENERGY GROUP LP

By: _____
Name: Dyann Blaine
Title: Vice President

PATTERN ENERGY GROUP INC.

By: _____

Name: Dyann Blaine

Title: Vice President



Pattern Energy Enters Agreement to Sell Operations in Chile

- Enters agreement for sale of 81 MW in El Arrayán Wind project to Arroyo Energy Investors -

SAN FRANCISCO, California, May 24, 2018 - Pattern Energy Group Inc. (NASDAQ and TSX: PEGI) ("Pattern Energy" or the "Company") today announced it has entered into an agreement for the sale of the Company's operations in Chile, which principally consist of its 81 megawatt ("MW") owned interest in the 115 MW El Arrayán Wind project ("El Arrayán Wind"), to affiliates of Arroyo Energy Investors ("Arroyo") for which Pattern Energy will receive cash consideration of \$67.0 million. This price represents a cash available for distribution ("CAFD") multiple that is greater than the CAFD multiple for projects the Company has acquired in the past. Pattern Energy also expects to eliminate more than \$1.0 million of annual overhead related to managing the business in Chile.

"The sale of El Arrayán Wind is an excellent result for us. The price represents a 30 percent uplift over El Arrayán Wind's contribution to the Company's current value," said Mike Garland, CEO of Pattern Energy. "While the purchase price demonstrates material embedded value in our assets, the primary reason for the sale was strategic. Chile was a good candidate for sale as it was one of the higher cost operations in our fleet because of the distance from the rest of our operations and the different legal, tax and regulatory environments. The proceeds of the sale will go to either make further accretive investments, pay down debt, buy back stock or other corporate purposes. We want to thank our employees in Chile who have been outstanding, loyal, smart and demonstrated an excellent work ethic. We could not have asked for a better team."

El Arrayán Wind is located approximately 400 km north of Santiago on the coast of Chile. The facility commenced commercial operations in the second quarter of 2014 and approximately 70% of its production is contracted for sale through a long-term fixed-for-floating hedge with Minera Los Pelambres.

The transaction is expected to close within 90 days, subject to customary closing conditions.

Because the marketing for the sale of El Arrayán Wind was conducted concurrently with the marketing for the sale of Conejo Solar, a project in Chile owned by Pattern Energy Group LP ("Pattern Development 1.0"), the Conflicts Committee of the Board of Directors of Pattern Energy (which is comprised entirely of independent directors) reviewed and considered the El Arrayán Wind transaction in accordance with Pattern Energy's conflict of interest policies, including with respect to the relative purchase price of El Arrayán Wind and Conejo Solar and waiver of Pattern Energy's Right of First Offer (the "ROFO") over Conejo Solar. The Board of Directors of Pattern Energy approved the El Arrayán transaction and waiver of the ROFO rights related to Conejo Solar, which will be sold to Arroyo concurrent with the El Arrayán Wind transaction.

About Pattern Energy

Pattern Energy Group Inc. (Pattern Energy) is an independent power company listed on the NASDAQ Global Select Market and Toronto Stock Exchange. Pattern Energy has a portfolio of 24 wind and solar power facilities, including one project it has agreed to acquire, with a total owned interest of 2,861 MW in the United States, Canada and Japan that use proven, best-in-class technology. Pattern Energy's wind and solar power facilities generate stable long-term cash flows in attractive markets and provide a solid foundation for the continued growth of the business. For more information, visit www.patternenergy.com.

About Arroyo Energy Investors

Arroyo Energy Investors is an independent private equity firm that focuses on investing in energy infrastructure assets in the power generation and midstream space in North and South America. Arroyo Energy Investors has offices in The Woodlands, Texas and Santiago, Chile. For more information, visit www.arroyoenergygroup.com.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements contained in this press release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of Canadian securities laws, including statements regarding the ability to close the sale of El Arrayán, the existence of embedded value within Pattern Energy's assets, and the use of proceeds from the sale. These forward-looking statements represent Pattern Energy's expectations or beliefs concerning future events, and it is possible that the results described in this press release will not be achieved. These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of Pattern Energy's control, which could cause actual results to differ materially from the results discussed in the forward-looking statements.

Any forward-looking statement speaks only as of the date on which it is made, and, except as required by law, Pattern Energy does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. New factors emerge from time to time, and it is not possible for Pattern Energy to predict all such factors. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in Pattern Energy's annual report on Form 10-K and any quarterly reports on Form 10-Q. The risk factors and other factors noted therein could cause actual events or Pattern Energy's actual results to differ materially from those contained in any forward-looking statement.

###

Contacts:

Media Relations

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Investor Relations

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