

Rupert Merer, (416) 869-8008, rupert.merer@nbc.ca

Associate: Viveck Panjabi, 416-869-6763, viveck.panjabi@nbc.ca

Associate: Louka Nadeau, (416) 869-7538, louka.nadeau@nbc.ca

April 7, 2021

Atlantic Power Corporation

AT / ATP (NYSE; TSX): US\$2.93; C\$3.66

Stock Rating: Tender

Target: US\$3.03

Shareholders give approval to I Squared Capital's acquisition proposal

ATP's shareholders vote in favour of acquisition proposal

Atlantic Power announced the results of the vote that took place at today's special meeting of common shareholders. The vote held was with regard to the previously announced plan of arrangement, under which I Squared Capital, a global infrastructure investor, would acquire all of Atlantic Power's issued and outstanding shares for US\$3.03/sh in cash at an EV of ~US\$961 mln. The proposition obtained well above the required two-thirds of votes cast in favour of the motion with 87% approval.

Court approval is required for the closing of the deal

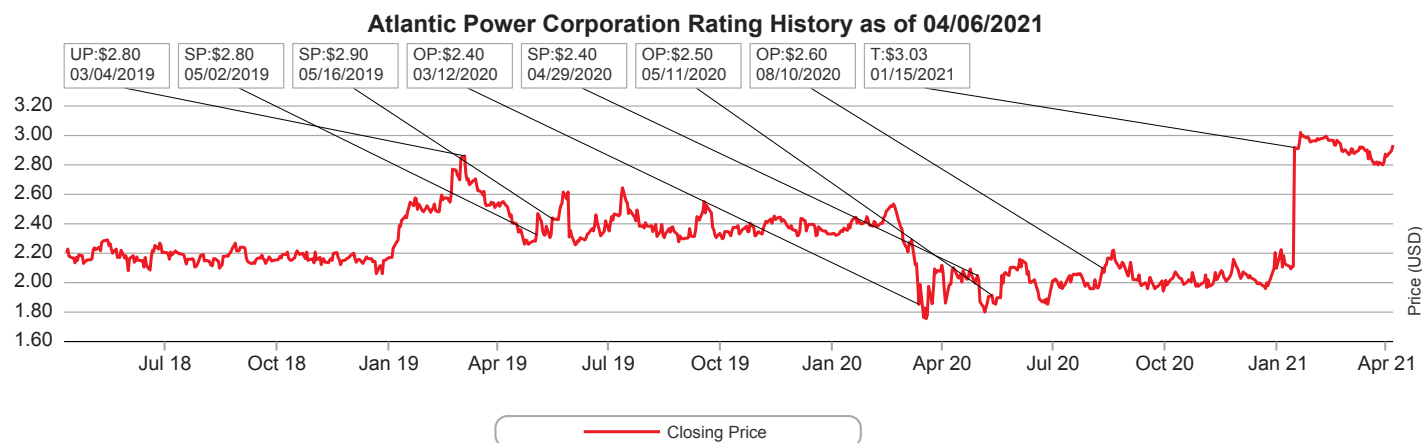
Now that shareholders of both parties have agreed to the acquisition proposal, the completion of the acquisition remains subject to customary closing conditions, notably the approval of the court. Atlantic Power intends to close the transaction without the approval of the convertible debenture holders (6% series E convertible unsecured subordinated debentures due January 31, 2025) since less than two-thirds of the vote cast to date have been in favour of the transaction.

The deal has already received regulatory approvals including an advance ruling certificate from the Canadian Commissioner of Competition under the Competition Act (Canada) on February 5, 2021, the expiration of the required waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 on March 9, 2021, and the approval of the Federal Energy Regulatory Commission on April 2, 2021. Thus, we expect the deal to close sometime during Q2'21, subject to the satisfaction or waiver of certain conditions.

We believe it is unlikely that the court will deny Atlantic Power's request for approval of the transaction. Our target is equivalent to the takeout offer of US\$3.03/sh in cash which represents an implied IRR of ~6.5% based on the future cash flow forecast of our model.

Disclosures

PRICE, RATING AND TARGET HISTORY: OP = Outperform, SP = Sector Perform, UP = Underperform, UR = Under Review, R = Restricted; (Source: Factset, NBF)



RISKS:

Offtake risk: The company generates most of its revenues under fixed contracts and as such is subject to risks and uncertainties related to its offtakes. Some offtakes are signed with government entities that are subject to political changes.

Financial Risk: ATP's debt service costs are still relatively high vs. the peer group and may limit the payment of dividends in the future.

ADDITIONAL COMPANY RELATED DISCLOSURES

Atlantic Power Corporation

LEGEND FOR COMPANY RELATED DISCLOSURES:

- 2 National Bank Financial Inc. has acted as an underwriter with respect to this issuer within the past 12 months.
- 3 National Bank Financial Inc. has provided investment banking services for this issuer within the past 12 months.
- 4 National Bank Financial Inc. or an affiliate has managed or co-managed a public offering of securities with respect to this issuer within the past 12 months.
- 5 National Bank Financial Inc. or an affiliate has received compensation for investment banking services from this issuer within the past 12 months.
- 6 National Bank Financial Inc. or an affiliate has a non-investment banking services related relationship during the past 12 months.
- 7 The issuer is a client, or was a client, of National Bank Financial Inc. or an affiliate within the past 12 months.
- 8 National Bank Financial Inc. or its affiliates expects to receive or intends to seek compensation for investment banking services from this issuer in the next 3 months.
- 9 As of the end of the month immediately preceding the date of publication of this research report (or the end of the second most recent month if the publication date is less than 10 calendar days after the end of the most recent month), National Bank Financial Inc. or an affiliate beneficially own 1% or more of any class of common equity securities of this issuer.
- 10 National Bank Financial Inc. makes a market in the securities of this issuer, at the time of this report publication.
- 11 A partner, director, officer or research analyst involved in the preparation of this report has, during the preceding 12 months provided services to this issuer for remuneration other than normal course investment advisory or trade execution services.
- 12 A research analyst, associate or any other person (or a member of their household) directly involved in preparing this report has a financial interest in the securities of this issuer.
- 13 A partner, director, officer, employee or agent of National Bank Financial Inc., is an officer, director, employee of, or serves in any advisory capacity to the issuer.
- 14 A member of the Board of Directors of National Bank Financial Inc. is also a member of the Board of Directors or is an officer of this issuer.
- 15 A redacted draft version of this report has been shown to the issuer for fact checking purposes and changes may have been made to the report before publication.

RATING DISTRIBUTION			
	Outperform	Sector Perform	Underperform
Coverage Universe Ratings Distribution	63%	34%	1%
Investment Banking Distribution	71%	56%	66%

DISCLOSURES

Ratings And What They Mean: PRIMARY STOCK RATING: NBF has a three-tiered rating system that is relative to the coverage universe of the particular analyst. Here is a brief description of each: Outperform (OP) – The stock is expected to outperform the analyst's coverage universe over the next 12 months; Sector Perform (SP) – The stock is projected to perform in line with the sector over the next 12 months; Underperform (UP) – The stock is expected to underperform the sector over the next 12 months. **SECONDARY STOCK RATING:** Under Review (UR) – Our analyst has withdrawn the rating because of insufficient information and is awaiting more information and/or clarification; Tender (T) – Our analyst is recommending that investors tender to a specific offering for the company's stock; Restricted (R) – Because of ongoing investment banking transactions or because of other circumstances, NBF policy and/or laws or regulations preclude our analyst from rating a company's stock. **INDUSTRY RATING:** NBF has an Industry Weighting system that reflects the view of our Economics & Strategy Group, using its sector rotation strategy. The three-tiered system rates industries as Overweight, Market Weight and Underweight, depending on the sector's projected performance against broader market averages over the next 12 months. **RISK RATING:** As of June 30, 2020, National Bank Financial discontinued its Below Average, Average and Above Average risk ratings. We continue to use the **Speculative** risk rating which reflects higher financial and/or operational risk.

GENERAL: This Report was prepared by National Bank Financial Inc. (NBF), a Canadian investment dealer, a dealer member of IIROC and an indirect wholly owned subsidiary of National Bank of Canada. National Bank of Canada is a public company listed on the Toronto Stock Exchange.

The particulars contained herein were obtained from sources which we believe to be reliable but are not guaranteed by us and may be incomplete and may be subject to change without notice. The information is current as of the date of this document. Neither the author nor NBF assumes any obligation to update the information or advise on further developments relating to the topics or securities discussed. The opinions expressed are based upon the author(s) analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein, and nothing in this Report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances. In all cases, investors should conduct their own investigation and analysis of such information before taking or omitting to take any action in relation to securities or markets that are analyzed in this Report. The Report alone is not intended to form the basis for an investment decision, or to replace any due diligence or analytical work required by you in making an investment decision.

This Report is for distribution only under such circumstances as may be permitted by applicable law. This Report is not directed at you if NBF or any affiliate distributing this Report is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you.

National Bank of Canada Financial Markets is a trade name used by National Bank Financial Inc. and National Bank of Canada Financial Inc.

RESEARCH ANALYSTS: The Research Analyst(s) who prepared these reports certify that their respective report accurately reflects his or her personal opinion and that no part of his/her compensation was, is, or will be directly or indirectly related to the specific recommendations or views as to the securities or companies.

NBF compensates its Research Analysts from a variety of sources. The Research Department is a cost centre and is funded by the business activities of NBF including Institutional Equity Sales and Trading, Retail Sales, the correspondent clearing business, and Corporate and Investment Banking. Since the revenues from these businesses vary, the funds for research compensation vary. No one business line has a greater influence than any other for Research Analyst compensation.

CANADIAN RESIDENTS: NBF or its affiliates may engage in any trading strategies described herein for their own account or on a discretionary basis on behalf of certain clients and, as market conditions change, may amend or change investment strategy including full and complete divestment. The trading interests of NBF and its affiliates may also be contrary to any opinions expressed in this Report.

NBF or its affiliates often act as financial advisor, agent, lender or underwriter or provides trading related services for certain issuers mentioned herein and may receive remuneration for its services. As well, NBF and its affiliates and/or their officers, directors, representatives, associates, may have a position in the securities mentioned herein and may make purchases and/or sales of these securities from time to time in the open market or otherwise. NBF and its affiliates may make a market in securities mentioned in this Report. This Report may not be independent of the proprietary interests of NBF and its affiliates.

NBF is a member of the Canadian Investor Protection Fund.

UK RESIDENTS: This Report is a marketing document. This Report has not been prepared in accordance with EU legal requirements designed to promote the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research.

In respect of the distribution of this Report to UK residents, NBF has approved the contents (including, where necessary, for the purposes of Section 21(1) of the Financial Services and Markets Act 2000). This Report is for information purposes only and does not constitute a personal recommendation, or investment, legal or tax advice.

NBF makes no representation as to the proper characterization of the investments for legal, regulatory or tax purposes, or as to the ability of a particular investor to invest or transact in the investments under applicable legal restrictions.

If securities are offered by an issuer in a foreign jurisdiction, or the security is structured through a foreign special-purpose-vehicle, or you purchase securities that are issued by foreign issuers, your investment and continued holding of securities may be subject to the laws and regulations of more than one jurisdiction. There may be differences in legal and regulatory regimes across different jurisdictions which may significantly impact the legal and regulatory risks affecting the investment sector and / or investment.

NBF and/or its parent and/or any companies within or affiliates of the National Bank of Canada group and/or any of their directors, officers and employees may have or may have had interests or long or short positions in, and may at any time make purchases and/or sales as principal or agent, or may act or may have acted as market maker in the relevant investments or related investments discussed in this Report, or may act or have acted as investment and/or commercial banker with respect hereto. The value of investments, and the income derived from them, can go down as well as up and you may not get back the amount invested. Past performance is not a guide to future performance. If an investment is denominated in a foreign currency, rates of exchange may have an adverse effect on the value of the investment. Investments which are illiquid may be difficult to sell or realise; it may also be difficult to obtain reliable information about their value or the extent of the risks to which they are exposed. Certain transactions, including those involving futures, swaps, and other derivatives, give rise to substantial risk and are not suitable for all investors. The investments contained in this Report are not available to retail customers and this Report is not for distribution to retail clients (within the meaning of the rules of the Financial Conduct Authority). Persons who are retail clients should not act or rely upon the information in this Report. This Report does not constitute or form part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for the securities described herein nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

This information is only for distribution to Eligible Counterparties and Professional Clients in the United Kingdom within the meaning of the rules of the Financial Conduct Authority. NBF is authorized and regulated by the Financial Conduct Authority and has its registered office at 71 Fenchurch Street, London, EC3M 4HD.

NBF is not authorized by the Prudential Regulation Authority and the Financial Conduct Authority to accept deposits in the United Kingdom.

U.S. RESIDENTS: With respect to the distribution of this report in the United States of America, National Bank of Canada Financial Inc. ("NBCFI") is registered with the Securities Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), and is a member of the Securities Investor Protection Corporation (SIPC). NBCFI operates pursuant to a 15 a-6 Agreement with its Canadian affiliates, NBF and National Bank of Canada.

This report has been prepared in whole or in part by research analysts employed by non-US affiliates of NBCFI that are not registered as broker/dealers in the US. These non-US research analysts are not registered as associated persons of NBCFI and are not licensed or qualified as research analysts with FINRA or any other US regulatory authority and, accordingly, may not be subject (among other things) to FINRA restrictions regarding communications by a research analyst with the subject company, public appearances by research analysts and trading securities held in a research analyst account.

All of the views expressed in this research report accurately reflects the research analyst's personal views regarding any and all of the subject securities or issuers. No part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report. The analyst responsible for the production of this report certifies that the views expressed herein reflect his or her accurate personal and technical judgment at the moment of publication.

Because the views of analysts may differ, members of the National Bank Financial Group may have or may in the future issue reports that are inconsistent with this report, or that reach conclusions different from those in this report. To make further inquiry related to this report, United States residents should contact their NBCFI registered representative.

HK RESIDENTS: With respect to the distribution of this report in Hong Kong by NBC Financial Markets Asia Limited ("NBCFMA") which is licensed by the Securities and Futures Commission ("SFC") to conduct Type 1 (dealing in securities) and Type 3 (leveraged foreign exchange trading) regulated activities, the contents of this report are solely for informational purposes. It has not been approved by, reviewed by, verified by or filed with any regulator in Hong Kong. Nothing herein is a recommendation, advice, offer or solicitation to buy or sell a product or service, nor an official confirmation of any transaction. None of the products issuers, NBCFMA or its affiliates or other persons or entities named herein are obliged to notify you of changes to any information and none of the foregoing assume any loss suffered by you in reliance of such information.

The content of this report may contain information about investment products which are not authorized by SFC for offering to the public in Hong Kong and such information will only be available to those persons who are Professional Investors (as defined in the Securities and Futures Ordinance of Hong Kong ("SFO")). If you are in any doubt as to your status you should consult a financial adviser or contact us. This material is not meant to be marketing materials and is not intended for public distribution. Please note that neither this material nor the product referred to is authorized for sale by SFC. Please refer to product prospectus for full details.

There may be conflicts of interest relating to NBCFMA or its affiliates' businesses. These activities and interests include potential multiple advisory, transactional and financial and other interests in securities and instruments that may be purchased or sold by NBCFMA or its affiliates, or in other investment vehicles which are managed by NBCFMA or its affiliates that may purchase or sell such securities and instruments.

No other entity within the National Bank of Canada group, including National Bank of Canada and National Bank Financial Inc., is licensed or registered with the SFC. Accordingly, such entities and their employees are not permitted and do not intend to: (i) carry on a business in any regulated activity in Hong Kong; (ii) hold themselves out as carrying on a business in any regulated activity in Hong Kong; or (iii) actively market their services to the Hong Kong public.

COPYRIGHT: This Report may not be reproduced in whole or in part, or further distributed or published or referred to in any manner whatsoever, nor may the information, opinions or conclusions contained in it be referred to without in each case the prior express written consent of NBF.

DISSEMINATION POLICY: The NBF Research Dissemination Policy is available on our website under Legal/Research Policy (link attached) <http://www.nbin.ca/cmst/site/index.jhtml?navid=712&templateid=243>