

Brookfield

Renewable Energy Partners

LETTER TO SHAREHOLDERS

I am pleased to report our results for the second quarter and first half of fiscal 2013. Brookfield Renewable is meeting its objectives and more importantly, continues to have very strong growth prospects and opportunities to create meaningful long-term value for shareholders.

We are focused on delivering an annual total return to shareholders of 12 to 15 percent over the long term from a high-quality, scalable portfolio of renewable power assets. Our track record as a renewable energy company spans 14 years and over that time we have delivered a 16% total return to shareholders with dividends reinvested. We have achieved this by being patient and disciplined on growth, maintaining substantial liquidity levels, and having a strong focus on operational excellence. This has allowed us to continue to harvest returns from our existing business and development pipeline. Accordingly, we are committed to accretive growth on a per-share basis, over the economic cycle, and this objective permeates every aspect of our operating and investment strategy. In addition, we believe the prospects for the business are as strong as they have ever been, reflecting a number of positive internal and external drivers:

Embedded accretive growth. Over the last twelve months we have made significant investments that have grown our installed capacity by approximately 20%, including two large hydroelectric portfolios in Maine and Tennessee, among other hydro and wind assets. These additions to our portfolio were acquired at very attractive prices and moreover, provide significant potential upside to our cash flows as the U.S. economy continues to strengthen and energy prices ultimately follow suit. With 50% of our current portfolio located in the U.S, we stand to benefit meaningfully from the continued strengthening of the world's largest economy. Similarly, rising energy prices will help to unlock the value in a good portion of our 1,800 MW development pipeline.

A compelling acquisition environment. The favourable market conditions we saw in 2012 - in which we acquired nearly 1,000 MW of high-quality hydro and wind assets – are just as strong today and should allow us to continue to acquire attractive assets for value. Our core markets offer considerable opportunity to acquire operating assets and portfolios from a variety of sellers including, in North America, utilities, industrials, and financial sponsors who are looking to divest for their own reasons – strategic, capital or otherwise. In Brazil, where we are the largest independent owner-operator of small hydro facilities, there continues to be a critical need for new supply (about 5,000 MW per year) to service that country's rapidly growing economy and emerging middle class. The positive investment environment, combined with a significant development pipeline of hydro projects, positions us extremely well in coming years.

New markets potential. While our core markets in Canada, the United States and Brazil remain an important source of future growth, our global mandate has permitted us to turn our attention to promising new markets. One of these markets is Europe, which despite its well-publicized issues, is home to a number of countries whose fiscal situations and energy policies would support renewable energy investment and present a strong value proposition to investors. We are progressing in a measured fashion but believe that capital can be deployed in Europe today in a risk-adjusted and accretive way, to the long-term benefit of our shareholders.

Strong access to capital. With a focused and determined growth plan, liquidity remains an important element of our strategy and provides us with a high degree of financial flexibility. We are proactive in ensuring we have significant available financial resources – nearly \$1 billion currently – while maintaining multiple avenues to access capital markets when desired. The recent increase to our bank credit facilities to nearly \$1.3 billion, combined with operating free cash flow and capital from our institutional partners, will give us significant financial flexibility to pursue our growth objectives. Our recent listing on the New York Stock Exchange is expected to diversify our shareholder base and enhance our access to capital globally.

Renewables remain a growing asset class. Renewable energy continues to grow around the world and holds significant growth potential as an asset class. The benefits of renewables, including their increasing cost-competitiveness with traditional fossil fuel technologies, positive environmental attributes, supply diversification benefits and more, are being recognized as a critical complement to traditional technologies. Worldwide Renewable Portfolio Standards and initiatives to reduce carbon emissions will continue to support the development of renewables, leading to opportunities to buy or build.

Demand for real assets. Our business benefits from a focus on real assets with stable and highly contracted, inflation-protected revenue streams. These assets are financed with fixed, low cost and long-term borrowings providing yet another degree of financial stability and protection. Real assets such as ours have proven their ability to grow in value over time and to generate strong returns in different markets.

We remain focused on delivering strong total returns consisting of cash distributions with regular increases, and share price appreciation reflecting underlying growth in the business. This combination of “yield and growth” should continue to provide attractive absolute and relative total returns over time.

I look forward to reporting on our continued progress in 2013 and thank you for your ongoing support.

Sincerely,



Richard Legault
President and Chief Executive Officer

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Letter to Shareholders contains forward-looking statements and information, within the meaning of Canadian securities laws and “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, “safe harbor” of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations, concerning the business and operations of Brookfield Renewable. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Forward-looking statements in this Letter to Shareholders include statements regarding the quality of Brookfield Renewable’s assets and the resiliency of the cash flow they will generate, Brookfield Renewable’s anticipated financial performance, achieving long term average generation, project development and capital expenditures, future commissioning of assets, contracted portfolio, technology diversification, acquisition opportunities, expected completion of acquisitions, diversification of the shareholder base, future energy prices, energy policies, economic growth, growth potential of renewable asset class, demand for electricity, the future growth prospects and distribution profile of Brookfield Renewable and Brookfield Renewable’s access to capital. Forward-looking statements can be identified by the use of words such as “plans”, “expects”, “scheduled”, “estimates”, “intends”, “anticipates”, “believes”, “potentially”, “tends”, “continue”, “attempts”, “likely”, “primarily”, “approximately”, “endeavours”, “pursues”, “strives”, “seeks”, or variations of such words and phrases, or statements that certain

actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information in this Letter to Shareholders are based upon reasonable assumptions and expectations, we cannot assure you that such expectations will prove to have been correct. You should not place undue reliance on forward-looking statements and information as such statements and information involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: our limited operating history; the risk that we may be deemed an “investment company” under the Investment Company Act; the fact that we are not subject to the same disclosure requirements as a U.S. domestic issuer; the risk that the effectiveness of our internal controls over financial reporting could have a material effect on our business; changes to hydrology at our hydroelectric stations or in wind conditions at our wind energy facilities; the risk that counterparties to our contracts do not fulfill their obligations, and as our contracts expire, we may not be able to replace them with agreements on similar terms; increases in water rental costs (or similar fees) or changes to the regulation of water supply; volatility in supply and demand in the energy market; our operations are highly regulated and exposed to increased regulation which could result in additional costs; the risk that our concessions and licenses will not be renewed; increases in the cost of operating our plants; our failure to comply with conditions in, or our inability to maintain, governmental permits; equipment failure; dam failures and the costs of repairing such failures; exposure to force majeure events; exposure to uninsurable losses; adverse changes in currency exchange rates; availability and access to interconnection facilities and transmission systems; health, safety, security and environmental risks; disputes and litigation; our operations could be affected by local communities; losses resulting from fraud, bribery, corruption, other illegal acts, inadequate or failed internal processes or systems, or from external events; general industry risks relating to the North American and Brazilian power market sectors; advances in technology that impair or eliminate the competitive advantage of our projects; newly developed technologies in which we invest not performing as anticipated; labour disruptions and economically unfavourable collective bargaining agreements; our inability to finance our operations due to the status of the capital markets; the operating and financial restrictions imposed on us by our loan, debt and security agreements; changes in our credit ratings; changes to government regulations that provide incentives for renewable energy; our inability to identify and complete sufficient investment opportunities; the growth of our portfolio; our inability to develop existing sites or find new sites suitable for the development of greenfield projects; risks associated with the development of our generating facilities and the various types of arrangements we enter into with communities and joint venture partners; Brookfield Asset Management’s election not to source acquisition opportunities for us and our lack of access to all renewable power acquisitions that Brookfield Asset Management identifies; our lack of control over our operations conducted through joint ventures, partnerships and consortium arrangements; our ability to issue equity or debt for future acquisitions and developments will be dependent on capital markets; foreign laws or regulation to which we become subject as a result of future acquisitions in new markets; the departure of some or all of Brookfield’s key professionals.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. The forward-looking statements represent our views as of the date of this Letter to Shareholders and should not be relied upon as representing our views as of any date subsequent to August 8, 2013, the date of this Letter to Shareholders. While we anticipate that subsequent events and developments may cause our views to change, we disclaim any obligation to update the forward-looking statements, other than as required by applicable law. For further information on these known and unknown risks, please see “Risk Factors” included in our Annual Information Form and Form 20-F.

CAUTIONARY STATEMENT REGARDING USE OF NON-IFRS MEASURES

This Letter to Shareholders contains references to funds from operations which is not a generally accepted accounting measure under IFRS and therefore may differ from definitions of funds from operations used by other entities. We believe that funds from operations is a useful supplemental measure that may assist investors in assessing the financial performance and the cash anticipated to be generated by our operating portfolio. Funds from operations should not be considered as the sole measure of our performance and should not be considered in isolation from, or as a substitute for, analysis of our financial statements prepared in accordance with IFRS.