

Brookfield

Renewable Energy Partners

LETTER TO SHAREHOLDERS

Almost a year has passed since the launch of Brookfield Renewable Energy Partners and it has been tremendously successful. The objective was to create a global pure-play renewable power company — one whose portfolio, operating platform and financial strength would make it one of the leading renewable businesses worldwide. Overall, we can confidently say that we have accomplished many of our first-year objectives and remain poised to build on our achievements in 2013 and beyond.

Brookfield Renewable has provided shareholders with an attractive total return of approximately 30% over the last twelve months, including unit price appreciation and quarterly distributions which have been increased twice over that time.

A Year of Growth

Since launch, we have acquired or are completing the acquisition of more than 600 MW of additional hydroelectric and wind generation, increasing our installed capacity by approximately 13 percent.

We have also made excellent progress on our organic growth and development initiatives, having completed the construction of five renewable power projects in Canada and the United States. We are nearing completion of two hydroelectric projects in Brazil which will enter commercial operations in the coming months. In Canada, construction is progressing very well on the 45 MW hydroelectric project on the Kokish River in British Columbia, which is scheduled to begin operations in 2014.

During the third quarter we acquired a 17% stake in a publicly-traded company with 165 MW of operating wind assets, most of which is adjacent to our own wind facilities in California. The company is undergoing a sale process whose outcome is not known at this time, however we are confident that our purchase represents good value and that we will realize even greater value from this investment in time.

Strong Funding Platform

Another key objective in forming Brookfield Renewable was to enhance our access to long-term sources of capital while diversifying our shareholder base.

Accordingly, in 2012 we have completed or are in the process of completing more than \$3 billion of capital transactions, including acquisitions, financings, and offerings. Recent activity includes a C\$250 million offering of preferred shares, as well as a C\$175 million financing of the Kokish River project with a term of 41 years. These financings have provided us with access to stable sources of long-term capital at very attractive rates.

Over the last several quarters, we have also strengthened our financial position by strategically reducing the costs on our borrowings by approximately 50 basis points, which translates into meaningful savings on our interest costs. We believe that there are additional low-cost and low-risk opportunities to optimize the financial strength of the business. Our liquidity position remains strong, allowing us to pursue our business objectives, while our anticipated listing on the New York Stock Exchange (NYSE) by the end of 2012 is expected to enhance our liquidity and growth prospects by making our securities available to a broader group of investors.

Financial Results

After strong generation in the first three months of the year, we have experienced lower precipitation levels over the last two quarters. Consequently, year-to-date generation was 11,889 GWh or 13% lower than the long-term average (LTA). It is important to recall that these shortfalls from LTA are a normal part of the hydrology cycle (as are periods of excess generation), and it is for this reason that we have always managed our operations based on LTA.

The discipline of managing to LTA means that we routinely ensure adequate liquidity for our operations, review capital expenditures, and maintain a prudent payout ratio. We have continued to invest in our portfolio, spending \$40 million on sustaining capital expenditures year to date without increasing amounts drawn on our credit facilities, demonstrating the financial flexibility of our operations and our ability to mitigate the impact of short term deviations in generation on our cash flows.

Adjusted EBITDA and funds from operations (FFO) were \$657 million and \$273 million, respectively, for the first nine months of 2012. As we have reduced our generation in response to the lower inflows, our reservoir levels across the portfolio are in line with their long-term average levels for this time of year.

Looking Ahead

Based on our results to date and assuming long-term average generation for the rest of the year, we would expect a distribution payout ratio for fiscal 2012 in the range of 95% of FFO which, while greater than our target of 60% to 70%, demonstrates the resilience of our business considering the extent of the generation shortfall in the last two quarters.

We look forward to achieving a number of milestones in the fourth quarter, including completing the acquisition of a 378 MW hydroelectric portfolio from Alcoa, the listing of our units on the NYSE and the advancement of our construction projects.

We also continue to identify and evaluate numerous growth opportunities in North and South America, as well as Europe, and are optimistic that we will be able to capitalize on a number of these in the future.

On a final note, we are very pleased to welcome Lars Josefsson to our Board of Directors. From 2001 to 2010, Lars served as the Chief Executive Officer of Vattenfall AB, which he helped to grow into one of Europe's largest diversified energy companies, one with a significant hydroelectric and wind portfolio. An experienced senior executive with a wealth of power industry expertise, we look forward to his presence on the board and his contributions to the growth of our business.

We remain grateful for your ongoing support and look forward to reporting on our continued progress.
Sincerely,



Richard Legault
President and Chief Executive Officer

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENT

This letter to shareholders contains forward-looking statements and information, within the meaning of Canadian securities laws, 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, future commissioning of assets, expected completion of acquisitions, listing on the

NYSE, future energy prices and 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" "targets" 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 being 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; occupational, health, safety and environmental risks; disputes and litigation; losses resulting from fraud, 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 all our operations conducted through joint ventures, partnerships and consortium arrangements; our ability to issue equity or debt for future acquisitions and developments being 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 November 8, 2012, the date of this letter. 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.

CAUTIONARY STATEMENT REGARDING USE OF NON-IFRS ACCOUNTING MEASURES

This letter to shareholders contains references to Adjusted EBITDA, funds from operations and net asset value which are not generally accepted accounting measures in accordance with IFRS and therefore may differ from definitions of Adjusted EBITDA, funds from operations and net asset value used by other entities. We believe that Adjusted EBITDA, funds from operations and net asset value are useful supplemental measures that may assist investors in

assessing the financial performance and the cash anticipated to be generated by our operating portfolio. None of Adjusted EBITDA, funds from operations and net asset value should 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. As a result of the Combination, we have presented these measurements on a pro forma basis.

A reconciliation of Adjusted EBITDA and funds from operations to net income is presented in our Management's Discussion and Analysis related to our interim consolidated financial statements.