

Brookfield

Renewable Energy Partners

LETTER TO SHAREHOLDERS

This month, Brookfield Renewable marks the completion of its 15th year as a leading owner, operator and developer of renewable energy assets. Over this time, we have built a world-class portfolio underpinned by more than 200 hydroelectric facilities, while expanding into new markets and technologies and positioning ourselves to build on this strong track record of growth. Since our initial public offering in November 1999, we have delivered a compounded annualized total return of 16 percent. To put this into perspective, a \$10,000 investment in our units at inception would be worth more than \$80,000 today assuming the reinvestment of distributions.

Organic Growth Potential and Distribution Increase

At our recent investor day, we outlined our growth strategy for the next several years, centered on organic cash flow growth tied to an improving economy and rising energy prices, a robust development pipeline of projects with premium return potential, and attractive inflation-linked pricing for our contracted assets. These initiatives, which do not require the issuance of additional shares, have the potential to add \$200-\$300 million in incremental annual cash flows by 2019 and represent an increase of approximately 45% to our current annual funds from operation — without factoring in growth from mergers and acquisitions. In light of this embedded cash flow growth, we believe there is approximately \$7 to \$10 of incremental value on a per-share basis that is not reflected in our stock price today. Accordingly, we have raised our target for annual distribution increases to 5-9% (from 3-5% previously) reflecting the positive long-term fundamentals and growth prospects of our business.

A Focus on Development

We continue to advance our development efforts and are focused on bringing 500 MW to 750 MW of development projects into operation over the next five years, representing an equity investment of \$500-\$700 million. Our proprietary development pipeline includes projects throughout BREP's geographic footprint. Our most mature projects are situated in Brazil, a growing market in need of new supply, and in Ireland where energy policies and contractual frameworks continue to support the development of renewables. We have significant in-house development expertise with local teams in each of the operating platforms who have successfully developed projects in their markets. With a proven ability to take hydro and wind projects from concept to commissioning, we are able to prudently manage risk while achieving premium returns on development capital.

In Brazil, we have started construction of the 25 MW Serra dos Cavalinhos I hydro project in the state of Rio Grande do Sul, having received the necessary regulatory and environmental approvals. We are working with an experienced project contractor to build this small hydro facility which is expected to enter commercial operation by year-end 2016. Additionally, we have two hydro projects totalling 43 MW which we expect to move beyond the advanced stage next year.

In Ireland, three wind projects totalling 137 MW are presently under construction and all are proceeding on scope, schedule and budget. The largest of these is the 88 MW Knockacummer project which is nearing completion and now has all 35 turbines in operation and generating revenue. The 37 MW Killhills project is expected to be completed by year-end and construction of the 12 MW Glentane 2 project is just underway with completion targeted for July 2015. We are also progressing additional projects within our 200 MW development pipeline; nearly 60 MW of this has received planning consent and we expect to break ground on some of this capacity in 2015.

In addition to building out our proprietary pipeline of projects, we also intend to supplement this with renewable projects acquired from other developers. This will allow us to actively replenish our development pipeline at reasonable prices given current market conditions.

Financial Results and Liquidity

Our full-year results continue to track annual plans and are supported by a strong first half in which results exceeded expectations. The third quarter, which is seasonally our lowest generation quarter, was characterized by less favourable wind conditions across the portfolio, and lower inflows in Canada and Brazil which were only partially offset by strong hydrology in our U.S. portfolio. As a result, third quarter FFO of \$61 million was below expectations and below the prior year in which generation was well above average. From a capital expenditure basis, we generally use the third quarter to implement the majority of our maintenance projects, in particular given the low seasonal volumes, to ensure higher reliability throughout the full year.

We continue to fund the business on a long-term, conservative basis, and recently completed a number of important financing initiatives, including the extension of our \$1.3 billion revolving credit facility to June 2019; the \$480 million financing of our 417 MW Safe Harbor hydro acquisition; and a €160 million term financing of a portion of the Irish wind portfolio. Our liquidity position remains strong at approximately \$1.1 billion.

Looking Ahead

As we look out to the rest of the year and into 2015, we are very encouraged with our prospects for continued growth. In North America, an improving economy combined with coal plant retirements, among other factors, are expected to result in supply constraints, short-term power price volatility and meaningful long-term upside for our existing portfolio. In Brazil, we continue to leverage our marketing capabilities to sell uncontracted generation at attractive prices, and to enter long-term contracts at compelling values. In Europe, we completed the first full quarter of operations of our Irish wind portfolio and continue to be impressed with the quality of the assets, pipeline and team. The European continent represents a large and attractive market and we are making great strides in developing a strategy and platform that will allow us to take advantage of these long-term growth opportunities.

Thank you for your continued support.

Sincerely,



Richard Legault
President and Chief Executive Officer

November 4, 2014

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This shareholder letter 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 shareholder letter 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, contracted portfolio, technology diversification, acquisition opportunities, expected completion of acquisitions, future energy prices and demand for electricity, economic recovery, achieving long term average generation, project development and capital expenditure costs, diversification of shareholder base, energy policies, economic growth, growth potential of renewable asset class, 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 shareholder letter 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, governmental and regulatory investigations 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; risks relating to our reliance on computerized business systems; general industry risks relating to operating in the North American, Brazilian, and European 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 sufficient investment opportunities; and complete transactions; risks related to the growth of our portfolio and our inability to realize the expected benefits of our transactions; 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; and 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 shareholder letter and should not be relied upon as representing our views as of any date subsequent to November 4, 2014, the date of this shareholder 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 Form 20-F.