Brookfield
Renewable Energy Partners

LETTER TO SHAREHOLDERS

Operations are performing well as we enter the strong summer pricing season and with the exception of short-term hydrology, all other aspects of the business are meeting or exceeding our expectations.

Operating Results

Adjusted EBITDA and Funds From Operations (FFO) were $339 million and $146 million, respectively, for the second quarter. Lower seasonal inflows in North America, combined with low water levels in Brazil, contributed to hydrological conditions being below plan during the quarter. However, we ended the quarter with reservoirs at planned levels and are well positioned to capture premium summer pricing. Our wind portfolio performed well, with strong performance in Brazil and Europe offsetting weaker conditions in North America. This continues to demonstrate the benefit of our increasingly diversified portfolio.

Our target payout ratio is currently 65% of FFO based on long term average, and despite the low water conditions in the quarter it was still a conservative 79%.

Financial Position and Liquidity

Our financial position remains strong. We have continued to extend maturities, with approximately nine years of weighted average debt duration and predominantly fixed-rate liabilities which insulates us from any interest rate increase. From a liquidity perspective we have a strong balance sheet, which includes:

- Over $1 billion of near-term liquidity, including cash and available lines;
- Approximately $500 million of near-term incremental financing proceeds from underleveraged projects; and
- Over $1 billion of potential capital net to BREP, from further asset sales, if pursued, at values consistent with recent transactions.

With this ability to access multiple sources of capital to fuel our growth − and a strong track record of having done so in the past − we believe we are well positioned to add assets to the business which will grow cash flow on a per share basis in line with our targets.

Growth Pipeline

Our acquisition pipeline is currently strong with a number of large-scale transactions that we are actively progressing. These transactions are centered on three themes:

1) Capturing Price Optionality: There is a long-term need in developed power markets for ongoing investment to replace aging generation supply with cleaner technologies (hydro, wind, solar, gas). Over the last five years, the costs of these cleaner technologies have benefitted significantly from low interest rates and government incentives, both of which are not sustainable over the long term. Accordingly, we believe power prices will need to rise to attract further investment. We have invested large amounts of capital in hydro assets during this period that earn a reasonable return in the current low price environment but are extremely well positioned to benefit when prices rise. We are currently progressing three new hydro-based acquisition opportunities of this nature in North America and Europe with the assets having the potential to add substantially to our position as a leading hydro owner and operator.

2) Development Arbitrage: Investors in developed markets in North America and Europe continue to pay a significant premium for assets with fixed, contracted revenue streams. As such, we are looking at

opportunities to surface value from contracted wind assets in our portfolio and redeploy the proceeds into our development pipeline. This surfaces capital, captures our development profits and de-risks the portfolio by eliminating the assets most at risk in an increasing interest rate environment.

In that regard, we recently completed the sale of a 102 megawatt wind farm in California, realizing a return for BREP shareholders in the range of 30%. On the investment front, we just acquired a wind development portfolio in Scotland with projects totaling approximately 1,200 megawatts. These projects are well positioned to benefit over the long-term from the region's strong wind resource and the UK's need for new supply. This acquisition grows our total proprietary pipeline to more than 3,000 megawatts and increases our advanced development program of buildable projects by the end of the decade to approximately 1,000 megawatts.

In Brazil, we continue to advance the construction of the 25 megawatt Serra dos Cavilinhos hydro, 47 megawatt Silea hydro and 55 megawatt biomass projects. In Ireland we have substantially completed the 12 megawatt Glentane wind farm and are starting construction this fall on two new wind projects totalling 32 megawatts, and in Canada we are advancing development of a 60 megawatt expansion of an existing wind facility. All of these projects are expected to exceed our target returns for the company.

3) Emerging Market Supply: Developing markets, such as Brazil, are significantly undersupplied from a generation perspective and continue to face sustained, long-term demand growth. As we have seen many emerging market economies slow down and their currencies devalue, the opportunity to invest in these markets with little competition could generate exceptional returns. We recently entered a definitive agreement to acquire a portfolio of two operating hydro plants in Brazil with an installed capacity of 51 megawatts for $120 million which we will tuck into our Brazilian platform. These operating facilities have high capacity factors and are located close to our existing assets and demand centers. The transaction should close in the first quarter of 2016 and is expected to generate returns in the range of 20%. We are working on two transactions in Brazil which could further add to our global hydro business.

Succession Plan

After 15 years as the company's Chief Executive Officer, Richard Legault has assumed the role of Executive Group Chairman for our business. In this capacity, Richard will provide his guidance and oversight on all of our key growth and operational objectives. Under his direction, the business has grown into one of the world's largest publicly-traded pure-play renewable energy companies, with an enviable track record including a 16% annualized compounded total return over that time. He has left an indelible imprint on the company and our industry, and on behalf of the Board of Directors and all our stakeholders, we extend our deepest gratitude for his past leadership and his ongoing contributions.

Outlook

In the U.S., we have recently invested over $1 billion of equity into assets whose value is tied to power market recovery. Our thesis over this time has been twofold. First, we have been acquiring hydro assets in the U.S. with stable cash flows and high margins, but which are in markets with very low prices and strong growth prospects. Second, we have been focused on acquiring development stage projects where we can secure long term power contracts and leverage our operating capabilities to capture premium returns.

Over this time, we have seen energy prices remain stubbornly low, supported by a combination of very low-cost capital and an array of government incentives. These factors have driven tremendous investment in gas, wind and solar assets, and although power prices are still very low by historical standards, eventually the replacement cost of assets will prevail and prices will increase. With 50% of our assets situated in the U.S., we are uniquely positioned to capture higher energy and capacity prices in the future, and are therefore encouraged by the improving economy.

Over the last two years, we have spent considerable effort in establishing operating capabilities in Europe and enhancing our platform in Latin America. Both markets represent growth opportunities for us, and we are well positioned with development pipelines in Ireland, the UK and Portugal. We have also doubled the size of our platform in Brazil and introduced wind as a meaningful new technology in which we can grow. Each of our platforms is well positioned with local leadership and strong teams to manage existing operations, and add new assets and development pipelines.

Looking ahead, our priority is to surface the embedded optionality of our existing asset base while looking for unique growth opportunities in all three core continental markets, and to selectively add another market to our business should there be one where we believe we can enter for value and build scale.

We look forward to reporting on our progress throughout the year and thank you for your continued support.

Sincerely,

Sachin Shah
Chief Executive Officer

August 6, 2015

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This shareholder letter contains forward-looking information within the meaning of Canadian provincial 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" provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. The words "will", "should", "could", "potential", "tend to", "target" "future", "growth", "expect", "believe", "goal", "plan", derivatives thereof and other expressions which are predictions of or indicate future events, trends or prospects and which do not relate to historical matters identify the above mentioned and other forward-looking statements. Forward-looking statements in this shareholder letter include statements regarding the expansion of Brookfield Renewable's business, the expectation for future cash flows and distribution growth, the availability of acquisition opportunities, liquidity, and the timing and completion of current acquisitions and development projects. Although Brookfield Renewable believes that these forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on them, or any other forward looking statements or information in this shareholder letter. The future performance and prospects of Brookfield Renewable are subject to a number of known and unknown risks and uncertainties. Factors that could cause actual results of Brookfield Renewable to differ materially from those contemplated or implied by the statements in this shareholder letter include general economic conditions in the jurisdictions in which we operate; our ability to sell products and services under contract or into merchant energy markets; weather conditions and other factors which may affect generation levels at our facilities; changes to energy markets, including incentives for renewable energy; the ability to grow within our current markets or expand into new markets; the ability to complete development and capital projects on time and on budget; the state of capital markets and the availability of equity and debt financing; the ability to effectively source, complete and integrate new acquisitions and to realize the benefits of such acquisitions; health, safety, security and environmental risks; general regulatory risks relating to the power markets in which we operate, including relating to the regulation of our assets, licensing and litigation; risks relating to our internal control environment; and other risks associated with the construction, development and operation of power generating facilities.

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 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.

CAUTIONARY STATEMENT REGARDING USE OF NON-IFRS MEASURES

This shareholder letter contains references to Adjusted EBITDA and Funds From Operations, which are not generally accepted accounting measures under IFRS and therefore may differ from definitions of Adjusted EBITDA and Funds From Operations used by other entities. We believe that these are useful supplemental measures that may assist investors in assessing the financial performance and the cash anticipated to be generated by our operating portfolio. Neither Adjusted EBITDA nor Funds From Operations 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.