

Brookfield

Renewable Energy Partners

LETTER TO SHAREHOLDERS

We continue to benefit from high-quality, long-life, predominantly hydro assets that produce significant free cash flow through all market cycles. Our strategy in this regard remains unchanged. We are working to build a global portfolio of carbon free renewable generation assets in markets that are either replacing legacy thermal facilities or where supply has not kept up with historical demand growth — and in both cases, markets that have strong growth prospects over the long term. We take a contrarian approach to investing, pursuing segments of the renewable power sector that are either undervalued, out of favour or need considerable operating and development support. This allows us to leverage the deep operating expertise we have built over the last 20 years. Our goal continues to be to grow cash flow and value on a per-share basis over time.

Operations and Financial Strength

Our balance sheet continues to be strong as we maintain a conservative capitalization profile, ample near-term liquidity, and multiple sources of funding so that we are not overly reliant on any particular market. Accordingly, we have the benefit of focusing our 1,500 employees on protecting and optimizing our asset base and executing on our growth and development initiatives, regardless of external factors.

The recent year is a good example of this, highlighting the robust nature of our assets, dependability of our cash flows and the strength of our balance sheet. Despite below-average water levels in both the United States and Brazil and near-term currency headwinds, we produced Adjusted EBITDA of \$1.2 billion and Funds From Operations (FFO) of \$467 million. We also funded all of our capex and maintenance programs, as well as our 140 MW of development currently under construction in Europe and Brazil. We invested a further \$650 million in new assets to accretively grow cash flows and we both funded and grew our distributions by 7%.

We have over \$1.2 billion of near term liquidity at year end reflecting a number of initiatives taken in 2015, including the following:

- Increased our 5 year committed bank lines to over \$1.5 billion;
- Issued C\$400 million of 10-year notes at 3.8%;
- Issued C\$175 million of perpetual preferred shares at 5.5%;
- Upfinanced existing hydro assets raising \$150 million of proceeds to BREP; and
- Monetized our 102 MW wind farm in California at a 25% return to shareholders and redeployed the proceeds into growth initiatives.

Looking ahead to 2016, we are progressing three additional upfinancings that should generate \$250 million of proceeds in the first half of the year. We also expect to continue our capital recycling initiatives raising an additional \$300 - \$400 million in 2016. These initiatives will allow us to further strengthen our liquidity position.

Growth

Over the last five years, we have more than doubled the size of our asset base and expanded into four new countries and a new continent, all while maintaining a predominantly hydroelectric portfolio. Last year we made continued strides in this respect, acquiring or integrating nearly 1,000 MW of acquisitions

including a 292 MW hydroelectric portfolio in the United States, more than 500 MW of hydro, wind and biomass in Brazil, and a 123 MW wind portfolio in Portugal.

This growth has continued into 2016. Early in the new year, we and our institutional partners acquired 58% of the outstanding shares in Isagen S.A. from the Colombian government. Isagen is Colombia's third-largest power generation company with more than 3,000 MW of predominantly hydroelectric capacity, a 3,800 MW development pipeline, and average annual generation of 15,000 gigawatt-hours which accounts for 20% of the country's annual production. When our mandatory tender offers to remaining shareholders are concluded, we expect to own 25% of Isagen, with the balance owned by our partners. In the initial stage, we acquired 9% (for \$225 million) which was funded with available liquidity.

Our investment in this high-quality renewable energy portfolio represents a major milestone in the development of our business, providing long-term growth potential in an attractive new market. Colombia has an attractive history of 3-4% GDP growth, stable inflation, conservative fiscal policies and a democratic rule of law. Its power market has seen tremendous growth in the last 20 years but is still significantly undersupplied and like most emerging market economies, its currency has declined by 40% in the last year, providing an attractive backdrop to make this investment. We look forward to working with Isagen's team to further enhance and grow its portfolio.

Outlook

Brookfield Renewable has much to offer investors in the current environment: a hydroelectric portfolio of extremely high quality, predominantly contracted profile, conservative financial profile with strong liquidity and access to capital, and a history of outperformance across market cycles. We continue to see meaningful opportunities to deploy capital on an accretive basis and remain focused on delivering 12-15 percent total returns over the long term.

Our successful track record of execution has also allowed us to steadily grow quarterly distributions. In light of our 2015 achievements and organic growth prospects, we are announcing an increase in our annualized distribution to \$1.78 per share. This represents a 7% increase over 2015 and is consistent with our distribution growth target of 5-9% per year. We are confident in our continued ability to increase distributions given our stable operating profile, financial flexibility, organic growth prospects and the proven operating history of our power generating assets.

On a final note, I would like to express my sincere appreciation to our employees, directors, shareholders and business partners for your contributions to our success. We are looking forward to the opportunities that 2016 will bring and thank you for your continued support.

Sincerely,



Sachin Shah
Chief Executive Officer

February 4, 2016

Cautionary Statement Regarding Forward-looking Statements

This shareholder letter contains forward-looking statements and 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 quality 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 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 impact generation levels at our facilities; changes to energy markets, including incentives for renewable energy; our ability to grow within our current markets or expand into new markets; our ability to complete development and capital projects on time and on budget; the state of capital markets and our ability to access 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 or environmental incidents; 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; our potential lack of control over our operations conducted through consortiums or where minority shareholders have interests in our investments; contract counterparties not fulfilling their obligations; any changes to the unaudited financial information for the year ended December 31, 2015 contained herein resulting from the completion of the annual audit; 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.

References to Brookfield Renewable are to Brookfield Renewable Energy Partners L.P. together with its subsidiary and operating entities unless the context reflects otherwise.