

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington D.C. 20549  
FORM 20-F**

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**
- OR**
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
- OR**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
- OR**
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-35530

**BROOKFIELD RENEWABLE ENERGY PARTNERS L.P.**

(Exact name of Registrant as specified in its charter)

**Bermuda**

(Jurisdiction of incorporation or organization)

**73 Front Street, 5th Floor, Hamilton HM 12, Bermuda**

(Address of principal executive offices)

**Jane Sheere**

73 Front Street, 5th Floor, Hamilton HM 12, Bermuda

Telephone: 441-295-3309

Facsimile: 441-296-4475

(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Copies to:

Andrew J. Beck

Torys LLP

1114 Avenue of the Americas

New York, NY 10036

Telephone: 212-880-6000

Fax: 212-880-0200

**Securities registered or to be registered pursuant to Section 12(b) of the Act:**

**Title of Class**

**Name of each exchange on which registered**

Limited Partnership Units

New York Stock Exchange, Toronto Stock Exchange

**Securities registered or to be registered pursuant to Section 12(g) of the Act:**

None

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:**

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

**143,188,170 Limited Partnership Units as of December 31, 2015**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **Yes**  **No**

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. **Yes**  **No**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes**  **No**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes**  **No**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

**Large accelerated filer**

**Accelerated filer**

**Non-accelerated filer**

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

**U.S. GAAP**

**International Financial Reporting Standards as issued by the International Accounting Standards Board**

**Other**

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. **Item 17**  **Item 18**

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

**Yes**  **No**

## TABLE OF CONTENTS

<a href="#"><u>INTRODUCTION AND USE OF CERTAIN TERMS</u></a>	6
<a href="#"><u>FORWARD-LOOKING STATEMENTS</u></a>	14
<a href="#"><u>CAUTIONARY STATEMENT REGARDING THE USE OF NON-IFRS MEASURES</u></a>	16
<a href="#"><u>PART I</u></a>	17
ITEM 1. <a href="#"><u>IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS</u></a>	17
ITEM 2. <a href="#"><u>OFFER STATISTICS AND EXPECTED TIMETABLE</u></a>	17
ITEM 3. <a href="#"><u>KEY INFORMATION</u></a>	17
3.A <a href="#"><u>SELECTED FINANCIAL DATA</u></a>	17
3.B <a href="#"><u>CAPITALIZATION AND INDEBTEDNESS</u></a>	20
3.C <a href="#"><u>REASONS FOR THE OFFER AND USE OF PROCEEDS</u></a>	20
3.D <a href="#"><u>RISK FACTORS</u></a>	20
ITEM 4. <a href="#"><u>INFORMATION ON THE COMPANY</u></a>	47
4.A <a href="#"><u>HISTORY AND DEVELOPMENT OF THE COMPANY</u></a>	47
4.B <a href="#"><u>BUSINESS OVERVIEW</u></a>	52
4.C <a href="#"><u>ORGANIZATIONAL STRUCTURE</u></a>	75
4.D <a href="#"><u>PROPERTY, PLANT AND EQUIPMENT</u></a>	81
ITEM 4A. <a href="#"><u>UNRESOLVED STAFF COMMENTS</u></a>	81
ITEM 5. <a href="#"><u>OPERATING AND FINANCIAL REVIEW AND PROSPECTS</u></a>	81
5.A <a href="#"><u>OPERATING RESULTS</u></a>	81
5.B <a href="#"><u>LIQUIDITY AND CAPITAL RESOURCES</u></a>	128
5.C <a href="#"><u>RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.</u></a>	128
5.D <a href="#"><u>TREND INFORMATION</u></a>	128
5.E <a href="#"><u>OFF-BALANCE SHEET ARRANGEMENTS</u></a>	129
5.F <a href="#"><u>TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS</u></a>	129
ITEM 6. <a href="#"><u>DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES</u></a>	129
6.A <a href="#"><u>DIRECTORS AND SENIOR MANAGEMENT</u></a>	129
6.B <a href="#"><u>COMPENSATION</u></a>	139
6.C <a href="#"><u>BOARD PRACTICES</u></a>	140
6.D <a href="#"><u>EMPLOYEES</u></a>	149
6.E <a href="#"><u>SHARE OWNERSHIP</u></a>	150
ITEM 7. <a href="#"><u>MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS</u></a>	150
7.A <a href="#"><u>MAJOR SHAREHOLDERS</u></a>	150
7.B <a href="#"><u>RELATED PARTY TRANSACTIONS</u></a>	151
7.C <a href="#"><u>INTEREST OF EXPERTS AND COUNSEL</u></a>	161
ITEM 8. <a href="#"><u>FINANCIAL INFORMATION</u></a>	161
8.A <a href="#"><u>CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION</u></a>	161
8.B <a href="#"><u>SIGNIFICANT CHANGES</u></a>	161

ITEM 9.	<u>THE OFFER AND LISTING</u>	161
	<u>9.A OFFER AND LISTING DETAILS</u>	161
	<u>9.B PLAN OF DISTRIBUTION</u>	163
	<u>9.C MARKETS</u>	163
	<u>9.D SELLING SHAREHOLDERS</u>	163
	<u>9.E DILUTION</u>	163
	<u>9.F EXPENSES OF THE ISSUE</u>	163
ITEM 10.	<u>ADDITIONAL INFORMATION</u>	163
	<u>10.A SHARE CAPITAL</u>	163
	<u>10.B MEMORANDUM AND ARTICLES OF ASSOCIATION</u>	163
	<u>10.C MATERIAL CONTRACTS</u>	194
	<u>10.D EXCHANGE CONTROLS</u>	196
	<u>10.E TAXATION</u>	196
	<u>10.F DIVIDENDS AND PAYING AGENTS</u>	217
	<u>10.G STATEMENT OF EXPERTS</u>	217
	<u>10.H DOCUMENTS ON DISPLAY</u>	217
	<u>10.I SUBSIDIARY INFORMATION</u>	218
ITEM 11.	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	218
ITEM 12.	<u>DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES</u>	218
	<u>PART II</u>	219
ITEM 13.	<u>DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES</u>	219
ITEM 14.	<u>MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS</u>	219
ITEM 15.	<u>CONTROLS AND PROCEDURES</u>	219
ITEM 16.	<u>[RESERVED]</u>	220
	<u>16.A AUDIT COMMITTEE FINANCIAL EXPERT</u>	220
	<u>16.B CODE OF ETHICS</u>	220
	<u>16.C PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	220
	<u>16.D EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEE</u>	220
	<u>16.F CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT</u>	223
	<u>16.G CORPORATE GOVERNANCE</u>	223

<a href="#"><u>PART III</u></a>	224
ITEM 17. <a href="#"><u>FINANCIAL STATEMENTS</u></a>	224
ITEM 18. <a href="#"><u>FINANCIAL STATEMENTS</u></a>	224
ITEM 19. <a href="#"><u>EXHIBITS</u></a>	224
<a href="#"><u>SIGNATURE</u></a>	228
<a href="#"><u>INDEX TO FINANCIAL STATEMENTS</u></a>	F-1

## INTRODUCTION AND USE OF CERTAIN TERMS

Unless otherwise specified, information provided in this annual report on Form 20-F (this “**Form 20-F**”) is as of December 31, 2015. Unless the context requires otherwise, when used in this Form 20-F, the terms “Brookfield Renewable”, “we”, “us” and “our” refer to BREP, BRELP, the Holding Entities and the Operating Entities, each as defined in this Form 20-F, individually or collectively, as applicable; “BREP” refers to Brookfield Renewable Energy Partners L.P.; and “Brookfield” refers to Brookfield Asset Management Inc. and its subsidiaries (other than Brookfield Renewable). All references to “our portfolio” include 100% of the capacity and energy of the facilities even though we do not own 100% of the economic output of such facilities (see the table under Item 4.B. “Business Overview — Our Operations” for details on our portfolio).

“**ABCA**” means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated under such Act.

“**Adjusted EBITDA**” means revenues less direct costs (including energy marketing costs), plus our share of cash earnings from equity-accounted investments and other income, before interest, income taxes, depreciation, management service costs and the cash portion of non-controlling interests. Refer to “Cautionary Statement Regarding Use of Non-IFRS Measures”.

“**Adjusted Funds From Operations**” means Funds From Operations less Brookfield Renewable’s share of levelized sustaining capital expenditures (based on long-term capital expenditure plans). Refer to “Cautionary Statement Regarding Use of Non-IFRS Measures”.

“**Affiliate**” or “**affiliate**” of any person is a person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such person.

“**Amended and Restated Limited Partnership Agreement of BRELP**” means the third amended and restated limited partnership agreement of BRELP, dated February 11, 2016.

“**Amended and Restated Limited Partnership Agreement of BREP**” means the third amended and restated limited partnership agreement of BREP, dated February 11, 2016.

“**ANEEL**” has the meaning given to it under Item 4.B “Business Overview — Latin American Business”.

“**Audit Committee**” means the audit committee of the board of directors of the Managing General Partner.

“**BAIF**” means Brookfield Americas Infrastructure Fund.

“**Base Management Fee**” has the meaning given to it under Item 6.A “Directors and Senior Management — Our Master Services Agreement — Management Fee”.

“**Base Marketing Fee**” has the meaning given to it under Item 7.B “Related Party Transactions — Energy Marketing Agreement”.

“**BC Hydro**” means British Columbia Hydro and Power Authority.

“**BEM LP**” means Brookfield Energy Marketing LP, an indirect wholly-owned subsidiary of Brookfield Asset Management.

“**Bond Indenture**” means the amended and restated indenture, dated as of November 23, 2011, among Brookfield Renewable Energy Partners ULC (formerly BRP Finance ULC), The Bank of New York Mellon and BNY Trust Company of Canada, as amended and restated from time to time, governing the Finco Bonds.

“**BPUSHA**” means Brookfield Power US Holding America Co.

“**BRELP**” means Brookfield Renewable Energy L.P.

“**BRELP Class A Preferred Units**” means the Class A Preferred Limited Partnership Units, issuable in series of BRELP.

“**BRELP General Partner**” means BRP Bermuda GP Limited, which serves as the general partner of BRELP GP LP.

## [Table of Contents](#)

- “**BRELP GP LP**” means BREP Holding L.P., which serves as the general partner of BRELP.
- “**BRELP Preferred Units**” means the preferred limited partnership units in the capital of BRELP.
- “**BRELP Series 5 Preferred Units**” means the Class A Preferred Units, Series 5 of BRELP.
- “**BRELP Series 7 Preferred Units**” means the Class A Preferred Units, Series 7 of BRELP.
- “**BREP**” means Brookfield Renewable Energy Partners L.P.
- “**Brookfield**” means Brookfield Asset Management and any subsidiary of Brookfield Asset Management, other than entities within Brookfield Renewable.
- “**Brookfield Asset Management**” means Brookfield Asset Management Inc.
- “**Brookfield Renewable**” means BREP, BRELP, the Holding Entities and the Operating Entities, taken together.
- “**Brookfield Renewable Power Assets**” means Brookfield’s renewable power assets (other than the assets held by the Fund) that were transferred to BREP on November 28, 2011.
- “**BRP Equity**” means Brookfield Renewable Power Preferred Equity Inc.
- “**BRPI**” means Brookfield Renewable Power Inc., an indirect wholly-owned subsidiary of Brookfield Asset Management.
- “**CBCA**” means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, including the regulations promulgated under such Act.
- “**CDS**” means CDS Clearing and Depository Services Inc.
- “**CFA**” means a “controlled foreign affiliate” as defined in the Tax Act.
- “**Class A Preference Shares**” means the Class A Preference Shares, issuable in series (which includes the Series 1 Shares, the Series 2 Shares, the Series 3 Shares, the Series 4 Shares, the Series 5 Shares and the Series 6 Shares), of BRP Equity.
- “**Class A Preferred Units**” means the Class A Preferred Limited Partnership Units, issuable in series (which includes the Series 5 Preferred Units, the Series 7 Preferred Units and the Series 8 Preferred Units), of BREP.
- “**Class B Preference Shares**” means the Class B Preference Shares, issuable in series, of BRP Equity.
- “**Co-gen**” means gas-fired co-generation.
- “**Code**” has the meaning given to it under Item 6.C “Board Practices — Code of Business Conduct and Ethics”.
- “**CODM**” has the meaning given to it under Item 5.A “Operating Results — Performance Measurement”.
- “**Common Shares**” has the meaning given to it under Item 10.B “Memorandum and Articles of Association — BRP Equity”.
- “**Conflicts Policy**” has the meaning given to it under Item 7.B “Related Party Transactions — Conflicts of Interest and Fiduciary Duties — Conflicts of Interest”.
- “**CPI**” means the Canadian consumer price index.
- “**CRA**” means the Canada Revenue Agency.
- “**DRIP**” means BREP’s distribution reinvestment plan.
- “**DRS Statement**” has the meaning given to it under Item 4.B “Business Overview — Our LP Unit Distribution Reinvestment Plan”.
- “**DTC**” means The Depository Trust Company.
- “**Energy Marketing Agreement**” has the meaning given to it under Item 7.B “Related Party Transactions — Energy Marketing Agreement”.

## [Table of Contents](#)

“**Energy Revenue Agreement**” has the meaning given to it under Item 7.B “Related Party Transactions — Energy Revenue Agreement”.

“**EPA**” has the meaning given to it under item 4.B “Business Overview — Global Renewable Power Drivers”.

“**EURIBOR**” means the European Interbank Offered Rate.

“**Euro Holdco**” means Brookfield BRP Europe Holdings (Bermuda) Limited.

“**E.U.**” means the European Union.

“**Exchange Act**” means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“**FAPI**” means “foreign accrual property income” as defined in the Tax Act.

“**FATCA**” means the Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act of 2010.

“**FERC**” has the meaning given to it under Item 4.B “Business Overview — North American Business”.

“**Finco**” means Brookfield Renewable Energy Partners ULC, formerly named “BRP Finance ULC”.

“**Finco Bond Guarantors**” means, collectively, BREP, BRELP, NA Holdco, LATAM Holdco, Euro Holdco and Investco.

“**Finco Bonds**” means all outstanding bonds issued by Finco pursuant to the Bond Indenture.

“**Fixed Amount**” has the meaning given to it under Item 7.B “Related Party Transactions — Energy Revenue Agreement”.

“**Foreign Tax Credit Generator Rules**” has the meaning given to it under Item 3.D “Risk Factors — Risks Related to Taxation — Canada”.

“**Form 20-F**” means this annual report filed on Form 20-F.

“**Fund**” means Brookfield Renewable Power Fund, a limited purpose trust established under the laws of the Province of Québec, and where appropriate, includes its subsidiaries.

“**Funds From Operations**” means Adjusted EBITDA less interest, current income taxes and management service costs, which is then adjusted for the cash-portion of non-controlling interests. For the year ended December 31, 2014, “Funds From Operations” include the earnings received from the wind portfolio we acquired in Ireland, reflecting our economic interest from January 1 to June 20, 2014. Refer to “Cautionary Statement Regarding Use of Non-IFRS Measures”.

“**GLHA**” has the meaning given to it under Item 7.B “Related Party Transactions — Other Power Agreements”.

“**GLPL**” has the meaning given to it under Item 7.B “Related Party Transactions — Other Power Agreements”.

“**Governing Body**” in relation to an entity, means the board of directors or equivalent of such entity.

“**Government of Canada Yield**” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers selected by BRP Equity, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

“**GP Interest**” has the meaning given to it under Item 5.A “Operating Results — Presentation to Public Stakeholders”.

## [Table of Contents](#)

“**GW**” means gigawatt.

“**GWh**” means gigawatt hour.

“**Holder**” means an Unitholder who, for purposes of the Tax Act and at all relevant times, holds its Units as capital property and deals at arm’s length and is not affiliated (within the meaning of the Tax Act) with BREP, BRELP, the Managing General Partner, the BRELP General Partner, BRELP GP LP and their respective affiliates (within the meaning of the Tax Act).

“**Holding Entities**” means LATAM Holdco, NA Holdco, Euro Holdco and any direct wholly-owned subsidiary of BRELP created or acquired after the date of the Amended and Restated Limited Partnership Agreement of BRELP, which includes, as applicable, Investco.

“**HPI**” has the meaning given to it under Item 7.B “Related Party Transactions — Other Power Agreements”.

“**HSS&E**” has the meaning given to it under Item 4.B “Business Overview — Operating Philosophy”.

“**IASB**” means the International Accounting Standards Board.

“**IFRS**” means the International Financial Reporting Standards, as issued by the IASB.

“**Indirect CFA**” has the meaning given to it under Item 3.D “Risk Factors — Risks Related to Taxation — Canada”.

“**Investco**” means Brookfield Renewable Investments Limited.

“**Investment Company Act**” means the United States Investment Company Act of 1940, as amended, and the rules and regulations promulgated under such Act.

“**Isagen**” has the meaning given to it under Item 4.A “History and Development of the Company — Overview”.

“**Isagen Acquisition**” has the meaning given to it under Item 4.A “History and Development of the Company — Overview”.

“**IRS**” means the United States Internal Revenue Service.

“**LATAM Holdco**” means BRP Bermuda Holdings I Limited.

“**Law 99**” has the meaning given to it under Item 4.B “Business Overview — Latin American Business”.

“**LIBOR**” means London Interbank Offered Rate.

“**Licensing Agreement**” has the meaning given to it under Item 7.B “Related Party Transactions — Licensing Agreement”.

“**LP Unitholders**” means holders of LP Units.

“**LP Units**” means the non-voting limited partnership units in the capital of BREP, other than the Preferred Units.

“**LTA**” means long-term average.

“**Managing General Partner**” means Brookfield Renewable Partners Limited, which serves as BREP’s general partner.

“**Market Price**” means the volume weighted average of the trading price for our LP Units on the NYSE for the five trading days immediately preceding the date the relevant distribution is paid by BREP.

“**Master Services Agreement**” means the second amended and restated master management and administration agreement, dated February 26, 2015, as amended from time to time, among Brookfield Asset Management, BREP, BRELP, the Holding Entities, the Service Provider and others.

“**MI 61-101**” has the meaning given to it under Item 7.B “Related Party Transactions — Conflicts of Interest and Fiduciary Duties”.

## [Table of Contents](#)

“**MPT**” has the meaning given to it under Item 7.B “Related Party Transactions — Other Power Agreements”.

“**MRE**” means the hydrological balancing pool administered by the government of Brazil.

“**MW**” means megawatt.

“**MWh**” means megawatt hour.

“**NA Holdco**” means Brookfield BRP Holdings (Canada) Inc.

“**Nominating and Governance Committee**” means the nominating and governance committee of the board of directors of the Managing General Partner.

“**Non-Resident Entities**” has the meaning given to it under Item 3.D “Risk Factors — Risks Related to Taxation — Canada”.

“**Non-Resident Holder**” has the meaning given to it in Item 10.E “Taxation — Holdings Not Resident in Canada”.

“**Non-Resident Subsidiaries**” has the meaning given to it under Item 3.D “Risk Factors — Risks Related to Taxation — Canada”.

“**Non-Resident Unitholders**” has the meaning given to it under Item 3.D “Risk Factors — Risks Related to Taxation — Canada”.

“**Non-U.S. Holder**” has the meaning given to it under Item 10.E “Taxation — Material U.S. Federal Income Tax Considerations”.

“**NYSE**” means the New York Stock Exchange.

“**Operating Entities**” means the entities which, from time to time, directly or indirectly hold Brookfield Renewable’s operations and hold assets or operations that Brookfield Renewable may acquire in the future which are not held by the Service Recipients, including any assets or operations held through joint ventures, partnerships and consortium arrangements.

“**Original Bond Indenture**” has the meaning given to it in Item 10.B “Memorandum and Articles of Association — Finco — Bond Indenture and Guarantees”.

“**Ownership Requirement**” has the meaning given to it in Item 6.A “Directors and Senior Management – Director LP Unit Ownership Requirements”.

“**PFIC**” means a passive foreign investment company.

“**PJM ISO**” means the market operated by PJM Interconnection, L.L.C.

“**Power Agency Agreements**” has the meaning given to it under Item 7.B “Related Party Transactions — Power Agency Agreements”.

“**PPA**” means a power purchase agreement, power guarantee agreement or similar long-term agreement between a seller and buyer of electrical power generation.

“**Preference Share Guarantees**”. means the full and unconditional guarantees granted by the Preference Share Guarantors in respect of the Series 1 Shares, Series 2 Shares, Series 3 Shares, Series 4 Shares, Series 5 Shares and Series 6 Shares pursuant to guarantee indentures among each of the Preference Share Guarantors, BRP Equity and Computershare Trust Company of Canada.

“**Preference Share Guarantors**” means, collectively, BREP, BRELP, NA Holdco, LATAM Holdco, Euro Holdco and Investco.

“**Preference Shares**” means the Class A Preference Shares and the Class B Preference Shares.

“**Preferred Unit Guarantees**” means the Series 5 Guarantee, the Series 7 Guarantee and the Series 8 Guarantee.

“**Preferred Unit Guarantors**” means, collectively, BRELP, NA Holdco, LATAM Holdco, Euro Holdco and Investco.

## [Table of Contents](#)

**“Preferred Unitholders”** means holders of Preferred Units.

**“Preferred Units”** means the preferred limited partnership units in the capital of BREP.

**“QEF Election”** has the meaning given to it in Item 10.E “Taxation — Consequences to U.S. Holders — Passive Foreign Investment Compliance”.

**“Qualifying Income Exception”** has the meaning given to it under Item 10.E “Taxation — Material U.S. Federal Income Tax Considerations — Partnership Status of BREP and BRELP”.

**“Redeemable/Exchangeable partnership unit”** means a limited partnership unit of BRELP that has the rights of the Redemption-Exchange Mechanism.

**“Redemption-Exchange Mechanism”** means the mechanism by which Brookfield may request redemption of its limited partnership interests in BRELP in whole or in part in exchange for cash, subject to the right of Brookfield Renewable to acquire such interests (in lieu of such redemption) in exchange for LP Units.

**“REFIT”** means the Republic of Ireland’s Renewable Energy Feed-in Tariff 1 and Renewable Energy Feed-in Tariff 2 programs.

**“Registration Rights Agreement”** has the meaning given to it under Item 7.B “Related Party Transactions — Registration Rights Agreement”.

**“Regular Distribution Waterfall”** has the meaning given to it under Item 10.B “Memorandum and Articles of Association — Description of the Amended and Restated Limited Partnership Agreement of BRELP — Distributions”.

**“Relationship Agreement”** means the relationship agreement, dated November 28, 2011, by and among Brookfield Asset Management, Brookfield Renewable, BRELP, the Service Provider and others.

**“Relevant Foreign Tax Law”** has the meaning given to it under Item 10.E “Taxation — Material Canadian Federal Income Tax Considerations — Holders Resident in Canada — Computation of Income or Loss”.

**“Resident Holder”** means a Holder who, for the purposes of the Tax Act and at all relevant times, is or is deemed to be a resident of Canada.

**“RPS”** has the meaning given to it under Item 4.B “Business Overview — Global Renewable Power Drivers”.

**“RRIF”** has the meaning given to it under Item 3.D “Risk Factors — Risks Related to Taxation — Canada”.

**“RRSP”** has the meaning given to it under Item 3.D “Risk Factors — Risks Related to Taxation — Canada”.

**“S&P”** means Standard & Poor’s Ratings Services.

**“Sarbanes-Oxley Act”** means the United States Sarbanes-Oxley Act of 2002, including the rules and regulations promulgated thereunder.

**“SEC”** means the United States Securities and Exchange Commission.

**“Securities Act”** means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

**“SEDAR”** means the System for Electronic Document Analysis and Retrieval administered by the Canadian Securities Administrators.

**“Series 1 Shares”** means the Class A Preference Shares, Series 1 of BRP Equity.

**“Series 2 Shares”** means the Class A Preference Shares, Series 2 of BRP Equity.

**“Series 3 Shares”** means the Class A Preference Shares, Series 3 of BRP Equity.

**“Series 4 Shares”** means the Class A Preference Shares, Series 4 of BRP Equity.

## [Table of Contents](#)

“**Series 5 Shares**” means the Class A Preference Shares, Series 5 of BRP Equity.

“**Series 6 Shares**” means the Class A Preference Shares, Series 6 of BRP Equity.

“**Series 5 Preferred Units**” means the Class A Preferred Units, Series 5 of BREP.

“**Series 7 Preferred Units**” means the Class A Preferred Units, Series 7 of BREP.

“**Series 8 Preferred Units**” means the Class A Preferred Units, Series 8 of BREP.

“**Service Provider**” means BRP Energy Group L.P., Brookfield Renewable Energy Group (Bermuda) Limited, Brookfield Global Renewable Energy Advisor Limited and Brookfield Asset Management Private Institutional Capital Adviser (Canada), L.P., and, unless the context otherwise requires, includes any other affiliate of such entities that provides services to Brookfield Renewable pursuant to our Master Services Agreement or any other service agreement or arrangement.

“**Service Recipients**” means BREP, BRELP, the Holding Entities and any other entity, at the option of the Holding Entities and the Operating Entities.

“**SHPP**” means a small hydroelectric power plant, which is a category of hydro power facilities in Brazil with 30 MW of capacity or less.

“**SIFT Rules**” has the meaning given to it under Item 3.D “Risk Factors — Risks Related to Taxation — Canada”.

“**Tax Act**” means the Canadian *Income Tax Act*, R.S.C. 1985, c. 1. (5th Supp), as amended, including the regulations promulgated under such Act.

“**Tax Proposals**” means all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister prior to the date hereof.

“**TFSA**” has the meaning given to it under Item 3.D “Risk Factors — Risks Related to Taxation — Canada”.

“**TJLP**” means Taxa de Juros de Longo Prazo.

“**Total Capitalization Value**” means, in any quarter, the sum of (i) the fair market value of an LP Unit multiplied by the number of LP Units issued and outstanding on the last trading day of the quarter (assuming full conversion of any limited partnership interests held by any member of Brookfield in BRELP into LP Units), plus (ii) for each class or series of security of a Service Recipient (other than LP Units) issued to third parties, the fair market value of such security multiplied by the number of securities of such class or series issued and outstanding on the last trading day of the quarter (calculated on a fully-diluted basis), plus (iii) the principal amount of all debt not captured by paragraph (ii) owed by each Service Recipient (excluding for this purpose any Operating Entity) on the last trading day of the quarter to any person that is not a member of the Brookfield Renewable, which debt has recourse to any Service Recipient, less any amount of cash held by all Service Recipients (excluding for this purpose any Operating Entity) on such day.

“**Treasury Regulations**” means the Treasury regulations promulgated under the U.S. Internal Revenue Code.

“**Treaty**” means the Canada-U.S. Income Tax Convention (1980).

“**TSX**” means the Toronto Stock Exchange.

“**UBTI**” has the meaning given to it under Item 3.D “Risk Factors — Risks Related to Taxation — United States”.

“**Units**” means the LP Units and the Preferred Units.

“**Unitholders**” means LP Unitholders and Preferred Unitholders.

“**U.S.**” or “**United States**” means the United States of America.

“**U.S. Holder**” has the meaning given to it under Item 10.E “Taxation — Material U.S. Federal Income Tax Considerations”.

[Table of Contents](#)

**“U.S. Internal Revenue Code”** means the United States Internal Revenue Code of 1986, as amended.

**“Voting Agreement”** means the voting agreement, dated November 28, 2011, between BREP and Brookfield that provides BREP, through the Managing General Partner, with a number of voting rights, including the right to direct all eligible votes in the election of the directors of the BRELP General Partner.

## FORWARD-LOOKING STATEMENTS

This Form 20-F contains forward-looking statements 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 Form 20-F include statements regarding the quality of Brookfield Renewable's assets and the resiliency of the cash flow they will generate, BREP'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 the renewable asset class, the future growth prospects and distribution profile of BREP and BREP's access to capital. In some cases, 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", "endeavors", "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 Form 20-F 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, the following:

- we are not subject to the same disclosure requirements as a U.S. domestic issuer;
- the separation of economic interest from control or the incurrence of debt at multiple levels within our organizational structure;
- being deemed an "investment company" under the Investment Company Act;
- the effectiveness of our internal controls over financial reporting;
- changes to hydrology at our hydroelectric stations, to wind conditions at our wind energy facilities or to crop supply or weather generally at any biomass cogeneration facility;
- counterparties to our contracts not fulfilling their obligations;
- 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;
- the increasing amount of uncontracted generation in our portfolio;
- industry risks relating to the power markets in which we operate;
- increased regulation of our operations;
- contracts, concessions and licenses expiring and not being renewed or replaced on similar terms;
- increases in the cost of operating our plants;
- our failure to comply with conditions in, or our inability to maintain, governmental permits;
- equipment failures;
- dam failures and the costs of repairing such failures;
- force majeure events;
- 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 being affected by local communities;
- fraud, bribery, corruption, other illegal acts or inadequate or failed internal processes or systems;
- our reliance on computerized business systems;

## [Table of Contents](#)

- advances in technology that impair or eliminate the competitive advantage of our projects;
- newly developed technologies in which we invest not performing as anticipated;
- labor disruptions and economically unfavorable collective bargaining agreements;
- our inability to finance our operations due to the status of the capital markets;
- our inability to effectively manage our foreign currency exposure;
- 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;
- 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;
- delays, cost overruns and other problems associated with the construction, development and operation of our generating facilities;
- the arrangements we enter into with communities and joint venture partners;
- Brookfield's election not to source acquisition opportunities for us and our lack of access to all renewable power acquisitions that Brookfield identifies;
- we do not have control over all our operations;
- our ability to issue equity or debt for future acquisitions and developments is 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;
- our dependence on Brookfield and Brookfield's significant influence over us;
- changes in how Brookfield elects to hold its ownership interests in Brookfield Renewable; and
- other factors described in this Form 20-F, including those set forth under Item 3.D "Risk Factors", Item 4.B "Business Overview" and Item 5.A "Operating Results".

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 Form 20-F and should not be relied upon as representing our views as of any date subsequent to the date of this Form 20-F. 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 Item 3.D "Risk Factors".

### **Historical Performance and Market Data**

This Form 20-F contains information relating to our business as well as historical performance and market data. When considering this data, you should bear in mind that historical results and market data may not be indicative of the future results that you should expect from us.

### **Financial Information**

The financial information contained in this Form 20-F is presented in U.S. dollars and, unless otherwise indicated, has been prepared in accordance with IFRS. All figures are unaudited unless otherwise indicated. In this Form 20-F, all references to "\$" are to U.S. dollars. Canadian dollars, Brazilian Reals, Euros and Colombian Pesos are identified as "C\$", "R\$", "€" and "COP", respectively.

### **CAUTIONARY STATEMENT REGARDING USE OF NON-IFRS MEASURES**

This Form 20-F contains references to Adjusted EBITDA, Funds From Operations and Adjusted Funds From Operations which are not generally accepted accounting measures under IFRS and therefore may differ from definitions of Adjusted EBITDA, Funds From Operations and Adjusted Funds From Operations used by other entities. We believe that Adjusted EBITDA, Funds From Operations and Adjusted Funds From Operations 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 or Adjusted 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. Reconciliations of each of Adjusted EBITDA, Funds From Operations, and Adjusted Funds From Operations to net income and cash flows from operating activities are presented in Item 5.A “Operating Results —Financial Review by Segments for the Year Ended December 31, 2015” and Item 5.A “Operating Results — Financial Review by Segments for the Year Ended December 31, 2014.”

**PART I**

**ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS**

Not applicable.

**ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

Not applicable.

**ITEM 3. KEY INFORMATION**

**3.A SELECT FINANCIAL DATA**

The information in this section, excluding the operational information and distributions per LP Unit set forth in the tables below, is derived from and should be read in conjunction with the audited consolidated financial statements of Brookfield Renewable as at December 31, 2015 and 2014, and for the years ended December 31, 2015 and 2014 and 2013 and related notes which are included elsewhere in this Form 20-F.

See Item 5. "Operating and Financial Review and Prospects," Item 8. "Financial Information" and Item 18. "Financial Statements".

## HISTORICAL OPERATIONAL AND FINANCIAL INFORMATION

For the years ended December 31

(MILLIONS, EXCEPT AS NOTED)	2015	2014	2013	2012	2011 <sup>(1)</sup>
Operational information: <sup>(2)</sup>					
Capacity (MW)	7,284	6,707	5,849	5,304	4,536
Long-term average generation (GWh) <sup>(3)</sup>	25,543	23,296	21,836	18,202	16,297
Actual generation (GWh) <sup>(3)</sup>	23,332	22,548	22,222	15,942	15,877
Average revenue (\$ per MWh)	70	77	77	82	74
Selected financial information					
Revenues	\$ 1,628	\$ 1,704	\$ 1,706	\$ 1,309	\$ 1,169
Adjusted EBITDA <sup>(4)</sup>	1,177	1,216	1,208	852	804
Funds From Operations <sup>(4)</sup>	467	560	594	347	332
Adjusted Funds From Operations <sup>(4)</sup>	407	502	538	295	284
Net income	103	203	215	(95)	(451)
Funds From Operations per LP Unit <sup>(4)(5)</sup>	1.69	2.07	2.24	1.31	1.25
Distributions per LP Unit <sup>(6)</sup>	1.66	1.55	1.45	1.38	0.34

As at December 31

(MILLIONS, EXCEPT AS NOTED)	2015	2014	2013	2012	2011 <sup>(1)</sup>
Balance sheet data:					
Property, plant and equipment, at fair value	\$ 18,358	\$ 18,566	\$ 15,741	\$ 15,702	\$ 14,002
Equity-accounted investments	197	273	290	344	405
Total assets	19,507	19,849	16,999	16,943	15,713
Long-term debt and credit facilities	7,338	7,678	6,623	6,119	5,519
Deferred income tax liabilities	2,695	2,637	2,265	2,349	2,367
Total liabilities	10,744	10,968	9,463	9,135	8,529
Participating non-controlling interests - in operating subsidiaries	2,587	2,062	1,303	1,028	629
General partnership interest in a holding subsidiary held by Brookfield	52	59	54	63	64
Participating non-controlling interests - in a holding subsidiary - Redeemable /Exchangeable units held by Brookfield	2,559	2,865	2,657	3,070	3,089
Preferred equity	610	728	796	500	241
Preferred limited partners' equity	128	-	-	-	-
Limited partners' equity	2,827	3,167	2,726	3,147	3,161
Total equity	8,763	8,881	7,536	7,808	7,184
Debt to total capitalization <sup>(7)</sup>	39%	40%	41%	38%	37%

<sup>(1)</sup> For periods prior to November 28, 2011, the date of completion of a strategic combination of the renewable power generating assets of Brookfield Renewable Power Inc. and Brookfield Renewable Power Fund, the financial information for Brookfield Renewable represents the combined financial information for the Brookfield Renewable Power Division, a division of Brookfield Asset Management.

<sup>(2)</sup> Includes 100% of capacity and generation from equity-accounted investments.

<sup>(3)</sup> For assets acquired or reaching commercial operation during the year, this figure is calculated from the acquisition or commercial operation date and is not annualized.

<sup>(4)</sup> Non-IFRS measures. See "Cautionary Statement Regarding Use of Non-IFRS Measures", "Financial Review by Segments for the Year Ended December 31, 2015" and "Financial Review by Segments for the Year Ended December 31, 2014".

<sup>(5)</sup> For the year ended December 31, 2015, weighted average LP units, Redeemable/Exchangeable units and General Partnership units totaled 275.6 million (2014: 271.1 million; 2013: 265.3 million; 2012: 265.2 million and 2011: 265.1 million).

<sup>(6)</sup> Represents distributions per unit to holders of Redeemable/Exchangeable partnership units, LP Units and GP interest.

<sup>(7)</sup> Total capitalization is calculated as total debt plus deferred income tax liabilities, net of deferred income tax assets, and equity.

## FINANCIAL REVIEW FOR THE YEARS ENDED DECEMBER 31, 2015 TO 2011

The following table reflects the Adjusted EBITDA, Funds From Operations, Adjusted Funds From Operations and the reconciliation to net income (loss) for the years indicated:

(MILLIONS, EXCEPT AS NOTED)	2015	2014	2013	2012	2011
Generation (GWh) - LTA	25,543	23,296	21,836	18,202	16,297
Generation (GWh) - actual <sup>(1)</sup>	23,332	22,548	22,222	15,942	15,877
Revenues	\$ 1,628	\$ 1,704	\$ 1,706	\$ 1,309	\$ 1,169
Other income <sup>(2)(3)(4)</sup>	81	10	11	16	19
Share of cash earnings from equity-accounted investments	20	26	21	13	23
Direct operating costs	(552)	(524)	(530)	(486)	(407)
Adjusted EBITDA <sup>(5)</sup>	1,177	1,216	1,208	852	804
Fixed earnings adjustment <sup>(6)</sup>	-	11	-	-	-
Interest expense – borrowings	(429)	(415)	(410)	(411)	(411)
Management service costs	(48)	(51)	(41)	(36)	(1)
Current income taxes	(18)	(18)	(19)	(14)	(8)
Less: cash portion of non-controlling interests					
Participating non-controlling interests - in operating subsidiaries	(184)	(145)	(107)	(28)	(39)
Preferred equity	(30)	(38)	(37)	(16)	(13)
Less: distributions to preferred limited partners	(1)	-	-	-	-
Funds From Operations <sup>(5)</sup>	467	560	594	347	332
Less: adjusted sustaining capital expenditures <sup>(7)</sup>	(60)	(58)	(56)	(52)	(48)
Adjusted Funds From Operations <sup>(5)</sup>	407	502	538	295	284
Add: cash portion of non-controlling interests	255	183	144	44	52
Add: distributions to preferred limited partners	1	-	-	-	-
Add: adjusted sustaining capital expenditures <sup>(7)</sup>	60	58	56	52	48
Less: fixed earning adjustment	-	(11)	-	-	-
Other items:					
Depreciation	(616)	(548)	(535)	(483)	(468)
Unrealized financial instrument (loss) gain	(9)	10	37	(23)	(20)
Loss on fund unit liability	-	-	-	-	(376)
Share of non-cash loss from equity-accounted investments	(10)	(23)	(12)	(18)	(13)
Deferred income tax recovery	78	29	18	54	50
Other	(63)	3	(31)	(16)	(8)
Net income (loss)	\$ 103	\$ 203	\$ 215	\$ (95)	\$ (451)
Net income (loss) attributable to:					
Non-controlling interests					
Participating non-controlling interests - in operating subsidiaries	\$ 69	\$ 51	\$ 41	\$ (40)	\$ 11
General partnership interest in a holding subsidiary held by Brookfield	-	1	1	(1)	(5)
Participating non-controlling interests - in a holding subsidiary - Redeemable/ Exchangeable units held by Brookfield	1	55	67	(35)	(232)
Preferred equity	30	38	37	16	13
Preferred limited partners' equity	1	-	-	-	-
Limited partners' equity	2	58	69	(35)	(238)
Basic and diluted earnings (loss) per LP Unit <sup>(8)</sup>	\$ 0.01	\$ 0.42	\$ 0.52	\$ (0.26)	\$ (1.79)

<sup>(1)</sup> Variations in generation are described under Item 5.A "Operating Results – Segmented Disclosures."

<sup>(2)</sup> In July 2015, Brookfield Renewable, along with its institutional partners, sold its interest in a 102 MW wind facility in California to a third party for gross cash consideration of \$143 million, resulting in a gain of \$53 million. See Note 5 - Disposal of assets and Note 23 - Other income in our audited consolidated financial statements. Brookfield Renewable's share of the gain was \$12 million, representing the 22% interest in the facility and is net of the cash portion of non-controlling interests.

## [Table of Contents](#)

- (3) In July 2015, concession agreements relating to two Brazilian hydroelectric facilities expired. Brookfield Renewable elected not to renew these concession agreements in exchange for compensation of \$17 million.
- (4) In 2015, Brookfield Renewable realized gains of \$31 million on the settlement of foreign currency contracts. See Note 23 - Other income in our audited consolidated financial statements.
- (5) Non-IFRS measures. See “Cautionary Statement Regarding Use of Non-IFRS Measures” and “Financial Review by Segments for the Year Ended December 31, 2015” and “Financial Review by Segments for the Year Ended December 31, 2014”.
- (6) The fixed earnings adjustment relates to Brookfield Renewable’s investment in the acquisition of a wind portfolio in Ireland. Pursuant to the terms of the purchase and sale agreement, Brookfield Renewable acquired an economic interest in the wind portfolio from January 1, 2014. The transaction closed on June 30, 2014, and accordingly under IFRS, the \$11 million net Funds From Operations contribution was recorded as part of the purchase price.
- (7) Based on long-term capital expenditure plans.
- (8) Average LP Units outstanding during the year totaled 143.3 million (2014: 138.8 million, 2013 and 2012: 132.9 million and 2011: 132.8 million).

### 3.B CAPITALIZATION AND INDEBTEDNESS

Not applicable.

### 3.C REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

### 3.D RISK FACTORS

*You should carefully consider the following factors in addition to the other information set forth in this Form 20-F. If any of the following risks actually occur, our business, financial condition, results of operations and prospects could be adversely affected and the value of our Units would likely decline, and you could lose all or part of your investment.*

#### **Risks Related to BREP**

***BREP is a “foreign private issuer” under U.S. securities laws and is therefore subject to disclosure obligations different from requirements applicable to U.S. domestic registrants listed on the NYSE.***

Although BREP is subject to the periodic reporting requirement of the Exchange Act, the periodic disclosure required of foreign private issuers under the Exchange Act is different from periodic disclosure required of U.S. domestic registrants. Therefore, there may be less publicly available information about BREP than is regularly published by or about other public companies in the United States. BREP is exempt from certain other sections of the Exchange Act to which U.S. domestic issuers are subject, including the requirement to provide our LP Unitholders with information statements or proxy statements that comply with the Exchange Act. In addition, insiders and large LP Unitholders of BREP are not obligated to file reports under Section 16 of the Exchange Act, and certain corporate governance rules that are imposed by the NYSE will be inapplicable to BREP.

***We may be subject to the risks commonly associated with a separation of economic interest from control or the incurrence of debt at multiple levels within an organizational structure.***

Our ownership and organizational structure is similar to structures whereby one company controls another company which in turn holds controlling interests in other companies; thereby, the company at the top of the chain may control the company at the bottom of the chain even if its effective equity position in the bottom company is less than a controlling interest. Brookfield is the sole shareholder of the Managing General Partner and, as a result of such ownership of the Managing General Partner, Brookfield will be able to control the appointment and removal of the Managing General Partner’s directors and, accordingly, will exercise substantial influence over us. In turn, we often have a majority controlling interest or a significant influence in our investments. Even though Brookfield has an effective economic interest in our business of approximately 62% as a result of its ownership of our LP Units and the Redeemable/Exchangeable partnership units, over time Brookfield may reduce this economic interest while still maintaining its controlling interest. This could lead to Brookfield using its control rights in a manner that conflicts with the economic interests of our other Unitholders. For example, despite the fact that we have the Conflicts Policy in place, which addresses the requirement for independent approval and other requirements for transactions in which there is greater potential for a conflict of interest to arise, including transactions with affiliates of Brookfield, because Brookfield will be able to exert substantial

## [Table of Contents](#)

influence over us, and, in turn, over our investments, there is a greater risk of transfer of assets of our investments at non-arm's length values to Brookfield and its affiliates. In addition, debt incurred at multiple levels within the chain of control could exacerbate the separation of economic interest from controlling interest at such levels, thereby creating an incentive to leverage us and our investments. Any such increase in debt would also make us more sensitive to declines in revenues, increases in expenses and interest rates, and adverse market conditions. The servicing of any such debt would also reduce the amount of funds available to pay distributions to us and ultimately to our Unitholders.

***We could become regulated as an “investment company” under the Investment Company Act (and similar legislation in other jurisdictions) which would make it impractical for us to operate as contemplated.***

The Investment Company Act (and similar legislation in other jurisdictions) provides certain protections to investors and imposes certain restrictions on companies that are registered as investment companies. BREP is not an “investment company” under the Investment Company Act and does not intend to become one. If BREP were to be deemed an investment company under the Investment Company Act, we might be required to materially restrict or limit the scope of our operations or plans as it would be impractical for us to operate as intended: certain agreements we have with Brookfield would be impaired, the type and amount of acquisitions that we would be able to make as a principal would be limited, and our business, financial condition and results of operations would be materially adversely affected. We would also be limited in the types of acquisitions that we might make, and we might need to modify our organizational structure or dispose of assets of which we would not otherwise dispose. Accordingly, we would be required to take extraordinary steps to address the situation, such as the amendment or termination of our Master Services Agreement, the restructuring of BREP and the Holding Entities, the amendment of the Amended and Restated Limited Partnership Agreement of BREP or the termination of BREP, any of which could materially adversely affect the value of our Units. In addition, if BREP were deemed to be an investment company under the Investment Company Act, it would be taxable as a corporation for U.S. federal income tax purposes, which could materially adversely affect the value of our Units.

***Our failure to maintain effective internal controls could have a material adverse effect on our business in the future and the price of our Units.***

Pursuant to Section 404 of the Sarbanes-Oxley Act, our management has delivered a report that assesses the effectiveness of our internal controls over financial reporting (in which they concluded that these internal controls are effective) and our independent registered public accounting firm has delivered an attestation report on our management's assessment of, and the operating effectiveness of, our internal controls over financial reporting in conjunction with their opinion on our audited consolidated financial statements. Any failure to maintain adequate internal controls over financial reporting or to implement required, new or improved controls, or difficulties encountered in their implementation, could cause us to report material weaknesses in our internal controls over financial reporting and could result in a more than remote possibility of errors or misstatements in our consolidated financial statements that would be material. If we or our independent registered public accounting firm were to conclude that our internal controls over financial reporting were not effective, investors could lose confidence in our reported financial information and the price of our Units could decline. Our failure to achieve and maintain effective internal controls could have a material adverse effect on our business in the future, our access to the capital markets and investors' perception of us. In addition, material weaknesses in our internal controls could require significant expense and management time to remediate.

### **Risks Related to Our Operations and the Renewable Power Industry**

***Changes to hydrology at our hydroelectric stations, wind conditions at our wind energy facilities or to crop supply or weather conditions generally at our biomass cogeneration facilities could materially adversely affect the volume of electricity generated.***

The revenues generated by our facilities are proportional to the amount of electricity generated which in turn is dependent upon available water flows, wind conditions and weather conditions generally. Hydrology, wind and weather conditions have natural variations from season to season and from year to year and may also change permanently because of climate change or other factors. A natural disaster

## [Table of Contents](#)

could also impact water flows within the watersheds in which we operate. Wind energy is highly dependent on weather conditions and, in particular, on wind conditions. The profitability of a wind farm depends not only on observed wind conditions at the site, which are inherently variable, but also on whether observed wind conditions are consistent with assumptions made during the project development phase. A sustained decline in water flow at our hydroelectric stations or in wind conditions at our wind energy facilities could lead to a material adverse change in the volume of electricity generated, revenues and cash flow. Weather conditions have historically caused variability in sugarcane harvests. A decline in sugarcane supply caused by drought, frost or floods, to the sugar and ethanol mills that are the feedstock suppliers of our biomass cogeneration facilities, could limit the volume of energy these facilities are able to generate.

In Brazil, hydroelectric power generators have access to the MRE, which, within the limitation referred to below, stabilizes hydrology by assuring that all participant plants in the MRE receive a reference amount of electricity, approximating long-term average irrespective of the actual volume of energy generated whether above or below long-term average and substantially all our assets are part of that pool. In cases of nationwide drought, when the pool as a whole is in shortfall relative to the long-term average, an asset can expect to share the nationwide shortfall pro-rata with the rest of the pool. In addition, specific rules provide the minimum percentages of the reference amount of electricity that must be actually generated each year for assuring participation in the MRE. The energy reference amount is assessed yearly according to the criteria of such regulation, and can be adjusted positively or negatively. If the Brookfield Renewable reference amount is revised, our share of the balancing pool could be reduced. If the MRE is terminated or changed, Brookfield Renewable's financial results would be more exposed to variations in hydrology at certain hydroelectric facilities in Brazil. In both instances, this could have an adverse effect on our results of operations and cash flows.

***Counterparties to our contracts may not fulfill their obligations and, as our contracts expire, we may not be able to replace them with agreements on similar terms.***

If, for any reason, any of the purchasers of power under our PPAs, including Brookfield, are unable or unwilling to fulfill their contractual obligations under the relevant PPA or if they refuse to accept delivery of power pursuant to the relevant PPA, our assets, liabilities, business, financial condition, results of operations and cash flow could be materially and adversely affected as we may not be able to replace the agreement with an agreement on equivalent terms and conditions. External events, such as a severe economic downturn, could impair the ability of some counterparties to the PPAs or some customers to pay for electricity received.

Certain PPAs in our portfolio will be subject to re-contracting in the future. We cannot provide any assurance that we will be able to re-negotiate these contracts once their terms expire, and even if we are able to do so, we cannot provide any assurance that we will be able to obtain the same prices or terms we currently receive. If we are unable to renegotiate or replace these contracts, or unable to secure prices at least equal to the current prices we receive, our business, financial condition, results of operation and prospects could be adversely affected.

Conversely, a significant percentage of our sales will be made by facilities subject to indefinite term contracts with Brookfield (taking into account its rights of renewal) at fixed prices per MWh. Accordingly, with respect to those facilities, our ability to realize improved revenues due to increases in market prices for renewable power may be limited.

A significant portion of the power we generate is sold under long-term PPAs with Brookfield, public utilities or industrial or commercial end-users, some of whom may not be rated by any rating agency. For example, as at December 31, 2015, approximately 42% of our 2016 contracted generation was with Brookfield entities, the majority of which are not rated and whose obligations are not guaranteed by Brookfield Asset Management.

***Increases in water rental costs (or similar fees) or changes to the regulation of water supply may impose additional obligations on Brookfield Renewable.***

Water rights are generally owned or controlled by governments that reserve the right to control water levels or impose water-use requirements as a condition of license renewal that differ from those arrangements in place today. We are required to pay taxes, make rental payments or pay similar fees for

## [Table of Contents](#)

use of water and related rights once our hydroelectric projects are in commercial operation. Significant increases in water rental costs or similar fees in the future or changes in the way that governments regulate water supply could have a material adverse effect on our assets, liabilities, business, financial condition, results of operations and cash flow.

***Supply and demand in the energy market, including the non-renewable energy market, is volatile and such volatility could have an adverse impact on electricity prices and a material adverse effect on Brookfield Renewable assets, liabilities, business, financial condition, results of operations and cash flow.***

A portion of Brookfield Renewable's revenues are tied, either directly or indirectly, to the wholesale market price for electricity in the markets in which Brookfield Renewable operates. Wholesale market electricity prices are impacted by a number of factors including: the price of fuel (for example, natural gas) that is used to generate electricity; the management of generation and the amount of excess generating capacity relative to load in a particular market; the cost of controlling emissions of pollution, including potentially the cost of carbon; the structure of the electricity market; and weather conditions that impact electrical load. More generally, there is uncertainty surrounding the trend in electricity demand growth, which is greatly influenced by: macroeconomic conditions, absolute and relative energy prices and energy conservation and demand-side management. Correspondingly, from a supply perspective, there are uncertainties associated with the timing of generating plant retirements – in part driven by environmental regulations – and with the scale, pace and structure of replacement capacity, again reflecting a complex interaction of economic and political pressures and environmental preferences. For example, declines in natural gas prices have impacted prices in power markets in North America. This volatility and uncertainty in the power market generally, including the non-renewable power market, could have a material adverse effect on Brookfield Renewable's assets, liabilities, business, financial condition, results of operations and cash flow.

***We expect the amount of uncontracted generation in our portfolio to increase.***

As at December 31, 2015, approximately 83% of our generation (on a proportionate basis) was contracted over the following five years under long-term, fixed price contracts with creditworthy counterparties. In 2014, 92% of our generation (on a proportionate basis) was contracted and, in 2015, that percentage was 90% of our generation (on a proportionate basis). We currently expect that the portion of our portfolio that is uncontracted will continue to increase gradually over time. While increases in uncontracted generation may allow us to be opportunistic and take advantage of high spot-market prices, it will also increase our exposure to variability in power prices, which could, in certain circumstances, have an adverse effect on our business, financial condition, results of operations and cash flows.

***There are general industry risks associated with the power markets in which we operate.***

We currently operate in power markets in North America, Latin America and Europe, each of which is affected by competition, price, supply of and demand for power, the location of import/export transmission lines and overall political, economic and social conditions and policies. A general and extended decline in the North American, Latin American or European economies, or in the economies of the specific countries in which we operate, or sustained conservation efforts to reduce electricity consumption, could have the effect of reducing demand for electricity.

***Our operations are highly regulated and may be exposed to increased regulation which could result in additional costs to Brookfield Renewable.***

Our generation assets are subject to extensive regulation by various government agencies and regulatory bodies in different countries at the federal, regional, state, provincial and local level. As legal requirements frequently change and are subject to interpretation and discretion, we may be unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. Any new law, rule or regulation could require additional expenditure to achieve or maintain compliance or could adversely impact our ability to generate and deliver energy. Also, operations that are not currently regulated may become subject to regulation which could result in additional cost to our business. Further, changes in wholesale market structures or rules, such as generation curtailment requirements or limitations to access the power grid, could have a material adverse effect on our ability to generate

## [Table of Contents](#)

revenues from our facilities. For example, in North America, many of our assets are subject to the operating and market-setting rules determined by independent system operators, such as the ISO New England. These independent system operators could introduce rules in a way that adversely impact our operations.

### ***There is a risk that our concessions and licenses will not be renewed.***

We hold concessions and licenses and we have rights to operate our facilities which generally include rights to the land and water required for power generation. We generally expect that our rights and/or our licenses will be renewed. However, if we are not granted renewal rights, or if our concessions and licenses, as the case may be, are renewed subject to conditions which impose additional costs, or impose additional restrictions such as setting a price ceiling for energy sales, our profitability and operational activity could be adversely impacted.

### ***The cost of operating our plants could increase for reasons beyond our control.***

While we currently maintain an appropriate and competitive cost position, there is a risk that increases in our cost structure that are beyond our control could materially adversely impact our financial performance. Examples of such costs include compliance with new conditions imposed during the relicensing process, municipal property taxes, water rental fees and the cost of procuring materials and services required for our maintenance activities.

### ***We may fail to comply with the conditions in, or may not be able to maintain, our governmental permits.***

Our generation assets and construction projects are required to comply with numerous supranational (in the case of the E.U.), federal, regional, state, provincial and local statutory and regulatory standards and to maintain numerous licenses, permits and governmental approvals required for operation. Some of the licenses, permits and governmental approvals that have been issued to our operations contain conditions and restrictions, or may have limited terms. If we fail to satisfy the conditions or comply with the restrictions imposed by our licenses, permits and governmental approvals, or the restrictions imposed by any statutory or regulatory requirements, we may become subject to regulatory enforcement action and the operation of the assets could be adversely affected or be subject to fines, penalties or additional costs or revocation of regulatory approvals, permits or licenses. In addition, we may not be able to renew, maintain or obtain all necessary licenses, permits and governmental approvals required for the continued operation or further development of our projects, as a result of which the operation or development of our assets may be limited or suspended. Our failure to renew, maintain or obtain all necessary licenses, permits or governmental approvals may have a material adverse effect on our assets, liabilities, business, financial condition, results of operations and cash flow.

### ***We may experience equipment failure.***

Our generation assets may not continue to perform as they have in the past and there is a risk of equipment failure due to wear and tear, latent defect, design error, operator error or early obsolescence, among other things, which could have a material adverse effect on our assets, liabilities, business, financial condition, results of operations and cash flow. In particular, wind generation turbines are less commercially proven than hydroelectric assets and have shorter lifespans.

### ***The occurrence of dam failures could result in a loss of generating capacity and repairing such failures could require us to expend significant amounts of capital and other resources.***

The occurrence of dam failures at any of our hydroelectric generating stations or the occurrence of dam failures at other generating stations or dams operated by third parties whether upstream or downstream of our hydroelectric generating stations could result in a loss of generating capacity and repairing such failures could require us to expend significant amounts of capital and other resources. Such failures, could result in damage to the environment or damages and harm to third parties or the public, which could expose us to significant liability.

### ***We may be exposed to force majeure events.***

The occurrence of a significant event that disrupts the ability of our generation assets to produce or sell power for an extended period, including events which preclude customers from purchasing

## [Table of Contents](#)

electricity, could have a material adverse effect on our assets, liabilities, business, financial condition, results of operations and cash flow. In addition, force majeure events affecting our assets could result in damage to the environment or harm to third parties or the public, which could expose us to significant liability. Our generation assets could be exposed to effects of severe weather conditions, natural disasters and potentially catastrophic events such as a major accident or incident. An assault or an action of malicious destruction, sabotage or terrorism committed on our generation assets could also disrupt our ability to generate or sell power. In certain cases, there is the potential that some events may not excuse Brookfield Renewable from performing its obligations pursuant to agreements with third parties and therefore may expose Brookfield Renewable to liability. In addition, many of our generation assets are located in remote areas which may make access for repair of damage difficult.

### ***We may be exposed to uninsurable losses.***

While we maintain certain insurance coverage, such insurance may not continue to be offered on an economically feasible basis, may not cover all events that could give rise to a loss or claim involving our assets or operations, and may not cover all of our assets. If our insurance coverage is insufficient and we are forced to bear such losses or claims, our financial position could be materially and adversely affected.

### ***We are subject to foreign currency risk which may adversely affect the performance of our operations and our ability to manage such risk depends, in part, on our ability to implement an effective hedging strategy.***

A significant portion of our current operations are in countries where the U.S. dollar is not the functional currency. These operations pay distributions in currencies other than the U.S. dollar, which we must convert to U.S. dollars prior to making distributions. A significant depreciation in the value of such foreign currencies or measures which may be introduced by foreign governments to control inflation or deflation may have a material adverse effect on our business, financial condition, results of operations and cash flows. When managing our exposure to currency risks, we use foreign currency forward contracts and other strategies to mitigate currency risk and there can be no assurances that these strategies will be successful.

### ***The ability to deliver electricity to our various counterparties requires the availability of and access to interconnection facilities and transmission systems.***

Our ability to sell electricity is impacted by the availability of, and access to, the various transmission systems to deliver power to its contractual delivery point and the arrangements and facilities for interconnecting the generation projects to the transmission systems. The absence of this availability and access, our inability to obtain reasonable terms and conditions for interconnection and transmission agreements, the operational failure of existing interconnection facilities or transmission facilities, the lack of adequate capacity on such interconnection or transmission facilities, may have a material adverse effect on our ability to deliver electricity to our various counterparties or the requirement of counterparties to accept and pay for energy delivery, which could materially and adversely affect our assets, liabilities, business, financial condition, results of operations and cash flow.

### ***Our operations are exposed to health, safety, security and environmental risks.***

The ownership, construction and operation of our generation assets carry an inherent risk of liability related to public safety, health, safety, security and the environment, including the risk of government imposed orders to remedy unsafe conditions and/or to remediate or otherwise address environmental contamination or damage. We could also be exposed to potential penalties for contravention of health, safety, security and environmental laws and potential civil liability. In the ordinary course of business we incur capital and operating expenditures to comply with health, safety, security and environmental laws, to obtain and comply with licenses, permits and other approvals and to assess and manage related risks. The cost of compliance with these laws (and any future laws or amendments enacted) may increase over time and result in additional material expenditures. We may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety, security and environmental matters as a result of which our operations may be limited or suspended. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of health, safety, security and environmental laws could have a material and adverse impact

## [Table of Contents](#)

on operations and result in additional material expenditures. Additional environmental, health and safety issues relating to presently known or unknown matters may require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) that may be material and adverse to our business and results of operations.

### ***Our renewable power business may be involved in disputes, governmental and regulatory investigations and possible litigation.***

In the normal course of our operations, Brookfield Renewable is involved in various legal actions that could expose it to liability for damages. The outcome with respect to outstanding, pending or future actions cannot be predicted with certainty and may be adverse to us and as a result could have a material adverse effect on our assets, liabilities, business, financial condition, results of operations and cash flow. We and our affiliates are subject to governmental or regulatory investigations from time to time. Governmental and regulatory investigations, regardless of their outcome, are generally costly, divert management attention, and have the potential to damage our reputation. There has been increasing global focus on the implementation and enforcement of anti-bribery and anti-corruption legislation by various governmental agencies, including the SEC and Department of Justice in the U.S. The unfavorable resolution of any governmental or regulatory investigation could result in criminal liability, fines, penalties or other monetary or non-monetary remedies and could materially affect our business or results of operations.

### ***The operation of our generating facilities could be affected by local communities.***

We may become impacted by the interests of local communities and stakeholders, including in some cases, Aboriginal peoples, that affect the operation of our facilities. Certain of these communities may have or may develop interests or objectives which are different from or even in conflict with our objectives, including the use of our project lands and waterways near our facilities. Any such differences could have a negative impact on the successful operation of our facilities. As well, disputes surrounding, and settlements of, Aboriginal land claims regarding lands on or near our generating assets could interfere with operations and/or result in additional operating costs or restrictions.

### ***We may suffer a significant loss resulting from fraud, bribery, corruption, other illegal acts, inadequate or failed internal processes or systems, or from external events.***

We may suffer a significant loss resulting from fraud, bribery, corruption, other illegal acts, inadequate or failed internal processes or systems, or from external events, such as security threats affecting our ability to operate. We operate in different markets and rely on our employees and certain third parties to follow our policies and processes as well as applicable laws in their activities. Risk of illegal acts or failed systems is managed through our infrastructure, controls, systems and people, complemented by central groups focusing on enterprise-wide management of specific operational risks such as fraud, trading, outsourcing, and business disruption, as well as personnel and systems risks. Specific programs, policies, standards, methodologies and training have been developed to support the management of these risks and, as we expand into new markets and make new investments, we update and implement our programs, policies, standards, methodologies and training to address the risks that we perceive. The failure to adequately identify or manage these risks could result in direct or indirect financial loss, regulatory censure and/or harm to the reputation of Brookfield Renewable.

### ***We rely on computerized business systems.***

Our business places significant reliance on information technology. In addition, our business also relies upon telecommunication services to remotely monitor and control our assets and interface with regulatory agencies, wholesale power markets and customers. The information and embedded systems of key business partners and regulatory agencies are also important to our operations. In light of this, we may be subject to cybersecurity risks or other breaches of information technology security. A breach of our cyber/data security measures or the failure or malfunction of any of our computerized business systems, associated backup or data storage systems for a significant time period could have a material adverse effect on our business operations, financial reporting, financial condition and results of operations.

### ***Advances in technology could impair or eliminate the competitive advantage of our projects.***

## [Table of Contents](#)

There are other alternative technologies that can produce renewable power, such as fuel cells, micro-turbines and photovoltaic (solar) cells. Most of these alternative technologies still require subsidies to be competitive with conventional generation sources (including hydro); however, research and development activities are ongoing to seek improvements in such alternative technologies and their cost of producing electricity is gradually declining. Additionally, research and developments activities are ongoing to seek improvements and reductions in carbon emissions from conventional fossil fuel generation. It is possible that advances will further reduce the cost of alternative methods of power generation. If this were to happen, the competitive advantage of our projects may be significantly impaired or eliminated and our assets, liabilities, business, financial condition, results of operations and cash flow could be materially and adversely affected as a result.

***There can be no guarantee that newly developed technologies that we invest in will perform as anticipated.***

We may invest in and use newly developed, less proven, technologies in our development projects or in maintaining or enhancing our existing assets. There is no guarantee that such new technologies will perform as anticipated. The failure of a new technology to perform as anticipated may materially and adversely affect the profitability of a particular development project.

***Performance of our Operating Entities may be harmed by future labor disruptions and economically unfavorable collective bargaining agreements.***

Certain of BREP's subsidiaries are parties to collective agreements that expire periodically and those subsidiaries may not be able to renew their collective agreements without a labor disruption or without agreeing to significant increases in cost. In the event of a labor disruption such as a strike or lock-out, the ability of our generation assets to generate electricity may be impaired. Our results from operations and cash flow could be materially and adversely affected as a result.

***The economic viability of the feedstock supplier of our biomass cogeneration facilities is linked to the market price for sugar and ethanol, and the prices of these commodities are cyclical and are affected by general economic conditions in Brazil and globally.***

The principal feedstock of our 175 MW biomass cogeneration facilities is "bagasse" – a dry, fibrous residue left after the extraction of juice from sugar cane. The biomass cogeneration facilities that we own are attached to mills that are the suppliers of the bagasse, which they provide to these facilities in exchange for some of the steam and electricity that the facilities produce. The excess electricity that is not delivered to the relevant mill is sold under contract to commercial offtakers, to the government by way of a regulated auction process or directly into the market. The viability of these mills depends on prevailing market prices for ethanol and sugar as well as other factors that are out of our control. These facilities currently depend on one supplier of bagasse, who is the owner of the mills. The supplier of these facilities is currently in financial distress and if such supplier becomes unavailable, we would have to procure bagasse from other sources, which could have a material adverse effect on the value of this investment.

### **Risks Related to Financing**

***Our ability to finance our operations is subject to various risks relating to the state of the capital markets.***

Future acquisitions, the development and construction of new facilities and other capital expenditures will be financed out of cash generated from our operations, capital recycling, debt and possible future sales of equity. There is debt throughout our corporate structure that will need to be replaced from time to time: BREP, BRELP and the Holding Entities have corporate debt and many Operating Entities have limited recourse project level debt (the majority of which is non-recourse to BREP). Our ability to obtain debt or equity financing to fund our growth, and our ability to refinance existing indebtedness, is dependent on, among other factors, the overall state of the capital markets, continued operating performance of our assets, future electricity market prices, the level of future interest rates, lenders' and investors' assessment of our credit risk, capital markets conditions and investor appetite for investments in renewable energy and infrastructure assets in general and in Brookfield Renewable's securities in particular. Also, Brookfield Renewable's financing agreements contain conditions that limit our ability to repay indebtedness prior to maturity without incurring penalties, which

## [Table of Contents](#)

may limit our ability to raise capital and financing on favourable terms. To the extent that external sources of capital become limited or unavailable or available on onerous terms, our ability to fund acquisitions and make necessary capital investments to construct new or maintain existing facilities will be impaired, and as a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

### ***We are subject to operating and financial restrictions through covenants in our loan, debt and security agreements.***

Brookfield Renewable is subject to operating and financial restrictions through covenants in our loan, debt and security agreements. These restrictions prohibit or limit our ability to, among other things, incur additional debt, provide guarantees for indebtedness, grant liens, dispose of assets, liquidate, dissolve, amalgamate, consolidate or effect corporate or capital reorganizations, declare distributions, issue equity interests, and create subsidiaries. A financial covenant in our corporate bonds and in our corporate bank credit facilities limits our overall indebtedness to a percentage of total capitalization, a restriction which may limit our ability to obtain additional financing, withstand downturns in our business and take advantage of business and development opportunities. If we breach our covenants, our credit facilities may be terminated or come due and such event may cause our credit rating to deteriorate and subject Brookfield Renewable to higher interest and financing costs. We may also be required to seek additional debt financing on terms that include more restrictive covenants, require repayment on an accelerated schedule or impose other obligations that limit our ability to grow our business, acquire needed assets or take other actions that we might otherwise consider appropriate or desirable.

### ***Changes in our credit ratings may have an adverse effect on our financial position and ability to raise capital.***

The credit rating assigned to BREP or any of our subsidiaries' debt securities may not remain in effect for any given period of time. A rating may be changed or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such ratings may have an adverse effect on our financial position and ability to raise capital.

## **Risks Related to Our Growth Strategy**

### ***We may be unable to identify sufficient investment opportunities and complete transactions as planned.***

Our strategy for building LP Unitholder value is to seek to acquire or develop high-quality assets and businesses that generate sustainable and increasing cash flows, with the objective of achieving appropriate risk-adjusted returns on our invested capital over the long-term. However, there is no certainty that we will be able to find sufficient investment opportunities and complete transactions that meet our investment criteria. Our investment criteria consider, among other things, the financial, operating, governance and strategic merits of a proposed acquisition and, as such, there is no certainty that we will be able to acquire or develop additional high-quality assets at attractive prices to continue growing our business. Competition for assets is significant and competition from other well-capitalized investors or companies may significantly increase the purchase price or prevent us from completing an acquisition. Further, our growth initiatives are subject to a number of closing conditions, including, as applicable, third party consents, regulatory approvals (including competition authorities) and other third party approvals or actions that are beyond our control. If all or some of our growth initiatives are unable to be completed on the terms agreed, we may need to delay certain acquisitions or abandon them altogether or may not fully realize their anticipated benefit. In respect of Isagen, our goal is to, together with our institutional partners, increase our ownership of shares well above the current 57.6% level. However, there is no assurance that all or most of the remaining shareholders will tender their shares to our tender offers.

### ***Future growth of our portfolio may subject us to additional risks and the expected benefits of our transactions may not materialize.***

A key part of Brookfield Renewable's strategy involves seeking acquisition opportunities. Acquisitions in general, and large-scale acquisitions in particular, have the potential to materially increase

## [Table of Contents](#)

the scale, scope and complexity of our operations. If we do not effectively manage the additional operations, our business, financial condition and results of operations may be adversely affected.

Acquisitions will likely involve some or all of the following risks, which could materially and adversely affect our business, financial condition or results of operations: the potential to not close or otherwise realize the expected benefits of an announced transaction, the difficulty of integrating the acquired operations and personnel into our current operations; the inability to achieve potential synergies; potential disruption of our current operations; diversion of resources, including the time and attention of Brookfield's professionals; the difficulty of managing the growth of a larger organization; the risk of entering markets in which we have little experience; the risk of becoming involved in labour, commercial or regulatory disputes or litigation related to the new operations; the risk of environmental or other liabilities associated with the acquired business; and the risk of a change of control resulting from an acquisition triggering rights of third parties or government agencies under contracts with, or authorizations held by the operating business being acquired. While it is our practice to conduct extensive due diligence investigations into businesses being acquired, it is possible that due diligence may fail to uncover or adequately assess all material risks in the business being acquired, whether operational, financial, legal or otherwise. For example, we may fail to identify a change of control trigger in a material contract or authorization, or a contractual counterparty or government agency may take a different view on the interpretation of such a provision to that taken by us, thereby resulting in a dispute. The discovery of any material liabilities subsequent to an acquisition, as well as the failure of an acquisition to perform according to expectations, could have a material adverse effect on Brookfield Renewable's business, financial condition and results of operations. In addition, if returns are lower than anticipated from new acquisitions, we may not be able to achieve growth in our distributions in line with our stated goals and the market value of our units may decline.

***There are several factors which may affect our ability to develop existing sites and find new sites suitable for the development of greenfield power projects.***

Our ability to realize our greenfield development growth plans is dependent on our ability to develop existing sites and find new sites suitable for development into viable projects. Our ability to maintain a development permit often requires specific development steps to be undertaken. Successful development of greenfield power projects, whether hydroelectric or wind, is typically dependent on a number of factors, including: the ability to secure an attractive site on reasonable terms; the ability to measure resource availability at levels deemed economically attractive for continued project development; the ability to secure approvals, licenses and permits; the acceptance of local stakeholders, including in some cases, Aboriginal peoples, of proposed developments; the ability to secure transmission interconnection access or agreements; and the ability to secure a long-term PPA or other sales contract on reasonable terms. Each of these factors can be critical in determining whether or not a particular development project might ultimately be suitable for construction. Failure to achieve any one of these elements may prevent the development and construction of a project. When this occurs we may lose all of our investment in development expenditures and may be required to write-off project development assets.

***The development of our generating facilities is subject to various construction risks and risks associated with the various types of arrangements we enter into with communities and joint venture partners.***

Our ability to develop an economically successful project is dependent on, among other things, our ability to construct a particular project on-time and on-budget. The construction and development of generating facilities is subject to various environmental, engineering and construction risks that could result in cost-overruns, delays and reduced performance. A number of factors that could cause such delays, cost over-runs or reduced performance include, but are not limited to, permitting delays, changing engineering and design requirements, the costs of construction, the performance and necessary experience of contractors, labor disruptions and inclement weather. In addition, we enter into various types of arrangements with communities and joint venture partners, including in some cases, Aboriginal peoples, for the development of projects. Certain of these communities and partners may have or may develop interests or objectives which are different from or even in conflict with our objectives. Any such differences could have a negative impact on the success of our projects.

***Brookfield has no obligation to source acquisition opportunities for us and we may not have access to all renewable power acquisitions that Brookfield identifies.***

Our ability to grow through acquisitions depends on Brookfield's ability to identify and present us with acquisition opportunities. Brookfield established BREP to hold and acquire renewable power generating operations or developments on a global basis. However, Brookfield has no obligation to source acquisition opportunities specifically for us. In addition, Brookfield has not agreed to commit to us any minimum level of dedicated resources for the pursuit of renewable power-related acquisitions. There are a number of factors which could materially and adversely impact the extent to which suitable acquisition opportunities are made available from Brookfield, for example:

- it is an integral part of Brookfield's (and our) strategy to pursue the acquisition or development of renewable power assets through consortium arrangements with institutional investors, strategic partners or financial sponsors and to form partnerships to pursue such acquisitions on a specialized or global basis. Although Brookfield has agreed with us that it will not enter any such arrangements that are suitable for us without giving us an opportunity to participate in them, there is no minimum level of participation to which we will be entitled;
- the same professionals within Brookfield's organization that are involved in acquisitions that are suitable for us are responsible for the consortiums and partnerships referred to above, as well as having other responsibilities within Brookfield's broader asset management business. Limits on the availability of such individuals will likewise result in a limitation on the availability of acquisition opportunities for us;
- Brookfield will only recommend acquisition opportunities that it believes are suitable for us. Our focus is on assets where we believe that our operations-oriented approach can be deployed to create value. Accordingly, opportunities where Brookfield cannot play an active role in influencing the underlying operating company or managing the underlying assets may not be suitable for us, even though they may be attractive from a purely financial perspective. Legal, regulatory, tax and other commercial considerations will likewise be an important consideration in determining whether an opportunity is suitable and could limit our ability to participate in these certain investments;
- in addition to structural limitations, the question of whether a particular acquisition is suitable is highly subjective and is dependent on a number of factors including an assessment by Brookfield of our liquidity position, the risk profile of the opportunity, its fit with the balance of our then current operations and other factors. If Brookfield determines that an opportunity is not suitable for us, it may still pursue such opportunity on its own behalf, or on behalf of a Brookfield sponsored partnership or consortium.

In making these determinations, Brookfield may be influenced by factors that result in a misalignment or conflict of interest. See Item 7.B "Related Party Transactions — Conflicts of Interest and Fiduciary Duties".

***We do not have control over all our operations.***

We have structured some of our operations, including our interest in Isagen, as joint ventures, partnerships and consortium arrangements. An integral part of our strategy is to participate with institutional investors in Brookfield sponsored or co-sponsored consortiums for asset acquisitions and as a partner in or alongside Brookfield sponsored or co-sponsored partnerships that target acquisitions that suit our profile. These arrangements are driven by the magnitude of capital required to complete acquisitions of renewable assets and other industry-wide trends that we believe will continue. Such arrangements involve risks not present where a third party is not involved, including the possibility that partners or co-venturers might become bankrupt or otherwise fail to fund their share of required capital contributions. Additionally, partners or co-venturers might at any time have economic or other business interests or goals different from Brookfield Renewable and Brookfield.

Joint ventures, partnerships and consortium investments generally provide for a reduced level of control over an acquired company because governance rights are shared with others. Accordingly, decisions relating to the underlying operations, including decisions relating to the management and operation and the timing and nature of any exit, are often made by a majority vote of the investors or by

## [Table of Contents](#)

separate agreements that are reached with respect to individual decisions. For example, when we participate with institutional investors in Brookfield sponsored or co-sponsored consortiums for asset acquisitions and as a partner in or alongside Brookfield sponsored or co-sponsored partnerships, there is often a finite term to the investment, which could lead to the investment being sold prior to the date we would otherwise choose.

In addition, such operations may be subject to the risk that any joint venture, partnership or consortium may make business, financial or management decisions with which we do not agree or the management of the company may take risks or otherwise act in a manner that does not serve our interests. Because we may not have the ability to exercise control over such operations, we may not be able to realize some or all of the benefits that we believe will be created from Brookfield's involvement. If any of the foregoing were to occur, our financial condition and results of operations could suffer as a result.

The sale or transfer of interests in certain of our operations that are joint ventures, partnerships or consortium arrangements are subject to rights of first refusal or first offer, tag along rights or drag along rights and some agreements in these operations provide for buy-sell or similar arrangements. Such rights may be triggered at a time when we may not want them to be exercised and such rights may inhibit our ability to sell our interest in an entity within the desired time frame or on any other desired basis. In addition, the operations are also all subject to pre-emptive or default rights which may lead to the joint venture or third parties compulsorily acquiring assets from the joint venture.

***We may be required to issue equity or debt for future acquisitions and developments and our ability to do so will be dependent on the overall state of the capital markets.***

Future acquisitions and developments, construction of new facilities and other capital expenditures will be financed out of cash generated from our operations, dispositions of assets, borrowings and possible future sales of equity. As such, financing our growth may depend on raising additional equity and/or debt capital. Our ability to do so is dependent on, among other factors, our credit rating, the overall state of the capital markets and investor appetite for investments in renewable energy assets in general and our securities in particular.

***We may pursue acquisitions in new markets that are subject to foreign laws or regulation that are more onerous than the laws and regulations we are currently subject to.***

We may pursue acquisitions in new markets that are subject to regulation by various foreign governments and regulatory authorities and to the application of foreign laws. Such foreign laws or regulations may not provide for the same type of legal certainty and rights, in connection with our contractual relationships in such countries, as are afforded to our projects in, for example, the United States, which may adversely affect our ability to receive revenues or enforce our rights in connection with our foreign operations. In addition, the laws and regulations of some countries may limit our ability to hold a majority interest in some of the projects that we may develop or acquire, thus limiting our ability to control the development, construction and operation of such projects. Any existing or new operations may also be subject to significant political, economic and financial risks, which vary by country, and may include:

- changes in government policies or personnel;
- changes in general economic conditions;
- restrictions on currency transfer or convertibility;
- changes in labor relations;
- political instability and civil unrest;
- regulatory or other changes in the local electricity market; and
- breach or repudiation of important contractual undertakings by governmental entities and expropriation and confiscation of assets and facilities for less than fair market value.

***Government regulations providing incentives for renewable energy could change at any time.***

Development of new renewable energy sources and the overall growth of the renewable energy industry are dependent on state or provincial, national, supranational and international policies in support of such development. Policies which incentivize the development of renewables include renewable

## [Table of Contents](#)

energy purchase obligations imposed on local service entities, tax incentives, including investment tax credits, production tax credits, accelerated depreciation and direct subsidies. Some of the jurisdictions in which we operate provide such incentives, in one form or another, for investment in renewable power. For example, in the Republic of Ireland, the majority of our assets are underpinned by the REFIT program that ensures generators receive a minimum fixed annual electricity price, indexed by inflation annually over a contract term of 15 years.

The attractiveness of renewable energy to purchasers, as well as the economic return available to project sponsors, is often dependent on the incentives that are available, and the availability of such incentives is uncertain. There is a risk that government regulations that provide incentives for renewable energy, or that have increased emission standards or other environmental regulation of traditional thermal coal-fired generation, could change at any time in a manner that adversely impacts the market for renewables generally. Any such change may impact the competitiveness of renewable energy generally and the economic value and ability to develop our projects in particular. In addition, some of these incentives are subject to sunset provisions which mean they will expire unless renewed. The budget difficulties facing many governments create greater challenges and uncertainty in getting incentives renewed. In addition, even if incentives are renewed prior to their expiration, uncertainty regarding renewal can create substantial risks and delays for developers of renewable power projects. As a result, we may face reduced ability to develop our project pipeline and realize our development growth objectives. We may also suffer material write-offs of development assets as a result.

### **Risks Related to Our Relationship with Brookfield**

#### ***Brookfield exercises substantial influence over Brookfield Renewable and we are highly dependent on the Service Provider.***

A subsidiary of Brookfield Asset Management is the sole shareholder of the Managing General Partner. As a result of its ownership of the Managing General Partner, Brookfield is able to control the appointment and removal of the Managing General Partner's directors and, accordingly, exercise substantial influence over Brookfield Renewable. In addition, BREP holds its interest in the Operating Entities indirectly through BRELP and will hold any future acquisitions indirectly through BRELP, the general partner of which is indirectly owned by Brookfield. As BREP's only substantial asset is the limited partnership interests that it holds in BRELP, except future rights under the Voting Agreement, BREP does not have a right to participate directly in the management or activities of BRELP or the Holding Entities, including with respect to the making of decisions (although it has the right to remove and replace the BRELP GP LP).

BREP and BRELP depend on the management and administration services provided by or under the direction of the Service Provider under our Master Services Agreement. Brookfield personnel and support staff that provide services to us under our Master Services Agreement are not required to have as their primary responsibility the management and administration of BREP or BRELP or to act exclusively for either of us and our Master Services Agreement does not require any specific individuals to be provided by Brookfield to BREP. Any failure to effectively manage our current operations or to implement our strategy could have a material adverse effect on our business, financial condition and results of operations. Our Master Services Agreement continues in perpetuity, until terminated in accordance with its terms.

#### ***The departure of some or all of Brookfield's professionals could prevent us from achieving our objectives.***

We will depend on the diligence, skill and business contacts of Brookfield's professionals and the information and opportunities they generate during the normal course of their activities. Our future success will depend on the continued service of these individuals, who are not obligated to remain employed with Brookfield. Brookfield has experienced departures of key professionals in the past and may do so in the future, and we cannot predict the impact that any such departures will have on our ability to achieve our objectives. The departure of a significant number of Brookfield's professionals for any reason, or the failure to appoint qualified or effective successors in the event of such departures, could have a material adverse effect on our ability to achieve our objectives. The Amended and Restated Limited Partnership Agreement of BREP and our Master Services Agreement do not require Brookfield to

## [Table of Contents](#)

maintain the employment of any of its professionals or to cause any particular professionals to provide services to us or on our behalf.

### ***The role and ownership of Brookfield may change.***

Our arrangements with Brookfield do not require Brookfield to maintain any ownership level in BREP or in BRELP. Accordingly, the Managing General Partner may transfer its general partnership interest to a third party, including in a merger or consolidation or in a transfer of all or substantially all of its assets, without the consent of our Unitholders provided the transferee is an affiliate of the BRELP General Partner. In addition, Brookfield may sell or transfer all or part of its interests in the Service Provider or in the Managing General Partner, in each case, without the approval of our Unitholders. If a new owner were to acquire ownership of the Managing General Partner and to appoint new directors or officers of its own choosing, it would be able to exercise substantial influence over Brookfield Renewable's policies and procedures and exercise substantial influence over our management and the types of acquisitions that we make. Such changes could result in Brookfield Renewable's capital being used to make acquisitions in which Brookfield has no involvement or to make acquisitions that are substantially different from those targeted by our current growth strategy. Additionally, BREP cannot predict with any certainty the effect that any transfer in the ownership of the Managing General Partner would have on the trading price of our Units or Brookfield Renewable's ability to raise capital or make investments in the future, because such matters would depend to a large extent on the identity of the new owner and the new owner's intentions with regard to BREP. As a result, the future of BREP would be uncertain and Brookfield Renewable's business, financial condition and results of operations may suffer.

### ***Brookfield is not necessarily required to act in the best interests of the Service Recipients, Brookfield Renewable or our Unitholders.***

Our Master Services Agreement and our other arrangements with Brookfield do not impose any duty on the Service Provider to act in the best interest of the Service Recipients, and the Service Provider is not prohibited from engaging in other business activities that compete with the Service Recipients. Additionally, the Managing General Partner, the general partner of BRELP, the Service Provider and their affiliates will have access to material confidential information. Although some of these entities will be subject to confidentiality obligations pursuant to confidentiality agreements or pursuant to implied duties of confidence, none of the Amended and Restated Limited Partnership Agreement of BREP, the Amended and Restated Limited Partnership Agreement of BRELP nor our Master Services Agreement contains general confidentiality provisions. See Item 7.B "Related Party Transactions — Conflicts of Interest and Fiduciary Duties".

### ***Our Master Services Agreement and our other arrangements with Brookfield do not impose on Brookfield any fiduciary duties to act in the best interests of our Unitholders.***

Our Master Services Agreement and our other arrangements with Brookfield do not impose on Brookfield any duty (statutory or otherwise) to act in the best interests of the Service Recipients, nor do they impose other duties that are fiduciary in nature. As a result, the Managing General Partner, a wholly-owned subsidiary of Brookfield Asset Management, in its capacity as our general partner, will have sole authority to enforce the terms of such agreements and to consent to any waiver, modification or amendment of their provisions in accordance with our Conflicts Policy.

The Bermuda Limited Partnership Act of 1883, under which BREP and BRELP were established, does not impose statutory fiduciary duties on a general partner of a limited partnership in the same manner that corporate statutes, such as the *Canada Business Corporations Act* and the *Delaware Revised Uniform Limited Partnership Act*, impose fiduciary duties on directors of a corporation. In general, under applicable Bermudian legislation, a general partner has certain limited duties to its limited partners, such as the duty to render accounts, account for private profits and not compete with the partnership in business. In addition, Bermuda common law recognizes that a general partner owes a duty of utmost good faith to its limited partners. These duties are, in most respects, similar to duties imposed on a general partner of a limited partnership under U.S. and Canadian law. However, to the extent that the Managing General Partner and BRELP GP LP owe any fiduciary duties to Brookfield Renewable or our Unitholders, these duties have been modified pursuant to the Amended and Restated Limited Partnership Agreement of BREP and the Amended and Restated Limited Partnership Agreement of BRELP as a

## [Table of Contents](#)

matter of contract law. We have been advised by Bermuda counsel that such modifications are not prohibited under Bermuda law, subject to typical qualifications as to enforceability of contractual provisions, such as the application of general equitable principles. This is similar to Delaware law which expressly permits modifications to the fiduciary duties owed to partners, other than an implied contractual covenant of good faith and fair dealing.

The Amended and Restated Limited Partnership Agreement of BREP and the Amended and Restated Limited Partnership Agreement of BRELP contain various provisions that modify the fiduciary duties that might otherwise be owed to Brookfield Renewable or our Unitholders, including when conflicts of interest arise. For example, the agreements provide that the Managing General Partner, the BRELP General Partner and their affiliates do not have any obligation under the Amended and Restated Limited Partnership Agreements of BREP or the Amended and Restated Limited Partnership Agreement of BRELP, or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to BREP, BRELP, any Holding Entity or any other holding entity established by us. They also allow affiliates of the Managing General Partner and BRELP General Partner to engage in activities that may compete with us or our activities. Further, when resolving conflicts of interest, neither the Amended and Restated Limited Partnership Agreement of BREP nor the Amended and Restated Limited Partnership Agreement of BRELP impose limitations on the discretion of the independent directors or the factors which they may consider in resolving any such conflicts. The independent directors of our Managing General Partner can therefore take into account the interests of third parties, including Brookfield, when resolving conflicts of interest. These modifications to the fiduciary duties are detrimental to our Unitholders because they restrict the remedies available for actions that might otherwise constitute a breach of fiduciary duty and permit conflicts of interest to be resolved in a manner that is not in the best interests of Brookfield Renewable or the best interests of our Unitholders. See Item 7.B. “Related Party Transactions — Conflicts of Interest and Fiduciary Duties”.

***Our organizational and ownership structure may create significant conflicts of interest that may be resolved in a manner that is not in the best interests of Brookfield Renewable or the best interests of our Unitholders.***

Our organizational and ownership structure involves a number of relationships that may give rise to conflicts of interest between Brookfield Renewable and our Unitholders, on the one hand, and Brookfield, on the other hand. In certain instances, the interests of Brookfield may differ from the interests of Brookfield Renewable or our Unitholders, including with respect to the types of acquisitions made, the timing and amount of distributions by BREP, the reinvestment of returns generated by our operations, the use of leverage when making acquisitions and the appointment of outside advisers and service providers, including as a result of the reasons described under Item 7.B “Related Party Transactions”.

In addition, the Service Provider, an affiliate of Brookfield, will provide management services to us pursuant to our Master Services Agreement as consideration for an annual Base Management Fee equal to \$20 million (which amount is annually adjusted for inflation, with the first adjustment having been made on January 1, 2013, at an inflation factor based on year over year United States consumer price index) plus 1.25% of the amount by which the Total Capitalization Value exceeds an initial reference value determined based on its market capitalization on November 28, 2011. In the event that the measured Total Capitalization Value in a given period is less than the initial reference value, the Service Provider will receive only the Base Management Fee of \$20 million annually (subject to an annual escalation by the specified inflation factor described above). The Base Management Fee is calculated and paid on a quarterly basis. BRELP GP LP will also receive incentive distributions based on the amount by which quarterly distributions on the limited partnership units of BRELP exceed specified target levels as set forth in the Amended and Restated Limited Partnership Agreement of BRELP. For a further explanation of the Base Management Fee and incentive distributions, see Item 6.A “Directors and Senior Management — Our Master Services Agreement — Management Fee” and Item 7.B “Related Party Transactions — Incentive Distributions”.

This relationship may give rise to conflicts of interest between us and our Unitholders, on the one hand, and Brookfield, on the other, as Brookfield’s interests may differ from the interests of Brookfield Renewable and our Unitholders. The Managing General Partner, the sole shareholder of which is Brookfield, has sole authority to determine whether we will make distributions, the amount of distributions

## [Table of Contents](#)

on our Units and the timing of these distributions. The arrangements we have with Brookfield may create an incentive for Brookfield to take actions which would have the effect of increasing distributions on our LP Units and fees payable to it, which may be to the detriment of Brookfield Renewable and our Unitholders. For example, because the Base Management Fee is calculated based on the Total Capitalization Value it may create an incentive for Brookfield to increase or maintain the Total Capitalization Value over the near-term when other actions may be more favorable to us or our Unitholders. Similarly, Brookfield may take actions to increase our distributions on our LP Units in order to ensure Brookfield is paid incentive distributions in the near-term when other investments or actions may be more favorable to us or our Unitholders. Also, through Brookfield's ownership of our LP Units and the Redeemable/Exchangeable partnership units, it currently has an effective economic interest in our business of approximately 62% and therefore may be incented to increase distributions payable to our LP Unitholders and thereby to Brookfield.

### ***The Managing General Partner may be unable or unwilling to terminate our Master Services Agreement.***

Our Master Services Agreement provides that the Service Recipients may terminate the agreement only if: the Service Provider defaults in the performance or observance of any material term, condition or covenant contained in the agreement in a manner that results in material harm to the Service Recipients and the default continues unremedied for a period of 60 days after written notice of the breach is given to the Service Provider; the Service Provider engages in any act of fraud, misappropriation of funds or embezzlement against any Service Recipient that results in material harm to us; the Service Provider is grossly negligent in the performance of its duties under the agreement and such negligence results in material harm to the Service Recipients; or upon the happening of certain events relating to the bankruptcy or insolvency of the Service Provider. The Managing General Partner cannot terminate the agreement for any other reason, including if the Service Provider or Brookfield experiences a change of control or due solely to the poor performance or under-performance of Brookfield Renewable's operations or assets, and the agreement continues in perpetuity, until terminated in accordance with its terms. In addition, because the Managing General Partner is an affiliate of Brookfield, it may be unwilling to terminate our Master Services Agreement, even in the case of a default. If the Service Provider's performance does not meet the expectations of investors, and the Managing General Partner is unable or unwilling to terminate our Master Services Agreement, the market price of our Units could suffer. Furthermore, the termination of our Master Services Agreement would terminate BREP's rights under the Relationship Agreement and the Licensing Agreement. See Item 7.B "Related Party Transactions — Relationship Agreement" and Item 7.B "Related Party Transactions — Licensing Agreement".

### ***The liability of the Service Provider is limited under our arrangements with it and we have agreed to indemnify the Service Provider against claims that it may face in connection with such arrangements, which may lead it to assume greater risks when making decisions relating to us than it otherwise would if acting solely for its own account.***

Under our Master Services Agreement, the Service Provider has not assumed any responsibility other than to provide or arrange for the provision of the services described in our Master Services Agreement in good faith and will not be responsible for any action that the Managing General Partner takes in following or declining to follow its advice or recommendations. In addition, under the Amended and Restated Limited Partnership Agreement of BREP, the liability of the Managing General Partner and its affiliates, including the Service Provider, is limited to the fullest extent permitted by law to conduct involving gross negligence, bad faith, fraud or willful misconduct or, in the case of a criminal matter, action that was known to have been unlawful. The liability of the Service Provider under our Master Services Agreement is similarly limited. In addition, BREP has agreed to indemnify the Service Provider to the fullest extent permitted by law from and against any claims, liabilities, losses, damages, costs or expenses incurred by an indemnified person or threatened in connection with our operations, investments and activities or in respect of or arising from our Master Services Agreement or the services provided by the Service Provider, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the conduct in respect of which such persons have liability as described above. These protections may result in the Service Provider tolerating greater risks when making decisions than otherwise would be the case, including when determining whether to use leverage in connection with acquisitions. The indemnification arrangements to which the Service Provider is a party

may also give rise to legal claims for indemnification that are adverse to Brookfield Renewable and Unitholders.

### **Risks Related to Our Units**

***We may need additional funds in the future and BREP may issue additional LP Units or Preferred Units in lieu of incurring indebtedness which may dilute existing holders of our LP Units or BREP may issue securities that have rights and privileges that are more favorable than the rights and privileges accorded to our Unitholders.***

Under the Amended and Restated Limited Partnership Agreement of BREP, BREP may issue additional partnership securities, including LP Units, Preferred Units and options, rights, warrants and appreciation rights relating to partnership securities for any purpose and for such consideration and on such terms and conditions as the Managing General Partner may determine. The Managing General Partner's board of directors will be able to determine the class, designations, preferences, rights, powers and duties of any additional partnership securities, including any rights to share in BREP's profits, losses and distributions, any rights to receive partnership assets upon a dissolution or liquidation of BREP and any redemption, conversion and exchange rights. The Managing General Partner may use such authority to issue additional LP Units or Preferred Units, which could dilute holders of our LP Units, or to issue securities with rights and privileges that are more favorable than those of our LP Units or Preferred Units. Holders of Units do not have any pre-emptive right or any right to consent to or otherwise approve the issuance of any such securities or the terms on which any such securities may be issued.

***Our Unitholders do not have a right to vote on BREP matters or to take part in the management of BREP.***

Under the Amended and Restated Limited Partnership Agreement of BREP, our Unitholders are not entitled to vote on matters relating to BREP, such as acquisitions, dispositions or financing, or to participate in the management or control of BREP. In particular, our Unitholders do not have the right to remove the Managing General Partner, to cause the Managing General Partner to withdraw from BREP, to cause a new general partner to be admitted to BREP, to appoint new directors to the Managing General Partner's board of directors, to remove existing directors from the Managing General Partner's board of directors or to prevent a change of control of the Managing General Partner. In addition, except for certain fundamental matters prescribed by applicable laws, our LP Unitholders' and Preferred Unitholders' consent rights apply only with respect to certain amendments to the Amended and Restated Limited Partnership Agreement of BREP. As a result, unlike holders of common shares of a corporation, our LP Unitholders are not able to influence the direction of BREP, including its policies and procedures, or to cause a change in its management, even if they are unsatisfied with the performance of BREP. Consequently, our LP Unitholders may be deprived of an opportunity to receive a premium for their LP Units in the future through a sale of BREP and the trading price of our LP Units may be adversely affected by the absence or a reduction of a takeover premium in the trading price. LP Unitholders and Preferred Unitholders only have a right to vote under limited circumstances as described in Item 10.B "Memorandum and Articles of Association — Description of our LP Units, Preferred Units and the Amended and Restated Limited Partnership Agreement of BREP".

***The market price of our Units may be volatile.***

The market price of our Units may be highly volatile and could be subject to wide fluctuations. Some of the factors that could negatively affect the price of our Units include: general market and economic conditions, including disruptions, downgrades, credit events and perceived problems in the credit markets; actual or anticipated variations in our quarterly operating results or distributions on our LP Units; changes in our investments or asset composition; write-downs or perceived credit or liquidity issues affecting our assets; market perception of BREP, our business and our assets; our level of indebtedness and/or adverse market reaction to any indebtedness we incur in the future; our ability to raise capital on favorable terms; loss of any major funding source; the termination of our Master Services Agreement or additions or departures of our or Brookfield's key personnel; changes in market valuations of similar renewable power companies; speculation in the press or investment community regarding us or Brookfield; and changes in U.S. tax laws that make it impractical or impossible for BREP to continue to be taxable as a partnership for U.S. federal income tax purposes.

## [Table of Contents](#)

Securities markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies or partnerships. Any broad market fluctuations may adversely affect the trading price of our Units.

### ***Non-U.S. Holders may be subject to foreign currency risk associated with BREP's distributions.***

A significant number of BREP's LP Unitholders may reside in countries where the U.S. dollar is not the functional currency. Our distributions are denominated in U.S. dollars but may be settled in the local currency of the LP Unitholder receiving the distribution. For each Non-U.S. Holder, the value received in the local currency from the distribution will be determined based on the exchange rate between the U.S. dollar and the applicable local currency at such time. As such, if the U.S. dollar depreciates significantly against the local currency of the Non-U.S. Holder, the value received by such LP Unitholder in its local currency will be adversely affected.

### ***Investors in our Units may find it difficult or impossible to enforce service of process and enforcement of judgments against us and directors and officers of the Managing General Partner and the Service Provider.***

We were established under the laws of Bermuda, and many of our subsidiaries are organized in jurisdictions outside of Canada and the United States. In addition, our executive officers and the experts identified in this Form 20-F are located outside of the United States and some are also located outside of Canada. Certain of the directors and officers of the Managing General Partner and the Service Provider reside outside of Canada and the United States. A substantial portion of our assets are, and the assets of the directors and officers of the Managing General Partner and the Service Provider and the experts identified in this Form 20-F may be, located outside of Canada and the United States. It may not be possible for investors to effect service of process within the United States or within Canada upon the directors and officers of the Managing General Partner and the Service Provider. It may also not be possible to enforce a judgment against us, the experts identified in this Form 20-F or the directors and officers of the Managing General Partner and the Service Provider, if such judgment was obtained in Canadian or U.S. courts predicated upon the civil liability provisions of securities laws in Canada or the United States, as applicable.

### ***We may not be able to continue paying comparable or growing cash distributions to our Unitholders in the future.***

The amount of cash we can distribute to our Unitholders depends upon the amount of cash we receive from BRELP and, indirectly, the Holding Entities and the Operating Entities. The amount of cash BRELP, the Holding Entities and the Operating Entities generate will fluctuate from quarter to quarter and will depend upon, among other things, the weather in the jurisdictions in which they operate, the level of their operating costs, and prevailing economic conditions. In addition, the actual amount of cash we will have available for distribution will also depend on other factors, such as: the level of costs related to litigation and regulatory compliance matters; the cost of acquisitions, if any; our debt service requirements; fluctuations in our working capital needs; our ability to borrow under our credit facilities; our ability to access capital markets; restrictions on distributions contained in our debt agreements; and the amount, if any, of cash reserves established by our Managing General Partner in its discretion for the proper conduct of our business. As a result of all these factors, we cannot guarantee that we will have sufficient available cash to pay a specific level of cash distributions to our Unitholders. Furthermore, our Unitholders should be aware that the amount of cash we have available for distribution depends primarily upon the cash flow of BRELP, the Holding Entities and the Operating Entities, and is not solely a function of profitability, which is affected by non-cash items. As a result, we may declare and/or pay cash distributions on our Units during periods when we record net losses.

### ***We rely on BRELP and, indirectly, the Holding Entities and the Operating Entities to provide us with the funds necessary to pay distributions and meet our financial obligations.***

BREP's sole direct investment is its limited partnership interest and preferred limited partnership interest in BRELP, which owns all of the common shares or equity interests, as applicable, of the Holding Entities, through which we hold all of our interests in the Operating Entities. We have no independent means of generating revenue. As a result, we depend on distributions and other payments from BRELP and, indirectly, the Holding Entities and the Operating Entities to provide us with the funds necessary to

## [Table of Contents](#)

pay distributions on our Units and to meet our financial obligations. BRELP, the Holding Entities and the Operating Entities are legally distinct from BREP and they will generally be required to service their debt obligations before making distributions to us or their parent entity, as applicable, thereby reducing the amount of our cash flow available to pay distributions on our Units, fund working capital and satisfy other needs. Any other entities through which we may conduct operations in the future will also be legally distinct from BREP and may be restricted in their ability to pay dividends and distributions or otherwise make fund available to us under certain conditions.

We anticipate that the only distributions we will receive in respect of our limited partnership interests in BRELP will consist of amounts that are intended to assist us in making distributions to our LP Unitholders in accordance with our distribution policy, to our Preferred Unitholders in accordance with the terms of our Preferred Units and to allow us to pay expenses as they become due.

### **Risks Related to Taxation**

#### **General**

***Changes in tax law and practice may have a material adverse effect on the operations of BREP, the Holding Entities, and the Operating Entities and, as a consequence, the value of BREP's assets and the net amount of distributions payable to Unitholders.***

The Brookfield Renewable structure, including the structure of the Holding Entities and the Operating Entities, is based on prevailing taxation law and practice in the local jurisdictions in which Brookfield Renewable operates. Reflecting the Isagen Acquisition announced in January 2016, these jurisdictions include Canada, the United States, Brazil, the Republic of Ireland, the United Kingdom, Portugal and Colombia. Any change in tax legislation (including in relation to taxation rates) and practice in these jurisdictions or provinces, states or municipalities within them, could adversely affect these entities, as well as the net amount of distributions payable to Unitholders. Taxes and other constraints that would apply to the Brookfield Renewable entities in such jurisdictions may not apply to local institutions or other parties, and such parties may therefore have a significantly lower effective cost of capital and a corresponding competitive advantage in pursuing such acquisitions.

***BREP's ability to make distributions depends on it receiving sufficient cash distributions from its underlying operations, and BREP cannot assure Unitholders that it will be able to make cash distributions to them in amounts that are sufficient to fund their tax liabilities, in which case certain Unitholders may be required to pay income taxes on their share of BREP's income even though they have not received sufficient cash distributions from BREP to do so.***

The Holding Entities and Operating Entities of BREP may be subject to local taxes in each of the relevant territories and jurisdictions in which they operate, including taxes on income, profits or gains and withholding taxes. As a result, BREP's cash available for distribution is indirectly reduced by such taxes, and the post-tax return to Unitholders is similarly reduced by such taxes. BREP intends for future acquisitions to be assessed on a case-by-case basis and, where possible and commercially viable, structured so as to minimize any adverse tax consequences to Unitholders as a result of making such acquisitions.

In general, an LP Unitholder that is subject to income tax in Canada or the United States or a Preferred Unitholder that is subject to income tax in Canada, must include in income its allocable share of BREP's items of income, gain, loss, and deduction (including, so long as it is treated as a partnership for tax purposes, BREP's allocable share of those items of BRELP) for each of BREP's fiscal years ending with or within such Unitholder's tax year. See Item 10.E "Taxation — Material Canadian Federal Income Tax Considerations" and "Taxation — Material U.S. Federal Income Tax Considerations". However, the cash distributed to a Unitholder may not be sufficient to pay the full amount of such Unitholder's tax liability in respect of its investment in BREP, because each Unitholder's tax liability depends on such holder's particular tax situation. If BREP is unable to distribute cash in amounts that are sufficient to fund our Unitholders' tax liabilities, each of our Unitholders will still be required to pay income taxes on its share of BREP's taxable income.

## [Table of Contents](#)

***As a result of holding Units, Unitholders may be subject to U.S. state, local or non-U.S. taxes and return filing obligations in jurisdictions in which they are not resident for tax purposes or otherwise not subject to tax.***

Unitholders may be subject to U.S. state, local, and non-U.S. taxes, including unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which BREP entities do business or own property now or in the future, even if Unitholders do not reside in any of those jurisdictions. Unitholders may be required to file income tax returns and pay income taxes in some or all of these jurisdictions. Further, Unitholders may be subject to penalties for failure to comply with these requirements. Although BREP will attempt, to the extent reasonably practicable, to structure BREP operations and investments so as to minimize income tax filing obligations by Unitholders in such jurisdictions, there may be circumstances in which BREP is unable to do so. It is the responsibility of each Unitholder to file all U.S. federal, state, local, and non-U.S. tax returns that may be required of such Unitholder.

***Unitholders may be exposed to transfer pricing risks.***

To the extent that BREP, BRELP, the Holding Entities or the Operating Entities enter into transactions or arrangements with parties with whom they do not deal at arm's length, including Brookfield, pursuant to the applicable law relating to transfer pricing, the relevant tax authorities may seek to adjust the quantum or nature of the amounts received or paid by such entities if they consider that the terms and conditions of such transactions or arrangements differ from those that would have been made between persons dealing at arm's length and could impose penalties for failing to comply with applicable law relating to transfer pricing. This could result in more tax (and penalties and interest) being paid by such entities, and therefore the return to investors could be reduced. For Canadian tax purposes, a transfer pricing adjustment may in certain circumstances result in additional income being allocated to a Unitholder with no corresponding cash distribution or in a dividend being deemed to be paid by a Canadian resident to a non-arm's length non-resident, which deemed dividend is subject to Canadian withholding tax.

The Managing General Partner and the BRELP General Partner believe the fees charged by or paid to non-arm's length persons are consistent with applicable law relating to transfer pricing, however, no assurance can be given in this regard.

***The IRS or the CRA may not agree with certain assumptions and conventions that BREP uses in order to comply with applicable U.S. and Canadian federal income tax laws or that BREP uses to report income, gain, loss, deduction, and credit to Unitholders.***

BREP will apply certain assumptions and conventions in order to comply with applicable tax laws and to report income, gain, deduction, loss, and credit to a Unitholder in a manner that reflects such Unitholder's beneficial ownership of partnership items, taking into account variation in ownership interests during each taxable year because of trading activity. However, these assumptions and conventions may not be in compliance with all aspects of the applicable tax requirements. A successful IRS or CRA challenge to such assumptions or conventions could adversely affect the amount of tax benefits available to Unitholders and could require that items of income, gain, deduction, loss, or credit be adjusted, reallocated or disallowed in a manner that adversely affects Unitholders. See Item 10.E "Taxation".

### ***United States***

***If either BREP or BRELP were to be treated as a corporation for U.S. federal income tax purposes, the value of LP Units might be adversely affected.***

The value of LP Units to LP Unitholders will depend in part on the treatment of BREP and BRELP as partnerships for U.S. federal income tax purposes. However, in order for BREP to be treated as a partnership for U.S. federal income tax purposes, under present law, 90% or more of BREP's gross income for every taxable year must consist of qualifying income, as defined in Section 7704 of the U.S. Internal Revenue Code, and the partnership must not be required to register, if it were a U.S. corporation, as an investment company under the Investment Company Act and related rules. Although the Managing General Partner intends to manage BREP's affairs so that BREP will not need to be registered as an investment company if it were a U.S. corporation and so that it will meet the 90% test described above in

## [Table of Contents](#)

each taxable year, BREP may not meet these requirements, or current law may change so as to cause, in either event, BREP to be treated as a corporation for U.S. federal income tax purposes. If BREP (or BRELP) were treated as a corporation for U.S. federal income tax purposes, adverse tax consequences could result for LP Unitholders and BREP (or BRELP, as applicable), as described in greater detail in Item 10.E “Taxation — Material U.S. Federal Income Tax Considerations — Partnership Status of BREP and BRELP”.

***BREP may be subject to U.S. backup withholding tax if any LP Unitholder fails to comply with U.S. federal tax reporting rules, and such excess withholding tax cost will be an expense borne by BREP and, therefore, by all of our LP Unitholders on a pro rata basis.***

BREP may become subject to U.S. backup withholding tax with respect to any LP Unitholder who fails to timely provide BREP (or the applicable intermediary) with an IRS Form W-9 or IRS Form W-8, as applicable. See Item 10.E “Taxation — Material U.S. Federal Income Tax Considerations — Administrative Matters — Backup Withholding”. To the extent that any LP Unitholder fails to timely provide the applicable form (or such form is not properly completed), BREP might treat such U.S. backup withholding taxes as an expense, which would be borne indirectly by all LP Unitholders on a pro rata basis (including LP Unitholders that fully comply with their U.S. tax reporting obligations).

***Tax-exempt organizations may face certain adverse U.S. tax consequences from owning LP Units.***

The Managing General Partner and the BRELP General Partner intend to use commercially reasonable efforts to structure the activities of BREP and BRELP, respectively, to avoid generating income connected with the conduct of a trade or business (which income generally would constitute “unrelated business taxable income” (“UBTI”) to the extent allocated to a tax-exempt organization). However, no assurance can be provided that neither BREP nor BRELP will generate UBTI in the future. In particular, UBTI includes income attributable to debt-financed property, and neither BREP nor BRELP is prohibited from financing the acquisition of property with debt. In addition, even if indebtedness were not used by BREP or BRELP to acquire property but were instead used to fund distributions to LP Unitholders, if a tax-exempt organization were to use such proceeds to make an investment outside BREP, the IRS could assert that such investment constituted debt-financed property to such LP Unitholder. The potential for income to be characterized as UBTI could make LP Units an unsuitable investment for a tax-exempt organization. Each tax-exempt organization should consult an independent tax adviser to determine the U.S. federal income tax consequences with respect to an investment in LP Units.

***If BREP were engaged in a U.S. trade or business, non-U.S. persons would face certain adverse U.S. tax consequences from owning LP Units.***

The Managing General Partner and the BRELP General Partner intend to use commercially reasonable efforts to structure the activities of BREP and BRELP, respectively, to avoid generating income treated as effectively connected with a U.S. trade or business, including effectively connected income attributable to the sale of a “United States real property interest”, as defined in the U.S. Internal Revenue Code. If, contrary to the Managing General Partner’s expectations, BREP is considered to be engaged in a U.S. trade or business or realizes gain from the sale or other disposition of a United States real property interest, non-U.S. Unitholders generally would be required to file U.S. federal income tax returns and would be subject to U.S. federal withholding tax at the regular graduated rates.

***To meet U.S. federal income tax and other objectives, BREP and BRELP may invest through U.S. and non-U.S. Holding Entities that are treated as corporations for U.S. federal income tax purposes, and such Holding Entities may be subject to corporate income tax.***

To meet U.S. federal income tax and other objectives, BREP and BRELP may invest through U.S. and non-U.S. Holding Entities that are treated as corporations for U.S. federal income tax purposes, and such Holding Entities may be subject to corporate income tax. Consequently, items of income, gain, loss, deduction, or credit realized in the first instance by the Operating Entities will not flow, for U.S. federal income tax purposes, directly to BRELP, BREP, or LP Unitholders, and any such income or gain may be subject to a corporate income tax, in the United States or other jurisdictions, at the level of the Holding Entity. Any such additional taxes may adversely affect BREP’s ability to maximize its cash flow.

***LP Unitholders taxable in the United States may be viewed as holding an indirect interest in an entity classified as a PFIC for U.S. federal income tax purposes.***

U.S. Holders may face adverse U.S. tax consequences arising from the ownership of a direct or indirect interest in a PFIC. Based on the organizational structure of BREP, as well as BREP's expected income and assets, the Managing General Partner and the BRELP General Partner currently believe that a U.S. Holder is unlikely to be regarded as owning an interest in a PFIC solely by reason of owning LP Units during the taxable year ending December 31, 2016. However, there can be no assurance that an existing BREP entity or a future entity in which BREP acquires an interest will not be classified as a PFIC with respect to a U.S. Holder, because PFIC status is a factual determination that depends on the assets and income of a given entity and must be made on an annual basis. In general, gain realized by a U.S. Holder from the sale of stock of a PFIC is subject to tax at ordinary income rates, and an interest charge generally applies. Alternatively, a U.S. Holder that makes certain elections with respect to a direct or indirect interest in a PFIC may be required to recognize taxable income prior to the receipt of cash relating to such income. The adverse consequences of owning an interest in a PFIC, as well as certain tax elections for mitigating these adverse consequences, are described in greater detail in Item 10.E "Taxation — Material U.S. Federal Income Tax Considerations — Consequences to U.S. Holders — Passive Foreign Investment Companies". Each U.S. Holder should consult an independent tax adviser regarding the implication of the PFIC rules for an investment in LP Units.

***Tax gain or loss from the disposition of LP Units could be more or less than expected.***

If a sale of LP Units by an LP Unitholder is taxable in the United States, the LP Unitholder will recognize gain or loss for U.S. federal income tax purposes equal to the difference between the amount realized and the LP Unitholder's adjusted tax basis in those LP Units. Prior distributions to an LP Unitholder in excess of the total net taxable income allocated to such LP Unitholder will have decreased such holder's tax basis in its LP Units. Therefore, such excess distributions will increase an LP Unitholder's taxable gain or decrease such holder's taxable loss when our LP Units are sold, and may result in a taxable gain even if the sale price is less than the original cost. A portion of the amount realized, whether or not representing gain, could be ordinary income to such LP Unitholder.

***The Brookfield Renewable structure involves complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. The tax characterization of the Brookfield Renewable structure is also subject to potential legislative, judicial, or administrative change and differing interpretations, possibly on a retroactive basis.***

The U.S. federal income tax treatment of LP Unitholders depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. LP Unitholders should be aware that the U.S. federal income tax rules, particularly those applicable to partnerships, are constantly under review by the Congressional tax-writing committees and other persons involved in the legislative process, the IRS, the U.S. Treasury Department and the courts, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations, any of which could adversely affect the value of LP Units and be effective on a retroactive basis. For example, changes to the U.S. federal tax laws and interpretations thereof could make it more difficult or impossible for BREP to be treated as a partnership that is not taxable as a corporation for U.S. federal income tax purposes, change the character or treatment of portions of BREP's income, reduce the net amount of distributions available to LP Unitholders, or otherwise affect the tax considerations of owning LP Units. In addition, BREP's organizational documents and agreements permit the Managing General Partner to modify the limited partnership agreement of BREP from time to time, without the consent of our LP Unitholders, to address such changes. In some circumstances, such revisions could have a material adverse impact on some or all LP Unitholders.

***BREP's delivery of required tax information for a taxable year may be subject to delay, which could require an LP Unitholder who is a U.S. taxpayer to request an extension of the due date for such LP Unitholder's income tax return.***

BREP has agreed to use commercially reasonable efforts to provide U.S. tax information (including IRS Schedule K-1 information needed to determine an LP Unitholder's allocable share of

## [Table of Contents](#)

BREP's income, gain, losses and deductions) no later than 90 days after the close of each calendar year. However, providing this U.S. tax information to LP Unitholders will be subject to delay in the event of, among other reasons, the late receipt of any necessary tax information from lower-tier entities. It is therefore possible that, in any taxable year, an LP Unitholder will need to apply for an extension of time to file such LP Unitholder's tax returns. See Item 10.E "Taxation — Material U.S. Federal Income Tax Considerations — Administrative Matters — Information Returns and Audit Procedures".

***The sale or exchange of 50% or more of our LP Units will result in the constructive termination of BREP for U.S. federal income tax purposes.***

BREP will be considered to have been terminated for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of our LP Units within a 12-month period. A constructive termination of BREP would, among other things, result in the closing of its taxable year for U.S. federal income tax purposes for all LP Unitholders and could result in the possible acceleration of income to certain LP Unitholders and certain other consequences that could adversely affect the value of LP Units. However, the Managing General Partner does not expect a constructive termination, should it occur, to have a material impact on the computation of the future taxable income generated by BREP for U.S. income tax purposes. See Item 10.E "Taxation — Material U.S. Federal Income Tax Considerations — Administrative Matters — Constructive Termination".

***If the IRS makes an audit adjustment to BREP's income tax returns for taxable years beginning after December 31, 2017, it may assess and collect any taxes (including penalties and interest) resulting from such audit adjustment directly from BREP, in which case cash available for distribution to LP Unitholders might be substantially reduced.***

Under the Bipartisan Budget Act of 2015, for taxable years beginning after December 31, 2017, if the IRS makes an audit adjustment to BREP's income tax returns, it may assess and collect any taxes (including penalties and interest) resulting from such audit adjustment directly from BREP instead of LP Unitholders (as under prior law). BREP may be permitted to elect to have the Managing General Partner and LP Unitholders take such audit adjustment into account in accordance with their interests in BREP during the taxable year under audit. However, there can be no assurance that BREP will choose to make such election or that it will be available in all circumstances, and the manner in which the election is made and implemented has yet to be determined. If BREP does not make the election, and it pays taxes, penalties, or interest as a result of an audit adjustment, then cash available for distribution to Unitholders might be substantially reduced. As a result, current LP Unitholders might bear some or all of the cost of the tax liability resulting from such audit adjustment, even if current LP Unitholders did not own LP Units during the taxable year under audit. Moreover, the calculation of such tax liability might not take into account an LP Unitholder's tax status, such as the status of a current or former LP Unitholder as tax-exempt. The foregoing considerations also apply with respect to BREP's interest in BRELP. These rules do not apply to BREP or BRELP for taxable years beginning on or before December 31, 2017.

***Under FATCA, certain payments made or received by BREP could be subject to a 30% federal withholding tax, unless certain requirements are met.***

Under FATCA, a 30% withholding tax may apply to certain payments of U.S.-source income made to BREP, BRELP, the Holding Entities, or the Operating Entities, or by BREP to an LP Unitholder under certain circumstances, unless certain requirements are met, as described in greater detail in Item 10.E "Taxation – Material U.S. Federal Income Tax Considerations – Administrative Matters – Foreign Account Tax Compliance". The 30% withholding tax may also apply to certain payments made on or after January 1, 2019 that are attributable to U.S. source income or that constitute gross proceeds from the disposition of property that could produce U.S. source dividends or interest. To ensure compliance with FATCA, information regarding certain LP Unitholders' ownership of our LP Units may be reported to the U.S. Internal Revenue Service or to a non-U.S. governmental authority. Each of our LP Unitholders should consult an independent tax adviser regarding the consequences under FATCA of an investment in LP Units.

### **Canada**

***The Canadian federal income tax consequences to Unitholders could be materially different in certain respects from those described in this Form 20-F if BREP or BRELP is a “SIFT partnership” (as defined in the Tax Act).***

Under the rules in the Tax Act applicable to a “SIFT partnership” (the “**SIFT Rules**”), certain income and gains earned by a “SIFT partnership” are subject to income tax at the partnership level at a rate similar to a corporation, and allocations of such income and gains to its partners are taxed as a dividend from a “taxable Canadian corporation” (as defined in the Tax Act). In particular, a “SIFT partnership” will be required to pay a tax on the total of its income from businesses carried on in Canada, income from “non-portfolio properties” (as defined in the Tax Act) other than taxable dividends, and taxable capital gains from dispositions of “non-portfolio properties”. “Non-portfolio properties” include, among other things, equity interests or debt of corporations, trusts or partnerships that are resident in Canada (other than an “excluded subsidiary entity”, as defined in the Tax Act), and of non-resident persons or partnerships the principal source of income of which is one or any combination of sources in Canada, that are held by the “SIFT partnership” and have a fair market value that is greater than 10% of the equity value of such entity, or that have, together with debt or equity that the “SIFT partnership” holds of entities affiliated (within the meaning of the Tax Act) with such entity, an aggregate fair market value that is greater than 50% of the equity value of the “SIFT partnership”. The tax rate applied to the above mentioned sources of income and gains is set at a rate equal to the “net corporate income tax rate”, plus the “provincial SIFT tax rate” (each as defined in the Tax Act).

A partnership will be a “SIFT partnership” throughout a taxation year if at any time in the taxation year (i) it is a “Canadian resident partnership” (as defined in the Tax Act), (ii) “investments” (as defined in the Tax Act) in the partnership are listed or traded on a stock exchange or other public market, and (iii) it holds one or more “non-portfolio properties”. For these purposes, a partnership will be a “Canadian resident partnership” at a particular time if (a) it is a “Canadian partnership” (as defined in the Tax Act) at that time, (b) it would, if it were a corporation, be resident in Canada (including, for greater certainty, a partnership that has its central management and control located in Canada), or (c) it was formed under the laws of a province. A “Canadian partnership” for these purposes is a partnership all of whose members are resident in Canada or are partnerships that are “Canadian partnerships”.

Under the SIFT Rules, BREP and BRELP could each be a “SIFT partnership” if it is a “Canadian resident partnership”. However, BRELP would not be a “SIFT partnership” if BREP is a “SIFT partnership” regardless of whether BRELP is a “Canadian resident partnership” on the basis that BRELP would be an “excluded subsidiary entity” (as defined in the Tax Act).

BREP and BRELP will be a “Canadian resident partnership” if the central management and control of these partnerships is located in Canada. This determination is a question of fact and is expected to depend on where the Managing General Partner and the BRELP General Partner are located and exercise central management and control of the respective partnerships. The Managing General Partner and the BRELP General Partner will each take appropriate steps so that the central management and control of these entities is not located in Canada such that the SIFT Rules should not apply to BREP or BRELP at any relevant time. However, no assurance can be given in this regard. If BREP or BRELP is a “SIFT partnership”, the Canadian federal income tax consequences to our Unitholders could be materially different in certain respects from those described in Item 10.E “Taxation — Material Canadian Federal Income Tax Considerations”. In addition, there can be no assurance that the SIFT Rules will not be revised or amended in the future such that the SIFT Rules will apply.

***If the subsidiaries that are corporations and that are not resident or deemed to be resident in Canada for purposes of the Tax Act (“Non-Resident Subsidiaries”) and that are “controlled foreign affiliates” (as defined in the Tax Act and referred to in this Form 20-F as “CFAs”) in which BRELP directly invests earned income that is “foreign accrual property income” (as defined in the Tax Act and referred to in this Form 20-F as “FAPI”), our Unitholders may be required to include amounts allocated from BREP in computing their income for Canadian federal income tax purposes even though there may be no corresponding cash distribution.***

Any Non-Resident Subsidiaries in which BRELP directly invests are expected to be CFAs of BRELP. If any CFA of BRELP or any direct or indirect subsidiary thereof that itself is a CFA of BRELP (an “**Indirect CFA**”) earns income that is characterized as FAPI in a particular taxation year of the CFA or

## [Table of Contents](#)

Indirect CFA, the FAPI allocable to BRELP must be included in computing the income of BRELP for Canadian federal income tax purposes for the fiscal period of BRELP in which the taxation year of that CFA or Indirect CFA ends, whether or not BRELP actually receives a distribution of that FAPI. BREP will include its share of such FAPI of BRELP in computing its income for Canadian federal income tax purposes and Unitholders will be required to include their proportionate share of such FAPI allocated from BREP in computing their income for Canadian federal income tax purposes. As a result, Unitholders may be required to include amounts in their income for Canadian federal income tax purposes even though they have not and may not receive an actual cash distribution of such amounts. The Tax Act contains anti-avoidance rules to address certain foreign tax credit generator transactions (the **“Foreign Tax Credit Generator Rules”**). Under the Foreign Tax Credit Generator Rules, the “foreign accrual tax” (as defined in the Tax Act) applicable to a particular amount of FAPI included in BRELP’s income in respect of a particular “foreign affiliate” (as defined in the Tax Act) of BRELP may be limited in certain specified circumstances. See Item 10.E “Taxation — Material Canadian Federal Income Tax Considerations”.

***Unitholders may be required to include imputed amounts in their income for Canadian federal income tax purposes in accordance with section 94.1 of the Tax Act.***

Section 94.1 of the Tax Act contains rules relating to investments in entities that are not resident or deemed to be resident in Canada for purposes of the Tax Act or not situated in Canada, other than a CFA of the taxpayer (**“Non-Resident Entities”**), that could in certain circumstances cause income to be imputed to Unitholders for Canadian federal income tax purposes, either directly or by way of allocation of such income imputed to BREP or to BRELP. See Item 10.E “Taxation — Material Canadian Federal Income Tax Considerations”.

***Our Units may not continue to be “qualified investments” under the Tax Act for registered plans.***

Provided that our Units are listed on a “designated stock exchange” (as defined in the Tax Act), which currently includes the TSX and the NYSE, our Units will be “qualified investments” under the Tax Act for a trust governed by a registered retirement savings plan (**“RRSP”**), deferred profit sharing plan, registered retirement income fund (**“RRIF”**), registered education savings plan, registered disability savings plan, and tax-free savings account (**“TFSA”**). However, there can be no assurance that our Units will continue to be listed on a “designated stock exchange.” There can also be no assurance that tax laws relating to “qualified investments” will not be changed. Taxes may be imposed in respect of the acquisition or holding of non-qualified investments by such registered plans and certain other taxpayers and with respect to the acquisition or holding of “prohibited investments” (as defined in the Tax Act) by a TFSA or an RRSP or RRIF.

Notwithstanding the foregoing, a holder of a TFSA or an annuitant under an RRSP or RRIF, as the case may be, will be subject to a penalty tax if our Units held in the TFSA, RRSP or RRIF are a “prohibited investment” for the TFSA, RRSP or RRIF, as the case may be. Generally, our Units will not be a “prohibited investment” if the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable, deals at arm’s length with BREP for purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act for the purposes of the prohibited investment rules) in BREP. Prospective holders who intend to hold our Units in a TFSA, RRSP or RRIF should consult with their own tax advisers regarding the application of the foregoing “prohibited investment” rules having regard to their particular circumstances.

***Unitholders’ foreign tax credits for Canadian federal income tax purposes will be limited if the Foreign Tax Credit Generator Rules apply in respect of the foreign “business-income tax” or “non-business-income tax” (each as defined in the Tax Act) paid by BREP or BRELP to the government of a foreign country.***

Under the Foreign Tax Credit Generator Rules, the foreign “business-income tax” or “non-business-income tax” for Canadian federal income tax purposes for any taxation year may be limited in certain circumstances. If the Foreign Tax Credit Generator Rules apply, the allocation to a Unitholder of foreign “business-income tax” or “non-business-income tax” paid by BREP or BRELP, and therefore such Unitholder’s foreign tax credits for Canadian federal income tax purposes, will be limited. See Item 10.E “Taxation — Material Canadian Federal Income Tax Considerations”.

***Unitholders who are not and are not deemed to be resident in Canada for purposes of the Tax Act and who do not use or hold and are not deemed to use or hold their Units in connection with a business carried on in Canada (“Non-Resident Unitholders”) may be subject to Canadian federal income tax with respect to any Canadian source business income earned by BREP or BRELP if BREP or BRELP were considered to carry on business in Canada.***

If BREP or BRELP were considered to carry on business in Canada for purposes of the Tax Act, Non-Resident Unitholders would be subject to Canadian federal income tax on their proportionate share of any Canadian source business income earned or considered to be earned by BREP, subject to the potential application of the safe harbor rule in section 115.2 of the Tax Act, and any relief that may be provided by any relevant income tax treaty or convention.

The Managing General Partner and the BRELP General Partner intend to manage the affairs of BREP and BRELP, to the extent possible, so that they do not carry on business in Canada and are not considered or deemed to carry on business in Canada for purposes of the Tax Act. Nevertheless, because the determination of whether BREP or BRELP is carrying on business and, if so, whether that business is carried on in Canada, is a question of fact that is dependent upon the surrounding circumstances, the CRA might contend successfully that either or both of BREP and BRELP carries on business in Canada for purposes of the Tax Act.

If BREP or BRELP is considered to carry on business in Canada or is deemed to carry on business in Canada for the purposes of the Tax Act, Non-Resident Unitholders that are corporations would be required to file a Canadian federal income tax return for each taxation year in which they are a Non-Resident Unitholder regardless of whether relief from Canadian taxation is available under an applicable income tax treaty or convention. Non-Resident Unitholders who are individuals would be required to file a Canadian federal income tax return for any taxation year in which they are allocated income from BREP from carrying on business in Canada that is not exempt from Canadian taxation under the terms of an applicable income tax treaty or convention.

***Non-Resident Unitholders may be subject to Canadian federal income tax on capital gains realized by BREP or BRELP on dispositions of “taxable Canadian property” (as defined in the Tax Act).***

A Non-Resident Unitholder will be subject to Canadian federal income tax on its proportionate share of capital gains realized by BREP or BRELP on the disposition of “taxable Canadian property” other than “treaty-protected property” (as defined in the Tax Act). “Taxable Canadian property” includes, but is not limited to, property that is used or held in a business carried on in Canada and shares of corporations that are not listed on a “designated stock exchange” if more than 50% of the fair market value of the shares is derived from certain Canadian properties during the 60-month period immediately preceding the particular time. Property of BREP and BRELP generally will be “treaty-protected property” to a Non-Resident Unitholder if the gain from the disposition of the property would, because of an applicable income tax treaty or convention, be exempt from tax under the Tax Act. The Managing General Partner and the BRELP General Partner do not expect BREP and BRELP to realize capital gains or losses from dispositions of “taxable Canadian property”. However, no assurance can be given in this regard. Non-Resident Unitholders will be required to file a Canadian federal income tax return in respect of a disposition of “taxable Canadian property” by BREP or BRELP unless the disposition is an “excluded disposition” for the purposes of section 150 of the Tax Act. However, Non-Resident Unitholders that are corporations will still be required to file a Canadian federal income tax return in respect of a disposition of “taxable Canadian property” that is an “excluded disposition” for the purposes of section 150 of the Tax Act if tax would otherwise be payable under Part I of the Tax Act by such Non-Resident Unitholders in respect of the disposition but is not because of an applicable income tax treaty or convention (otherwise than in respect of a disposition of “taxable Canadian property” that is “treaty-protected property” of the corporation). In general, an “excluded disposition” is a disposition of property by a taxpayer in a taxation year where (a) the taxpayer is a non-resident of Canada at the time of the disposition; (b) no tax is payable by the taxpayer under Part I of the Tax Act for the taxation year; (c) the taxpayer is not liable to pay any amounts under the Tax Act in respect of any previous taxation year (other than certain amounts for which the CRA holds adequate security); and (d) each “taxable Canadian property” disposed of by the taxpayer in the taxation year is either (i) “excluded property” (as defined in subsection 116(6) of the Tax Act) or (ii) property in respect of the disposition of which a certificate under subsection 116(2), (4) or (5.2)

## [Table of Contents](#)

of the Tax Act has been issued by the CRA. Non-Resident Unitholders should consult their own tax advisers with respect to the requirements to file a Canadian federal income tax return in respect of a disposition of “taxable Canadian property” by BREP or BRELP.

***Non-Resident Unitholders may be subject to Canadian federal income tax on capital gains realized on the disposition of Units if our Units are “taxable Canadian property”.***

Any capital gain arising from the disposition or deemed disposition of Units by a Non-Resident Unitholder will be subject to taxation in Canada, if, at the time of the disposition or deemed disposition, our Units are “taxable Canadian property”, unless our Units are “treaty-protected property” to such Non-Resident Unitholder. In general, our Units will not constitute “taxable Canadian property” of any Non-Resident Unitholder at the time of disposition or deemed disposition, unless (a) at any time in the 60-month period immediately preceding the disposition or deemed disposition, more than 50% of the fair market value of our Units was derived, directly or indirectly (excluding through a corporation, partnership or trust, the shares or interests in which were not themselves “taxable Canadian property”), from one or any combination of (i) real or immovable property situated in Canada, (ii) “Canadian resource property” (as defined in the Tax Act), (iii) “timber resource property” (as defined in the Tax Act), and (iv) options in respect of, or interests in, or for civil law rights in, such property, whether or not such property exists, or (b) our Units are otherwise deemed to be “taxable Canadian property”. Since BREP’s assets will consist principally of units of BRELP, our Units would generally be “taxable Canadian property” at a particular time, if the units of BRELP held by BREP derived, directly or indirectly (excluding through a corporation, partnership or trust, the shares or interests in which were not themselves “taxable Canadian property”), more than 50% of their fair market value from properties described in (i) to (iv) above, at any time in the 60-month period preceding the particular time. Our Units will be “treaty-protected property” if the gain on the disposition of our Units is exempt from tax under the Tax Act under the terms of an applicable income tax treaty or convention. The Managing General Partner does not expect our Units to be “taxable Canadian property” of any Non-Resident Unitholder at any time but no assurance can be given in this regard. See Item 10.E “Taxation — Material Canadian Federal Income Tax Considerations — Holders Not Resident in Canada”. Even if our Units constitute “taxable Canadian property”, our Units will be “treaty-protected property” if the gain on the disposition of our Units is exempt from tax under the Tax Act under the terms of an applicable income tax treaty or convention. If our Units constitute “taxable Canadian property”, Non-Resident Unitholders will be required to file a Canadian federal income tax return in respect of a disposition of our Units unless the disposition is an “excluded disposition” (as discussed above). If our Units constitute “taxable Canadian property”, Non-Resident Unitholders should consult their own tax advisers with respect to the requirement to file a Canadian federal income tax return in respect of a disposition of Units.

***Non-Resident Unitholders may be subject to Canadian federal income tax reporting and withholding tax requirements on the disposition of “taxable Canadian property”.***

Non-Resident Unitholders who dispose of “taxable Canadian property”, other than “excluded property” and certain other property described in subsection 116(5.2) of the Tax Act, (or who are considered to have disposed of such property on the disposition of such property by BREP or BRELP) are obligated to comply with the procedures set out in section 116 of the Tax Act and obtain a certificate pursuant to the Tax Act. In order to obtain such certificate, the Non-Resident Unitholder is required to report certain particulars relating to the transaction to the CRA not later than 10 days after the disposition occurs. The Managing General Partner and the BRELP General Partner do not expect our Units to be “taxable Canadian property” of any Non-Resident Unitholder and do not expect BREP or BRELP to dispose of property that is “taxable Canadian property”, but no assurance can be given in these regards.

***Payments of dividends or interest (other than interest not subject to Canadian federal withholding tax) by residents of Canada to BRELP will be subject to Canadian federal withholding tax and the payers may be unable to apply a reduced rate taking into account the residency or entitlement to relief under an applicable income tax treaty or convention of our Unitholders.***

BREP and BRELP will be deemed to be a non-resident person in respect of certain amounts paid or credited or deemed to be paid or credited to them by a person resident or deemed to be resident in Canada, including dividends or interest. Dividends or interest (other than interest not subject to Canadian federal withholding tax) paid or deemed to be paid by a person resident or deemed to be resident in

## [Table of Contents](#)

Canada to BRELP will be subject to withholding tax under Part XIII of the Tax Act at the rate of 25%. However, the CRA's administrative practice in similar circumstances is to permit the rate of Canadian federal withholding tax applicable to such payments to be computed by looking through the partnership and taking into account the residency of the partners (including partners who are resident in Canada) and any reduced rates of Canadian federal withholding tax that any non-resident limited partners may be entitled to under an applicable income tax treaty or convention, provided that the residency status and entitlement to treaty benefits can be established. In determining the rate of Canadian federal withholding tax applicable to amounts paid by the Holding Entities to BRELP, the Managing General Partner and the BRELP General Partner expect the Holding Entities to look-through BRELP and BREP to the residency of BREP's partners (including partners who are resident in Canada) and to take into account any reduced rates of Canadian federal withholding tax that non-resident partners may be entitled to under an applicable income tax treaty or convention in order to determine the appropriate amount of Canadian federal withholding tax to withhold from dividends or interest paid to BRELP. However, there can be no assurance that the CRA would apply its administrative practice in this context. If the CRA's administrative practice is not applied and the Holding Entities withhold Canadian federal withholding tax from applicable payments on a look-through basis, the Holding Entities may be liable for additional amounts of Canadian federal withholding tax plus any associated interest and penalties. Under the Treaty, a Canadian-resident payer is required in certain circumstances to look-through fiscally transparent partnerships, such as BREP and BRELP, to the residency and Treaty entitlements of their partners and take into account the reduced rates of Canadian federal withholding tax that such partners may be entitled to under the Treaty. Under the Amended and Restated Limited Partnership Agreement of BREP, the amount of any taxes withheld or paid by BREP, BRELP or the Holding Entities in respect of our Units may be treated either as a distribution to our Unitholders or as a general expense of BREP as determined by the Managing General Partner in its sole discretion. However, it is the current intention of the Managing General Partner to treat all such amounts as a distribution to our Unitholders.

While the Managing General Partner and the BRELP General Partner expect the Holding Entities to look-through BREP and BRELP in determining the rate of Canadian federal withholding tax applicable to amounts paid or deemed to be paid by the Holding Entities to BRELP, we may be unable to accurately or timely determine the residency of our Unitholders for purposes of establishing the extent to which Canadian federal withholding taxes apply or whether reduced rates of withholding tax apply to some or all of our Unitholders. In such a case, the Holding Entities will withhold Canadian federal withholding tax from all payments made to BRELP that are subject to Canadian federal withholding tax at the rate of 25%. Canadian-resident Unitholders will be entitled to claim a credit for such taxes against their Canadian federal income tax liability but Non-Resident Unitholders will need to take certain steps to receive a refund or credit in respect of any such Canadian federal withholding taxes withheld equal to the difference between the withholding tax at a rate of 25% and the withholding tax at the reduced rate they are entitled to under an applicable income tax treaty or convention. Unitholders should consult their own tax advisers concerning all aspects of Canadian federal withholding taxes.

### **ITEM 4. INFORMATION ON THE COMPANY**

#### **4.A HISTORY AND DEVELOPMENT OF THE COMPANY**

##### **Overview**

Brookfield Renewable owns one of the world's largest, publicly-traded, pure-play renewable power portfolios, with, following the Isagen Acquisition, 10,367 MW of installed capacity, including 215 hydroelectric generating stations on 81 river systems and 37 wind facilities. This portfolio is spread across 15 power markets in North America, Latin America and Europe, providing significant geographic and operational diversification.

Our objective is to pay distributions to our LP Unitholders that are sustainable on a long-term basis while retaining within our operations sufficient liquidity for recurring growth capital expenditures and general purposes. This is the basis for our long-term target payout ratio of approximately 70% of Funds From Operations. We also target an annual distribution growth rate of 5% to 9% that is forecast to be funded by organic growth embedded in the portfolio today. These organic growth initiatives include the commercialization of our 6,800 MW development pipeline at premium returns, the realization of additional

## [Table of Contents](#)

operating efficiencies, and the capture of rising power prices by market-based facilities recently acquired in the current low-priced market environment.

In addition to organic growth, we continue to grow the business with an acquisition strategy that has a proven track record, and we have consistently demonstrated our ability to acquire high-quality assets by applying our disciplined and selective underwriting approach. Our acquisition strategy is being implemented across each of our North American, Latin American and European platforms. In 2015, we, along with our institutional partners, acquired a 488 MW multi-technology renewable portfolio in Brazil, a 1,200 MW wind development portfolio in Scotland and a 123 MW wind portfolio in Portugal. We also entered into an agreement to acquire a 292 MW portfolio of hydroelectric assets in the United States. In January 2016, we, along with our institutional partners, acquired an initial 57.6% interest in Isagen S.A. (“**Isagen**”) from the Colombian government (the “**Isagen Acquisition**”). These transactions were achieved by engaging sellers of a strategic, industrial or financial nature, while also continuing to advance other solid acquisition opportunities in these regions. We believe that our scale, significant capitalization and sound investment-grade ratings will continue to enhance our ability to secure and fund new transactions globally.

We anticipate that our organic growth initiatives can support an attractive distribution and growth target, which will be meaningfully enhanced by our acquisition strategy. As at December 31, 2015, 83% of our portfolio (on a proportionate basis) continued to be contracted over the following five years under long-term, fixed price contracts with creditworthy counterparties, including Brookfield. We have a prudent level of market-based hydroelectric generation in the United States underwritten in the current low power price environment that we believe embeds our business with attractive organic upside: as power prices rise, as we anticipate they will, we will seek to lock in these higher and more sustainable prices through long-term contracts.

As such, we believe we are well-positioned to be a premium vehicle for investors seeking to invest in the renewable power sector. Our LP Units are listed on the TSX under the symbol “BEP.UN” and on the NYSE under the symbol “BEP”.

We anticipate that the only distributions we will receive in respect of our limited partnership interests in BRELP will consist of amounts that are intended to assist us in making distributions to our LP Unitholders in accordance with our distribution policy, to our Preferred Unitholders in accordance with the terms of our Preferred Units and to allow us to pay expenses as they become due.

### **History and Development of Our Business**

BREP is a Bermuda exempted limited partnership that was established on June 27, 2011 under the provisions of the *Exempted Partnerships Act 1992* of Bermuda and the *Limited Partnership Act 1883* of Bermuda. Our registered and head office is 73 Front Street, 5th Floor, Hamilton HM 12, Bermuda, and the telephone number is 441-295-3309. BREP was established to serve as the primary vehicle through which Brookfield acquires renewable power assets on a global basis. Brookfield owns approximately 62% of BREP on a fully-exchanged basis and the remaining approximately 38% is held by the public.

### **Recent Developments**

The following is a summary of the material developments affecting our business from January 1, 2015 up to the date of this Form 20-F.

#### *Construction and Development*

In January 2015, we achieved commercial operation of our approximately €130 million (\$174 million), 88 MW wind project in the Republic of Ireland on scope, schedule and budget.

In January 2015, we achieved commercial operation of our approximately €42 million (\$56 million), 37 MW wind project in the Republic of Ireland on scope, schedule and budget.

In July 2015, we achieved commercial operation of our approximately €21 million (\$28 million), 12 MW wind project in the Republic of Ireland on scope, schedule and budget.

## [Table of Contents](#)

In Northern Ireland, we advanced the construction of our 14 MW wind project that is expected to be fully operational in 2016. Also in Northern Ireland, construction is expected to begin in early 2016 on our 15 MW wind project that is expected to be fully operational in early 2017.

In Brazil, we advanced the construction of two hydroelectric projects with a combined capacity of 53 MW that are expected to be fully operational in 2017 as well as a 19 MW hydroelectric project that is expected to be fully operational in 2018. Construction is also proceeding on a 55 MW expansion of an existing biomass facility that is expected to be fully operational in 2016.

### *Acquisitions and Dispositions*

In February 2015, Brookfield Renewable acquired two advanced hydroelectric development projects totaling 47 MW in Brazil that, once fully commissioned, are expected to generate 280 GWh annually. The acquisition was completed with institutional partners and Brookfield Renewable retains an approximate 40% controlling interest. Total cash consideration was R\$37 million (\$13 million).

In February 2015, Brookfield Renewable completed the acquisition of a 123 MW wind portfolio in Portugal that is expected to generate 260 GWh annually. The acquisition was completed with institutional partners and Brookfield Renewable retains an approximate 40% controlling interest. Total cash consideration was €58 million (\$63 million).

In May 2015, Brookfield Renewable completed the acquisition of a 488 MW renewable portfolio in Brazil comprising hydroelectric, wind, and biomass generating capacity. The acquisition was completed with institutional partners and Brookfield Renewable retains an approximate 40% controlling interest. Total cash consideration was R\$1,717 million (\$541 million).

In June 2015, Brookfield Renewable acquired an onshore wind development pipeline in Scotland totaling approximately 1,200 MW, including a mix of contracted, permitted and earlier stage development projects. Total consideration was £55 million (\$85 million) including upfront cash paid, contingent consideration, and working capital adjustments. The contingent consideration was recorded at its fair value of £14 million (\$22 million), which represents the present value of a probability-weighted evaluation of Brookfield Renewable's obligation to pay up to £63 million (\$97 million) related to the build-out of the development pipeline.

In July 2015, Brookfield Renewable completed the disposition of a 102 MW wind facility in California for cash consideration of \$136 million. The sale was completed with institutional partners and Brookfield Renewable's interest was approximately 22%.

In October 2015, Brookfield Renewable entered into an agreement to acquire a 292 MW hydroelectric portfolio in Pennsylvania that is expected to generate 1,109 GWh annually. Total cash consideration will be \$860 million. Brookfield Renewable expects to retain an approximately 40% controlling interest with institutional partners holding the balance. The transaction is expected to close in the first quarter of 2016, subject to typical closing conditions.

In January 2016, Brookfield Renewable, with its institutional partners, closed the Isagen Acquisition. Aggregate consideration was approximately COP 6.7 trillion (\$2 billion) for the initial 57.6% interest. Isagen is Colombia's third-largest power generation company and owns and operates a 3,032 MW portfolio, consisting predominantly of a portfolio of six, largely reservoir-based, hydroelectric facilities. Annual generation is expected to approximate 15,000 GWh. In addition, the portfolio includes approximately 3,800 MW of attractive medium to long-term development projects providing further growth opportunity. Brookfield Renewable has an approximately 9% economic interest in Isagen after accounting for the non-controlling interests of its institutional partners. Following the closing of the Isagen Acquisition, our consortium is required to conduct two mandatory tender offers with respect to the remaining Isagen shares. If our consortium is successful in acquiring the remaining outstanding Isagen shares, Brookfield Renewable's interest in Isagen would then increase to approximately 23%.

In January 2016, Brookfield Renewable acquired two hydroelectric facilities in Brazil with an aggregate capacity of 51 MW that are expected to together generate 293 GWh annually. Total cash consideration at the time of closing was R\$355 million (\$87 million), subject to post-closing adjustments.

### *Project Financings*

## [Table of Contents](#)

In February 2015, Brookfield Renewable secured an 18-month extension on \$75 million of debt associated with a portfolio of hydroelectric and wind facilities in the United States held through the Brookfield Americas Infrastructure Fund. The debt bears interest at LIBOR plus 2.75%, and matures in August 2016.

In February 2015, Brookfield Renewable refinanced indebtedness associated with a 45 MW hydroelectric facility in British Columbia by issuing C\$90 million (\$76 million) of bonds with an interest rate of 2.95%, maturing in May 2023. Brookfield Renewable owns a 50% equity-accounted interest in this facility.

In February 2015, as part of the acquisition of a 123 MW wind portfolio in Portugal, Brookfield Renewable assumed loans with principal balances totaling €99 million (\$109 million). The loans bear interest at an initial weighted-average fixed rate of 6.28%, including the related interest rate swaps, and have a weighted-average remaining term of 9.5 years.

In March-August 2015, as part of the acquisition of a 488 MW renewable portfolio in Brazil, Brookfield Renewable assumed (i) R\$631 million (\$197 million) of debt with a combination of variable and fixed interest rates, and a weighted-average remaining term of 12.7 years and (ii) R\$254 million (\$83 million) of debt with variable interest rates of CDI plus 0.5% and 2.0%, and a weighted-average remaining term of 7.6 years.

In June, 2015, the margin on C\$194 million (\$155 million) of debt associated with a 189 MW wind facility in Ontario was reduced from 2.25% to 1.625%.

In July 2015, the final drawdown of €20 million (\$22 million) was made on the construction and term loan associated with 137 MW of wind projects in Ireland, bringing the total draw to €188 million (\$227 million) at a weighted average rate of 2.74% and maturing in December 2027.

In July, 2015, the margin on C\$119 million (\$95 million) of debt associated with a 51 MW wind facility in Ontario was reduced from 2.25% to 1.625%, and the debt was up-financed by C\$7 million (\$5 million).

In September 2015, Brookfield Renewable secured financing in the amount of R\$187 million (\$47 million) with respect to 90 MW of capacity in Brazil, of which we drew R\$139 million (\$35 million). The loan bears interest at a floating interest rate of the TJLP's rate plus 1.4%, and matures in October 2035.

In October 2015, Brookfield Renewable completed a \$400 million bond financing associated with its 600 MW pumped storage and 10 MW hydroelectric facilities in New England. The bond matures in 2025, and bears interest at a fixed interest rate of 4.89% on \$375 million and a floating interest rate of LIBOR plus a margin of 270 basis points on the remaining \$25 million. Brookfield Renewable also concurrently completed a \$26 million letter of credit and working capital facility with a three-year term and a floating interest rate of LIBOR plus a margin of 170 basis points. Brookfield Renewable retains a 50%, equity-accounted interest in this facility.

In January 2016, Brookfield Renewable secured financing in the amount of \$750 million with respect to the Isagen Acquisition. The loan bears interest at a floating interest rate of LIBOR plus a margin of 250 basis points and matures in January 2021.

### *Corporate Financings*

In March 2015, we issued C\$400 million (\$317 million) of medium-term corporate notes, maturing in June 2025 at a fixed rate of 3.75%. Proceeds of the offering were used to repay existing indebtedness and for general corporate purposes.

In May 2015, Brookfield Renewable renewed its \$2 billion Short Form Base Shelf Prospectus under which BREP can issue LP Units and Preference Units, BRP Equity can issue Preferred Shares and Finco can issue unsecured debt securities.

In May 2015, Brookfield Renewable extended the maturity of its corporate credit facilities by one year to June 2020, and also increased the available amount to \$1,310 million from \$1,280 million. In November and December of 2015, we further increased the available amount of our corporate credit facilities to \$1,560 million. The applicable margin remains unchanged at 1.20%.

## [Table of Contents](#)

In June 2015, the TSX accepted a notice of BRP Equity's intention to commence a normal course issuer bid, which permits BRP Equity to repurchase up to 10% of the total public float (calculated on June 15, 2015) of each series of its issued and outstanding Preference Shares for a one year period.

In November 2015, BREP issued 7,000,000 Series 7 Preferred Units at a price of C\$25.00 per unit, for total gross proceeds of C\$175 million (\$128 million). The net proceeds were used to repay outstanding indebtedness and for general corporate purposes.

In December 2015, Brookfield Renewable extended the maturity of its \$200 million committed unsecured revolving credit facility provided by Brookfield by one year, at LIBOR plus 2%. The facility now matures in December 2016.

In December 2015, the TSX accepted a notice of BREP's intention to renew its normal course issuer bid, which permits BREP to repurchase up to 7,100,000 of its issued and outstanding LP Units for a one year period.

In January 2016, Brookfield Renewable secured a one-year, \$500 million, non-revolving corporate credit facility for the purposes of financing the acquisition of Isagen S.A. The terms of this credit facility are consistent with the terms of our corporate credit facilities and the applicable margin is 1.20%.

### *Other*

In April 2015, the holders of 4,518,289 Series 1 Shares exercised their right to convert their shares into Series 2 Shares on a one-for-one basis. The holders of the Series 2 Shares will be entitled to receive floating rate cumulative preferential cash dividends, equal to the T-Bill Rate plus 2.62%. 5,449,675 Series 1 Shares remain issued and outstanding.

In November 2015, BREP launched an offer to exchange each issued and outstanding Series 5 Share of BRP Equity for one newly issued Series 5 Preferred Unit of BREP. In February 2016, BREP took up all Series 5 Shares that had been tendered upon to the expiry of the exchange offer and issued 2,885,496 Series 5 Preferred Units. 4,114,504 Series 5 Shares were not tendered and remain issued and outstanding. As of the date of this Form 20-F, Brookfield Renewable holds the 2,885,496 Series 5 Shares that were tendered. Brookfield Renewable has waived the right to receive dividends on these Series 5 Shares and they are no longer trading on the TSX.

[Table of Contents](#)

4.B BUSINESS OVERVIEW

**Our Operations**

We operate our facilities through continental operating platforms in North America, Latin America and Europe which are designed to maintain and enhance the value of our assets, while cultivating positive relations with local stakeholders. We own and manage 207 hydroelectric generating stations, 37 wind facilities, three biomass facilities and two natural gas-fired plants. Overall, the assets we own or manage have 7,284 MW of generating capacity and annual generation of 25,766 GWh based on long-term averages. The table below outlines our portfolio as at December 31, 2015:

	River Systems	Facilities	Generating Units	Capacity <sup>(1)</sup> (MW)	LTA <sup>(1)(2)</sup> (GWh)	Storage (GWh)
<b>Hydroelectric</b>						
<b>North America<sup>(3)</sup></b>						
United States	30	135	420	3,190	11,367	3,582
Canada	19	33	73	1,361	5,173	1,261
	49	168	493	4,551	16,540	4,843
Latin America <sup>(4)</sup>	24	39	84	821	4,241	-
	73	207	577	5,372	20,781	4,843
<b>Wind<sup>(5)</sup></b>						
<b>North America</b>						
United States	-	7	687	434	1,113	-
Canada	-	3	220	406	1,197	-
	-	10	907	840	2,310	-
Latin America	-	5	75	150	587	-
Europe	-	22	270	587	1,508	-
	-	37	1,252	1,577	4,405	-
Other <sup>(6)</sup>	-	5	11	335	580	-
	73	249	1,840	7,284	25,766	4,843

<sup>(1)</sup> Includes 100% of capacity and generation from equity-accounted investments.

<sup>(2)</sup> Long-term average ("LTA") is calculated on an annualized basis from the beginning of the year, regardless of the acquisition or commercial operation date.

<sup>(3)</sup> Hydroelectric LTA is the expected average level of generation, as obtained from the results of a simulation based on historical inflow data performed over a period of typically 30 years.

<sup>(4)</sup> Hydroelectric assets located in Brazil benefit from a market framework which levelizes generation risk across producers.

<sup>(5)</sup> Wind LTA is the expected average level of generation, as obtained from the results based on simulated historical wind speed data performed over a period of typically 10 years.

<sup>(6)</sup> Includes three biomass facilities in Latin America with capacity of 120 MW, and two natural gas-fired ("Co-gen") plants in North America with capacity of 215 MW.

## [Table of Contents](#)

The following table presents the annualized long-term average generation of our portfolio as at December 31, 2015 on a quarterly basis:

GENERATION (GWh) <sup>(1)(2)</sup>	Q1	Q2	Q3	Q4	Total
Hydroelectric					
North America <sup>(3)</sup>					
United States	3,213	3,239	2,114	2,801	11,367
Canada	1,229	1,580	1,162	1,202	5,173
	4,442	4,819	3,276	4,003	16,540
Latin America <sup>(4)</sup>	1,113	1,047	1,033	1,048	4,241
	5,555	5,866	4,309	5,051	20,781
Wind <sup>(5)</sup>					
North America					
United States	252	373	269	219	1,113
Canada	324	292	238	343	1,197
	576	665	507	562	2,310
Latin America	145	146	148	148	587
Europe	449	324	292	443	1,508
	1,170	1,135	947	1,153	4,405
Other <sup>(6)</sup>	52	160	203	165	580
<b>Total</b>	<b>6,777</b>	<b>7,161</b>	<b>5,459</b>	<b>6,369</b>	<b>25,766</b>

<sup>(1)</sup> Includes 100% of generation from equity-accounted investments.

<sup>(2)</sup> LTA is calculated on an annualized basis from the beginning of the year, regardless of the acquisition or commercial operation date.

<sup>(3)</sup> Hydroelectric LTA is the expected average level of generation, as obtained from the results of a simulation based on historical inflow data performed over a period of typically 30 years.

<sup>(4)</sup> Hydroelectric assets in Brazil benefit from a market framework which levelizes generation risk across producers.

<sup>(5)</sup> Wind LTA is the expected average level of generation, as obtained from the results based on simulated historical wind speed data performed over a period of typically 10 years.

<sup>(6)</sup> Includes three biomass facilities in Latin America with capacity of 120 MW, and two Co-gen plants in North America with capacity of 215 MW.

We have comprehensive power operations and development capabilities located in each of our core markets that position us to maintain and increase the value of our asset base while competitively positioning us for continued growth.

### **Operating Philosophy**

We employ a hands-on, operations-oriented, long-term owner's approach to managing our portfolio. We believe this approach ensures that we maintain and, where possible, enhance the value of our assets by being able to quickly identify and manage any technical, economic or stakeholder issue that may arise. The operation of our generating facilities is largely decentralized into three continental platforms covering North America, Latin America and Europe. We supplement our continental platforms with a strong corporate team that provides oversight on a global basis of the functions of BREP and, among other things, establishes consistent global policies on compliance, information technology, health,

## [Table of Contents](#)

safety and security, human resources, stakeholder relations, procurement, governance and anti-bribery and anti-corruption.

We also benefit from the expertise of Brookfield which provides strategic direction, corporate oversight, commercial and business development expertise, and oversees decisions regarding the funding and growth of our business. We believe this approach leads to a strong decision-making culture and long-term owner-oriented investment philosophy to build value.

The cornerstones of our operational philosophy are:

***Strong continental platforms.*** In each of our core markets, we have built strong platforms with full construction, development and operational capabilities. Each of our platforms benefits from centralized, automated plant dispatch and control centers allowing remote operation of most of our facilities and a central interface with regulatory and market authorities, as well as offtakers. These capabilities allow us to leverage our platforms when growing our business.

***Culture of health, safety, security and environmental leadership.*** We strive to achieve excellence in safety performance and to be recognized as an industry leader in accident prevention. Our overall objective is to incur zero high risk safety incidents and zero lost time injuries. We have adopted written Health, Safety, Security and Environmental (“HSS&E”) policies that include frameworks for oversight, compliance, compliance audits and sharing best practices both within our operations and the global Brookfield group. We maintain an HSS&E Steering Committee, consisting of, among others, the Chief Executive Officer of the Service Provider and the Chief Executive Officer of each continental platform, and require all employees, contractors, agents and others involved in our operations to comply with our established HSS&E practices.

***Disciplined management of operating costs.*** Our operations are focused on maintaining the cost competitive position of our portfolio through disciplined management of operating costs with the objective of annually offsetting the costs of inflation. In addition, the scalability of our platforms allow us to grow the portfolio while only minimally increasing incremental fixed costs thus ensuring a stable and predictable cost profile over the long-term.

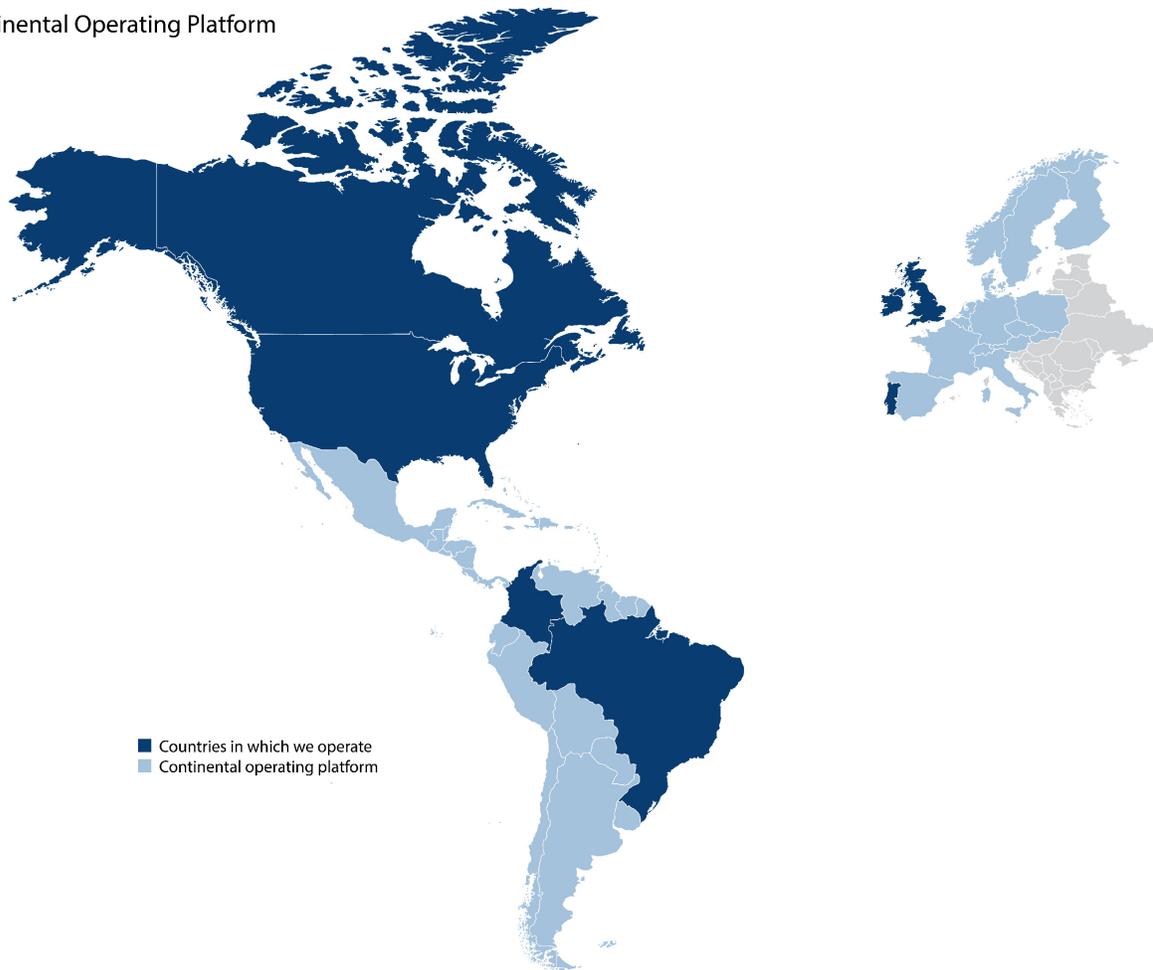
***Focus on asset reliability and availability.*** Maintaining high reliability and availability of our plants is critical because if we are not able to generate and deliver energy we will not maximize the benefit of our long-term contracts. To the greatest extent possible, our operating teams perform all periodic and planned maintenance activities during periods of low hydrology or wind, in order to minimize lost revenue opportunities and take advantage of excess capacity at our plants.

***Long-term ownership and asset reinvestment.*** We seek to preserve and enhance the productivity, reliability and longevity of each of our generating facilities. The cornerstone of our asset maintenance and enhancement program is a 20-year forward-looking capital reinvestment plan. Our operating teams work closely with independent engineering firms recognized as industry leaders in renewable energy production and maintenance to develop a detailed capital plan for each asset. We develop and implement our plans by taking a long-term owner’s perspective and, in particular, believe the low capital expenditure maintenance requirements and long useful life are attractive attributes of our predominantly hydroelectric assets. Hydroelectric power generation is a mature, efficient and relatively simple technology that has not changed significantly over the past century.

***Positive local stakeholder relationships.*** We strive to maintain transparent and well-established relationships with local stakeholder groups and the communities in which we operate, which we believe is a key element of successfully operating and developing renewable power facilities. In order to ensure the successful renewal and implementation of our water power licenses and land leases, we consult and work proactively with local stakeholders and communities potentially affected by our operations.

We maintain a performance-based culture in our operations and develop annual performance targets in each of the above areas to measure the performance of our operating teams.

Continental Operating Platform



***North American Business***

The principal office of our North American platform is located in Gatineau, Québec and oversees our operations in the United States and Canada. Our North American platform employs approximately 925 employees.

*United States*

## [Table of Contents](#)

Our main offices in the United States are located in Boston, Massachusetts and Los Angeles, California. Our U.S. National System Control Center is located in Marlborough, Massachusetts and allows for the remote monitoring and control of nearly all of our assets in the country. In the United States we have full hydroelectric and wind operating capabilities, as well as development and construction oversight expertise. We employ approximately 555 people, approximately 37% of whom are covered by collective agreements. We have experienced positive relations with our unionized work force in the United States.

As of December 31, 2015, approximately half of our renewable business was located in the United States, the world's largest economy and second-largest energy market. We are strategically focused on power markets in the Northeast, Mid-Atlantic, Southeast and California, with additional operations in Arizona, Minnesota and Louisiana.

The majority of our capacity in the United States is located in New York, Pennsylvania and New England. In New York, we are one of the largest independent power producers with 74 hydroelectric facilities with an aggregate installed capacity of 711 MW. In Pennsylvania, we have two hydroelectric facilities with an aggregate installed capacity of 450 MW and have recently entered into an agreement to acquire two additional hydroelectric facilities with 292 MW of installed capacity. In New England, we have 1,274 MW of operating hydroelectric capacity including a 50% joint-venture interest in a 600 MW hydroelectric pumped storage facility located in Massachusetts. Pumped storage is a form of hydroelectric power which uses reversible turbines permitting energy to be stored by pumping water up into a reservoir, and then producing power at a later time by releasing the water during a period in which power prices are higher.

We also own seven wind farms located in California, New Hampshire and Arizona with a combined installed capacity of 434 MW. The California wind farms account for the majority of this capacity and are primarily located in the Tehachapi area, which has one of the most proven wind resources in the United States and is attractively located near the Los Angeles load center. We also own one combined cycle, natural gas-fired facility in Syracuse, New York, which sells its power output on a merchant basis and is predominantly used at times of peak demand.

Our rights to operate our hydroelectric facilities in the United States are secured primarily through long-term licenses from the Federal Energy Regulatory Commission ("**FERC**"), the federal agency that regulates the licensing of substantially all hydroelectric power plants in the United States. FERC has oversight of substantially all of our ongoing hydroelectric project operations, including dam safety inspections, environmental monitoring, compliance with license conditions, and the license renewal process. Our ability to sell power from certain of our generation facilities is also subject to the receipt and maintenance of certain approvals from FERC, including the authority to sell power at market-based rates.

### *Canada*

Our main offices in Canada are located in Gatineau, Québec and Toronto, Ontario. Our Canadian National System Control Center is located in Gatineau and allows for the remote monitoring and control of all of our assets in Canada. In Canada, we have full hydroelectric and wind operating capabilities, as well as development and construction oversight expertise. We employ approximately 370 people in the country and approximately 23% of these employees are covered by collective agreements. We have experienced positive relations with our unionized work force in Canada.

Canada has a strong hydropower tradition and is the third largest hydropower generator in the world. Our facilities are situated in Québec and Ontario – the two largest power markets in Canada – as well as in British Columbia. These three provinces account for approximately three-quarters of Canada's population. Each of these provinces has adopted policies to increase the contribution of renewables in the supply mix by offering long-term contracts with government-owned utilities through competitive RFPs or feed-in-tariffs.

Most of our Canadian hydroelectric assets are larger utility-scale facilities with water storage reservoirs that can together store approximately 1,300 GWh, or approximately 29% of their annualized long-term average generation.

We entered the Canadian wind business in 2004 and since then have completed the development, construction and operation of three wind farms in Ontario, with a combined installed

## [Table of Contents](#)

capacity of 406 MW. We also have several projects in various stages of development. In addition to our renewable power assets, we own a 110 MW gas-fired plant that has been withdrawn from service but is being maintained and is available to be restarted should economics change.

We hold a variety of long-term waterpower licenses issued by the provinces where our operations are situated. These waterpower licenses permit us to use land, water and waterways for the generation of electricity. These licenses also contain terms that deal with water management, land use, public safety, recreation and the environment. At the end of the license period, license holders can apply to the requisite government body to have their licenses renewed.

### ***Latin American Business***

The principal office of our Latin American platform is located in Rio de Janeiro and oversees our operations in Brazil, with approximately 375 employees.

#### *Brazil*

Our main office in Brazil is located in Rio de Janeiro. Our Brazilian National System Control Center is located in Curitiba, Paraná and allows for the remote monitoring and control of nearly all of our hydroelectric assets in Brazil. In Brazil, we have full hydroelectric, wind and biomass operating capabilities, as well as development and construction oversight expertise. All of our employees in Brazil are covered by annual collective agreements. We have experienced positive relations with our work force in Brazil.

Brookfield first invested in Brazil over 100 years ago. Recognizing Brazil's growing demand for power and strong renewable resource base, Brookfield re-entered the Brazilian power market in 2003 and, since then, has grown its hydroelectric asset base significantly to 39 facilities on 24 river systems totaling approximately 821 MW of installed capacity. We own facilities located in 10 Brazilian states representing approximately 80% of the country's population and economic activity. As such, we believe our business in Brazil is particularly well positioned to participate in a large and diversified economy with further development potential. In 2015, we diversified our generation portfolio with the acquisition of five wind farms and three biomass facilities. The wind farms are located in the northeastern province of Rio Grande do Norte, one of the most proven wind resource areas in Brazil, and the biomass facilities are located in Mato Grosso do Sul and Sao Paulo, proximate to our hydroelectric portfolio. We have developed and built 14 facilities totaling 313 MW of capacity since 2003 and we have several projects in various stages of development. This includes a 55 MW biomass facility that is expected to be fully operational in 2016, two hydroelectric projects with 53 MW of combined capacity that are expected to be fully operational in 2017 and a 19 MW hydroelectric project expected to be fully operational in 2018.

Rights to hydroelectric sites are secured in Brazil by obtaining authorizations and concessions from the Brazilian Ministry of Mines and Energy through the National Agency for Electric Energy ("ANEEL"). We generally focus on the SHPP, a category of hydroelectric power plant with less than 30 MW of capacity. SHPP plants can be secured directly from ANEEL, whereas sites for hydroelectric plants above 50 MW can only be granted by public auction, requiring developers to bid the lowest tariff in order to win the concession and a PPA with local utilities. Of our authorizations and concessions, 95% have remaining terms of more than 13 years. Generally, concessions and authorizations provide for an initial term of 30 years and renewal rights for an additional 20-year period.

#### *Colombia*

The Isagen Acquisition in January 2016 marked our entry into the Colombian market. Isagen's principal office is located in Medellín and the company employs 670 full time employees, of which approximately 90% are covered by collective agreements.

Isagen is Colombia's third-largest power generation company and owns and operates a 3,032 MW portfolio with annual generation expected to be approximately 15,000 GWh. This portfolio accounts for approximately 20% of Colombia's installed generating capacity and principally consists of six, largely reservoir-based, hydroelectric facilities, one of which includes the largest reservoir by volume in Colombia. These hydroelectric assets are able to store approximately 10% of their annualized long-term

## [Table of Contents](#)

average generation. Isagen's portfolio also includes approximately 3,800 MW of attractive medium to long-term development projects.

Isagen owns its power generating assets perpetually. For each hydroelectric project built prior to 1993, it holds water usage rights that are granted by the appropriate regional or national environmental authority in addition to a number of minor licenses and approvals. The Colombian government then passed Law 99 of 1993 ("**Law 99**") in an effort to streamline the licensing regime that applies to hydroelectric and other projects. Following the passage of Law 99, each project receives an single environmental license that contains the necessary permits for the use of natural resources, including water usage rights, granted by the national environmental authority if the project is greater than or equal to 100 MW or, if less than 100 MW, by the regional environmental authority where the project is located. For each hydroelectric project built prior to 1993, Isagen holds water usage rights. Water usage rights are generally granted for a period of about 50 years and those water usage rights associated with our Colombian operations will expire within the next 3 to 35 years and will be renewed through an administrative process. The environmental licenses generally have a 50 year term and, like the water usage rights, can be renewed through an administrative process.

### ***European Business***

The principal office of our European operations is located in London, in the United Kingdom. Our European platform, including our offices in London, Cork and Edinburgh, employ approximately 100 employees comprising operating, finance, project development, market research and power marketing functions.

#### *Republic of Ireland and Northern Ireland*

Our 20 wind energy facilities, with 463 MW of installed capacity are located in both the Republic of Ireland and Northern Ireland, which have among the strongest onshore wind resources in Europe and local markets with stable contractual frameworks for renewables. We employ approximately 85 people in Ireland and approximately 10% of these employees are covered by collective agreements. We have experienced positive relations with our unionized work force in Ireland.

In 2015, we achieved commercial operation on 137 MW of new capacity, including our 88 MW Knockacummer project, our 37 MW Kill Hills project and our 12 MW Glentane 2 project, which is an extension to the Knockacummer facility. In addition to these projects we have a wind development pipeline of up to 200 MW, which positions the portfolio for continued growth. During 2015, we advanced approximately 80 MW of consented projects into or approaching construction and commenced construction of our 14 MW Seegronan wind project. In 2016 we expect to begin construction on additional wind capacity.

The majority of wind farm assets in the Republic of Ireland are underpinned by the REFIT program. This program ensures that generators receive a minimum fixed annual electricity price, indexed by inflation annually over a contract term of 15 years, providing a revenue stream that is the higher of market prices or the REFIT price. The REFIT payments are guaranteed under legislation for eligible assets commissioned prior to the end of 2017. Recently, the Irish government issued an Energy Policy White Paper confirming its long-term renewable power goals and therefore we expect a new tariff framework to be announced for installations commissioned after 2017. We have 72 MW of non-REFIT wind assets, 52MW of which were contracted at below market prices to 2019; during 2015 we restructured these PPAs with the Irish Energy Supply Board to preserve the existing below-market contracted price floor but include participation in approximately 90% of market prices.

The wind farm assets in Northern Ireland earn British Pound Sterling (£) denominated revenues by receiving a fixed price Renewable Obligation Certificate for twenty years, in addition to the market price. In 2015, we enhanced our power marketing capabilities in Europe, by increasing the focus on securing long-term contracts with corporate buyers of power, the sale of green credits, and building the capability to sell power across interconnections.

The land on which our wind farms are situated is typically leased or owned outright. Where we hold leases, we typically hold a long-term lease for an initial 25 to 30 year term with a further right to

## [Table of Contents](#)

renew. Additional licenses relevant to the wind farms include both electricity grid connection agreements with the national and distribution level grid system operators and planning permissions from the relevant local planning authorities.

### *Portugal & Scotland*

In 2015, we expanded our European portfolio with the acquisition of a 123 MW operational wind portfolio in Portugal and a wind development pipeline in Scotland totaling approximately 1,200 MW. The Scottish pipeline includes a mix of contracted, permitted and earlier stage development projects as well as a 10 person project development team located in Edinburgh. None of these employees are unionized. In Scotland, we are advancing the approximately 20 MW Tralorg project towards construction. The project will benefit from a 15-year, fixed-price PPA.

See Item 3.D “Risk Factors — Risks Related to our Operations and the Renewable Power Industry — Our operations are highly regulated and may be exposed to increased regulation which could result in additional costs to Brookfield Renewable” and Item 3.D “Risk Factors — Risks Related to our Operations and the Renewable Power Industry — There is a risk that our concessions and licenses will not be renewed”.

### **Registered and Head Office**

Our registered and head office is based in Hamilton, Bermuda.

### **Corporate Office**

Our main corporate office is based in Toronto, Ontario and provides oversight on a global basis of Brookfield Renewable. Our corporate group has approximately 80 employees, including both the Corporate Office and the Service Provider, who are located in North America, Latin America and Europe.

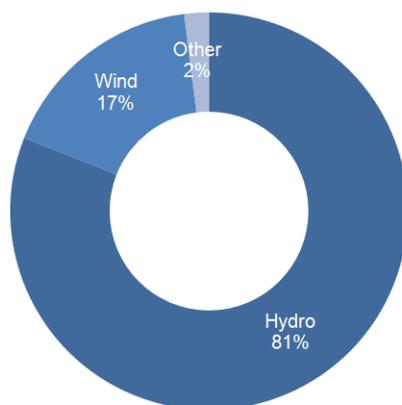
### **Our Competitive Strengths**

BREP is the owner and operator of a diversified portfolio of high quality assets that produce electricity from renewable resources.

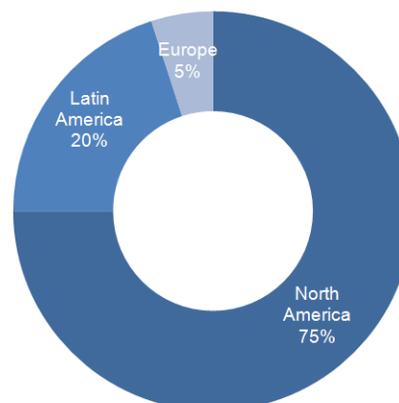
Our business model is to utilize our global reach to identify and acquire high quality renewable power generating assets at favorable valuations, finance them on a long-term, low-risk basis, and enhance the cash flows and values of these assets using our experienced operating teams to earn reliable, attractive, long-term total returns for the benefit of our LP Unitholders. The following is presented as at December 31, 2015 and does not reflect the Isagen Acquisition.

***One of the largest, listed pure-play renewable platforms.*** We own one of the world’s largest, publicly-traded, pure-play renewable power portfolios with approximately \$20 billion in assets, 7,284 MW of installed capacity, and long-term average generation from operating assets of 25,766 GWh. Our portfolio includes 207 hydroelectric generating stations on 73 river systems, 37 wind facilities and three biomass facilities, diversified across 14 power markets in North America, Latin America and Europe.

Long-term Average Generation by Source of Energy



Long-term Average Generation by Region



**Focus on attractive hydroelectric asset class.** Our assets are predominantly hydroelectric and represent one of the longest life, lowest-cost and most environmentally-preferred forms of power generation. Our North American assets have the ability to store water in reservoirs approximating 29% of their annualized long-term average generation. Our assets in Brazil benefit from a framework in that country that levelizes generation risk across hydroelectric producers. The ability to store water in reservoirs in North America and to benefit from levelized generation in Brazil provides partial protection against short-term changes in water supply. As a result of our scale and the quality of our assets, we are competitively positioned compared to other listed renewable power platforms, providing significant scarcity value to investors.

**Well positioned for global growth mandate.** We have strong organic growth potential with an approximate 3,000 MW development pipeline spread across all of our operating platforms, combined with the ability to capture operating efficiencies and the value of rising power prices for the market-based portion of our portfolio. Our organic growth is complemented by our strong acquisition ability. Over the last ten years, we have acquired or commissioned 78 hydroelectric facilities totaling approximately 2,060 MW, 38 wind facilities totaling approximately 1,680 MW and three biomass facilities totaling 120 MW. For the year ended December 31, 2015, we acquired or commissioned hydroelectric facilities, wind facilities and biomass facilities that have an installed capacity of 163 MW, 410 MW and 120 MW, respectively. Our ability to develop and acquire assets is strengthened by our established operating and project development teams, strategic relationship with Brookfield, and our liquidity and capitalization profile. We have, in the past, and may continue in the future to pursue the acquisition or development of assets through arrangements with institutional investors in Brookfield sponsored or co-sponsored partnerships.

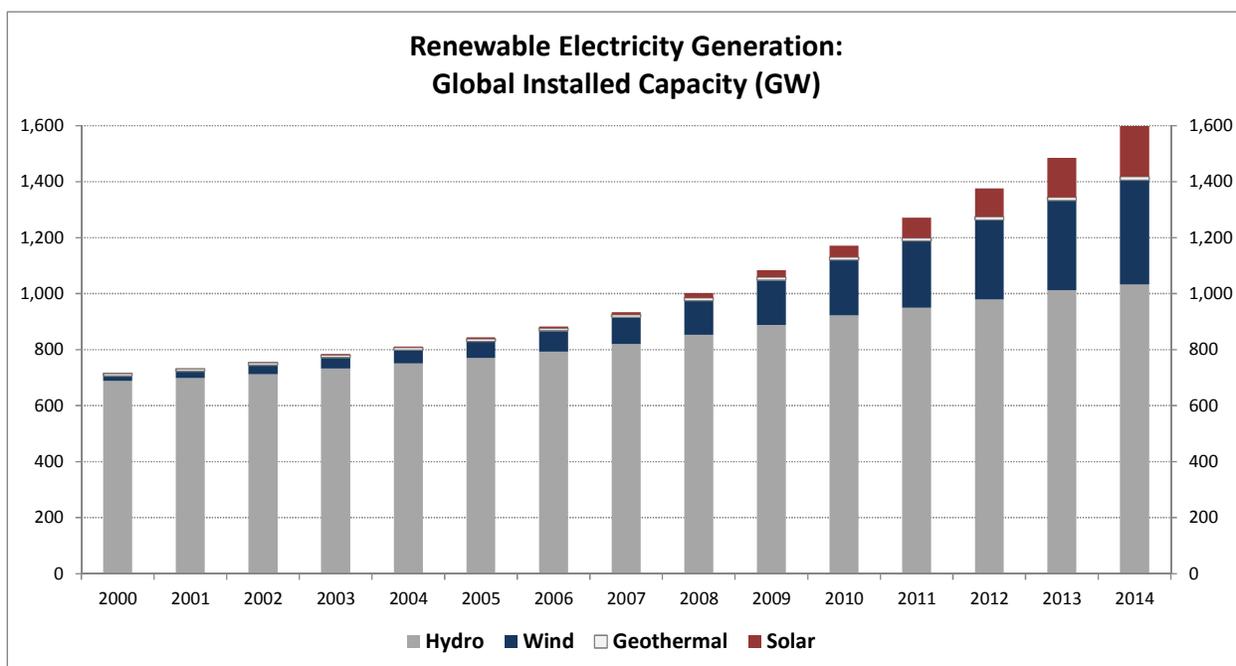
**Attractive distribution profile.** We pursue a strategy which we expect will provide for highly stable, predictable cash flows sourced from predominantly long-life hydroelectric assets ensuring an attractive distribution yield. We target a long-term distribution payout ratio of approximately 70% of Funds From Operations and a long-term distribution growth rate in a range of 5% to 9% annually.

**Stable, high quality cash flows with attractive long-term value for LP Unitholders.** We intend to maintain a highly stable, predictable cash flow profile sourced from a diversified portfolio of low operating cost, long-life hydroelectric and wind assets that sell electricity under long-term, fixed price contracts with creditworthy counterparties. Approximately 90% (on a proportionate basis) of our 2016 generation output is sold pursuant to PPAs to public power authorities, load-serving utilities, industrial users or to Brookfield. The PPAs for our assets have a weighted-average remaining duration of 17 years, providing long-term cash flow stability.

**Strong financial profile.** With approximately \$20 billion of assets, our debt to total capitalization is 39% and approximately 76% of our borrowings are non-recourse to BREP. Corporate borrowings and subsidiary borrowings have weighted-average terms of approximately seven and nine years, respectively. Our available liquidity at year end included approximately \$1.2 billion of cash and cash equivalents and the available portions of credit facilities.

### Renewable Power Growth Opportunity

Demand for renewable energy continues to grow around the world due to its positive environmental profile, the benefits of supply diversification and its increasing cost-competitiveness with traditional technologies. In 2015, global installed renewable power capacity reached 1,600 GW. Significant new renewable generation supply continues to be built, consisting primarily of new hydro, wind and solar PV capacity, with investments of approximately \$200 billion each year adding approximately 100 GW of new renewable power supply. The following chart illustrates the global growth in various renewable power generation sectors from 2000 to 2014.



Sources: BP Statistical Review of World Energy - June 2015 (for wind, geothermal and solar capacity 2000-2014); U.S. Energy Information Administration - International Energy Statistics (for hydroelectric capacity 2000-2012); hydro capacity for 2013 & 2014 is assumed to increase in line with the growth in hydro generation in these years (from the 2015 BP Statistical Review).

### Global Renewable Power Drivers

We believe that strong continuing growth in renewable power generation will be driven by the following:

**Renewable energy is an increasingly cost-effective way of diversifying fuel risk.** Continuous improvements in technology and economies of scale continue to reduce the costs of renewable power, enhancing its position as a cost competitive complement to gas-fired generation and as a means to meeting increasingly stringent environmental standards. While natural gas continues to make major gains in generation market share, we expect that utilities will increasingly seek to limit exposure to potential fuel cost volatility by looking to renewable technologies that offer stable price terms, particularly hydroelectric and wind energy.

**Consistent policy and supportive regulation.** Regulatory support for the development of renewable power resources typically includes renewable portfolio standards (“**RPS**”) (requiring electricity distributors to obtain a minimum percentage of their power from renewable energy resources by specified target dates) and tax incentives or subsidies. Globally, at least 70 countries, including the Republic of Ireland, the United Kingdom and the other 26 E.U. countries, have national targets for renewable energy supply. Similarly, 37 U.S. states, the District of Columbia, Puerto Rico and nine Canadian provinces have either RPS targets or other policy goals that require load-serving utilities to offer long-term PPAs for new renewable supply.

**Mainstream recognition of climate change risk and serious commitment to action.** Global support for de-carbonization – and by implication the further promotion of renewable technologies – was reinforced in December 2015 as 195 countries agreed at the COP21 Conference in Paris to develop national strategies consistent with limiting the increase in global temperature by 2050 to less than two degrees Celsius above pre-industrial levels.

**Intensifying challenges for conventional coal and nuclear generation.** Successive regulatory initiatives requiring significant environmental compliance expenditures are accelerating the retirement of coal plants, which will need to be replaced by new capacity. At the same time, cost uncertainties, public concern over new construction and nuclear waste disposal and intensified competition from gas-fired generation has delayed or halted most new nuclear development activities in the United States, and has caused some countries with significant nuclear generation to legislate the early retirement of capacity.

## **Our Core Markets**

We have focused on North America, Latin America and Europe as our core markets and we will continue to focus on expanding our operations in these markets to meet our growth objectives. Our established operating platforms in North America, Latin America and Europe position us particularly well to achieve these objectives. In addition, due to our relationship with Brookfield, we have access to Brookfield’s investment platforms in Australasia and India as well as to Brookfield’s more established platforms in Latin America and Europe, which enhances our ability to source transactions globally.

### **North America**

#### *United States*

Over the last decade, the United States has maintained consistent, broad-based policy momentum to transition the country’s electricity producers to cleaner generation and promote increased energy independence. The United States is the world’s second largest wind market with approximately 73,000 MW of installed wind capacity as at the end of 2015. One of the most significant drivers of renewable power growth in the United States has been the adoption of RPSs in 29 states and the District of Columbia, with renewable targets set to as high as 33% of the total supply mix by 2020 and with even more ambitious targets – 50% in the case of California – by 2030. In addition, growth has been driven by various government incentive programs supporting investment in new renewables, including the recently-extended production tax credit program.

Concurrent with expanding policy supporting renewables, the environmental regulation of traditional thermal (and in particular coal-fired) generation has become more stringent. In particular, the United States Environmental Protection Agency’s (the “**EPA**”) Clean Power Plan, which was released in final form in August 2015, aims to cut carbon emissions from the power sector by 32% by 2030, as compared with 2005 levels. In February 2016, the implementation of the Clean Power Plan was stayed by court order pending judicial review. The EPA’s MATS rule (Mercury and Air Toxics Standards), which came into effect in 2015, requires the application of “maximum available control technology” emissions standards for hazardous air pollutants from coal-fired and oil-fired electric generating units. These and other EPA regulations have imposed further significant compliance expenditures for coal-fired facilities in particular, and will continue to advance the schedule of plant retirements across the industry. This supply will need to be replaced by new capacity likely in the form of renewable and gas-fired generation.

In the United States, we are strategically focused on power markets in the northeast (New York, New England), the mid-Atlantic (including the PJM ISO and north SERC regions) and California, with operations in other states including Minnesota, Louisiana, Tennessee and North Carolina. Together these

## [Table of Contents](#)

markets cover approximately 70% of the U.S. population, and most have strong RPS targets, aging electricity infrastructure and/or pressure to retire coal generation, providing clear opportunities for sustained renewable generation growth.

### *Canada*

In Canada, renewable energy policy is predominantly implemented at the provincial level. We are currently active in Ontario, Québec and British Columbia and each of these jurisdictions has adopted policies to increase the contribution of renewables in the supply mix, which presents attractive opportunities for both project development and asset acquisition.

Several Canadian provinces have reinforced their commitment to renewables by announcing plans to implement or strengthen carbon emissions pricing regimes. Ontario has committed to a 37% reduction in carbon emissions by 2030, as well as announcing plans to join the Western Climate Initiative's carbon cap and trade program, which Quebec has already joined. Furthermore, Ontario's 2015 Climate Change Strategy anticipates approximately 20,000 MW of renewable capacity by 2025, more than double the approximately 9,000 MW of renewables currently under contract. In Québec, while most generating capacity is provincially owned, Hydro-Québec Distribution has contracted over 4,400 MW of renewable capacity since 2003, consisting primarily of wind power. In British Columbia, the 2010 *Clean Energy Act* outlines a vision for self-sufficiency in electricity generation by 2016, while securing over 90% of total generation from renewable generation sources.

### **Latin America**

#### *Brazil*

With the world's fifth largest population and seventh largest economy, Brazil retains strong long-term growth potential despite the near term economic challenges. Electricity demand has sustained an average annual growth rate of approximately 4% over the last 30 years, a trend which is likely to continue in the long-term given that per capita consumption is still less than one-fifth that in the United States. By 2024, Brazil's energy planning agency projects that 73,000 MW of new supply will be needed, while only approximately 41,000 MW of capacity is currently under contract. We accordingly expect Brazil will require over 4,000 MW of new supply annually to meet growing demand and the cost of new power generation infrastructure is rising. For example, much of the currently planned supply growth relies on large-scale hydroelectric plants. These projects are increasingly being developed in remote locations and face rising costs and mounting environmental and labor challenges. Brazil is also seeking to diversify supply through alternative sources of generation such as wind and solar but these are often more expensive than large legacy hydro projects and may contribute to rising power prices in the long-term. Meanwhile, current economic uncertainties and capital constraints provide an opportunity to develop and acquire strategically-located small hydro and other renewable assets at a significant discount to their longer-term value.

In addition to a growing SHPP segment, other segments of the renewable power industry are growing, notably wind power and biomass cogeneration. Brazil has approximately 7,600 MW of installed wind capacity, with 9,400 MW under development, and 10,000 MW of installed sugarcane biomass capacity, with 1,800 MW under development. Brazil's position as the world's leading and most efficient producer of sugar and ethanol makes this segment of the renewable power industry particularly attractive. 2015 marked our entry into the biomass cogeneration and wind markets.

We believe there are two additional aspects of the market in Brazil that make our business particularly compelling. First, substantially all of our hydroelectric facilities participate in the MRE which significantly reduces the impact of hydrology variability on our cash flows. Through this pool, hydroelectric power generators are paid on the basis of "assured energy", which is based on long-term average generation (established through government-approved hydrological studies) rather than on actual production. Participating generators effectively share hydrology risk as generators experiencing above-average generation conditions make this excess available to those experiencing below-average conditions, with any aggregate shortfall allocated pro-rata across the pool. Second, SHPPs under 30 MW operate in a segment of the market that benefits from certain preferred economic and regulatory rights. Customers that purchase power from these plants benefit from a special discount for the use of the

## [Table of Contents](#)

distribution system which, in turn, enables generators like us to capture a portion of this discount through higher prices with end-use customers.

### *Colombia*

Colombia is an investment-grade rated country with an established competitive electricity market and we believe that the country will require over 500 MW of new power supply annually to meet demand growth. Colombia's hydroelectric potential of approximately 93 GW is second only to Brazil among Latin American countries. As of December 2014, Colombia had a total installed capacity of 15,741 MW with hydro accounting for almost 70% of the supply mix, with the remainder being supplied by other fuels such as natural gas, coal, and diesel. It benefits from significant undeveloped hydroelectric potential and power prices remain relatively low on a global scale. We expect power prices to increase over the long-term as new supply is needed to meet demand growth.

### **Europe**

Europe is the largest renewable energy market in the world and a significant growth opportunity for Brookfield Renewable. Its population of approximately 500 million is served by a power system with a capacity of approximately 1,000 GW, generating approximately 3,500 TWh annually. Renewable generation technologies account for about one third of total installed capacity, including approximately 150 GW, 120 GW and 90 GW of hydroelectric, wind and solar PV capacity respectively. Our investment and growth strategy in Europe focuses on larger, low-sovereign risk markets that have both a record of reliable renewable policies and renewable assets with attractive long-term fundamental value and scarcity attributes.

Europe has long been at the forefront in adopting policies to support renewables development and address climate change. For 2020, the E.U. has committed to cutting its greenhouse gas emissions by 20% relative to 1990 levels, and to raise the share of total final energy consumed from renewables to 20%. As of 2014, 16% of final energy consumed in the E.U. was from renewable sources. The challenge of meeting 2020 targets varies significantly by country: for example, in the United Kingdom, 7% of total final energy requirements were supplied by renewables in 2014 against a 2020 target of 15%. In Germany, renewables accounted for 14% of 2014 requirements against an 18% target for 2020, while in Portugal, renewables accounted for 27% of 2014 requirements against a 31% target for 2020. In all countries, the power sector has a central role in meeting renewable energy targets. Brookfield estimates that approximately 84 GW of additional wind-equivalent power capacity is required in the E.U. to achieve the 2020 target. In the longer term, the E.U. has recently endorsed a 40% reduction in greenhouse gas emissions by 2030 (relative to 1990) and a 27% share of renewables in final energy consumption.

Individual member states have sought to meet their binding E.U. targets by extensive implementation of incentive programs supporting renewable power development. The most common incentive structure, involves the use of long-term (typically 15-year) index-linked contracts for differences, as in the case of the United Kingdom and Germany. Most support programs are funded by a levy on retail electricity rates rather than a direct payment from the government.

The E.U.'s CO<sub>2</sub> emissions cap-and-trade program and the United Kingdom's carbon price floor mechanism enhance the competitive position of renewables generators by increasing the operating costs of conventional thermal generators. In addition, conventional generation and especially coal-fired plants face tightening NO<sub>x</sub> and SO<sub>2</sub> limits under the E.U. Industrial Emissions Directive. For older coal plants, particularly in the United Kingdom and Spain, this is likely to accelerate retirements. As in the U.S., this supply will need to be replaced by new capacity likely in the form of renewable and gas-fired generation.

### *Ireland*

Ireland has among the best onshore wind resources in Europe, and both the Republic of Ireland and Northern Ireland markets have stable and favorable contractual frameworks for renewables. Owners of renewable assets in the Republic of Ireland typically benefit from the REFIT program, which ensures that generators receive a minimum fixed annual electricity price, indexed by inflation annually over a contract term of 15 years, providing a revenue stream that is the higher of market prices or the REFIT tariff. The REFIT payments are guaranteed under legislation for eligible assets and currently apply to assets commissioned prior to the end of 2017. The Irish Department of Communications, Energy and

## [Table of Contents](#)

Natural Resources is currently working on the design of a new renewable procurement mechanism to be available from 2016. In Northern Ireland, our facilities generally receive both the prevailing market electricity price and a renewable obligation certificate.

### *Portugal*

Portugal offers feed-in-tariff contracts that fix payment terms for the duration of the contract. For contracts awarded in 2006 and 2007, the PPA term is the shorter of 15 years or 33 GWh/MW. During the EU bailout following the financial crisis the Portuguese government sought to raise funds to reduce its electricity tariff deficit by offering wind generators the option to extend their initial FIT period in return for upfront payment. Incentives are also in place for re-powering existing capacity at a lower rate. Continued fiscal consolidation has allowed Portugal's sovereign rating to be upgraded during 2015 to one notch below investment grade and is on positive watch by Fitch and Standard & Poor's.

### *Scotland*

In Scotland, existing generation is supported via the Renewable Obligation certificate scheme. A new contract for difference was introduced and first issued via auction in 2015. The United Kingdom faces a significant shortfall to meet its overall renewable energy target for 2020. It also has longer-term carbon targets to reduce greenhouse gas emissions by at least 80% from 1990 levels by 2050, with intermediate milestones set out in 5-year carbon budgets (currently set to 2027) and written into law.

### **Other Markets**

Australia is a market where Brookfield has a significant real estate and infrastructure presence. More than 60% of the 47 GW of installed capacity in Australia's National Electricity Market is coal-fired. Australia has experienced strong economic growth driven by Asian demand for natural resources, and the country's carbon footprint is a recurring topic of national debate. We expect support for the development of new renewable power resources to increase over the next decade as policy makers seek to offset the country's dependence on fossil-fuel based generation.

India is a market with significant potential for renewable power development, as the country seeks to address persistent supply deficits and to offset heavy reliance on coal-fired generation. Brookfield has recently invested in the infrastructure sector in this market and is closely monitoring the country's ambitious plans for renewables expansion.

### **Our Growth Opportunity**

We believe that the current environment offers attractive opportunities to invest in renewable power acquisitions or developments that we expect will allow us to deploy capital, on an accretive basis, in the following ways:

- **Privatizations.** We believe that in the current fiscal climate, governments will continue to engage the private sector in providing funding solutions for infrastructure requirements which could increasingly involve sales of existing assets. Our proven operating track record, global scale and ability to partner with local pension funds and institutional investors position us well to participate in such opportunities.
- **Asset monetization and divestitures.** Significant renewable power generation capacity is owned by industrial companies, smaller independent power producers, private equity investors and foreign companies. These types of owners sell renewable power assets either because power generation is not their core business, their investment horizons are shorter, or a particular market ceases to be strategic. In addition, the capital markets have seen a sharp selloff of many North American and European independent power producers, some of whose share prices have declined by 40-50%. These companies may seek, or be forced, to sell assets to bolster their balance sheets.
- **Development cycle divestitures.** Renewable power assets are often developed or built by smaller developers or construction companies who, in our experience, seek to capture development-stage returns. Because of our extensive project development expertise we are

## [Table of Contents](#)

well positioned to evaluate these sorts of assets and therefore have been, and believe will continue to be, a logical acquirer of, or partner in, such projects.

- **Brookfield Renewable's development project portfolio.** In addition to growing our business through acquisitions, we intend to pursue organic growth by developing our portfolio of greenfield projects. Following the Isagen Acquisition, we indirectly own projects in North America, Latin America and Europe totaling an estimated 6,800 MW of potential capacity.

### **Revenue and Cash Flow Profile**

We believe that our portfolio offers high quality cash flows derived from predominantly hydroelectric assets. Our cash flow profile, which we believe will be highly stable and predictable, is derived from the combination of long-term, fixed-price contracts, a unique hydro-focused portfolio with a low cost structure, and a prudent financing strategy focused on non-recourse debt with an investment grade balance sheet. Accordingly, we believe that we have a high degree of predictability in respect of revenue and costs on a per MWh basis.

We believe that we have a predictable pricing profile driven by long-term PPAs with, following the Isagen Acquisition, a weighted average, remaining duration of 12 years (18 years on a proportionate basis) which, combined with a well-diversified portfolio that reduces variability in our generation volumes, enhances the stability of our cash flow profile. See Item 3.D "Risk Factors — Risks Related to Our Operations and the Renewable Power Industry — Counterparties to our contracts may not fulfill their obligations and, as our contracts expire, we may not be able to replace them with agreements on similar terms".

The majority of our long-term PPAs are with investment-grade rated or creditworthy counterparties. The composition of our contracted generation under PPAs is, reflecting the Isagen Acquisition, Brookfield (15%; 48% proportionate basis), government (26%; 19% proportionate basis), industrial users (32%; 22% proportionate basis) and distribution companies (27%; 11% proportionate basis). Following the Isagen Acquisition, Brookfield Renewable had contracted 90% (proportionate basis) of 2016 generation at an average price of \$70 per MWh (proportionate basis).

As at December 31, 2015, over the next five years Brookfield Renewable has on average approximately 6,906 GWh of energy annually which is uncontracted. This energy can be sold into wholesale or bilateral markets and we intend to maintain flexibility in re-contracting to position ourselves to achieve the optimal pricing.

[Table of Contents](#)

The following table presents revenue, Adjusted EBITDA and Funds From Operations on a segmented basis for the fiscal years ended December 31, 2015, 2014, and 2013 by hydroelectric, wind and other facilities (which includes biomass and Co-gen). Hydroelectric and wind information is further segmented by region.

(MILLIONS)	Hydroelectric				Wind					Other <sup>(1)</sup>	Corporate	Total
	North America			Latin America	North America			Latin America	Europe			
	U.S.	Canada	Total		U.S.	Canada	Total					
For the year ended Dec 31, 2015												
Revenues	\$ 698	\$ 305	\$ 1,003	\$ 225	\$ 101	\$ 105	\$ 206	\$ 22	\$ 138	\$ 34	\$ -	\$ 1,628
Adjusted EBITDA <sup>(2)</sup>	453	255	708	188	76	86	162	21	103	14	(19)	1,177
Funds From Operations <sup>(2)</sup>	200	190	390	136	20	56	76	5	32	6	(178)	467
For the year ended Dec 31, 2014												
Revenues	\$ 719	\$ 394	\$ 1,113	\$ 265	\$ 129	\$ 123	\$ 252	\$ -	\$ 45	\$ 29	\$ -	\$ 1,704
Adjusted EBITDA <sup>(2)</sup>	493	315	808	198	86	105	191	-	29	11	(21)	1,216
Funds From Operations <sup>(2)</sup>	256	243	499	149	13	67	80	-	18	11	(197)	560
For the year ended Dec 31, 2013												
Revenues	\$ 677	\$ 399	\$ 1,076	\$ 301	\$ 125	\$ 133	\$ 258	\$ -	\$ -	\$ 71	\$ -	\$ 1,706
Adjusted EBITDA <sup>(2)</sup>	473	319	792	221	82	111	193	-	-	23	(21)	1,208
Funds From Operations <sup>(2)</sup>	253	255	508	169	18	67	85	-	-	23	(191)	594

<sup>(1)</sup> Includes biomass and Co-gen

<sup>(2)</sup> Non-IFRS measures. See "Cautionary Statement Regarding Use of Non-IFRS Measures" and "Financial Review by Segments for the Year Ended December 31, 2015" and "Financial Review by Segments for the Year Ended December 31, 2014"

## [Table of Contents](#)

As described in Item 5.A “Operating Results — Performance Measurement”, Adjusted EBITDA and Funds From Operations do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be similar to measures presented by other companies. For additional information, see Item 5.A “Operating Results — Generation and Financial Review for the Year Ended December 31, 2015” and Item 5.A “Operating Results — Generation and Financial Review for the Year Ended December 31, 2014.”

As at year end, our portfolio benefits from significant hydrology diversification, with assets distributed on 73 river systems in three countries. Our water storage capabilities and our access to the hydrological balancing pool administered by the government of Brazil amount to approximately 35% of annual generation, allowing us to mitigate hydrological fluctuations, optimize production and minimize losses due to outages.

**North America.** In North America, we generate revenues primarily through energy sales secured through long-term PPAs with creditworthy counterparties such as government-owned entities or power authorities (including for example, Ontario’s Independent Electricity System Operator, the Ontario Electricity Financial Corporation, Hydro-Québec, BC Hydro and the Long Island Power Authority), load-serving utilities (such as Entergy Louisiana), Brookfield, and in some cases industrial power users. Currently, our North American portfolio is largely contracted pursuant to long-term PPAs that are generally structured on a “take or pay” basis without fixed or minimum volume commitments. As a result, we are exposed to minimal risk of having to supply power from the market to customers when we are experiencing low water or wind conditions. Most of our PPAs also provide for annual escalation of the realized price, typically linked to inflation. In respect of power sold to Brookfield, Brookfield will, in some cases, have entered into back-to-back power resale agreements for output purchased from Brookfield Renewable (see Item 4.B “Business Overview — The Service Provider — Energy Marketing”).

**Latin America.** Our Latin American assets are located in Brazil and, following the Isagen Acquisition, Colombia. In the Brazilian electricity market, energy is typically sold under long-term contracts to either load-serving distribution companies in the “regulated market” or smaller “free customers” defined as customers with more than 3 MW of annual demand who select their own electricity supplier. Besides these “free customers” that can buy energy contracts from any source, the market rules also allow consumers with a load of 0.5 MW to become “special consumers” and buy energy contracts from alternative sources like small hydro and wind power. Both customer classes are required to demonstrate annually that they have contracts in place to meet all forecast demand. In the “regulated market”, Brookfield Renewable has typically entered into 20-30 year PPAs with distribution companies. In the “free customer” market, Brookfield Renewable has typically entered into three to eight year PPAs with large industrial and commercial customers primarily engaged in strong industries, like telecommunications, food services and pharmaceuticals. Our PPAs in Brazil typically provide a fixed price that is fully indexed to inflation annually. Our Brazilian portfolio has a weighted average remaining contract term of approximately 8 years. In Colombia, revenues are typically secured through one to five year bi-lateral contracts with local distribution companies and large industrial users in the “regulated market”. These contracts reduce the exposure of both suppliers and end-users to price volatility in the spot market by fixing the price payable for given amount of committed energy. Isagen’s PPAs take this approach and its 2016 revenues are approximately 80% contracted. In addition to its hydroelectric assets, Isagen has a 300 MW Co-gen facility which can be used to provide additional generating capacity if hydrology is low.

**Europe.** Our European assets are principally located in the Republic of Ireland with additional assets located in Northern Ireland and Portugal. We also have a pipeline of development projects located in Scotland. In the Republic of Ireland, we generate revenues primarily through energy sales secured by long-term PPAs under the REFIT program. In the Republic of Ireland’s electricity market, renewable energy is typically sold under a 15 year REFIT which allows for the above-market costs of renewables to be paid directly to guarantors through a levy on final consumer bills. The REFIT tariff also provides generators with potentially attractive upside to market prices above an established contract floor, which would allow us to benefit from potential long-term rising prices of power. Our Republic of Ireland operational assets are underpinned by a 10 year remaining average life contracted revenue stream. Our wind farms in Northern Ireland earn British Pound Sterling (£) denominated revenues by receiving a fixed price Renewable Obligation Certificate for twenty years in addition to the market price. In Portugal, similar to Ireland, assets are based on a 15 year Feed-in-Tariff regime, prices also feature a floor and cap

price for 7 years after the expiry of the Feed-in-Tariff. Portugal operational assets are underpinned by a 9 year remaining average life contracted revenue stream.

## **Our Growth Strategy**

We expect to continue focusing on long-life renewable power assets that provide stable, long-term contracted cash flows, or, where uncontracted, are acquired on a value basis and located in high-value power markets where rising power prices offer strong prospects to generate growing cashflows and can appreciate in value over time. We intend to combine our industry, operating, development and transaction expertise with our ability to commit capital to transactions in order to secure opportunities at attractive returns for securityholders. To grow Brookfield Renewable, we maintain a proactive and focused business development program in each of our markets which is augmented by access to Brookfield's global investment platform that may lead to originating attractive opportunities for investment. We expect that our growth will be focused on the following:

- **Acquisitions of operating assets within core markets.** We expect to continue our growth in North America, Latin America and Europe, where our existing renewable power platforms allow us to efficiently integrate operating or development-stage renewable power assets and capture economies of scale. Within each of these platforms, our growth strategy is focused on the higher-value and higher-growth regional electricity markets. For example, in the United States, our strategy is to continue our growth in the eastern, southern and western power markets, where higher electricity prices, load growth and renewable portfolio standards offer more attractive returns and enhanced long-term value. Similarly, in Brazil, our operations and growth objectives are focused on the southern and mid-west portion of Brazil where over 80% of the population and economic activity is located. In Europe, where we primarily focus on countries with stable renewable energy policies, our strategy includes the acquisition of operating or development-stage assets with a particular emphasis on securing development projects and/or partnerships with developers that are facing capital constraints. While most of our portfolio benefits from long-term contracts, an important part of our recent strategy in the United States has been to acquire uncontracted hydro facilities that due to their low operating costs can benefit from a recovery in power prices.
- **Diversification into new markets.** We intend to establish an operating presence in new markets that offer attractive opportunities to enhance the geographic diversification of our operations by adding platforms that we can grow over time by investing capital at attractive risk-adjusted returns. Our European platform and London-based management team will allow us to continue expanding into Europe beyond our existing portfolios. Additionally, our Brazil experience and team provides an excellent springboard to expand into other Latin American countries, as shown by our acquisition in January 2016 of a controlling interest in Isagen, which marks our entry into the Colombian power market. We also benefit from Brookfield's investment teams in Australasia, India and elsewhere that, together with our existing capabilities in North America, Latin America and our newly established European platform, give us the ability to transact on a global basis.
- **Organic development growth.** We intend to continue to grow our business by pursuing organic development growth, either through the acquisition of development-stage assets or by building projects from our development pipeline which, following the Isagen Acquisition, now includes approximately 6,800 MW of potential capacity. We intend to focus on development-stage acquisition opportunities that are in high-value sites in our core markets, positioning us to leverage the development, construction and operating expertise of our platforms. We expect that a relatively small portion of our cash flows will be allocated during the early stages of project development, but that meaningful capital commitments would be made once a project benefits from sound commercial arrangements that limit construction risk and secure long-term stable cash flows.
- **Diversification of renewable power technologies.** While we intend to maintain our predominantly hydroelectric focus, we also intend to direct some of our efforts on select assets utilizing other renewable power technologies that share similar fundamental characteristics to our

## [Table of Contents](#)

hydroelectric portfolio of long-life, predictable operating costs and cash flows and sustainable competitive cost advantages. For example, in 2015 we closed the acquisition of biomass cogeneration facilities in Brazil with 175 MW of aggregate installed capacity. We have built our wind business by focusing on building or acquiring projects that are located in high-value power markets where the underlying renewable power resource has high scarcity value which is secured through long-term site ownership rights. We are also considering investment in solar power generating assets. Solar is the fastest growing segment of the renewable power industry globally, is reliable and is becoming cost competitive with other sources of generation in some of our core markets.

### **Our LP Unit Distribution Policy**

We believe our high-quality assets and PPA portfolio will provide BREP with stable and predictable annual cash flow to fund our distributions on our LP Units:

- In December 2011, BREP declared its first cash distribution of \$0.3375 (\$1.35 annually) per LP Unit for the fourth quarter of 2011.
- In 2012, BREP increased its regular quarterly distribution to \$0.345 (\$1.38 annually) per LP Unit commencing with the first quarter distribution of that year.
- In 2013, BREP increased its regular quarterly distribution to \$0.3625 (\$1.45 annually) per LP Unit commencing with the first quarter distribution of that year.
- In 2014, BREP increased its regular quarterly distribution to \$0.3875 (\$1.55 annually) per LP Unit commencing with the first quarter distribution of that year.
- In 2015, BREP increased its regular quarterly distribution to \$0.415 (\$1.66 annually) per LP Unit commencing with the first quarter distribution of that year.
- In February 2016, BREP announced an increase in its regular quarterly distribution to \$0.445 (\$1.78 annually) per LP Unit commencing with the first quarterly distribution of 2016.

We intend to continue to operate as a growth-oriented entity with a focus on increasing the amount of cash available for distributions on each LP Unit.

The declaration and payment of distributions on our LP Units are subject to the discretion of the board of directors of the Managing General Partner. Distributions on our LP Units will be paid quarterly on the last day of December, March, June and September of each year, to LP Unitholders of record on the last business day of November, February, May and August. In addition, registered and beneficial LP Unitholders who are resident in Canada or the United States may opt to receive their distributions in either U.S. dollars or the Canadian dollar equivalent, based on the Bank of Canada noon exchange rate on the applicable record date or, if such record date falls on a weekend or holiday, on the Bank of Canada noon exchange rate of the preceding business day. Distributions will be evaluated periodically, and may be revised subject to business circumstances and expected capital requirements depending on, among other things, our earnings, financial requirements for our operations, growth opportunities, the satisfaction of applicable solvency tests for the declaration and payment of distributions and other conditions existing from time to time (see Item 10.B “Memorandum and Articles of Association – Description of Our LP Units, Preferred Units and the Amended and Restated Limited Partnership Agreement of BREP — Distributions”). BREP will not be permitted to make a distribution on our LP Units unless all accrued distributions have been paid in respect of the Class A Preferred Units and all other units of BREP ranking prior to or on a parity with the Class A Preferred Units, with respect to the payment of distributions.

Our ability to continue paying or growing cash distributions are impacted by the cash we generate from our operations. The amount of cash we generate from our operations will fluctuate from quarter to quarter and will depend on various factors, several of which are outside our control, including the weather in the jurisdictions in which we operate, the level of certain operating costs and prevailing economic

## [Table of Contents](#)

conditions. As a result, cash distributions to the LP Unitholders are not guaranteed. Refer to Item 3.D “Risk Factors — Risks Related to our Units” for a list of the primary risks, whether at previous levels or higher, that impact our ability to continue paying comparable or growing cash distributions.

We expect to have a payout ratio of approximately 70% of Funds From Operations, allowing us to reinvest surplus cash flow in attractive and accretive opportunities in the renewable power sector and position us to grow our distributions per LP Unit over time.

In September 2014, we announced an increase in our long-term LP Unit distribution growth rate target to 5% to 9% annually. The 5% to 9% annual growth rate target for LP Unit distributions compares to a prior annual growth rate target of 3% to 5% and an historical annualized LP Unit distribution growth rate of the Fund of 2.2% per LP Unit from inception in 1999 up to November 28, 2011, the date on which its assets were transferred to BREP. The increase to 5% to 9% reflects, among other things, the expected benefits of a broader set of growth opportunities from new and expanded geographies, significantly greater generating assets and capitalization and enhanced access to capital.

If the declaration or payment of dividends on the Class A Preference Shares or Class A Preferred Units is in arrears, BREP will not make distributions on its LP Units.

### **Our LP Unit Distribution Reinvestment Plan**

In February 2012, BREP adopted a DRIP for LP Unitholders who are residents of Canada. Subject to regulatory approval and U.S. securities law registration requirements, we may in the future expand our DRIP to include LP Unitholders resident in the United States. LP Unitholders who are not residents of Canada or the United States may participate in our DRIP provided that there are not any laws or governmental regulations that prohibit them from participating in our DRIP. The following is a summary description of the principal terms of our DRIP.

Pursuant to our DRIP, Canadian holders of our LP Units are able to elect to have distributions paid on our LP Units held by them automatically reinvested in additional LP Units to be held for the account of the LP Unitholder in accordance with the terms of our DRIP.

Distributions due to DRIP participants will be paid to the plan agent, for the benefit of the DRIP participants. If a DRIP participant has elected to have his or her distributions automatically reinvested, or applied, on behalf of such DRIP participant, to the purchase of additional LP Units, such purchases will be made from BREP on the distribution date at the Market Price.

As soon as reasonably practicable after each distribution payment date, a statement of account will be mailed to each participant setting out the amount of the relevant cash distribution reinvested, the applicable Market Price, the number of LP Units purchased under our DRIP on the distribution payment date and the total number of LP Units, computed to four decimal places, held for the account of the participant under our DRIP (or, in the case of CDS participants, CDS will receive such statement on behalf of beneficial owners participating in our DRIP). While BREP will not issue fractional LP Units, a DRIP participant’s entitlement to LP Units purchased under our DRIP may include a fraction of an LP Unit and such fractional LP Units shall accumulate. A cash adjustment for any fractional LP Units will be paid by the plan agent upon the termination by a DRIP participant of his or her participation in our DRIP or upon termination of our DRIP. A registered holder may, at any time, obtain a Direct Registration System statement (a “**DRS Statement**”) for any number of whole LP Units held for the participant’s account under the DRIP by notifying the plan agent. DRS Statements for LP Units acquired under our DRIP will not be issued to participants unless specifically requested. Prior to pledging, selling or otherwise transferring LP Units held for a participant’s account (except for a sale of LP Units through the plan agent), a registered holder must request a DRS Statement be issued. The automatic reinvestment of distributions under our DRIP will not relieve participants of any income tax obligations applicable to such distributions. No brokerage commissions will be payable in connection with the purchase of our LP Units under our DRIP and all administrative costs will be borne by BREP.

LP Unitholders will be able to terminate their participation in our DRIP by providing, or by causing to be provided, notice to the plan agent. Such notice, if actually received by the plan agent no later than five business days prior to a record date, will have effect in respect of the distribution to be made as of such date. Thereafter, distributions to such LP Unitholders will be paid directly to the LP Unitholder. In

## [Table of Contents](#)

addition, LP Unitholders may request that all or part of their LP Units held under the DRIP in cash be sold. When LP Units are sold through the plan agent, a holder will receive the proceeds less any handling charges and brokerage trading fees. BREP will be able to terminate our DRIP, in its sole discretion, upon notice to the DRIP participants and the plan agent, but such action will have no retroactive effect that would prejudice a participant's interest. BREP will also be able to amend, modify or suspend our DRIP at any time in its sole discretion, provided that the plan agent gives written notice of that amendment, modification or suspension to our LP Unitholders, for any amendment, modification or suspension to our DRIP that in BREP's opinion may materially prejudice participants.

BRELP has a corresponding distribution reinvestment plan in respect of distributions made to BREP and Brookfield on its limited partnership units. BREP does not intend to reinvest distributions it receives from BRELP in BRELP's distribution reinvestment plan except to the extent that holders of our LP Units elect to reinvest distributions pursuant to our DRIP. Brookfield has advised BREP that it may from time-to-time reinvest distributions it receives from BREP or BRELP pursuant to our DRIP or BRELP's distribution reinvestment plan. The limited partnership units of BRELP to be issued to Brookfield under the distribution reinvestment plan will become subject to the Redemption-Exchange Mechanism and may therefore result in Brookfield acquiring additional LP Units of BREP. See Item 10.B "Memorandum and Articles of Association – Description of the Amended and Restated Limited Partnership Agreement of BRELP — Redemption-Exchange Mechanism".

### **Distributions to Preferred Unitholders**

BREP will pay distributions to the holders of its Series 5 Preferred Units, Series 7 Preferred Units and, if applicable, Series 8 Preferred Units, as and when declared by the board of directors of the Managing General Partner. BREP's Series 5 Preferred Units, Series 7 Preferred Units and Series 8 Preferred Units are guaranteed by the Preferred Unit Guarantors under the Preferred Unit Guarantees described under Item 10.B "Memorandum and Articles of Association — Description of our LP Units, Preferred Units and the Amended and Restated Limited Partnership Agreement of BREP — Preferred Unit Guarantees".

For the initial five-year period commencing on November 25, 2015 and ending on and including January 31, 2021, the holders of Series 7 Preferred Units are entitled to receive fixed cumulative preferential cash distributions as and when declared by the board of directors of the Managing General Partner, payable quarterly on the last day of January, April, July and October in each year at an annual rate equal to C\$1.375 per unit. The initial distribution on the Series 7 Preferred Units of C\$0.2524 per unit was declared by the board of directors of the Managing General Partner on November 16, 2015 and was paid to holders of the Series 7 Preferred Units on January 31, 2016.

The holders of Series 5 Preferred Units are entitled to receive fixed cumulative preferential cash distributions as and when declared by the board of directors of Managing General Partner, payable quarterly on the last day of January, April, July and October in each year at an annual rate of 5.59%. The initial distributions on the Series 5 Preferred Units of C\$0.3494 per unit was declared by the board of directors of the Managing General Partner on February 3, 2016 and will be paid to holders of the Series 5 Preferred Units on April 15, 2016.

### **BRP Equity**

#### *Distributions to Preferred Shareholders*

BRP Equity will pay dividends to the holders of its Series 1 Shares, Series 3 Shares, Series 5 Shares and Series 6 Shares and, if applicable, Series 2 Shares and Series 4 Shares, as and when declared by the board of directors of BRP Equity. BRP Equity's Series 1 Shares, Series 2 Shares, Series 3 Shares, Series 4 Shares, Series 5 Shares and Series 6 Shares are guaranteed by BREP and the other Preference Share Guarantors under the Preference Share Guarantees described under Item 10.B "Memorandum and Articles of Association — BRP Equity — Preference Share Guarantees".

For the initial five-year period commencing on May 1, 2015 and ending on and including April 30, 2020, the holders of Series 1 Shares are entitled to receive fixed cumulative preferential cash dividends as and when declared by the board of directors of BRP Equity, payable quarterly on the last day of January, April, July and October in each year at an annual rate equal to C\$1.3125 per share. A total

## [Table of Contents](#)

dividend of C\$1.3125 per share was paid in each of 2011, 2012, 2013 and 2014, and a total dividend of C\$1.075625 per share was paid in 2015.

In April 2015, certain holders of Series 1 Shares elected to convert their Series 1 Shares into Series 2 Shares on a one-for-one basis. The holders of Series 2 Shares are entitled to receive floating cumulative preferential cash dividends as and when declared by the board of directors of BRP Equity, payable quarterly on the last day of January, April, July and October in each year at the annual rate calculated for each quarter, of 2.62% over the annual yield on three month Government of Canada treasury bills. A total dividend of C\$0.39976 per share was paid in 2015 (the conversion to Series 2 Shares occurred in April and accordingly the total 2015 dividend per share reflects two quarterly dividend payments).

For the initial seven-year period commencing on October 11, 2012 and ending on and including July 31, 2019, the holders of Series 3 Shares are entitled to receive fixed cumulative preferential cash dividends as and when declared by the board of directors of BRP Equity, payable quarterly on the last day of January, April, July and October in each year at an annual rate equal to C\$1.10 per share. The initial dividend of C\$0.3375 per share was paid on January 31, 2013, a total dividend of C\$1.1625 per share was paid in 2013, C\$1.10 per share was paid in each of 2014 and 2015.

The holders of Series 5 Shares and Series 6 Shares are entitled to receive fixed cumulative preferential cash dividends as and when declared by the board of directors of BRP Equity, payable quarterly on the last day of January, April, July and October in each year at an annual rate equal to C\$1.25 per share. The initial dividend on the Series 5 Shares of C\$0.3116 per share was declared by the board of directors of BRP Equity on February 6, 2013 and was paid to holders of the Series 5 Shares on April 30, 2013. A total dividend of C\$0.9366 per share was paid in 2013, and a total dividend of C\$1.25 per share was paid in each of 2014 and 2015. The initial dividend on the Series 6 Shares of C\$0.3116 per share was declared by the board of directors of BRP Equity on May 7, 2013 and was paid to holders of the Series 6 Shares on July 31, 2013. A total dividend of C\$0.6241 per share was paid in 2013, and a total dividend of C\$1.25 per share was paid in each of 2014 and 2015.

### **The Service Provider**

#### *Brookfield Asset Management*

Brookfield is a global alternative asset manager with more than \$225 billion in assets under management. It has an over 100-year history of owning and operating assets with a focus on property, renewable power, infrastructure and private equity. It has a range of public and private investment products and services, which leverage its expertise and experience and provide it with a competitive advantage in the markets where it operates. Brookfield Asset Management is listed on the NYSE, TSX and NYSE Euronext under the symbol "BAM", "BAM.A" and "BAMA", respectively.

We are Brookfield's primary vehicle through which it will acquire renewable power assets on a global basis and we benefit from its reputation and global platform to grow our business.

The Service Provider complements our continental platforms in three key areas:

- **Leadership:** The Service Provider provides leadership to our continental platforms and oversees the implementation of our annual and long-term operating plans, capital expenditure plans, and our power marketing plans to ensure compliance with our performance-based operating objectives and applicable laws. The Service Provider also oversees the implementation of our operational policies, and our management, accounting, regulatory reporting, legal and treasury functions.
- **Growth:** We also benefit from the strategic advice, transaction origination capabilities and corporate development services of the Service Provider to grow our business. Brookfield Renewable benefits from the Service Provider's renewable power acquisition experience focused in our target markets as well as market research capabilities that support evaluating opportunities to grow our business in our existing and new power markets.

## [Table of Contents](#)

- **Funding:** The Service Provider recommends and oversees the implementation of funding strategies for our existing business and in connection with our acquisitions or developments. In doing so, the Service Provider advises upon and assists in the execution of our equity or debt financings. The Service Provider also arranges for our tax planning and the filing of our tax returns.

### **Energy Marketing**

Pursuant to a number of agreements, BEM LP is responsible for selling all energy and energy related products generated by our assets in North America. In addition, BEM LP acts as counterparty to various agreements with us pursuant to which BEM LP purchases, supports or guarantees the price that we receive for power generation in North America.

With approximately 106 employees and 24 hours/day, 365 days/year operations, BEM LP performs transaction execution, risk management, settlement, information technology, regulatory, legal and human resource functions. These groups provide us with valuable market intelligence regarding pricing dynamics, regulatory regimes and market participants. In 2015, BEM LP was responsible for the sale of over 15,300 GWh of generation in North America.

BEM LP and NA Holdco entered into the Energy Marketing Agreement pursuant to which BEM LP provides energy marketing services to NA Holdco. See Item 7.B “Related Party Transactions — Energy Marketing Agreement”.

### **Competition and Marketing**

We operate in the North American, Latin American and European power markets. The nature and extent of competition we face varies from jurisdiction to jurisdiction. Brookfield Renewable’s main competition in its electricity markets are coal, nuclear, oil and natural gas electricity generators as well as other renewable energy suppliers who use hydro, wind, geothermal and photovoltaic technologies. The market price of commodities, such as natural gas and coal, are important drivers of energy pricing and competition in most energy markets, especially in North America.

Our marketing efforts focus on leveraging our competitive advantages described in Item 4.B “Business Overview — Our Competitive Strengths” and our world class continental platforms described in Item 4.B “Business Overview — Operating Philosophy”.

We also leverage our relationship with Brookfield, which we believe provides a unique competitive advantage considering Brookfield’s strong reputation in the energy marketing, asset management, infrastructure and global real estate industries. See Item 7.B “Related Party Transactions — Licensing Agreement”.

### **Employees**

Members of Brookfield Renewable’s core senior management team are all employees of Brookfield, and their services are provided for the benefit of Brookfield Renewable under the Master Services Agreement. For a discussion of the individuals from Brookfield’s management team that are expected to be involved in our business, see Item 6.A. “Directors and Senior Management — Our Management” and for a discussion of our employees see Item 6.D “Employees”.

### **Intellectual Property**

Brookfield Renewable, as licensee, entered into the Licensing Agreement with Brookfield pursuant to which Brookfield granted us a non-exclusive, royalty-free license to use the name “Brookfield” and the Brookfield logo worldwide. Other than under this limited license, we do not have a legal right to the “Brookfield” name and the Brookfield logo. Brookfield may terminate the Licensing Agreement immediately upon termination of our Master Services Agreement and it may be terminated in the circumstances described under Item 7.B “Related Party Transactions — Licensing Agreement”.

### **Governmental, Legal and Arbitration Proceedings**

## [Table of Contents](#)

We have not been and are not currently subject to any material governmental, legal or arbitration proceedings which may have or have had a significant impact on our financial position or profitability nor are we aware of any such proceedings that are pending or threatened.

We are occasionally named as a party in various claims and legal proceedings which arise during the normal course of our business. With respect to claims and proceedings, we review each of these matters, including the nature of the claim, the amount in dispute or claimed and the availability of insurance coverage. Although there can be no assurance as to the resolution of any particular matter, we do not believe that the outcome of any matters or potential matters of which we are currently aware will have a material adverse effect on us.

### **Regulation**

Various activities of Brookfield Renewable require registrations, permits, licenses, inspections and approvals from governmental agencies and regulatory authorities and we strive to comply with all regulations applicable to our operations. Water rights are generally owned or controlled by governments that reserve the right to control water levels or may impose water-use requirements. We hold concessions, licenses and permits to operate our facilities, which generally include rights to the land and water required for power generation. Wholesale market structures or rules provide us with rights to access the power grid.

We are also subject to various laws and regulations relating to health, safety, security and environmental matters. These laws and regulations may change and we may become subject to more stringent laws and regulations in the future. Compliance with more stringent laws and regulations could have an adverse effect on our business, financial condition or results of operations. We have established policies and procedures for environmental management and compliance, and we have incurred and will continue to incur significant capital and operating expenditures to comply with health, safety, security and environmental laws and to obtain and comply with licenses, permits and other approvals and to assess and manage potential liability exposure. See also information contained under Item 3.D “Risk Factors — Risks Related to our Operations and the Renewable Power Industry”.

### **Environmental Protection and Corporate Social Responsibility**

We are an owner and operator of a diversified portfolio of high quality assets that produce electricity from renewable resources. Our assets are predominantly hydroelectric and represent one of the most environmentally preferred forms of power generation. We may benefit from future environmental regulations under consideration to encourage the use of clean energy technologies and regulate emissions of greenhouse gases to address climate change.

Our goal is to be responsible stewards of our resources, and good citizens in all that we do. We have adopted written environmental policies that include frameworks for oversight, compliance, compliance audits and sharing best practices both within our operations and the global Brookfield group. We require all employees, contractors, agents and others involved in our operations to comply with our established environmental practices. We seek to have transparent and well-established relationships with local stakeholder groups and the communities in which we operate, which we believe is a key element of successfully operating and developing renewable power facilities. We consult and work proactively with local stakeholders and communities potentially affected by our operations.

We are an active contributor in the communities where we conduct business. We are proud of the commitment we have made to corporate social responsibility. The initiatives we undertake and the investments we make in building our business are guided by our core set of values around sustainable development, as we create a culture and organization that can be successful today and in the future.

## **4.C ORGANIZATIONAL STRUCTURE**

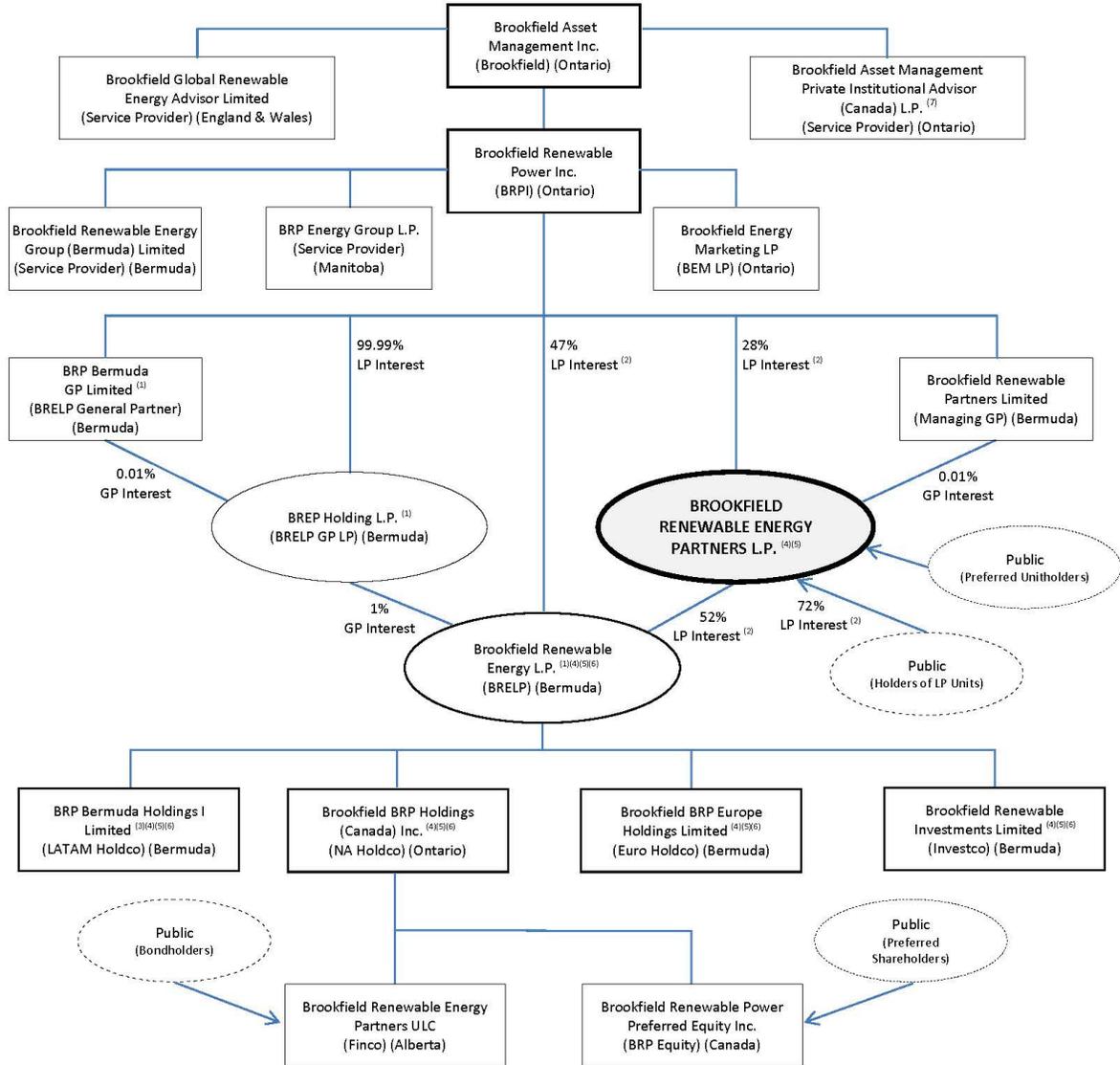
### **Organizational Chart**

The simplified chart below presents a summary of our ownership and organizational structure. Please note that on this chart all interests are 100% unless otherwise indicated. “GP Interest” denotes a general partnership interest and “LP Interest” denotes a limited partnership interest. BREP’s sole material asset is a 52% LP Interest in BRELP and a preferred limited partnership interest in BRELP. Brookfield

## [Table of Contents](#)

indirectly holds the remaining 47% LP Interest in BRELP, a 28% LP Interest in BREP and a 0.01% and 1% GP Interest in BREP and BRELP, respectively, for an aggregate indirect ownership interest in BREP of approximately 62% on a fully-exchanged basis. For more details on the exchange mechanism see Item 10.B “Memorandum and Articles of Association — Description of the Amended and Restated Limited Partnership Agreement of BRELP — Redemption-Exchange Mechanism”. Brookfield’s indirect 1% GP Interest in BRELP entitles it to receive incentive distributions linked to the growth of BRELP’s distributions. This simplified chart should be read in conjunction with the explanation of our ownership and organizational structure below and the information included under Item 6.A “Directors and Senior Management” and Item 7. “Major Shareholders and Related Party Transactions”.

[Table of Contents](#)



<sup>(1)</sup> Pursuant to a voting agreement, Brookfield has agreed that certain voting rights with respect to BRELP General Partner, BRELP GP LP, and BRELP will be voted in accordance with the direction of BREP.

<sup>(2)</sup> Brookfield's limited partnership interest in BRELP is redeemable for cash or exchangeable for LP Units in accordance with the redemption-exchange mechanism contained in BRELP's limited partnership agreement, which could result in BRPI owning approximately 62% of BRELP's issued and outstanding LP Units on a fully-exchanged basis. On a fully-exchanged basis, public holders of LP Units will own approximately 38% of Brookfield Renewable and Brookfield will not hold any limited partnership units of BRELP.

<sup>(3)</sup> Brookfield has provided an aggregate of \$5 million of working capital to LATAM Holdco through a subscription for shares. In addition, BRPI holds special shares the redemption price of which is tied to the successful development of projects in Brazil.

<sup>(4)</sup> Guarantors of Finco Bonds.

<sup>(5)</sup> Guarantors of BRP Equity Class A Preference Shares

<sup>(6)</sup> Guarantors of BREP Class A Preferred Units

<sup>(7)</sup> Brookfield Asset Management Private Institutional Advisor (Canada) L.P. is an indirect, wholly owned subsidiary of Brookfield Asset Management.

## **Brookfield Renewable Energy Partners L.P.**

BREP is a Bermuda exempted limited partnership that was established on June 27, 2011 under the provisions of the *Exempted Partnerships Act 1992* of Bermuda and the *Limited Partnership Act 1883* of Bermuda. Our registered and head office is 73 Front Street, 5th Floor, Hamilton HM 12, Bermuda, and the telephone number is 441-294-3309. BREP's sole material asset is a 52% limited partnership interest in BRELP and its preferred limited partnership interest in BRELP. BREP anticipates that the only distributions we will receive in respect of our limited partnership interests in BRELP will consist of amounts to assist us in making distributions to our LP Unitholders in accordance with our distribution policy, to our Preferred Unitholders in accordance with the terms of our Preferred Units and to allow us to pay expenses as they become due. The declaration and payment of cash distributions by BREP is at the discretion of the Managing General Partner which is not required to make such distributions. In addition, BREP will not be permitted to make a distribution on our LP Units unless all accrued distributions have been paid in respect of the Class A Preferred Units and all other units of BREP ranking prior to or on a parity with the Class A Preferred Units. See Item 4.B "Business Overview — Our LP Unit Distribution Policy".

### **The Service Provider and Brookfield**

The Service Recipients have engaged the Service Provider, an affiliate of Brookfield, to provide management and administration services pursuant to our Master Services Agreement. See Item 4.B "Business Overview — The Service Provider" and Item 6.A "Directors and Senior Management — Our Master Services Agreement" for more information on Brookfield and these arrangements.

### **The Managing General Partner**

The Managing General Partner serves as BREP's general partner and has sole authority for the management and control of BREP, which is exercised exclusively by its board of directors. BREP's only interest in BRELP consists of limited partnership and preferred limited partnership interests in BRELP, which by law do not entitle the holders thereof to participate in partnership decisions. Pursuant to the Voting Agreement, however, BREP, through the Managing General Partner, has a number of voting rights, including the right to direct all eligible votes in the election of the directors of the BRELP General Partner. See Item 10.B "Memorandum and Articles of Association — Description of Our LP Units, Preferred Units and the Amended and Restated Limited Partnership Agreement of BREP" and Item 7.B "Related Party Transactions — Voting Agreement".

### **BRELP and the Holding Entities**

BREP indirectly holds its interests in the Operating Entities through BRELP and through the Holding Entities. BRELP owns all of the common shares of the Holding Entities. Brookfield has provided an aggregate of \$5 million of working capital to LATAM Holdco through a subscription for shares of LATAM Holdco. These shares are entitled to receive a cumulative preferential dividend equal to 6% of their redemption value as and when declared by the board of directors of LATAM Holdco and will be redeemable at the option of LATAM Holdco, subject to certain limitations, at any time after the tenth anniversary of their issuance. The shares are not entitled to vote, except as required by law.

### **BRELP GP LP and the BRELP General Partner**

The BRELP GP LP serves as the general partner of BRELP and has sole authority for the management and control of BRELP. The general partner of BRELP GP LP is the BRELP General Partner, a corporation owned indirectly by Brookfield but controlled by BREP, through the Managing General Partner, pursuant to the Voting Agreement. See Item 7.B "Related Party Transactions — Voting Agreement". BRELP GP LP is entitled to receive incentive distributions from BRELP as a result of its ownership of the general partnership interests of BRELP. See Item 7.B "Related Party Transactions — Incentive Distributions".

See also the information contained in this Form 20-F under Item 3.D "Risk Factors — Risks Related to BREP" and Item 3.D "Risk Factors — Risks Related to our Relationship with Brookfield", Item 6.A "Directors and Senior Management", Item 7.B "Related Party Transactions" and Item 10.B "Memorandum and Articles of Association—Description of Our LP Units, Preferred Units and the Amended and Restated Limited Partnership Agreement of BREP", Item 10.B "Memorandum and Articles

## [Table of Contents](#)

of Association—Description of the Amended and Restated Limited Partnership Agreement of BRELP”, and Item 7.A “Major Shareholders”.

### **BRP Equity**

BRP Equity is an indirect wholly-owned subsidiary of BREP incorporated under the CBCA on February 10, 2010. Other than a receivable from an indirect wholly-owned subsidiary of BREP, BRP Equity has no significant assets or liabilities, no subsidiaries and no operations of its own. BRP Equity has C\$136,241,875 Series 1 Shares outstanding, guaranteed by the Preference Share Guarantors. The Series 1 Shares are listed on the TSX under the symbol “BRF.PR.A”. BRP Equity has C\$112,759,725 Series 2 Shares outstanding, guaranteed by the Preference Share Guarantors. The Series 2 Shares are listed on the TSX under the symbol “BRF.PR.B”. BRP Equity has C\$249,034,975 Series 3 Shares outstanding, guaranteed by the Guarantors. The Series 3 Shares are listed on the TSX under the symbol “BRF.PR.C”. BRP Equity has C\$102,862,600 Series 5 Shares outstanding, guaranteed by the Preference Share Guarantors. The Series 5 Shares are listed on the TSX under the symbol “BRF.PR.E”. BRP Equity has C\$175,000,000 Series 6 Shares, which are guaranteed by the Preference Share Guarantors and are listed on the TSX under the symbol “BRF.PR.F”. See Item 10.B “Memorandum and Articles of Association — BRP Equity”.

### **Finco**

Finco is an indirect, wholly-owned subsidiary of BREP incorporated under the ABCA on September 14, 2011. Other than approximately C\$1.9 billion aggregate principal amount of publicly-issued Finco Bonds and notes receivable from an indirect wholly-owned subsidiary of BREP, Finco has no significant assets or liabilities, no subsidiaries and no operations of its own. The Finco Bonds are guaranteed by the Finco Bond Guarantors. See Item 10.B “Memorandum and Articles of Association”.

### **Inter-Corporate Relationships**

The following table provides the name, the percentage of voting securities owned, or controlled or directed, directly or indirectly, by us, and the jurisdiction of incorporation, continuance, formation or organization of our significant subsidiaries as at December 31, 2015.

[Table of Contents](#)

<b>Name of Subsidiary</b>	<b>Jurisdiction of Incorporation or Organization</b>	<b>Percentage of Voting Securities Owned or Controlled</b>
Alta Wind VIII LLC	Delaware	100.0% (1)
Barra do Braúna Energética S.A.	Brazil	100.0%
BIF II Lux Gen SARL	Luxembourg	100.0%
BIF II Safe Harbor Holdings LLC	Delaware	100.0% (1)
Black Bear Hydro Partners, LLC	Delaware	100.0% (1)
BRI Green Energy Limited	Republic of Ireland	100.0% (1)
Brookfield BRP Canada Corp.	Alberta	100.0%
Brookfield BRP Holdings (Canada) Inc.	Ontario	100.0%
Brookfield Energia Comercializadora Ltda	Brazil	100.0%
Brookfield Power US Holding America Co.	Delaware	100.0%
Brookfield Power Wind Prince LP	Ontario	100.0%
Brookfield Renewable Energy Marketing US LLC	Delaware	100.0%
Brookfield Renewable UK Limited	England & Wales	100.0%
Brookfield Smoky Mountain Hydropower LLC	Delaware	100.0% (1)
Brookfield White Pine Hydro LLC	Delaware	100.0% (1)
Catalyst Old River Hydroelectric Limited Partnership	Louisiana	75.0% (2)
Comber Wind Limited Partnership	Ontario	100.0%
Erie Boulevard Hydropower, L.P.	Delaware	100.0%
Garracummer Wind Farm Limited	Republic of Ireland	100.0% (1)
Geração Biomassa Vista Alegre I S.A.	Brazil - Paraná	100.0% (1)
Gosfield Windfarm Limited	Ontario	100.0%
Granite Reliable Power, LLC	Delaware	89.5% (1)
Great Lakes Hydro America, LLC	Delaware	100.0%
Great Lakes Power Limited	Ontario	100.0%
Hawks Nest Hydro LLC	Delaware	100.0%
Itiquira Energética S.A.	Brazil	100.0%
Knockacummer Wind Farm Limited	Republic of Ireland	100.0% (1)
Kwagis Power Limited Partnership	British Columbia	75.0%
Lièvre Power L.P.	Québec	100.0%
Malacha Hydro Limited Partnership	Maryland	100.0% (1)
Mississagi Power Trust	Québec	100.0%
Powell River Energy Inc.	Québec	100.0%
Rumford Falls Hydro LLC	Delaware	100.0%
Safe Harbor Water Power Corporation	Pennsylvania	100.0% (1)
Tangará Energia S.A.	Brazil - São Paulo	100.0% (1)
Windstar Energy, LLC	California	100.0%

<sup>(1)</sup> Voting control held through voting agreements with Brookfield.

<sup>(2)</sup> Non-voting economic interest held through preferred shares and secured notes.

## [Table of Contents](#)

### 4.D PROPERTY, PLANT AND EQUIPMENT

BREP's registered and head office is 73 Front Street, 5th Floor, Hamilton HM 12, Bermuda. BREP does not directly own any real property and its sole material asset is a 52% limited partnership interest in BRELP and preferred limited partnership interest in BRELP. See also the information contained in this Form 20-F under Item 3.D "Risk Factors—Risks Related to Our Operations and the Renewable Power Industry" and Item 5. "Operating and Financial Review and Prospects".

### ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

## ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

### 5.A OPERATING RESULTS

#### Basis of Presentation

Brookfield Renewable's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), which require estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the amounts of revenue and expense during the reporting periods.

Certain comparative figures have been reclassified to conform to the current year's presentation.

#### *Voting Agreements with Affiliates*

Brookfield Renewable has entered into voting agreements with Brookfield, whereby Brookfield Renewable gained control of the entities that own certain United States, Brazil and Europe renewable power generating operations. The voting agreements provide Brookfield Renewable the authority to direct the election of the Boards of Directors of the relevant entities, among other things, and therefore provide Brookfield Renewable with control. Accordingly, Brookfield Renewable consolidates the accounts of these entities.

The voting agreements do not represent business combinations in accordance with IFRS 3 *Business Combinations* ("IFRS 3"), as all combining businesses are ultimately controlled by Brookfield Asset Management both before and after the transactions were completed. Brookfield Renewable accounts for these transactions involving entities under common control in a manner similar to a pooling of interest, which requires the presentation of pre-voting agreement financial information as if the transactions had always been in place. Refer to Note 2(o)(ii) – Critical judgments in applying accounting policies - Common control transactions in our audited consolidated financial statements for our policy on accounting for transactions under common control.

## PRESENTATION TO PUBLIC STAKEHOLDERS

Brookfield Renewable's consolidated equity interests include LP Units held by public unitholders and Brookfield, Redeemable/Exchangeable limited partnership units in BRELP, a holding subsidiary of Brookfield Renewable, and a general partnership interest in BRELP held by Brookfield ("GP interest"). The LP Units and the Redeemable/Exchangeable partnership units have the same economic attributes in all respects, except that the Redeemable/Exchangeable partnership units provide Brookfield the right to request that their units be redeemed for cash consideration. In the event that Brookfield exercises this right, Brookfield Renewable has the right, at its sole discretion, to satisfy the redemption request with LP Units, rather than cash, on a one-for-one basis. Brookfield, as holder of Redeemable/Exchangeable partnership units, participates in earnings and distributions on a per unit basis equivalent to the per unit participation of the LP Units. As Brookfield Renewable, at its sole discretion, has the right to settle the obligation with LP Units, the Redeemable/Exchangeable partnership units are classified under equity, and not as a liability.

Given the exchange feature referenced above, we are presenting LP Units, Redeemable/Exchangeable partnership units, and the GP interest as separate components of

## [Table of Contents](#)

consolidated equity. This presentation does not impact the total income (loss), per unit or share information, or total consolidated equity.

As at the date of this report, Brookfield owns an approximate 62% LP Unit interest, on a fully-exchanged basis, and all general partnership interests in Brookfield Renewable, representing a 0.01% interest, while the remaining approximately 38% is held by the public.

### **PERFORMANCE MEASUREMENT**

Our operations are segmented by the type of power generation (Hydroelectric, Wind, and Other, which includes Biomass and Co-gen) with Hydroelectric and Wind further segmented by geography (North America, which is comprised of the United States and Canada segments, Latin America, and Europe), as that is how Brookfield Renewable's Chief Executive Officer and Chief Financial Officer (collectively, the chief operating decision maker, or "CODM") review our results, manage operations and allocate resources. Accordingly, we report our results in accordance with these segments. Refer to Note 29 – Segmented information in our audited consolidated financial statements for further details.

In January 2016 Brookfield Renewable, with its institutional partners, acquired a 57.6% controlling interest in Isagen from the Colombian government. Beginning on the date of the acquisition, information regarding Isagen will be provided to the CODM and accordingly the acquired business in Colombia will be defined as a segment in the first quarter of 2016. For the year ended December 31, 2015, the "Latin America" Hydroelectric and Wind segments are comprised solely of information related to Brookfield Renewable's power generating assets in Brazil.

One of our primary business objectives is to generate reliable and growing cash flows while minimizing risk for the benefit of all stakeholders. We monitor our performance in this regard through four key metrics — i) Net Income (Loss), ii) Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), iii) Funds From Operations, and iv) Adjusted Funds From Operations.

It is important to highlight that Adjusted EBITDA, Funds From Operations, and Adjusted Funds From Operations do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other companies. We provide additional information below on how we determine Adjusted EBITDA, Funds From Operations, and Adjusted Funds From Operations, as well as reconciliations to net income (loss) and cash flows from operating activities. See "Financial Review by Segments for the Year Ended December 31, 2015" and "Financial Review by Segments for the Year Ended December 31, 2014".

**GENERATION AND FINANCIAL REVIEW FOR THE YEAR ENDED DECEMBER 31, 2015**

The following table reflects the actual and long-term average generation for the year ended December 31:

					Variance of Results		
	Actual Generation <sup>(1)</sup>		LTA Generation <sup>(1)</sup>		Actual vs. LTA		Actual vs.
	2015	2014	2015	2014	2015	2014	Prior Year
GENERATION (GWh)							
Hydroelectric							
North America							
United States	10,128	10,293	11,367	10,785	(1,239)	(492)	(165)
Canada	4,810	5,570	5,173	5,132	(363)	438	(760)
	14,938	15,863	16,540	15,917	(1,602)	(54)	(925)
Latin America	3,691	3,371	4,024	3,614	(333)	(243)	320
	18,629	19,234	20,564	19,531	(1,935)	(297)	(605)
Wind							
North America							
United States	936	1,170	1,267	1,394	(331)	(224)	(234)
Canada	1,016	1,042	1,197	1,197	(181)	(155)	(26)
	1,952	2,212	2,464	2,591	(512)	(379)	(260)
Latin America	459	-	442	-	17	-	459
Europe <sup>(2)</sup>	1,551	891	1,493	826	58	65	660
	3,962	3,103	4,399	3,417	(437)	(314)	859
Other	741	211	580	348	161	(137)	530
Total <sup>(3)</sup>	23,332	22,548	25,543	23,296	(2,211)	(748)	784

<sup>(1)</sup> For assets acquired or reaching commercial operation during the year, this figure is calculated from the acquisition or commercial operation date and is not annualized.

<sup>(2)</sup> We completed the acquisition of the wind portfolio in Ireland on June 30, 2014. Pursuant to the terms of the purchase and sale agreement, Brookfield Renewable acquired an economic interest in the wind portfolio from January 1, 2014. Accordingly, 2014 numbers include generation for the period from January 1, 2014 to June 30, 2014.

<sup>(3)</sup> Includes 100% of generation from equity-accounted investments.

We compare actual generation levels against the long-term average to highlight the impact of one of the important factors that affect the variability of our business results. In the short-term, we recognize that hydrology and wind conditions will vary from one period to the next; over time however, we expect our facilities will continue to produce in line with their long-term averages, which have proven to be reliable indicators of performance.

Our risk of a generation shortfall in Latin America continues to be minimized by participation in the MRE administered by the government of Brazil. This program mitigates hydrology risk by assuring that all participants receive, at any particular point in time, an assured energy amount, irrespective of the actual volume of energy generated. The program reallocates energy, transferring surplus energy from those who generated an excess to those who generate less than their assured energy, up to the total generation within the pool. Periodically, low precipitation across the entire country's system could result in a temporary reduction of generation available for sale. During these periods, we expect that a higher proportion of thermal generation would be needed to balance supply and demand in the country potentially leading to higher overall spot market prices. In anticipation of adverse hydrological conditions, we continue to maintain a lower level of contracted power in the portfolio, thereby preserving optionality and flexibility in the portfolio and allowing us to capture increased revenues in times of strong power prices.

## [Table of Contents](#)

Generation during the year ended December 31, 2015 totaled 23,332 GWh, below the long-term average of 25,543 GWh and an increase of 784 GWh compared to the prior year.

Our hydroelectric portfolio in North America and Latin America experienced lower generation resulting in a 1,683 GWh decrease compared to the prior year. While hydrological conditions were below the long-term average across North America, particularly in the first two quarters of 2015, inflows improved in the fourth quarter of 2015 and were used to replenish reservoirs which has positioned us well for 2016. Hydrology continued to improve in the fourth quarter of 2015 in Latin America. In this period we also reached an agreement with the Brazilian government to recover revenues equivalent to generation of 278 GWh as compensation for system-wide curtailments in 2015.

Our Irish wind portfolio generated 32 GWh ahead of last year due to improved wind conditions throughout this year. This performance was, however, offset by a 146 GWh decrease in generation across our North American wind portfolio due to weak conditions predominantly experienced during the first half of this year. Generation from the prior year includes 114 GWh related to the 102 MW wind facility in California sold in 2015.

Our recently acquired 433 MW hydroelectric, wind and biomass portfolio in Brazil and 123 MW wind portfolio in Portugal contributed 1,371 GWh and 267 GWh, respectively. Contributions from Irish wind assets commissioned during 2015 were 361 GWh. The incremental generation from a full year's contribution from hydroelectric facilities acquired and commissioned in 2014 was 601 GWh, which brought the total contribution from the growth in the portfolio to 2,600 GWh. This was below the long term average of 2,728 GWh.

## [Table of Contents](#)

The following table reflects Adjusted EBITDA, Funds From Operations, Adjusted Funds From Operations, and provides a reconciliation to net income for the year ended December 31:

(MILLIONS, EXCEPT AS NOTED)	2015	2014
Revenues	\$ 1,628	\$ 1,704
Other income <sup>(1)(2)(3)</sup>	81	10
Share of cash earnings from equity-accounted investments	20	26
Direct operating costs	(552)	(524)
Adjusted EBITDA <sup>(4)</sup>	1,177	1,216
Fixed earnings adjustment <sup>(5)</sup>	-	11
Interest expense – borrowings	(429)	(415)
Management service costs	(48)	(51)
Current income taxes	(18)	(18)
Less: cash portion of non-controlling interests		
Participating non-controlling interests - in operating subsidiaries	(184)	(145)
Preferred equity	(30)	(38)
Less: distributions to preferred limited partners	(1)	-
Funds From Operations <sup>(4)</sup>	467	560
Less: adjusted sustaining capital expenditures <sup>(6)</sup>	(60)	(58)
Adjusted Funds From Operations <sup>(4)</sup>	407	502
Add: cash portion of non-controlling interests <sup>(1)</sup>	255	183
Add: distributions to preferred limited partners	1	-
Add: adjusted sustaining capital expenditures	60	58
Less: fixed earnings adjustment	-	(11)
Other items:		
Depreciation	(616)	(548)
Unrealized financial instruments (loss) gain	(9)	10
Share of non-cash loss from equity-accounted investments	(10)	(23)
Deferred income tax recovery	78	29
Other	(63)	3
Net income	\$ 103	\$ 203
Net income attributable to limited partners' equity	\$ 2	\$ 58
Basic and diluted earnings per LP Unit <sup>(7)</sup>	\$ 0.01	\$ 0.42

<sup>(1)</sup> In July 2015, Brookfield Renewable, along with its institutional partners, sold its interest in a 102 MW wind facility in California to a third party for gross cash consideration of \$143 million, resulting in a gain of \$53 million. See Note 5 - Disposal of assets and Note 23 - Other income in our audited consolidated financial statements. Brookfield Renewable's share of the gain was \$12 million, representing the 22% interest in the facility and is net of the cash portion of non-controlling interests.

<sup>(2)</sup> In July 2015, concession agreements relating to two Brazilian hydroelectric facilities expired. Brookfield Renewable elected not to renew these concession agreements in exchange for compensation of \$17 million.

<sup>(3)</sup> In 2015, Brookfield Renewable realized gains of \$31 million on the settlement of foreign currency contracts. See Note 23 - Other income in our audited consolidated financial statements.

<sup>(4)</sup> Non-IFRS measures. See "Cautionary Statement Regarding Use of Non-IFRS Measures" and "Financial Review by Segments for the Year Ended December 31, 2015".

<sup>(5)</sup> The fixed earnings adjustment relates to Brookfield Renewable's investment in the acquisition of the wind portfolio in Ireland. Pursuant to the terms of the purchase and sale agreement, Brookfield Renewable acquired an economic interest in the wind portfolio from January 1, 2014. The transaction closed on June 30, 2014, and accordingly under IFRS, the \$11 million net Funds From Operations contribution was recorded as part of the purchase price.

<sup>(6)</sup> Based on long-term sustaining capital expenditure plans.

<sup>(7)</sup> Average LP Units outstanding during the period totaled 143.3 million (2014: 138.8 million).

Revenues totaling \$1,628 million represent a decrease of \$76 million.

The North American hydroelectric portfolio's decrease in generation combined with a relatively lower pricing environment, particularly in the first quarter of 2015, impacted revenues by \$110 million. In

## [Table of Contents](#)

Brazil, strong power prices captured from un-contracted power in our hydroelectric portfolio and improved hydrology resulted in an increase in revenues of \$7 million.

The North American wind portfolio's decrease in generation was partially offset by improved wind conditions in Ireland and escalations in our power purchase agreements resulting in a net \$4 million impact to revenues. As the 102 MW wind facility in California was sold at the beginning of the third quarter of 2015, the decrease in contributions to revenues from the prior year amounted to \$13 million.

Our recently acquired portfolio in Brazil and wind portfolio in Portugal contributed \$65 million and \$28 million, respectively. Revenues from our Irish wind assets commissioned in 2015 totaled \$57 million while the incremental revenues from a full year's contribution of facilities acquired or commissioned in 2014 totaled \$45 million. The total revenue from the growth in the portfolio was \$195 million.

Canadian dollar and Euro exposure, representing 30% of our entire portfolio, continues to be proactively managed through foreign currency contracts. The Brazilian Real exposure, representing 20% of our entire portfolio, is not managed through foreign currency contracts due to high associated costs. However, our exposure to the Brazilian Real is mitigated by the annual inflation-linked escalations in our power purchase agreements. Therefore, while our exposure to exchange rate fluctuations continues to be managed and mitigated through the measures outlined above, the impact of changes in the exchange rates between the U.S. dollar and the Canadian dollar, Euro and Brazilian Real can impact our consolidated results. The appreciation of the U.S. dollar resulted in a \$142 million reduction in revenues. This also affected operating and borrowing costs and, with the effect of the ongoing foreign currency hedging program, reduced the net impact on Funds From Operations to \$24 million.

The average total revenue per MWh of \$70 decreased \$7 per MWh, primarily reflecting the appreciation of the U.S. dollar impacting our revenues denominated in Canadian dollars, Euros and the Brazilian Real.

Direct operating costs totaling \$552 million represent an increase of \$28 million, primarily reflecting the growth in our portfolio.

Interest expense totaling \$429 million represents an increase of \$14 million. The borrowing costs attributable to the growth in our portfolio and the issuance of C\$400 million of medium-term corporate notes were partly offset by the savings attributable to repayments on certain subsidiary borrowings.

Management service costs totaling \$48 million represent a decrease of \$3 million, which was primarily attributable to the appreciation of the U.S. dollar.

The cash portion of non-controlling interests totaling \$214 million represent an increase of \$31 million. The increase related to the growth in our portfolio was partially offset by the decrease in performance from certain assets in our portfolio.

Funds From Operations totaling \$467 million represent a decrease of \$93 million, reflecting the variances described above. The growth in our portfolio contributed \$24 million to Funds From Operations.

Net income was \$103 million for the year ended December 31, 2015 (2014: Net income of \$203 million) resulting in a net income per LP Unit of \$0.01 (2014: \$0.42).

## SEGMENTED DISCLOSURES

Segmented information is prepared on the same basis that Brookfield Renewable's CODM manages the business, evaluates financial results, and makes key operating decisions. See Note 29 - Segmented information in our consolidated financial statements.

### HYDROELECTRIC

The following table reflects the results of our hydroelectric operations for the year ended December 31:

	2015				
	North America			Latin	
	United States	Canada	Total	America	Total
Generation (GWh) – LTA <sup>(1)(2)</sup>	11,367	5,173	16,540	4,024	20,564
Generation (GWh) – actual <sup>(1)(2)</sup>	10,128	4,810	14,938	3,691	18,629
Revenues	\$ 698	\$ 305	\$ 1,003	\$ 225	\$ 1,228
Adjusted EBITDA <sup>(3)</sup>	453	255	708	188	896
Funds From Operations <sup>(3)</sup>	\$ 200	\$ 190	\$ 390	\$ 136	\$ 526

	2014				
	North America			Latin	
	United States	Canada	Total	America	Total
Generation (GWh) – LTA <sup>(1)(2)</sup>	10,785	5,132	15,917	3,614	19,531
Generation (GWh) – actual <sup>(1)(2)</sup>	10,293	5,570	15,863	3,371	19,234
Revenues	\$ 719	\$ 394	\$ 1,113	\$ 265	\$ 1,378
Adjusted EBITDA <sup>(3)</sup>	493	315	808	198	1,006
Funds From Operations <sup>(3)</sup>	\$ 256	\$ 243	\$ 499	\$ 149	\$ 648

<sup>(1)</sup> Includes 100% of generation from equity-accounted investments.

<sup>(2)</sup> For assets acquired or reaching commercial operation during the year, this figure is calculated from the acquisition or commercial operation date and is not annualized.

<sup>(3)</sup> Non-IFRS measures. See "Cautionary Statement Regarding Use of Non-IFRS Measures", and "Financial Review By Segments For the Year Ended December 31, 2015".

### North America

Generation from the portfolio was 14,938 GWh, below the long-term average of 16,540 GWh and lower than prior year generation of 15,863 GWh. While we experienced lower generation in North America relative to the long-term average and prior year, inflows in the fourth quarter of 2015 returned to the long-term average. As at December 31, 2015, reservoir levels were in line with the long-term average, positioning us well for 2016.

Revenues totaling \$1,003 million represent a decrease of \$110 million. Funds From Operations totaling \$390 million represent a decrease of \$109 million.

#### United States

Generation from the portfolio was 10,128 GWh, below the long-term average of 11,367 GWh and lower than prior year generation of 10,293 GWh. Our portfolio, most notably at our facilities in New York, Louisiana and New England, experienced lower generation resulting in a 716 GWh decrease compared to the prior year. The incremental generation from a full year's contribution from facilities acquired in 2014 was 551 GWh.

Revenues totaling \$698 million represent a decrease of \$21 million. The lower generation contributed to a \$44 million reduction in revenues. While market prices have returned to near cyclical lows experienced in 2012, we are seeing price recovery in the forward curve supported through strengthening

## [Table of Contents](#)

capacity prices. Therefore, our merchant facilities continue to perform above our expectations. Merchant pricing did not reach the peaks we experienced in the prior year, particularly in the first quarter of 2014, and the net impact was a \$15 million reduction in revenues. A full year's contribution from facilities acquired in 2014 resulted in incremental revenues of \$38 million.

Funds From Operations totaling \$200 million represent a decrease of \$56 million, primarily attributable to the decrease in revenues from wholly-owned facilities, a lower relative pricing environment, and lower cash earnings from our equity-accounted pumped-storage facility in Massachusetts due to lower realized pricing.

### Canada

Generation from the portfolio was 4,810 GWh, below the long-term average of 5,173 GWh and lower than prior year generation of 5,570 GWh. Generation was below the long-term average and the prior year when our facilities in Ontario had benefited from higher than normal inflows. The incremental generation from a full year's contribution from our facility in British Columbia commissioned in 2014 was 50 GWh.

Revenues totaling \$305 million represent a decrease of \$89 million. The net impact on revenues from lower generation, partially offset by the annual escalations in our power purchase agreements, was \$51 million. The appreciation of the U.S. dollar impacted revenues by \$45 million, but operating and borrowing costs were also affected and the net impact was largely offset by the ongoing foreign currency hedging program. The commissioned facility in British Columbia contributed \$7 million.

Funds From Operations totaling \$190 million represent a decrease of \$53 million, primarily due to the lower generation.

### **Latin America**

Generation from the portfolio was 3,691 GWh, below the long-term average of 4,024 GWh and higher than prior year generation of 3,371 GWh. Hydrology continued to improve in the fourth quarter of 2015. In this period we reached an agreement with the Brazilian government to recover revenues equivalent to generation of 278 GWh as compensation for system-wide curtailments in 2015. Our recently acquired 163 MW facilities in Brazil contributed 477 GWh which was below the long-term average of 498 GWh.

Revenues totaling \$225 million represent a decrease of \$40 million. The relatively stronger power prices we were able to capture by maintaining a lower level of contracted power in the portfolio, the aforementioned recovery relating to curtailment, and the amounts received for the settlement of matters related to the delayed completion of a hydroelectric facility in Brazil were partially offset by the lower generation, resulting in a net increase in revenues of \$7 million. The appreciation of the U.S. dollar impacted revenues by \$72 million, but also affected operating and borrowing costs, resulting in a net decrease in Funds From Operations of \$39 million.

The facilities acquired during the year contributed \$25 million of revenues.

Funds From Operations totaling \$136 million represent a decrease of \$13 million. Our election to not renew expired concession agreements for two Brazilian facilities resulted in compensation of \$17 million, and the contribution from the growth in the portfolio was \$4 million.

## [Table of Contents](#)

### WIND

The following table reflects the results of our wind operations for the year ended December 31:

(MILLIONS, EXCEPT AS NOTED)	2015					
	North America			Latin		
	United States	Canada	Total	America	Europe	Total
Generation (GWh) – LTA <sup>(1)(2)</sup>	1,267	1,197	2,464	442	1,493	4,399
Generation (GWh) – actual <sup>(1)(2)</sup>	936	1,016	1,952	459	1,551	3,962
Revenues	\$ 101	\$ 105	\$ 206	\$ 22	\$ 138	\$ 366
Adjusted EBITDA <sup>(3)</sup>	76	86	162	21	103	286
Funds From Operations <sup>(3)</sup>	\$ 20	\$ 56	\$ 76	\$ 5	\$ 32	\$ 113

(MILLIONS, EXCEPT AS NOTED)	2014					
	North America			Latin		
	United States	Canada	Total	America	Europe	Total
Generation (GWh) – LTA <sup>(1)(2)</sup>	1,394	1,197	2,591	N/A	826	3,417
Generation (GWh) – actual <sup>(1)(2)</sup>	1,170	1,042	2,212	N/A	891	3,103
Revenues	\$ 129	\$ 123	\$ 252	\$ N/A	\$ 45	\$ 297
Adjusted EBITDA <sup>(3)</sup>	86	105	191	N/A	29	220
Funds From Operations <sup>(3)</sup>	\$ 13	\$ 67	\$ 80	\$ N/A	\$ 18	\$ 98

<sup>(1)</sup> Includes 100% of generation from equity-accounted investments.

<sup>(2)</sup> For assets acquired or reaching commercial operation during the year, this figure is calculated from the acquisition or commercial operation date and is not annualized.

<sup>(3)</sup> Non-IFRS measures. See “Cautionary Statement Regarding Use of Non-IFRS Measures”, and “Financial Review By Segments For the Year Ended December 31, 2015”.

#### North America

Generation from the portfolio was 1,952 GWh, below the long-term average of 2,464 GWh and lower than prior year generation of 2,212 GWh.

Revenues totaling \$206 million represent a decrease of \$46 million. Funds From Operations totaling \$76 million represent a decrease of \$4 million.

#### United States

Generation from the portfolio of 936 GWh was below the long-term average of 1,267 GWh and lower than prior year generation of 1,056 GWh, primarily attributable to weak wind conditions in California during the first half of the year. As the 102 MW wind facility in California was sold at the beginning of the third quarter of 2015, the decrease in contributions amounted to 114 GWh in generation, \$13 million in revenues, and \$1 million in Funds From Operations.

Revenues totaling \$101 million represent a decrease of \$28 million primarily attributable to the decrease in generation and sale of the California wind facility.

Funds From Operations totaling \$20 million represent an increase of \$7 million. Our share of the gain on the sale of the wind facility was \$12 million. Also impacting Funds From Operations were savings attributable to normal course repayments on certain subsidiary borrowings, operating cost containment initiatives, and the lower cash portion of non-controlling interests attributable to a decrease in performance at our California facilities.

#### Canada

Generation from the portfolio of 1,016 GWh was below the long-term average of 1,197 GWh and lower than prior year generation of 1,042 GWh, primarily attributable to weak wind conditions in the first three quarters of this year.

## [Table of Contents](#)

Revenues totaling \$105 million represent a decrease of \$18 million. Lower generation was partially offset by annual escalations in our power purchase agreements. The appreciation of the U.S. dollar impacted revenues by \$15 million but also affected operating and borrowing costs and the net result was a decrease in Funds From Operations of \$7 million. Funds From Operations totaling \$56 million represent a decrease of \$11 million primarily attributable to the factors noted above.

### **Latin America**

Our recently acquired 150 MW facilities in Brazil contributed 459 GWh which was above the long-term average 442 GWh.

Revenues and Funds From Operations totaled \$22 million and \$5 million, respectively.

### **Europe**

Generation from the portfolio of 1,551 GWh was above the long-term average of 1,493 GWh and higher than prior year generation of 891 GWh.

Our portfolio generated 32 GWh ahead of last year due to improved wind conditions throughout this year, and representing a return to normal wind conditions.

Our recently acquired 123 MW wind portfolio in Portugal contributed 267 GWh. Contributions from Irish wind assets commissioned during 2015 were 361 GWh which brought the total contribution from the growth in the portfolio to 628 GWh. This was in line with long term average.

Revenues and Funds From Operations totaled \$138 million and \$32 million, respectively. The Irish and Portuguese portfolios contributed Funds From Operations of \$26 million and \$6 million, respectively.

**GENERATION AND FINANCIAL REVIEW FOR THE YEAR ENDED DECEMBER 31, 2014**

The following table reflects the actual and long-term average generation for the year ended December 31:

GENERATION (GWh)					Variance of Results		
	Actual Generation <sup>(1)</sup>		LTA Generation <sup>(1)</sup>		Actual vs. LTA		Actual vs.
	2014	2013	2014	2013	2014	2013	Prior Year
<b>Hydroelectric generation</b>							
United States	10,293	10,082	10,785	9,681	(492)	401	211
Canada	5,570	5,494	5,132	5,062	438	432	76
Brazil	3,371	3,656	3,614	3,656	(243)	-	(285)
	19,234	19,232	19,531	18,399	(297)	833	2
<b>Wind energy</b>							
United States	1,170	1,145	1,394	1,341	(224)	(196)	25
Canada	1,042	1,075	1,197	1,197	(155)	(122)	(33)
Europe <sup>(2)</sup>	891	-	826	-	65	-	891
	3,103	2,220	3,417	2,538	(314)	(318)	883
<b>Other</b>	211	770	348	899	(137)	(129)	(559)
<b>Total<sup>(3)</sup></b>	<b>22,548</b>	<b>22,222</b>	<b>23,296</b>	<b>21,836</b>	<b>(748)</b>	<b>386</b>	<b>326</b>

<sup>(1)</sup> For assets acquired or reaching commercial operation during the year, this figure is calculated from the acquisition or commercial operation date and is not annualized.

<sup>(2)</sup> We completed the acquisition of the wind portfolio in Ireland on June 30, 2014. Pursuant to the terms of the purchase and sale agreement, Brookfield Renewable acquired an economic interest in the wind portfolio from January 1, 2014. Accordingly, 2014 numbers include generation for the period from January 1, 2014 to June 30, 2014.

<sup>(3)</sup> Includes 100% of generation from equity-accounted investments.

Generation levels during the year ended December 31, 2014 totaled 22,548 GWh, compared to the long-term average of 23,296 GWh, and an increase of 326 GWh as compared to the prior year.

The hydroelectric portfolio generated 19,234 GWh, below the long-term average of 19,531 GWh and consistent with the prior year. Generation from existing facilities was 18,192 GWh, compared to 19,232 GWh for the prior year. The decrease in generation was primarily attributable to inflows at our Tennessee and North Carolina facilities returning to more normal levels compared to the prior year, when generation was above the long-term average. The impact on financial results was partly offset by the non-controlling interests. Inflows were strong and generation levels were above long-term average across the majority of the Canadian portfolio, consistent with the prior year. As at December 31, 2014, reservoir levels in Canada and the United States were above average. In Brazil, our participation in the hydrological balancing pool mitigated the impact of drought-like conditions and resulted in generation being only 8% lower than assured levels. The recent growth in our portfolio resulted in incremental generation of 821 GWh, and a full year's contribution from facilities acquired in 2013 resulted in incremental generation of 221 GWh.

The wind portfolio generated 3,103 GWh, below the long-term average of 3,417 GWh and an increase of 883 GWh compared to the prior year. The increase is attributable to the recent growth in our portfolio, which resulted in incremental generation of 891 GWh, and a full year's contribution from facilities acquired in 2013 which resulted in incremental generation of 27 GWh.

Our 110 MW natural gas-fired plant in Ontario had been operating on an uncontracted basis since April 2014. Since then, the facility has had nominal generation as a result of low power prices relative to gas market prices. The operations at this facility have temporarily been suspended but remain available to be restarted should economic conditions allow.

## [Table of Contents](#)

The following table reflects Adjusted EBITDA, Funds From Operations, Adjusted Funds From Operations, and provides a reconciliation to net income for the year ended December 31:

(MILLIONS, EXCEPT AS NOTED)	2014	2013
Revenues	\$ 1,704	\$ 1,706
Other income	10	11
Share of cash earnings from equity-accounted investments	26	21
Direct operating costs	(524)	(530)
Adjusted EBITDA <sup>(1)</sup>	1,216	1,208
Fixed earnings adjustment <sup>(2)</sup>	11	-
Interest expense – borrowings	(415)	(410)
Management service costs	(51)	(41)
Current income taxes	(18)	(19)
Less: cash portion of non-controlling interests		
Participating non-controlling interests - in operating subsidiaries	(145)	(107)
Preferred equity	(38)	(37)
Funds From Operations <sup>(1)</sup>	560	594
Less: adjusted sustaining capital expenditures <sup>(3)</sup>	(58)	(56)
Adjusted Funds From Operations <sup>(1)</sup>	502	538
Add: cash portion of non-controlling interests	183	144
Add: adjusted sustaining capital expenditures	58	56
Less: fixed earnings adjustment	(11)	-
Other items:		
Depreciation	(548)	(535)
Unrealized financial instruments gain	10	37
Share of non-cash loss from equity-accounted investments	(23)	(12)
Deferred income tax recovery	29	18
Other	3	(31)
Net income	\$ 203	\$ 215
Net income attributable to limited partners' equity	\$ 58	\$ 69
Basic and diluted earnings per LP Unit <sup>(4)</sup>	\$ 0.42	\$ 0.52

<sup>(1)</sup> Non-IFRS measures. See "Cautionary Statement Regarding Use of Non-IFRS Measures" and "Financial Review by Segments for the Year Ended December 31, 2014".

<sup>(2)</sup> The fixed earnings adjustment relates to Brookfield Renewable's investment in the acquisition of the wind portfolio in Ireland. Pursuant to the terms of the purchase and sale agreement, Brookfield Renewable acquired an economic interest in the wind portfolio from January 1, 2014. The transaction closed on June 30, 2014, and accordingly under IFRS, the \$11 million net Funds From Operations contribution was recorded as part of the purchase price.

<sup>(3)</sup> Based on long-term sustaining capital expenditure plans.

<sup>(4)</sup> Average LP Units outstanding during the period totaled 138.8 million (2013: 132.9 million).

Revenues totaled \$1,704 million which represented a year-over-year decrease of \$2 million. Strong merchant pricing and annual escalations in our PPAs partially offset lower year-over-year generation from existing U.S. hydroelectric facilities and a contractual decrease in contract price at our Louisiana facility, the net negative impact of which was \$46 million.

While total generation from our Canada hydroelectric portfolio was consistent with prior year, stronger performance from facilities with higher relative contract prices contributed an incremental \$9 million to our financial results.

In Brazil, revenues declined \$14 million year-over-year as the impact of lower generation was partially offset by our ability to capture strong merchant power pricing by keeping a portion of our output uncontracted.

## [Table of Contents](#)

While contributions from our existing wind portfolio were consistent with prior year, revenue from our natural gas-fired plant in Ontario decreased \$40 million reflecting limited operations throughout 2014.

The recent growth in our hydroelectric and wind portfolios and a full year's contribution from facilities acquired or commissioned in 2013 resulted in incremental revenues of \$151 million.

The average total revenue per MWh of \$77 is consistent with the prior year.

Direct operating costs totaling \$524 million represent a year-over-year decrease of \$6 million attributable to the savings achieved from the cost efficiencies at our operations and the reduction in power purchased in the open market for our co-generation facilities. The recent growth in our portfolio and a full year's costs from facilities acquired or commissioned in 2013 resulted in an incremental \$46 million.

Pursuant to the terms of the purchase and sale agreement, our acquisition of the Irish wind portfolio provided us with the economic benefit as of January 1, 2014, despite the transaction closing on June 30, 2014. Accordingly, we have included \$11 million in Funds From Operations for the first six months of the year.

Interest expense totaling \$415 million represents a year-over-year increase of \$5 million. Incremental interest costs related to financing the growth in our portfolio were \$31 million, and \$5 million was related to up-financing activities. Repayment of certain subsidiary borrowings and corporate credit facilities resulted in a \$17 million decrease in borrowing costs.

Management service costs totaling \$51 million represent a year-over-year increase of \$10 million primarily attributable to the increase in the market value of our LP Units and the issuance of 10.25 million LP Units in the second quarter of 2014.

The cash portion of non-controlling interests totaling \$183 million represents a year-over-year increase of \$39 million. An increase of \$60 million related to the growth in our portfolio and the partial sale of hydroelectric facilities in New England to institutional investors in the third quarter of 2013, was partly offset by the overall decrease in performance from certain existing assets in our U.S. hydroelectric portfolio.

Funds From Operations totaling \$560 million incorporates growth of \$26 million and the net impact of the appreciation of the U.S. dollar of \$24 million.

Net income was \$203 million for the year ended December 31, 2014 (2013: Net income of \$215 million) resulting in a basic and diluted earnings per LP Unit of \$0.42 (2013: \$0.52).

## SEGMENTED DISCLOSURES

### HYDROELECTRIC

The following table reflects the results of our hydroelectric operations for the year ended December 31:

	2014				
	North America			Latin	
	United States	Canada	Total	America	Total
Generation (GWh) – LTA <sup>(1)(2)</sup>	10,785	5,132	15,917	3,614	19,531
Generation (GWh) – actual <sup>(1)(2)</sup>	10,293	5,570	15,863	3,371	19,234
Revenues	\$ 719	\$ 394	\$ 1,113	\$ 265	\$ 1,378
Adjusted EBITDA <sup>(3)</sup>	493	315	808	198	1,006
Funds From Operations <sup>(3)</sup>	\$ 256	\$ 243	\$ 499	\$ 149	\$ 648

	2013				
	North America			Latin	
	United States	Canada	Total	America	Total
Generation (GWh) – LTA <sup>(1)(2)</sup>	9,681	5,062	14,743	3,656	18,399
Generation (GWh) – actual <sup>(1)(2)</sup>	10,082	5,494	15,576	3,656	19,232
Revenues	\$ 677	\$ 399	\$ 1,076	\$ 301	\$ 1,377
Adjusted EBITDA <sup>(3)</sup>	473	319	792	221	1,013
Funds From Operations <sup>(3)</sup>	\$ 253	\$ 255	\$ 508	\$ 169	\$ 677

<sup>(1)</sup> Includes 100% of generation from equity-accounted investments.

<sup>(2)</sup> For assets acquired or reaching commercial operation during the year, this figure is calculated from the acquisition or commercial operation date and is not annualized.

<sup>(3)</sup> Non-IFRS measures. See “Cautionary Statement Regarding Use of Non-IFRS Measures”, and “Financial Review By Segments For the Year Ended December 31, 2014”.

#### United States

Generation from the portfolio was 10,293 GWh for the year ended December 31, 2014, below the long-term average of 10,785 GWh and above prior year generation of 10,082 GWh. Generation from existing facilities decreased 704 GWh. Inflows returned to more normal levels at our facilities in Tennessee, North Carolina and the eastern United States as compared to the prior year, which had benefited from strong hydrological conditions and above long-term average generation. However, the impact on results from this variance was reduced by the non-controlling interest in the Tennessee and North Carolina facilities. Partly offsetting these decreases were the strong inflows at our New England facilities. During the year we benefited from the merchant profile on our recently acquired facilities in New England and Pennsylvania, and captured strong energy pricing. The recent growth in our portfolio and a full year’s contribution from facilities acquired in 2013 resulted in incremental generation of 915 GWh.

Revenues totaling \$719 million represent a year-over-year increase of \$42 million. Revenues were reduced by \$54 million due to the decrease in generation from existing facilities, and a contractual decrease in the price at our Louisiana facility. Favorable market prices at the uncontracted facilities in our portfolio and the price escalators inherent in the PPAs for certain of our facilities contributed \$8 million. The recent growth in our portfolio and a full year’s contribution from facilities acquired in 2013 resulted in incremental revenues of \$88 million.

Funds From Operations totaling \$256 million incorporates growth of \$6 million. The increase in revenues from existing facilities and improved performance from our equity-accounted investments was partly offset by the cash portion of non-controlling interests.

## **Canada**

Generation from the portfolio was 5,570 GWh for the year ended December 31, 2014, above the long-term average of 5,132 GWh and slightly above the prior year generation of 5,494 GWh. We experienced strong hydrological conditions, particularly at our facilities in Ontario. The facility in British Columbia commissioned during the second quarter provided incremental generation of 68 GWh.

Revenues totaling \$394 million represent a year-over-year decrease of \$5 million. Stronger performance from existing facilities with higher relative contract prices contributed an additional \$9 million, and the recently commissioned facility in British Columbia and a full year's contribution from facilities acquired in 2013 resulted in incremental revenues of \$12 million.

Funds From Operations totaling \$243 million represent a year-over-year decrease of \$12 million. The decrease in revenues and higher borrowing costs associated with up-financing initiatives were partly offset by the cost efficiencies at our operations. The appreciation of the U.S. dollar impacted revenues by \$26 million, but also affected costs and other expenses resulting in a net decrease in Funds From Operations of \$17 million.

## **Brazil**

Generation from the portfolio was 3,371 GWh for the year ended December 31, 2014 below prior year generation of 3,656 GWh and the long-term average of 3,614 GWh. The decrease is primarily attributable to the drought-like conditions experienced in the year; however, the impact was mitigated by our participation in the hydrological balancing pool. The optionality maintained in the portfolio allowed us to benefit from the strong power pricing environment and help offset the effects of the lower generation. During the year we secured 3 – 5 year contracts for 567 GWh at prices ranging from R\$190 – R\$270 per MWh, significantly above existing contracts expiring in the near term. A full year's contribution from a facility commissioned in 2013 provided an incremental 59 GWh of generation.

Revenues totaling \$265 million represent a year-over-year decrease of \$36 million. Strong power pricing was offset by the effects of the lower volumes.

Funds From Operations totaling \$149 million represent a year-over-year decrease of \$20 million. The appreciation of the U.S. dollar impacted revenues by \$25 million, but also affected costs and other expenses resulting in a net decrease in Funds From Operations of \$14 million.

[Table of Contents](#)

**WIND**

The following table reflects the results of our wind operations for the year ended December 31:

(MILLIONS, EXCEPT AS NOTED)	2014						
	North America			Latin			Total
	United States	Canada	Total	America	Europe		
Generation (GWh) – LTA <sup>(1)(2)</sup>	1,394	1,197	2,591	N/A	826		3,417
Generation (GWh) – actual <sup>(1)(2)</sup>	1,170	1,042	2,212	N/A	891		3,103
Revenues	\$ 129	\$ 123	\$ 252	\$ N/A	\$ 45		\$ 297
Adjusted EBITDA <sup>(3)</sup>	86	105	191	N/A	29		220
Funds From Operations <sup>(3)</sup>	\$ 13	\$ 67	\$ 80	\$ N/A	\$ 18		\$ 98

(MILLIONS, EXCEPT AS NOTED)	2013						
	North America			Latin			Total
	United States	Canada	Total	America	Europe		
Generation (GWh) – LTA <sup>(1)(2)</sup>	1,341	1,197	2,538	N/A	N/A		2,538
Generation (GWh) – actual <sup>(1)(2)</sup>	1,145	1,075	2,220	N/A	N/A		2,220
Revenues	\$ 125	\$ 133	\$ 258	\$ N/A	\$ N/A		\$ 258
Adjusted EBITDA <sup>(3)</sup>	82	111	193	N/A	N/A		193
Funds From Operations <sup>(3)</sup>	\$ 18	\$ 67	\$ 85	\$ N/A	\$ N/A		\$ 85

<sup>(1)</sup> Includes 100% of generation from equity-accounted investments.

<sup>(2)</sup> For assets acquired or reaching commercial operation during the year, this figure is calculated from the acquisition or commercial operation date and is not annualized.

<sup>(3)</sup> Non-IFRS measures. See “Cautionary Statement Regarding Use of Non-IFRS Measures”, and “Financial Review By Segments For the Year Ended December 31, 2014”.

**United States**

Generation from the portfolio was 1,170 GWh for the year ended December 31, 2014, below the long-term average of 1,394 GWh due to lower wind conditions across the portfolio, and consistent with prior year generation of 1,145 GWh. A full year’s contribution from the facilities acquired in 2013 resulted in incremental generation of 27 GWh.

Revenues totaling \$129 million represent a year-over-year increase of \$4 million primarily attributable to the full year’s contribution from the facilities acquired in 2013.

Funds From Operations totaling \$13 million represent a year-over-year decrease of \$5 million, primarily attributable to the increase in non-controlling interests.

**Canada**

Generation from our Canadian wind portfolio was 1,042 GWh, below the long-term average of 1,197 GWh and prior year generation of 1,075 GWh, all attributable to lower wind conditions. Generation at one of our facilities was curtailed, reducing generation by 29 GWh, for which we received compensation at the PPA price.

Revenues totaling \$123 million represent a year-over-year decrease of \$10 million, primarily attributable to the appreciation of the U.S. dollar.

Funds From Operations totaling \$67 million was consistent year-over-year. The decrease in revenues was offset by cost efficiencies at our operations.

**Europe**

Generation from our wind portfolio in Ireland was 891 GWh for the year ended December 31, 2014. We substantially completed construction on two Irish wind facilities totaling 125 MW. The facilities

[Table of Contents](#)

generated 125 GWh in 2014 and received payments under PPAs. These facilities, which are expected to generate 349 GWh annually, were fully commissioned in Q1 2015.

Revenues totaled \$45 million for the year ended December 31, 2014 and included a \$12 million contribution from the two development projects.

Funds From Operations totaling \$18 million includes an \$11 million fixed earnings adjustment amount for the period from January 1, 2014 to June 30, 2014.

## ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS AND OTHER INFORMATION

### PROPERTY, PLANT AND EQUIPMENT

In accordance with IFRS, Brookfield Renewable has elected to revalue its property, plant and equipment at a minimum on an annual basis, as at December 31<sup>st</sup> of each year. Substantially all of Brookfield Renewable's property, plant and equipment, are carried at fair value as opposed to historical cost, using a 20-year discounted cash flow model. This model incorporates future cash flows from long-term PPAs that are in place where it is determined that the PPAs are linked specifically to the related power generating assets. The model also includes estimates of future electricity prices, anticipated long-term average generation, estimated operating and capital expenditures, and assumptions about future inflation rates and discount rates by geographical location. For power generating assets acquired through business combinations during the year, Brookfield Renewable initially measures the assets at fair value consistent with the policy described in Note 2(l) – Business combinations in our audited consolidated financial statements. Accordingly, in the year of acquisition, power generating assets are not revalued at year-end unless there is an indication that assets are impaired.

Property, plant and equipment, at fair value totaled \$18.4 billion as at December 31, 2015 as compared to \$18.6 billion as at December 31, 2014. During the year ended December 31, 2015, the acquisition of 163 MW of hydroelectric facilities, 273 MW of wind facilities, 175 MW of biomass facilities, and a wind development pipeline of approximately 1,200 MW totaled \$1,160 million. The development and construction of power generating assets totaled \$289 million. The 102 MW wind facility in California sold during the year had been recorded at a carrying amount of \$230 million. The revaluation of property, plant and equipment resulted in an increase in fair value of \$1,164 million. Property, plant and equipment were impacted by foreign currency changes related to the appreciation of the U.S. dollar in the amount of \$1,975 million. We also recognized depreciation expense of \$616 million which is significantly higher than what we are required to reinvest in the business as sustaining capital expenditures.

Fair value of property, plant and equipment can vary with discount and terminal capitalization rates. Excluding power generating assets acquired during the year ended December 31, 2015, the following table summarizes the impact of a change in discount rates, electricity prices and terminal capitalization rates on the fair value of property, plant and equipment as at December 31:

(BILLIONS)		2015	2014
50 bps increase in discount rates	\$	(1.3)	\$ (1.3)
50 bps decrease in discount rates		1.6	1.5
5% increase in future electricity prices		0.6	0.5
5% decrease in future electricity prices		(0.6)	(0.5)
50 bps increase in terminal capitalization rate <sup>(1)</sup>		(0.4)	(0.3)
50 bps decrease in terminal capitalization rate <sup>(1)</sup>		0.4	0.4

<sup>(1)</sup> The terminal capitalization rate applies only to hydroelectric assets in North America.

Terminal values are included in the valuation of hydroelectric assets in North America. For the hydroelectric assets in Latin America, cash flows have been included based on the duration of the authorization or useful life of a concession asset without consideration of potential renewal value. The weighted-average remaining duration of the authorization or useful life of a concession asset at December 31, 2015, was 18 years (2014: 15 years). Consequently, there is no terminal value attributed to the hydroelectric assets in Latin America. If an additional 20 years of cash flows were included in Latin America, the fair value of property, plant and equipment would increase by approximately \$1 billion. See Note 12 - Property, plant and equipment, at fair value in our audited consolidated financial statements.

Brookfield Renewable's long-term view is anchored to the cost of securing new energy from renewable sources to meet future demand growth. Based on current supply and demand fundamentals, Brookfield Renewable has revised the year of new entry to 2023 from 2020. A further one year change would increase or decrease the fair value of property, plant and equipment by approximately \$60 million.

## LIQUIDITY AND CAPITAL RESOURCES

### Capitalization

A key element of our financing strategy is to raise the majority of our debt in the form of asset-specific, non-recourse borrowings at our subsidiaries on an investment grade basis. The debt to total capitalization ratio improved from December 31, 2014 due primarily to the impact of the appreciation of the U.S. dollar on foreign denominated net assets.

The following table summarizes the total capitalization and debt to total capitalization using book values as at December 31:

(MILLIONS, EXCEPT AS NOTED)	2015	2014
Credit facilities <sup>(1)</sup>	\$ 368	\$ 401
Corporate borrowings <sup>(1)</sup>	1,368	1,286
Subsidiary borrowings <sup>(2)</sup>	5,602	5,991
Long-term indebtedness	7,338	7,678
Deferred income tax liabilities, net of deferred income tax assets	2,538	2,495
Equity	8,763	8,881
Total capitalization	\$ 18,639	\$ 19,054
Debt to total capitalization	39%	40%

<sup>(1)</sup> Issued by a subsidiary of Brookfield Renewable and guaranteed by Brookfield Renewable. The amounts are unsecured.

<sup>(2)</sup> Issued by subsidiaries of Brookfield Renewable and secured against their respective assets. The amounts are not guaranteed.

During the year ended December 31, 2015 we completed the following financings:

#### *Credit facilities*

In May 2015, we extended the maturity of our corporate credit facilities by one year to June 2020 and also expanded the available amount to \$1,310 million from \$1,280 million.

In November and December 2015, we further expanded the available amount to \$1,560 million.

#### *Corporate borrowings*

In March 2015, we issued C\$400 million (\$317 million) of medium-term corporate notes, maturing in June 2025 at a fixed rate of 3.75%. Transaction costs of \$1 million were incurred. Proceeds of the offering were used to repay existing indebtedness and for general corporate purposes.

#### *Subsidiary borrowings*

In February 2015, we secured an 18-month extension on \$75 million of debt associated with a portfolio of hydroelectric and wind facilities in the United States held through the Brookfield Americas Infrastructure Fund. The debt bears interest at LIBOR plus 2.75%, and matures in August 2016.

In February 2015, as part of the acquisition of a 123 MW wind portfolio in Portugal, we assumed loans with principal balances totaling €99 million (\$109 million). The loans bear interest at an initial weighted-average fixed rate of 6.28%, including the related interest rate swaps, and have a weighted-average remaining term of 9.5 years.

In March 2015, as part of the acquisition of a 313 MW operating renewable power generation portfolio in Brazil comprising of 43 MW of hydroelectric, 150 MW of wind, and 120 MW of biomass generating capacity and a 55 MW biomass development project, we assumed R\$631 million (\$197 million) of debt with a combination of variable and fixed interest rates, and a weighted-average remaining term of 12.7 years.

In May 2015, as part of the acquisition of a 120 MW hydroelectric facility in Brazil, we assumed R\$254 million (\$83 million) of debt with variable interest rates of the Brazilian Interbank Deposit Certificate rate plus 0.5% and 2.0%, and a weighted-average remaining term of 7.6 years.

## [Table of Contents](#)

Effective June 30, 2015, the margin on C\$194 million (\$155 million) of debt associated with a 189 MW wind facility in Ontario was reduced from 2.25% to 1.625%.

The final drawdown of €20 million (\$22 million) was made in July 2015 on the construction and term loan associated with 137 MW of wind projects in Ireland, bringing the total draw to €188 million (\$227 million) at a weighted average rate of 2.74% and maturing in December 2027.

Effective July 31, 2015, the margin on C\$119 million (\$95 million) of debt associated with a 51 MW wind facility in Ontario was reduced from 2.25% to 1.625%, and the debt was up-financed by C\$7 million (\$5 million).

In September 2015, we secured financing in the amount of R\$187 million (\$47 million) with respect to 90 MW of biomass capacity in Brazil, of which we drew R\$139 million (\$35 million). The loan bears interest at a floating interest rate of the TJLP's rate plus 1.4%, and matures in October 2035.

### *Equity-accounted investments*

In February 2015, our equity-accounted investee with a 45 MW hydroelectric facility in British Columbia refinanced indebtedness by issuing C\$90 million (\$76 million) of bonds with an interest rate of 2.95%, maturing in May 2023. We own a 50%, equity-accounted interest in this facility.

In October 2015, our equity-accounted investee with a 600 MW pumped storage and 10 MW hydroelectric facilities in New England completed a \$400 million bond financing. The bond matures in 2025, and bears interest at a fixed interest rate of 4.89% on \$375 million and a floating interest rate of LIBOR plus a margin of 270 basis points on the remaining \$25 million. Simultaneously, the equity-accounted investee also completed a \$26 million letter of credit and working capital facility with a three-year term and a floating interest rate of LIBOR plus a margin of 170 basis points. We own a 50%, equity-accounted interest in this facility.

### **Available liquidity**

We operate with sufficient liquidity to enable us to fund growth initiatives, capital expenditures, distributions, withstand sudden adverse changes in economic circumstances or short-term fluctuations in generation, and to finance the business on an investment grade basis. Principal sources of liquidity are cash flows from operations and proceeds from the issuance of securities through public markets and private capital.

The following table summarizes the available liquidity as at December 31:

(MILLIONS)	2015	2014
Cash and cash equivalents	\$ 63	\$ 150
Credit facilities		
Authorized credit facilities	1,760	1,480
Draws on credit facilities <sup>(1)</sup>	(368)	(401)
Issued letters of credit	(218)	(227)
Available portion of credit facilities	1,174	852
Available liquidity	\$ 1,237	\$ 1,002

<sup>(1)</sup> Amounts are unsecured and revolving. Interest rate is at the LIBOR plus 1.20% (December 31, 2014: 1.20%).

[Table of Contents](#)

**Long-term debt and credit facilities**

The following table summarizes our undiscounted principal repayments and interest payable as at December 31, 2015:

(MILLIONS)	2016	2017	2018	2019	2020	Thereafter	Total
<b>Principal repayments</b>							
Subsidiary borrowings <sup>(1)</sup>							
North America							
United States	\$ 355	\$ 778	\$ 770	\$ 59	\$ 23	\$ 1,218	\$ 3,203
Canada	117	45	48	46	174	1,041	1,471
	472	823	818	105	197	2,259	4,674
Latin America	28	28	38	39	36	178	347
Europe	53	48	51	55	61	363	631
	553	899	907	199	294	2,800	5,652
Corporate borrowings and credit facilities <sup>(1)</sup>	217	-	145	-	692	687	1,741
Equity-accounted investments	-	1	6	5	6	415	433
	\$ 770	\$ 900	\$ 1,058	\$ 204	\$ 992	\$ 3,902	\$ 7,826
<b>Interest payable<sup>(2)</sup></b>							
Subsidiary borrowings							
United States	166	158	115	89	84	503	1,115
Canada	81	75	73	70	68	392	759
Brazil	30	27	24	21	17	59	178
Europe	24	22	20	18	16	45	145
	301	282	232	198	185	999	2,197
Corporate borrowings and credit facilities	74	60	60	53	51	171	469
Equity-accounted investments	15	20	25	20	20	89	189
	390	362	317	271	256	1,259	2,855
	\$ 1,160	\$ 1,262	\$ 1,375	\$ 475	\$ 1,248	\$ 5,161	\$ 10,681

<sup>(1)</sup> Subsidiary borrowings and corporate borrowings and credit facilities include \$4 million and \$59 million of unamortized premiums and deferred financing fees, respectively.

<sup>(2)</sup> Represents aggregate interest payable expected to be paid over the entire term of the obligations, if held to maturity. Variable rate interest payments have been calculated based on estimated interest rates.

Subsidiary and corporate borrowings maturing in 2016 are expected to be refinanced at or in advance of maturity. Maturities of borrowings in 2016 include a tranche of our medium-term corporate notes, subsidiary borrowings on our portfolio of hydroelectric facilities in Tennessee and North Carolina and British Columbia, and debt associated with a portfolio of hydroelectric and wind facilities in the United States held through the Brookfield Americas Infrastructure Fund.

We remain focused on refinancing near term facilities on acceptable terms and maintaining a manageable maturity ladder. We do not anticipate material issues in addressing our borrowings through 2020 on acceptable terms and will do so opportunistically based on the prevailing interest rate environment.

[Table of Contents](#)

The overall maturity profile and average interest rates associated with our borrowings and credit facilities as at December 31 are as follows:

	Average term (years)		Average interest rate (%)	
	Dec 31	Dec 31	Dec 31	Dec 31
	2015	2014	2015	2014
Corporate borrowings	6.5	6.7	5.0	5.3
Subsidiary borrowings	9.3	10.4	5.5	5.3
Credit facilities	4.5	4.5	1.4	1.4

During the year ended December 31, 2015, we issued C\$400 million (\$317 million) of medium-term corporate notes maturing in June 2025, reducing our overall costs on corporate borrowings from 5.3% to 5.0% and also increasing the average term.

[Table of Contents](#)

**CONTRACT PROFILE**

We have a largely predictable profile driven by both long-term PPAs with a weighted-average remaining duration of 17 years combined with a well-diversified portfolio that reduces variability in our generation volumes. We operate the business on a largely contracted basis to ensure a high degree of predictability in Funds From Operations. We do however maintain a long-term view that electricity prices and the demand for electricity from renewable sources will rise due to a growing level of acceptance around climate change and the legislated requirements in some areas to diversify away from fossil fuel based generation.

The following table sets out contracts over the next five years for generation output assuming long-term average:

FOR THE YEAR ENDED DECEMBER 31	2016	2017	2018	2019	2020
Generation (GWh)					
Contracted <sup>(1)</sup>					
Hydroelectric					
North America					
United States <sup>(2)</sup>	9,487	9,283	7,000	7,000	7,000
Canada	4,681	4,634	4,634	4,624	3,043
	14,168	13,917	11,634	11,624	10,043
Latin America	3,606	3,271	2,973	2,961	2,712
	17,774	17,188	14,607	14,585	12,755
Wind					
North America					
United States	1,010	1,010	1,010	1,010	1,010
Canada	1,197	1,197	1,197	1,197	1,197
	2,207	2,207	2,207	2,207	2,207
Latin America	560	560	560	560	560
Europe	1,433	1,433	1,433	1,433	1,295
	4,200	4,200	4,200	4,200	4,062
Other	481	486	534	534	534
	22,455	21,874	19,341	19,319	17,351
Uncontracted	3,358	3,987	6,520	6,542	8,809
Total long-term average	25,813	25,861	25,861	25,861	26,160
Long-term average on a proportionate basis <sup>(3)</sup>	19,360	19,384	19,387	19,385	19,582
Contracted generation - as at December 31, 2015					
% of total generation	87%	85%	75%	75%	66%
% of total generation on a proportionate basis <sup>(3)</sup>	90%	88%	82%	82%	71%
Price per MWh - total generation	\$ 71	\$ 69	\$ 74	\$ 75	\$ 78
Price per MWh - total generation on a proportionate basis	71	70	73	74	77

<sup>(1)</sup> Assets under construction are included when long-term average and pricing details are available and the commercial operation date is established in a definitive construction contract.

<sup>(2)</sup> Includes generation of 2,487 GWh for 2016 and 2,283 GWh for 2017 secured under financial contracts.

<sup>(3)</sup> Long-term average on a proportionate basis includes wholly-owned assets, and our share of partially-owned assets and equity-accounted investments.

## [Table of Contents](#)

The following changes were made to the contract profile for the year ended December 31, 2015:

- Included power purchase agreements associated with the acquisition of the 488 MW multi-technology renewable energy portfolio in Brazil and the 123 MW wind portfolio in Portugal
- Included power purchase agreements associated with our commissioned 12 MW wind facility in Ireland
- Included long-term contracts for two hydroelectric development projects in Brazil, representing 53 MW of generating capacity
- Eliminated the contract for the 102 MW wind facility in California which was sold at the beginning of the third quarter of 2015

We remain focused on re-contracting our generation on acceptable terms, once their terms expire, and will do so opportunistically at prices aligned with or above our long term view.

The majority of the long-term PPAs are with investment-grade rated or creditworthy counterparties. The composition of our contracted generation under PPAs is comprised of Brookfield (42%), public power authorities (24%), industrial users (23%) and distribution companies (11%).

## SUMMARY CONSOLIDATED BALANCE SHEETS

The following table provides a summary of the key line items on the consolidated balance sheets as at December 31:

(MILLIONS)	2015	2014
Property, plant and equipment, at fair value	\$ 18,358	\$ 18,566
Equity-accounted investments	197	273
Total assets	19,507	19,849
Long-term debt and credit facilities	7,338	7,678
Deferred income tax liabilities	2,695	2,637
Total liabilities	10,744	10,968
Participating non-controlling interests - in operating subsidiaries	2,587	2,062
General partnership interest in a holding subsidiary held by Brookfield	52	59
Participating non-controlling interests - in a holding subsidiary - Redeemable/Exchangeable units held by Brookfield	2,559	2,865
Preferred equity	610	728
Preferred limited partners' equity	128	-
Limited partners' equity	2,827	3,167
Total liabilities and equity	19,507	19,849

## CONTRACTUAL OBLIGATIONS

### *Development and construction*

The remaining development project costs on three Brazilian hydroelectric projects totaling 72 MW, a 55 MW biomass facility in Brazil, and a 14 MW wind project in Northern Ireland are expected to be \$193 million. The biomass facility and the wind project are expected to be fully operational in 2016. Two hydroelectric projects with a combined capacity of 53 MW are expected to be fully operational in 2017, and the 19 MW hydroelectric project is expected to be fully operational in 2018. In the fourth quarter of 2015, we entered into a construction agreement in regards to a 15 MW wind development project in Northern Ireland. Costs associated with the project are expected to be \$30 million. Construction is expected to commence in the first quarter of 2016.

### *Commitments and contingencies*

In July 2015, we entered into an agreement to acquire two hydroelectric facilities in Brazil with an aggregate capacity of 51 MW and expected to generate 293 GWh. We completed the acquisition in January 2016 - refer to "Subsequent Events" - and will retain a 100% interest in these facilities.

In October 2015, we entered into an agreement to acquire two hydroelectric facilities in Pennsylvania with an aggregate capacity of 292 MW. The facilities are expected to generate 1,109 GWh annually. We are pursuing this transaction with our institutional partners, and expect to retain an approximate 40% controlling interest in the facilities. The transaction is expected to close in the first quarter of 2016, subject to typical closing conditions.

In January 2016 we and our institutional partners acquired an approximate 57.6% controlling interest in Isagen from the Colombian government; refer to "Subsequent Events". Our initial economic interest in Isagen is 9% after accounting for the non-controlling interests of its institutional partners. Following the closing of the acquisition our consortium is required to conduct two tender offers with respect to the remaining Isagen shares. If our consortium is successful in acquiring the remaining outstanding Isagen shares, Brookfield Renewable's interest in Isagen would then increase to approximately 23%.

## [Table of Contents](#)

As at December 31, 2015, we had commitments for future minimum lease payments under non-cancellable leases which fall due as follows:

(MILLIONS)	
2016	\$ 24
2017	22
2018	20
2019	20
2020	18
Thereafter	191
Total	\$ 295

Brookfield Renewable, on behalf of its subsidiaries, and subsidiaries themselves have provided letters of credit, which include, but are not limited to, guarantees for debt service reserves, capital reserves, construction completion and performance. See "Liquidity and Capital Resources" for further details.

Brookfield Renewable, along with institutional investors, has provided letters of credit, which include, but are not limited to, guarantees for debt service reserves, capital reserves, construction completion and performance as it relates to interests in the Brookfield Americas Infrastructure Fund and the Brookfield Infrastructure Fund II. As at December 31, 2015, the letters of credit issued were \$71 million (2014: \$125 million).

Brookfield Renewable's equity-accounted entities have similarly provided letters of credit, which include, but are not limited to, guarantees for debt service reserves, capital reserves, construction completion and performance. As at December 31, 2015, letters of credit issued by Brookfield Renewable's equity-accounted entities were \$16 million (2014: nil).

An integral part of our strategy is to participate with institutional investors in Brookfield-sponsored infrastructure funds that target acquisitions that suit Brookfield Renewable's profile. In the normal course of business, Brookfield Renewable has made commitments to Brookfield-sponsored infrastructure funds to fund these target acquisitions in the future, if and when identified.

### *Guarantees*

In the normal course of operations, we execute agreements that provide for indemnification and guarantees to third parties in transactions such as acquisitions, construction projects, capital projects, and purchases of assets. We have also agreed to indemnify our directors and certain of our officers and employees. The nature of the indemnities prevent us from making a reasonable estimate of the maximum potential amount that could be required to pay third parties, as many of the agreements do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, we have made no significant payments under indemnification agreements.

### **OFF-BALANCE SHEET ARRANGEMENTS**

Brookfield Renewable has no off-balance sheet financing arrangements.

## RELATED PARTY TRANSACTIONS

Brookfield Renewable's related party transactions are in the normal course of business, and are recorded at the exchange amount. Brookfield Renewable's related party transactions are primarily with Brookfield.

Brookfield Renewable sells electricity to Brookfield through long-term PPAs to provide contracted cash flow and reduce Brookfield Renewable's exposure to electricity prices in deregulated power markets. Brookfield Renewable also benefits from a wind levelization agreement with Brookfield which reduces the exposure to the fluctuation of wind generation at certain facilities and thus improves the stability of its cash flow.

In addition to these agreements, Brookfield Renewable and Brookfield have executed other agreements that are described in Note 10 - Related Party Transactions in our audited consolidated financial statements.

Brookfield Renewable has also entered into a number of voting agreements with Brookfield whereby Brookfield, as managing member of entities related to Brookfield Americas Infrastructure Fund and Brookfield Infrastructure Fund II, in which Brookfield Renewable holds investments in power generating operations with institutional partners, agreed to provide to Brookfield Renewable the authority to direct the election of the Boards of Directors of such entities.

The following table reflects the related party agreements and transactions on the consolidated statements of income, for the year ended December 31:

(MILLIONS)	2015	2014	2013
<b>Revenues</b>			
Power purchase and revenue agreements	\$ 469	\$ 433	\$ 456
Wind levelization agreement	6	6	6
	\$ 475	\$ 439	\$ 462
<b>Direct operating costs</b>			
Energy purchases	\$ (5)	\$ (9)	\$ (36)
Energy marketing fee	(22)	(21)	(20)
Insurance services	(30)	(29)	(26)
	\$ (57)	\$ (59)	\$ (82)
<b>Management service costs</b>	\$ (48)	\$ (51)	\$ (41)

[Table of Contents](#)

Revenues from power purchase and revenue agreements for the year ended December 31, 2015 were higher as compared to the prior year. The increase is primarily due to an increased level of price support, reflecting the relatively lower pricing environment in the first quarter of 2015, and the impact of power purchase agreements for certain recently acquired facilities.

The following table reflects the impact of the related party agreements and transactions on the consolidated balance sheets as at December 31:

(MILLIONS)	Related party	2015	2014
<b>Current assets</b>			
Due from related parties			
Amounts due from	Brookfield	\$ 52	\$ 54
	Equity accounted investments and other	5	9
		\$ 57	\$ 63
<b>Current liabilities</b>			
Due to related parties			
Amount due to	Brookfield	\$ 41	\$ 56
Accrued distributions payable on LP			
Units and Redeemable/Exchangeable partnership units	Brookfield	23	21
Amount due to	Equity accounted investments and other	-	2
		\$ 64	\$ 79

## CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table summarizes the key items on the consolidated statements of cash flows, for the year ended December 31:

(MILLIONS)	2015	2014	2013
Cash flow provided by (used in):			
Operating activities	\$ 588	\$ 700	\$ 735
Financing activities	(33)	1,299	(263)
Investing activities	(623)	(2,037)	(397)
Foreign exchange loss on cash	(19)	(15)	(9)
(Decrease) increase in cash and cash equivalents	\$ (87)	\$ (53)	\$ 66

Cash and cash equivalents as at December 31, 2015 totaled \$63 million, representing a decrease of \$87 million since December 31, 2014.

### Operating Activities

Cash flows provided by operating activities totaling \$588 million for the year ended December 31, 2015 represent a year-over-year decrease of \$112 million primarily attributable to the decrease in Funds From Operations and changes in working capital balances.

Cash flows provided by operating activities totaling \$700 million for the year ended December 31, 2014 represent a year-over-year decrease of \$35 million primarily attributable to the decrease in Funds From Operations.

### Net change in working capital

The net change in working capital balances shown in the consolidated statements of cash flows for the year ended December 31 is comprised of the following:

(MILLIONS)	2015	2014	2013
Trade receivables and other current assets	\$ (72)	\$ 20	\$ 47
Accounts payable and accrued liabilities	2	(54)	(42)
Other assets and liabilities	8	14	(4)
	\$ (62)	\$ (20)	\$ 1

### Financing Activities

Cash flows used in financing activities totaled \$33 million for the year ended December 31, 2015. Long-term debt – borrowings were \$944 million, and related to the growth in our portfolio and the issuance of medium-term corporate notes during the first quarter. Long-term debt – repayments related to subsidiary borrowings and credit facilities were \$855 million. The capital provided by participating non-controlling interests – in operating subsidiaries relates to the growth in our portfolio, and amounted to \$460 million. The issuance of 7,000,000 Class A, Series 7 Preferred LP Units at a price of C\$25 per unit resulted in net proceeds of \$128 million.

For the year ended December 31, 2015, distributions paid to LP Unitholders were \$461 million (2014: \$480 million). We increased our distributions to \$1.66 per LP Unit, an increase of 11 cents per LP Unit which took effect in the first quarter. The amounts paid in the first quarter of 2014 included distributions declared in both that quarter, and in the fourth quarter of 2013. The distributions paid to preferred shareholders and participating non-controlling interests - in operating subsidiaries were \$239 million (2014: \$188 million). See “Dividends and Distributions” for further details.

Cash flows provided by financing activities totaled \$1,299 million for the year ended December 31, 2014. Long-term debt – borrowings were \$2,118 million and increased due to the growth in our portfolio, up-financing indebtedness associated with a 349 MW Ontario hydroelectric portfolio, a \$560 million financing associated with a 417 MW hydroelectric facility in Pennsylvania, and financings totaling

## [Table of Contents](#)

€328 million (\$413 million) associated with the wind facilities and development projects in Ireland. Long-term debt – repayments related to subsidiary borrowings and credit facilities were \$1,046 million. The issuance of 10,250,000 LP Units at a price of C\$31.70 per LP Unit resulted in net proceeds of \$285 million. The capital provided by participating non-controlling interests – in operating subsidiaries relates to the growth in our portfolio, and amounted to \$610 million.

For the year ended December 31, 2014, distributions paid to LP Unitholders were \$480 million (2013: \$378 million). With the change in timing of our quarterly distributions taking effect in the first quarter of 2014 resulting in a distribution on January 31, 2014 and on March 31, 2014, the amounts paid in the first quarter of 2014 included distributions declared in both the fourth quarter of 2013 and the first quarter of 2014. Distributions paid in the first quarter of 2013 included only those declared in the preceding quarter. Further, we increased our distributions to \$1.55 per LP Unit, an increase of 10 cents per LP Unit which took effect in the first quarter of 2014. The distributions paid to preferred shareholders and participating non-controlling interests - in operating subsidiaries were \$188 million (2013: \$157 million). See “Dividends and Distributions” for further details.

### **Investing Activities**

Cash flows used in investing activities for the year ended December 31, 2015 totaled \$623 million. Our investments were with respect to the acquisition of a 488 MW renewable power portfolio in Brazil, a 123 MW wind portfolio in Portugal, and a wind development pipeline of approximately 1,200 MW in Scotland. When combined, these investments totaled \$663 million. Proceeds from the sale of the 102 MW wind facility in California were \$143 million. Our continued investment in the development and construction of power generating assets was \$209 million and sustainable capital expenditures totaled \$76 million. Capital distributions received from our equity-accounted investments were \$144 million.

Cash flows used in investing activities for the year ended December 31, 2014 totaled \$2,037 million. Our investments were with respect to the acquisition of a hydroelectric facility in Pennsylvania, a wind portfolio in Ireland, a hydroelectric portfolio in Maine, and the remaining 50% interest previously held by our partner in a hydroelectric facility in California. When combined, these investments totaled \$1,838 million. In addition, our continued investment in the construction of power generating assets was \$78 million and sustainable capital expenditures totaled \$108 million.

### **NON-CONTROLLING INTERESTS**

#### **Preferred equity**

On April 1, 2015, the fixed dividend rate on the Series 1 Preference Shares for the five years commencing May 1, 2015 and ending April 30, 2020 was reset and, if declared, will be paid at an annual rate of 3.355% (C\$0.2096875 per share per quarter). The holders of 4,518,289 Series 1 Preference Shares exercised their right to convert their shares into Class A, Series 2 Preference Shares on a one-for-one basis. The holders of the Series 2 Preference Shares will be entitled to receive floating rate cumulative preferential cash dividends, equal to the T-Bill Rate plus 2.62%. The quarterly dividend in respect of the November 1, 2015 to January 31, 2016 dividend period was paid on January 31, 2016 at an annual rate of 3.03% (C\$0.19112 per share).

On June 23, 2015, we announced that the Toronto Stock Exchange had accepted a notice of Brookfield Renewable Power Preferred Equity Inc. (“BRP Equity”)’s intention to commence a normal course issuer bid in connection with its outstanding Class A Preference Shares. Under this normal course issuer bid, we are permitted to repurchase up to 10% of the total public float for each respective series of our Class A Preference Shares. Repurchases were authorized to commence on June 26, 2015 and will terminate on June 25, 2016, or earlier should Brookfield Renewable complete its repurchases prior to such date.

For the period ended December 31, 2015, 78,537 Class A, Series 1, Series 2 and Series 3 Preference Shares were repurchased at a cost of \$1 million, and cancelled.

#### *Class A, Series 5 Preference Shares – Exchange offer*

In November 2015, we announced our offer to exchange (the “Exchange Offer”) each issued and outstanding Class A, Series 5 Preference Share of BRP Equity with an annual dividend rate of 5.0% (the

## [Table of Contents](#)

“Series 5 Preference Shares”) for one newly issued Class A, Series 5 Preferred LP Unit of Brookfield Renewable with an annual distribution rate of 5.59%.

The Exchange Offer was open for acceptance until, and completed on, February 8, 2016. On that date, a total of 2,885,496 Series 5 Preference Shares were tendered and exchanged for an equal number of Series 5 Preferred LP Units; refer to “Subsequent Events”.

### **General partnership interest in a holding subsidiary held by Brookfield**

Brookfield, as the owner of the 1% GP interest in BRELP, is entitled to regular distributions plus an incentive distribution based on the amount by which quarterly LP Unit distributions exceed specified target levels. To the extent that LP Unit distributions exceed \$0.375 per LP Unit per quarter, the incentive is 15% of distributions above this threshold. To the extent that quarterly distributions exceed \$0.4225 per LP Unit, the incentive distribution is equal to 25% of distributions above this threshold. Accordingly, incentive distributions of \$8 million were made during the year ended December 31, 2015 (2014: \$2 million).

### **Participating non-controlling interests - in a holding subsidiary - Redeemable/Exchangeable units held by Brookfield**

BRELP has issued Redeemable/Exchangeable partnership units to Brookfield, which may at the request of the holder, require BRELP to redeem these units for cash consideration. The right is subject to Brookfield Renewable’s right of first refusal which entitles it, at its sole discretion, to elect to acquire all of the units presented to BRELP that are tendered for redemption in exchange for LP Units. If Brookfield Renewable elects not to exchange the Redeemable/Exchangeable partnership units for LP Units, the Redeemable/Exchangeable partnership units are required to be redeemed for cash. As Brookfield Renewable, at its sole discretion, has the right to settle the obligation with LP Units, the Redeemable/Exchangeable partnership units are classified as equity, and not as a liability.

### **PREFERRED LIMITED PARTNERS’ EQUITY**

In November 2015, Brookfield Renewable issued 7,000,000 Class A, Series 7 Preferred LP Units at a price of C\$25 per unit for gross proceeds of C\$175 million (\$132 million). Transaction costs of \$4 million were incurred. The holders of the Series 7 Preferred LP Units will be entitled to receive fixed cumulative quarterly distributions at an annual rate of C\$1.375 per unit, a yield of 5.5%, for the initial period ending on January 31, 2021. Thereafter, the distribution rate will be reset every five years at a rate equal to the greater of (i) the 5-year Government of Canada bond yield plus 4.47%, and (ii) 5.5%. The Series 7 Preferred LP Units are redeemable on or after January 31, 2021.

The holders of Series 7 Preferred LP Units will have the right, at their option, to convert their Series 7 Preferred LP Units into Class A, Series 8 Preferred LP Units, subject to certain conditions, on January 31, 2021 and every five years thereafter. The holders of Series 8 Preferred LP Units will be entitled to receive cumulative quarterly floating distributions, as and when declared, at an annual rate equal to the 3-month Government of Canada Treasury Bills yield plus 4.47%.

The Class A Preferred LP Units do not have a fixed maturity date and are not redeemable at the option of the holders. As at December 31, 2015, none of the Class A Preferred LP Units have been redeemed by Brookfield Renewable.

### **LIMITED PARTNERS’ EQUITY**

Brookfield Asset Management owns, directly and indirectly, 169,685,609 LP Units and Redeemable/Exchangeable partnership units, representing approximately 62% of Brookfield Renewable on a fully-exchanged basis.

We commenced a normal course issuer bid on December 29, 2014 to repurchase up to 7.1 million LP Units, representing approximately 5% of the issued and outstanding LP Units, for capital management purposes. We repurchased and cancelled 340,289 LP Units during the year ended December 31, 2015 at a cost of \$9 million under the normal course issuer bid (refer to Note 21 - Limited partners’ equity in our December 31, 2015 consolidated financial statements). In December 2015, we renewed the normal course issuer bid and the authorization to repurchase up to 7.1 million LP Units will

[Table of Contents](#)

expire on December 28, 2016, or earlier should Brookfield Renewable complete its repurchases prior to such date.

**SHARES AND UNITS OUTSTANDING**

The shares and units outstanding as at December 31 are presented in the following table:

	2015	2014
<b>Class A Preference Shares</b>		
Series 1	5,449,675	10,000,000
Series 2	4,510,389	-
Series 3	9,961,399	10,000,000
Series 5	7,000,000	7,000,000
Series 6	7,000,000	7,000,000
	33,921,463	34,000,000
<b>Class A Preferred LP Units</b>		
Series 7	7,000,000	-
	7,000,000	-
<b>GP interest</b>	2,651,506	2,651,506
<b>Redeemable/Exchangeable partnership units</b>	129,658,623	129,658,623
<b>LP Units</b>		
Balance, beginning of year	143,356,854	132,984,913
Issuance of LP Units	-	10,250,000
Distribution reinvestment plan	171,605	121,941
Repurchase of LP Units for cancellation	(340,289)	-
Balance, end of year	143,188,170	143,356,854
Total LP Units on a fully-exchanged basis <sup>(1)</sup>	272,846,793	273,015,477
<b>LP Units held by</b>		
Brookfield	40,026,986	40,026,986
External LP Unitholders	103,161,184	103,329,868
	143,188,170	143,356,854

<sup>(1)</sup> The fully-exchanged amounts assume the exchange of Redeemable/ Exchangeable partnership units for LP Units at the beginning of the year.

[Table of Contents](#)

**DIVIDENDS AND DISTRIBUTIONS**

The composition of the dividends and distributions for the year ended December 31 are presented in the following table:

	Declared or Accrued			Paid		
	2015	2014	2013	2015	2014	2013
(MILLIONS)						
<b>Class A Preference Shares</b>						
Series 1	\$ 6	\$ 12	\$ 13	\$ 7	\$ 12	\$ 13
Series 2	2	-	-	2	-	-
Series 3	8	10	11	8	11	12
Series 5	7	8	8	7	8	6
Series 6	7	8	5	7	8	4
	\$ 30	\$ 38	\$ 37	\$ 31	\$ 39	\$ 35
<b>Participating non-controlling interests - in operating subsidiaries</b>	\$ 208	\$ 149	\$ 122	\$ 208	\$ 149	\$ 122
<b>General partnership interest in a holding subsidiary held by Brookfield</b>	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4
<b>Incentive distribution</b>	8	2	-	8	2	-
	\$ 12	\$ 6	\$ 4	\$ 12	\$ 6	\$ 4
<b>Participating non-controlling interests - in a holding subsidiary - Redeemable/Exchangeable units held by Brookfield</b>	\$ 217	\$ 201	\$ 188	\$ 216	\$ 231	\$ 185
<b>Class A Preferred LP Units</b>						
Series 7	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Limited partners' equity</b>						
Brookfield	67	62	58	67	71	56
External LP Unitholders	172	154	135	166	172	133
	\$ 239	\$ 216	\$ 193	\$ 233	\$ 243	\$ 189

In January 2013, LP Unitholder distributions were increased to \$1.45 per LP Unit on an annualized basis, an increase of seven cents per LP Unit, which took effect with the distribution payable in April 2013.

In February 2014, LP Unitholder distributions were increased to \$1.55 per unit on an annualized basis, an increase of ten cents per LP Unit, which took effect with the distribution payable in March 2014.

In February 2015, LP Unitholder distributions were increased to \$1.66 per unit on an annualized basis, an increase of eleven cents per LP Unit, which took effect with the distribution payable in March 2015.

## **CRITICAL ESTIMATES AND CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

The consolidated annual financial statements are prepared in accordance with IFRS, which require the use of estimates and judgments in reporting assets, liabilities, revenues, expenses and contingencies. In the judgment of management, none of the estimates outlined in Note 2 – Significant accounting policies in our audited consolidated financial statements are considered critical accounting estimates as defined in NI 51-102 with the exception of the estimates related to the valuation of property, plant and equipment and the related deferred income tax liabilities. These assumptions include estimates of future electricity prices, discount rates, expected long-term average generation, inflation rates, terminal year and operating and capital costs, the amount, the timing and the income tax rates of future income tax provisions. Estimates also include determination of accruals, purchase price allocations, useful lives, asset valuations, asset impairment testing, deferred tax liabilities, decommissioning retirement obligations and those relevant to the defined benefit pension and non-pension benefit plans. Estimates are based on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis, as required. These estimates have been applied in a manner consistent with that in the prior year and there are no known trends, commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in this report. These estimates are impacted by, among other things, future power prices, movements in interest rates, foreign exchange and other factors, some of which are highly uncertain, as described in the “Risk Factors” section. The interrelated nature of these factors prevents us from quantifying the overall impact of these movements on Brookfield Renewable’s financial statements in a meaningful way. These sources of estimation uncertainty relate in varying degrees to substantially all asset and liability account balances. Actual results could differ from those estimates.

### **CRITICAL ESTIMATES**

Brookfield Renewable makes estimates and assumptions that affect the carrying value of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of income and other comprehensive income (“OCI”) for the year. Actual results could differ from these estimates. The estimates and assumptions that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

(i) Property, plant and equipment

The fair value of Brookfield Renewable’s property, plant and equipment is calculated using estimates and assumptions about future electricity prices from renewable sources, anticipated long-term average generation, estimated operating and capital expenditures, future inflation rates and discount rates, as described in Note 12 - Property, plant and equipment, at fair value in our audited consolidated financial statements. Judgment is involved in determining the appropriate estimates and assumptions in the valuation of Brookfield Renewable’s property, plant and equipment. See Note 2(o)(iii) - Critical judgments in applying accounting policies – Property, plant and equipment in our audited consolidated financial statements for further details.

Estimates of useful lives and residual values are used in determining depreciation. To ensure the accuracy of useful lives and residual values, these estimates are reviewed on an annual basis.

(ii) Financial instruments

Brookfield Renewable makes estimates and assumptions that affect the carrying value of its financial instruments, including estimates and assumptions about future electricity prices, long-term average generation, capacity prices, discount rates and the timing of energy delivery. Non-financial instruments are valued using estimates of future electricity prices which are estimated by considering broker quotes for the years in which there is a liquid market and for the subsequent years Brookfield Renewable’s best estimate of electricity prices that would allow new entrants into the market. The fair value of interest rate swaps is the estimated amount that another party would receive or pay to terminate

## [Table of Contents](#)

the swap agreements at the reporting date, taking into account current market interest rates. This valuation technique approximates the net present value of future cash flows. See Note 9 - Risk Management and Financial Instruments in our audited consolidated financial statements for more details.

### (iii) Deferred income taxes

The consolidated financial statements include estimates and assumptions for determining the future tax rates applicable to subsidiaries and identifying the temporary differences that relate to each subsidiary. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply during the year when the assets are realized or the liabilities settled, using the tax rates and laws enacted or substantively enacted at the consolidated balance sheet dates. Operating plans and forecasts are used to estimate when the temporary difference will reverse.

## **CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

The following are the critical judgments that have been made in applying the accounting policies used in the consolidated financial statements and that have the most significant effect on the amounts in the consolidated financial statements:

### (i) Preparation of consolidated financial statements

These consolidated financial statements present the financial position, results of operations and cash flows of Brookfield Renewable. Judgment is required in determining what assets, liabilities and transactions are recognized in the consolidated financial statements as pertaining to Brookfield Renewable's operations.

### (ii) Common control transactions

Common control business combinations specifically fall outside of scope of IFRS 3 and as such management has used its judgment to determine an appropriate policy to account for these transactions. Consideration was given to other relevant accounting guidance within the framework of principles in IFRS and that reflects the economic reality of the transactions, in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8"). As a result, the consolidated financial statements account for assets and liabilities acquired at the previous carrying value on the predecessor's financial statements. Differences between the consideration given and the assets and liabilities received are recorded directly to equity.

### (iii) Property, plant and equipment

The accounting policy relating to Brookfield Renewable's property, plant and equipment is described in Note 2(f) - Property plant and equipment and revaluation method in our audited consolidated financial statements. In applying this policy, judgment is used in determining whether certain costs are additions to the carrying amount of the property, plant and equipment as opposed to repairs and maintenance. If an asset has been developed, judgment is required to identify the point at which the asset is capable of being used as intended and to identify the directly attributable costs to be included in the carrying value of the development asset. The useful lives of property, plant and equipment are determined by independent engineers periodically with an annual review by management.

Annually, Brookfield Renewable determines the fair value of its property, plant and equipment using a methodology that it has judged to be reasonable. The methodology is generally a 20 year discounted cash flow model. Twenty years is the period considered reasonable as Brookfield Renewable has 20 year capital plans and it believes a reasonable third party would be indifferent between extending the cash flows further in the model versus using a discounted terminal value.

The valuation model incorporates future cash flows from long-term PPAs that are in place where it is determined that the PPAs are linked specifically to the related power generating assets. With respect to estimated future generation that does not incorporate long-term PPA pricing, the cash flow model uses estimates of future electricity prices using broker quotes from independent sources for the years in which there is a liquid market. The valuation of power generating assets not linked to long-term PPAs also requires the development of a long-term estimate of future electricity prices. In this regard the valuation model uses a discount to the all-in cost of construction with a reasonable return, to secure energy from

## [Table of Contents](#)

new renewable on-shore wind development resources as the benchmark that will establish the market price for electricity for renewable resources.

Brookfield Renewable's long-term view is anchored to the cost of securing new energy from renewable sources to meet future demand growth by the year 2023 in North America and Europe. This year is viewed as the point when generators must build additional capacity to maintain system reliability and provide an adequate level of reserve generation with the retirement of older coal fired plants, rising environmental compliance costs, and increased demand. Brookfield Renewable has estimated a discount to these new-build wind prices to determine renewable electricity prices for hydroelectric facilities. In Brazil, the estimate of future electricity prices is based on a similar approach as applied in North America using a forecast of the all-in cost of hydroelectric and wind development.

Discount rates are determined each year by considering the current interest rates, average market cost of capital as well as the price risk and the geographical location of the operational facilities as judged by management. Inflation rates are also determined by considering the current inflation rates and the expectations of future rates by economists. Operating costs are based on long-term budgets escalated for inflation. Each operational facility has a 20 year capital plan that it follows to ensure the maximum life of its assets is achieved. Foreign exchange rates are forecasted by using the spot rates and the available forward rates, extrapolated beyond the period available. The inputs described above to the discounted cash flow model require management to consider facts, trends and plans in making its judgments as to what derives a reasonable fair value of its property, plant and equipment.

### (iv) Financial instruments

The accounting policy relating to Brookfield Renewable's financial instruments is described in Note 2(i) — Financial instruments in our audited consolidated financial statements. In applying the policy, judgments are made in applying the criteria set out in IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"), to record financial instruments at fair value through profit and loss, and the assessments of the effectiveness of hedging relationships.

### (v) Deferred income taxes

The accounting policy relating to Brookfield Renewable's income taxes is described in Note 2(k) — Income taxes in our audited consolidated financial statements. In applying this policy, judgments are made in determining the probability of whether deductions, tax credits and tax losses can be utilized.

## **FUTURE CHANGES IN ACCOUNTING POLICIES**

### (i) Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* (“IFRS 9”) which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Management is currently evaluating the impact of IFRS 9 on the consolidated financial statements.

### (ii) Amendments to IFRS 10 and IAS 28

The amendments to IFRS 10, *Consolidated Financial Statements* (“IFRS 10”) and IAS 28, *Investments in Associates and Joint Ventures (2011)* (“IAS 28”) address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if the assets are housed in a subsidiary. The amendments are effective for transactions occurring in annual periods beginning on or after January 1, 2017 with earlier application permitted. Management is currently evaluating the impact of the amendments to IFRS 10 and IAS 28 on the consolidated financial statements.

### (iii) Revenue recognition

IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”) was issued by IASB on May 28, 2014. IFRS 15 outlines a single comprehensive model to account for revenue arising from contracts with customers and will replace the majority of existing IFRS requirements on revenue recognition including IAS 18, *Revenue*, IAS 11, *Construction Contracts* and related interpretations. The core principle of the standard is to recognize revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard has prescribed a five-step model to apply the principles. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Management is currently evaluating the impact of IFRS 15 on the consolidated financial statements.

### (iv) Leases

IFRS 16, *Leases* (“IFRS 16”) was issued by the IASB on January 13, 2016. IFRS 16 brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. Under IFRS 16 a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease. Lessees are permitted to make an accounting policy election, by class of underlying asset, to apply a method like IAS 17’s operating lease accounting and not recognize lease assets and lease liabilities for leases with a lease term of 12 months or less, and on a lease-by-lease basis, to apply a method similar to current operating lease accounting to leases for which the underlying asset is of low value. IFRS 16 supersedes IAS 17, *Leases* and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied. Management is currently evaluating the impact of IFRS 16 on the consolidated financial statements.

**OPERATIONAL AND FINANCIAL REVIEW FOR THE THREE MONTHS ENDED DECEMBER 31, 2015**

The following table reflects the actual and long-term average generation for the three months ended December 31:

GENERATION (GWh)					Variance of Results		
	Actual Generation <sup>(1)</sup>		LTA Generation <sup>(1)</sup>		Actual vs. LTA		Actual vs.
	2015	2014	2015	2014	2015	2014	Prior Year
Hydroelectric							
North America							
United States	2,546	2,434	2,801	2,796	(255)	(362)	112
Canada	1,018	1,714	1,202	1,218	(184)	496	(696)
	3,564	4,148	4,003	4,014	(439)	134	(584)
Latin America	1,240	795	1,048	900	192	(105)	445
	4,804	4,943	5,051	4,914	(247)	29	(139)
Wind							
North America							
United States	190	230	219	274	(29)	(44)	(40)
Canada	345	311	343	343	2	(32)	34
	535	541	562	617	(27)	(76)	(6)
Latin America	137	-	148	-	(11)	-	137
Europe	479	299	443	235	36	64	180
	1,151	840	1,153	852	(2)	(12)	311
Other	162	56	165	4	(3)	52	106
<b>Total<sup>(2)</sup></b>	<b>6,117</b>	<b>5,839</b>	<b>6,369</b>	<b>5,770</b>	<b>(252)</b>	<b>69</b>	<b>278</b>

<sup>(1)</sup> For assets acquired or reaching commercial operation during the year, this figure is calculated from the acquisition or commercial operation date, and is not annualized.

<sup>(2)</sup> Includes 100% of generation from equity-accounted investments.

Generation for the three months ended December 31, 2015 totaled 6,117 GWh, below the long-term average of 6,369 GWh and an increase of 278 GWh compared to the prior year.

The hydroelectric portfolio generated 4,804 GWh, below the long-term average of 5,051 GWh and a decrease of 139 GWh compared to the prior year. Generation in the United States was higher compared to the prior year, particularly in Tennessee and North Carolina, but was below the long-term average across the balance of the portfolio. In Canada, generation was below the long-term average and lower compared to the prior year, in which Ontario in particular had experienced strong inflows. While we experienced lower generation in North America relative to the long-term average and prior year, inflows showed strong signs of improvement during the fourth quarter of 2015 and were used to replenish reservoirs. As at December 31, 2015, reservoir levels were in line with the long-term average and position us well for 2016. Generation in Brazil continued to improve in the fourth quarter of 2015 but remained below the long-term average. In this period we reached an agreement with the Brazilian government to recover revenues equivalent to generation of 278 GWh as compensation for system-wide curtailments in 2015.

Our Irish wind portfolio generated above the long-term average, and marginally below the prior year. Generation from our North American wind portfolio generated in line with the long-term average and increased 44 GWh from the prior year due to improved wind conditions. Generation from the prior year includes 50 GWh related to the 102 MW wind facility in California sold in 2015.

Our recently acquired 433 MW hydroelectric, wind and biomass portfolio in Brazil and 123 MW wind portfolio in Portugal contributed 471 GWh and 74 GWh, respectively. Contributions from Irish wind

[Table of Contents](#)

assets commissioned during 2015 were 115 GWh which brought the total contribution from the growth in the portfolio to 660 GWh. This was below the long-term average.

The following table reflects Adjusted EBITDA, Funds From Operations, Adjusted Funds From Operations, and provides a reconciliation to net (loss) income for the three months ended December 31:

(MILLIONS, EXCEPT AS NOTED)	2015	2014
Revenues	\$ 392	\$ 408
Other income	6	2
Share of cash earnings from equity-accounted investments	2	1
Direct operating costs	(142)	(138)
Adjusted EBITDA <sup>(1)</sup>	258	273
Interest expense – borrowings	(103)	(106)
Management service costs	(10)	(13)
Current income taxes	(1)	1
Less: cash portion of non-controlling interests		
Participating non-controlling interests - in operating subsidiaries	(48)	(30)
Preferred equity	(7)	(9)
Less: distributions to preferred limited partners	(1)	-
Funds From Operations <sup>(1)</sup>	88	116
Less: adjusted sustaining capital expenditures <sup>(2)</sup>	(15)	(15)
Adjusted Funds From Operations <sup>(1)</sup>	73	101
Add: cash portion of non-controlling interests	55	39
Add: distributions to preferred limited partners	1	-
Add: adjusted sustaining capital expenditures	15	15
Other items:		
Depreciation	(144)	(148)
Unrealized financial instruments gain	-	5
Share of non-cash loss from equity-accounted investments	(2)	(8)
Deferred income tax recovery	40	21
Other	(48)	6
Net (loss) income	\$ (10)	\$ 31
Net (loss) income attributable to limited partners' equity	\$ (13)	\$ 16
Basic and diluted (loss) earnings per LP Unit <sup>(3)</sup>	\$ (0.09)	\$ 0.11

<sup>(1)</sup> Non-IFRS measures. See "Cautionary Statement Regarding Use of Non-IFRS Measures".

<sup>(2)</sup> Based on long-term sustaining capital expenditure plans.

<sup>(3)</sup> Average LP Units outstanding during the period totaled 143.2 million (2014: 143.3 million).

## [Table of Contents](#)

Revenues totaling \$392 million represent a decrease of \$16 million.

Revenues from our entire hydroelectric portfolio decreased \$11 million. In North America, lower generation at our Canadian portfolio and a relatively lower pricing environment in the northeastern United States contributed to a decrease in revenues. Revenues from our Brazilian hydroelectric portfolio included the recovery relating to curtailment of \$25 million, and relatively stronger power prices that we were able to capture by maintaining a lower level of contracted power in the portfolio.

Improved conditions across our North American and Irish wind portfolios, and escalations in our power purchase agreements resulted in an \$11 million increase in revenues.

The recent growth across our entire portfolio contributed revenues of \$36 million. The 102 MW wind facility in California sold at the beginning of the third quarter of 2015 had contributed revenues of \$5 million in the prior year.

The appreciation of the U.S. dollar resulted in a \$46 million reduction in revenues. This also affected operating and borrowing costs, and the net impact on Funds From Operations was \$19 million.

The average total revenue per MWh of \$64 decreased \$6 per MWh, primarily attributable to the appreciation of the U.S. dollar impacting our revenues denominated in Canadian dollars, Euros and the Brazilian Real, partially offset by higher relative pricing at certain facilities in our portfolio.

Direct operating costs totaling \$142 million represent an increase of \$4 million, primarily reflecting timing differences from the prior year largely related to our ongoing maintenance projects and the growth in our portfolio.

Interest expense totaling \$103 million represents a decrease of \$3 million, as incremental borrowing costs of \$9 million attributable to the growth in our portfolio were partly offset by savings attributable to repayments on certain subsidiary borrowings.

Management service costs totaling \$10 million represent a decrease of \$3 million, which was primarily attributable to the appreciation of the U.S. dollar.

The cash portion of non-controlling interests totaling \$55 million represent an increase of \$16 million which was primarily attributable to the growth in our portfolio and improved performance from certain assets in our portfolio.

Funds From Operations totaling \$88 million represent a decrease of \$28 million, reflecting the variances described above. The growth in our portfolio contributed \$10 million to Funds From Operations.

Net loss totaling \$10 million represents a decrease of \$41 million.

## SUMMARY OF HISTORICAL QUARTERLY RESULTS ON A CONSOLIDATED BASIS

The following is a summary of unaudited quarterly financial information for the last twelve consecutive quarters:

	2015				2014				2013			
(MILLIONS, EXCEPT AS NOTED)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Generation (GWh) - LTA <sup>(1)(2)</sup>	6,369	5,459	7,199	6,516	5,770	5,065	6,440	6,021	5,380	4,960	6,171	5,325
Generation (GWh) - actual <sup>(1)(2)</sup>	6,117	4,992	6,400	5,823	5,839	4,383	6,341	5,985	5,268	5,154	6,265	5,535
Revenues	\$ 392	\$ 337	\$ 458	\$ 441	\$ 408	\$ 342	\$ 474	\$ 480	\$ 393	\$ 392	\$ 484	\$ 437
Adjusted EBITDA <sup>(3)</sup>	258	242	339	338	273	223	360	360	272	260	357	319
Funds From Operations <sup>(3)</sup>	88	80	146	153	116	61	198	185	137	108	187	162
Net (loss) income												
Non-controlling interests												
Participating non-controlling interests - in operating subsidiaries	8	37	10	14	(8)	(2)	21	40	(7)	8	24	16
General partnership interest in a holding subsidiary held by Brookfield	-	-	-	-	-	-	-	1	-	-	-	1
Participating non-controlling interests - in a holding subsidiary - Redeemable/Exchangeable units held by Brookfield	(13)	(8)	8	14	14	(16)	20	37	10	5	22	30
Preferred equity	7	7	8	8	9	10	10	9	10	10	10	7
Preferred limited partners' equity	1	-	-	-	-	-	-	-	-	-	-	-
Limited partners' equity	(13)	(9)	9	15	16	(17)	21	38	11	5	22	31
	(10)	27	35	51	31	(25)	72	125	24	28	78	85
Basic and diluted (loss) earnings per LP Unit	(0.09)	(0.07)	0.07	0.10	0.11	(0.13)	0.15	0.29	0.08	0.04	0.17	0.23
Average LP Units outstanding (millions)	143.3	143.4	143.4	143.4	143.3	143.3	135.3	133.0	132.9	132.9	132.9	132.9
Distributions:												
General partnership interest in a holding subsidiary held by Brookfield	3	3	3	3	1	2	1	2	1	1	1	1
Participating non-controlling interests - in a holding subsidiary - Redeemable/Exchangeable units held by Brookfield	54	54	54	55	50	50	51	50	47	47	47	47
Preferred equity	7	7	8	8	9	10	10	9	10	10	10	7
Preferred limited partners' equity	1	-	-	-	-	-	-	-	-	-	-	-
Limited partners' equity	59	59	60	61	56	56	53	51	48	49	48	48

<sup>(1)</sup> Includes 100% of generation from equity-accounted investments.

<sup>(2)</sup> For assets acquired or reaching commercial operation during the year, this figure is calculated from the acquisition or commercial operation date and is not annualized.

<sup>(3)</sup> Non-IFRS measures. See "Cautionary Statement Regarding Use of Non-IFRS Measures", "Financial Review by Segments for the Year Ended December 31, 2015" and "Financial Review by Segments for the Year Ended December 31, 2014".

## RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### (a) Market risk

Market risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by Brookfield Renewable will fluctuate because of changes in market prices.

Brookfield Renewable faces market risk from foreign currency assets and liabilities, the impact of changes in interest rates, and floating rate liabilities. Market risk is managed by funding assets with financial liabilities in the same currency and with similar interest rate characteristics and holding financial contracts, such as interest rate swaps and foreign exchange contracts, to minimize residual exposures. Financial instruments held by Brookfield Renewable that are subject to market risk include borrowings and financial instruments, such as interest rate, currency and commodity contracts. The categories of financial instruments that can give rise to significant variability are described below:

#### (i) Electricity price risk

Electricity price risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by Brookfield Renewable will fluctuate because of changes in electricity prices. Electricity price risk arises from the sale of Brookfield Renewable's uncontracted generation. Brookfield Renewable aims to sell electricity under long-term contracts to secure stable prices and mitigate its exposure to wholesale markets.

The table below summarizes the impact of changes in the market price of electricity as at December 31. The impact is expressed in terms of the effect on net income and OCI. The sensitivities are based on the assumption that the market price changes by five percent with all other variables held constant.

Impact of a 5% change in the market price of electricity, on outstanding energy derivative contracts, for the year ended December 31:

(MILLIONS)	Effect on net income			Effect on OCI		
	2015	2014	2013	2015	2014	2013
5% increase	\$ (2)	\$ (1)	\$ (1)	\$ (7)	\$ (9)	\$ 1
5% decrease	2	1	1	7	9	(1)

#### (ii) Foreign currency risk

Foreign currency risk is defined for these purposes as the risk that the fair value of a financial instrument held by Brookfield Renewable will fluctuate because of changes in foreign currency rates.

Brookfield Renewable has exposure to the Canadian dollar, Brazil real and Euro through its investments in foreign operations. Consequently, fluctuations in the U.S. dollar exchange rate against these currencies increase the volatility of net income and other comprehensive income. Brookfield Renewable holds foreign currency contracts primarily to mitigate this exposure.

The table below summarizes the impact of changes in the exchange rate as at December 31. The impact is expressed in terms of the effect on income and OCI. The sensitivities are based on the assumption that the currency exchange rate changes by five percent with all other variables held constant.

## [Table of Contents](#)

Impact of a 5% change in U.S. dollar exchange rates, on outstanding foreign exchange swaps, for the year ended December 31:

(MILLIONS)	Effect on net income			Effect on OCI		
	2015	2014	2013	2015	2014	2013
5% increase	\$ 2	\$ 12	\$ -	\$ 10	\$ 19	\$ -
5% decrease	(2)	(12)	-	(10)	(19)	-

### *(iii) Interest rate risk*

Interest rate risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by Brookfield Renewable will fluctuate, because of changes in interest rates.

Brookfield Renewable's assets largely consist of long duration physical assets. Brookfield Renewable's financial liabilities consist primarily of long-term fixed rate debt or floating-rate debt that has been swapped to fixed rates with interest rate financial instruments. All non-derivative financial liabilities are recorded at their amortized cost. Brookfield Renewable also holds interest rate contracts to lock-in fixed rates on certain anticipated future debt issuances.

Brookfield Renewable will enter into interest rate swaps designed to minimize the exposure to interest rate fluctuations on its variable rate debt. Fluctuations in interest rates could impact Brookfield Renewable's cash flows, primarily with respect to the interest payable against Brookfield Renewable's variable rate debt, which is limited to certain subsidiary borrowings with a total principal value of \$2,532 million (2014: \$2,552 million). Of this principal value, \$1,040 million (2014: \$1,237 million) has been hedged through the use of interest rate swaps.

The table below summarizes the impact of changes in the interest rate as at December 31. The impact is expressed in terms of the effect on income and OCI. The sensitivities are based on the assumption that the interest rate changes by one percent with all other variables held constant.

Impact of a 1% change in interest rates, on outstanding interest rate swaps and variable rate debt, for the year ended December 31:

(MILLIONS)	Effect on net income			Effect on OCI		
	2015	2014	2013	2015	2014	2013
1% increase	\$ (15)	\$ (13)	\$ (7)	\$ 125	\$ 138	\$ 96
1% decrease	15	13	7	(125)	(138)	(96)

### **(b) Credit risk**

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfill its contractual obligations. Brookfield Renewable's exposure to credit risk in respect of financial instruments relates primarily to counterparty obligations regarding energy contracts, interest rate swaps, forward foreign exchange contracts and physical electricity and gas transactions.

Brookfield Renewable minimizes credit risk with counterparties through the selection, monitoring and diversification of counterparties, and the use of standard trading contracts, and other credit risk mitigation techniques. In addition, Brookfield Renewable's PPAs are reviewed regularly and are almost exclusively with customers having long standing credit histories or investment grade ratings, which limit the risk of non-collection. As at December 31, 2015, 99% (2014: 99%) of Brookfield Renewable's trade receivables of \$98 million were current. See Note 8 - Trade receivables and other current assets in our audited consolidated financial statements for additional details regarding Brookfield Renewable's trade receivables balance.

[Table of Contents](#)

The maximum credit exposure at December 31 was as follows:

(MILLIONS)	2015	2014
Cash and cash equivalents	\$ 63	\$ 150
Restricted cash <sup>(1)</sup>	336	313
Trade receivables and other short-term receivables	185	131
Financial instrument assets	32	66
Due from related parties	57	63
	\$ 673	\$ 723

<sup>(1)</sup> Includes both the current and long-term amounts.

**(c) Liquidity risk**

Liquidity risk is the risk that we cannot meet a demand for cash or fund an obligation when due. Liquidity risk is mitigated by cash and cash equivalent balances and its access to undrawn credit facilities. Details of the available portion of credit facilities are included in "Liquidity and Capital Resources". We also ensure that we have access to public capital markets and maintain a strong investment grade credit rating of BBB (high).

We are also subject to the risk associated with debt financing. This risk is mitigated by the long-term duration of debt instruments and the diversification in maturity dates over an extended period of time.

The sensitivity analysis discussed above reflects only the risks associated with instruments that we consider are market sensitive and the potential loss resulting from one or more selected hypothetical changes. Therefore, the discussion above is not intended to reflect fully the risk exposure that we may have.

## SUBSEQUENT EVENTS

### *Acquisition of Isagen*

In January 2016 we, with our institutional partners, acquired a 57.6% controlling interest in Isagen from the Colombian government. Isagen is Colombia's third-largest power generation company and owns and operates a 3,032 MW portfolio, consisting predominantly of a portfolio of six, largely reservoir-based, hydroelectric facilities. Annual generation is expected to approximate 15,000 GWh. In addition, the portfolio includes approximately 3,800 MW of attractive medium to long-term development projects providing further growth opportunity.

Aggregate consideration was approximately \$2.0 billion (COP 6.7 trillion) for the initial 57.6% interest. Brookfield Renewable's initial investment is \$225 million for a 9% economic interest in Isagen after accounting for the non-controlling interests of its institutional partners. Brookfield Renewable is the general partner of and effectively controls the entity that acquired the 57.6% interest in Isagen.

Following the closing of the acquisition, our consortium is required to conduct two mandatory tender offers (collectively, the "MTO") with respect to the remaining Isagen shares. If our consortium is successful in acquiring all of the remaining outstanding Isagen shares, a further approximately \$1.4 billion (COP 4.8 trillion) would be invested. Brookfield Renewable's interest in Isagen would then increase to approximately 23% and a further approximate \$400 million of equity would be invested.

The financing for the initial 57.6% interest and the anticipated financing if all of the Isagen shares are tendered is expected as follows:

	Initial		MTO	
(MILLIONS)	57.6%		42.4%	
Non-recourse borrowings	\$	510	\$	240
Equity				
Non-controlling interests		1,244		806
Brookfield Renewable		225		400
	\$	1,979	\$	1,446
				\$ 750
				2,050
				625
				3,425

In association with the Isagen acquisition, we and our institutional partners secured financing in the amount of \$750 million of which \$510 million was drawn to partially fund the initial 57.6% interest. The loan bears interest at a floating interest rate of LIBOR plus a margin of 250 basis points and matures in January 2021. We also secured a one-year, \$500 million, non-revolving corporate credit facility. The terms of this credit facility are consistent with the terms of our corporate credit facilities and the applicable margin is 1.20%.

The estimated fair values of the assets acquired and liabilities assumed will be disclosed in the Q1 2016 interim report and financial statements with final figures expected within 12 months of the acquisition date.

### *Acquisition of Brazil hydroelectric facilities*

In January 2016, we completed the acquisition of two hydroelectric facilities in Brazil. The aggregate capacity of the two facilities is 51 MW, and annual generation is expected to be 293 GWh. We will retain a 100% interest in the facilities.

### *Equity transactions*

In February 2016, we announced the completion of the Exchange Offer for the exchange of Series 5 Preference Shares for Series 5 Preferred LP Units. A total of 2,885,496 Series 5 Preference Shares were tendered and exchanged for an equal number of Series 5 Preferred LP Units.

### *Distribution increase*

[Table of Contents](#)

In February 2016, we announced an increase in LP Unitholder distributions to \$1.78 per LP Unit on an annualized basis, an increase of 12 cents per LP Unit, to take effect with the first quarter distribution payable in March 2016.

[Table of Contents](#)

**FINANCIAL REVIEW BY SEGMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

The following table reflects Adjusted EBITDA, Funds From Operations, Adjusted Funds From Operations, and provides a reconciliation to net income and cash flows from operating activities for the year ended December 31:

(MILLIONS)	Hydroelectric	Wind	Corporate and Other <sup>(1)</sup>	2015	2014
Revenues	\$ 1,228	\$ 366	\$ 34	\$ 1,628	\$ 1,704
Other income <sup>(2)(3)(4)</sup>	54	22	5	81	10
Share of cash earnings from equity-accounted investments	20	-	-	20	26
Direct operating costs	(406)	(102)	(44)	(552)	(524)
Adjusted EBITDA <sup>(5)</sup>	896	286	(5)	1,177	1,216
Fixed earnings adjustment <sup>(6)</sup>	-	-	-	-	11
Interest expense - borrowings	(246)	(101)	(82)	(429)	(415)
Management service costs	-	-	(48)	(48)	(51)
Current income taxes	(17)	-	(1)	(18)	(18)
Less: cash portion of non-controlling interests					
Participating non-controlling interests - in operating subsidiaries	(107)	(72)	(5)	(184)	(145)
Preferred equity	-	-	(30)	(30)	(38)
Less: distributions to preferred limited partners	-	-	(1)	(1)	-
Funds From Operations <sup>(5)</sup>	\$ 526	\$ 113	\$ (172)	\$ 467	\$ 560
Less: adjusted sustaining capital expenditures <sup>(7)</sup>				(60)	(58)
Adjusted Funds From Operations <sup>(5)</sup>				407	502
Add: adjusted sustaining capital expenditures				60	58
Add: cash portion of non-controlling interests <sup>(6)</sup>				255	183
Add: distributions to preferred limited partners				1	-
Less: fixed earnings adjustment				-	(11)
Other items:					
Depreciation and amortization				(616)	(548)
Unrealized financial instruments (loss) gain				(9)	10
Share of non-cash loss from equity-accounted investments				(10)	(23)
Deferred income tax recovery				78	29
Other				(63)	3
Net income				\$ 103	\$ 203
Adjustments for non-cash items				546	497
Dividends received from equity accounted investments				19	30
Changes in due to or from related parties				(18)	(10)
Net change in working capital balances				(62)	(20)
Cash flows from operating activities				\$ 588	\$ 700

<sup>(1)</sup> Other includes biomass and Co-gen.

<sup>(2)</sup> In July 2015, Brookfield Renewable, along with its institutional partners, sold its interest in a 102 MW wind facility in California to a third party for gross cash consideration of \$143 million, resulting in a gain of \$53 million. See Note 5 - Disposal of assets and Note 23 - Other income in our audited consolidated financial statements. Brookfield Renewable's share of the gain was \$12 million, representing the 22% interest in the facility and is net of the cash portion of non-controlling interests.

<sup>(3)</sup> In July 2015, concession agreements relating to two Brazilian hydroelectric facilities expired. Brookfield Renewable elected not to renew these concession agreements in exchange for compensation of \$17 million.

<sup>(4)</sup> In 2015, Brookfield Renewable realized gains of \$31 million on the settlement of foreign currency contracts. See Note 23 - Other income in our audited consolidated financial statements.

<sup>(5)</sup> Non-IFRS measures. See "Cautionary Statement Regarding Use of Non-IFRS Measures".

<sup>(6)</sup> The fixed earnings adjustment relates to Brookfield Renewable's investment in the acquisition of the wind portfolio in Ireland. Pursuant to the terms of the purchase and sale agreement, Brookfield Renewable acquired an economic interest in the wind portfolio from January 1, 2014. The transaction closed on June 30, 2014, and accordingly under IFRS, the \$11 million net Funds From Operations contribution was recorded as part of the purchase price.

<sup>(7)</sup> Based on long-term sustaining capital expenditure plans.

[Table of Contents](#)

**FINANCIAL REVIEW BY SEGMENTS FOR THE YEAR ENDED DECEMBER 31, 2014**

The following table reflects Adjusted EBITDA, Funds From Operations, Adjusted Funds From Operations, and provides a reconciliation to net income and cash flows from operating activities for the year ended December 31:

(MILLIONS)	Hydroelectric	Wind	Corporate and Co-gen	2014	2013
Revenues	\$ 1,378	\$ 297	\$ 29	\$ 1,704	\$ 1,706
Other income	10	-	-	10	11
Share of cash earnings from equity-accounted investments	26	-	-	26	21
Direct operating costs	(408)	(77)	(39)	(524)	(530)
Adjusted EBITDA <sup>(1)</sup>	1,006	220	(10)	1,216	1,208
Fixed earnings adjustment <sup>(2)</sup>	-	11	-	11	-
Interest expense - borrowings	(242)	(86)	(87)	(415)	(410)
Management service costs	-	-	(51)	(51)	(41)
Current income taxes	(18)	-	-	(18)	(19)
Less: cash portion of non-controlling interests					
Participating non-controlling interests - in operating subsidiaries	(98)	(47)	-	(145)	(107)
Preferred equity	-	-	(38)	(38)	(37)
Funds From Operations <sup>(1)</sup>	\$ 648	\$ 98	\$ (186)	\$ 560	\$ 594
Less: adjusted sustaining capital expenditures <sup>(3)</sup>				(58)	(56)
Adjusted Funds From Operations <sup>(1)</sup>				502	538
Add: adjusted sustaining capital expenditures				58	56
Add: cash portion of non-controlling interests				183	144
Less: fixed earnings adjustment				(11)	-
Other items:					
Depreciation and amortization				(548)	(535)
Unrealized financial instruments gain				10	37
Share of non-cash loss from equity-accounted investments				(23)	(12)
Deferred income tax recovery				29	18
Other				3	(31)
Net income				\$ 203	\$ 215
Adjustments for non-cash items				497	514
Dividends received from equity accounted investments				30	16
Changes in due to or from related parties				(10)	(11)
Net change in working capital balances				(20)	1
Cash flows from operating activities				\$ 700	\$ 735

<sup>(1)</sup> Non-IFRS measures. See "Cautionary Statement Regarding Use of Non-IFRS Measures".

<sup>(2)</sup> The fixed earnings adjustment relates to Brookfield Renewable's investment in the acquisition of the wind portfolio in Ireland. Pursuant to the terms of the purchase and sale agreement, Brookfield Renewable acquired an economic interest in the wind portfolio from January 1, 2014. The transaction closed on June 30, 2014, and accordingly under IFRS, the \$11 million net Funds From Operations contribution was recorded as part of the purchase price.

<sup>(3)</sup> Based on long-term sustaining capital expenditure plans.

**5.B LIQUIDITY AND CAPITAL RESOURCES**

See Item 5.A "Operating and Financial Review and Prospects – Liquidity and Capital Resources"

**5.C RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.**

None.

**5.D TREND INFORMATION**

See Item 4.B "Business Overview — Renewable Power Growth Opportunity" to understand our global renewable power drivers, core markets and growth opportunities.

## [Table of Contents](#)

See Item 5.A “Operating Results” for information on the following trend information:

- “— Generation and Financial Review for the Year Ended December 31, 2015” (variability of generation);
- “— Generation and Financial Review for the Year Ended December 31, 2014” (variability of generation);
- “— Liquidity and Capital Resources” (funding of growth initiatives, capital expenditures, distributions and general business purposes); and
- “— Contract Profile” (Funds From Operations).

### 5.E OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

### 5.F TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

See Item 5.A “Operating Results – Contractual Obligations”

## **ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

### 6.A DIRECTORS AND SENIOR MANAGEMENT

#### **Board of Directors of the Managing General Partner**

As required by Bermuda law, the Amended and Restated Limited Partnership Agreement of BREP provides for the management and control of BREP by a general partner rather than a board of directors and officers. The Managing General Partner, which is a wholly-owned subsidiary of Brookfield Asset Management, serves as BREP’s general partner and has a board of directors. The Managing General Partner has no executive officers and has sole responsibility and authority for the central management and control of BREP, which is exercised through its board of directors. The directors of the Managing General Partner each serve as a director until a successor is appointed to replace them.

The board of directors of the Managing General Partner is comprised of seven directors, five of whom are independent pursuant to the NYSE Listed Company Manual and within the meaning of Canadian National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. The following table presents certain information concerning the current board of directors of the Managing General Partner as of the date of this Form 20-F.

[Table of Contents](#)

<b>Name and Residence</b>	<b>Position</b>	<b>Election Date</b>	<b>Principal Occupation</b>
Jeffrey Blidner Ontario, Canada	Chair	August 2, 2011	Senior Managing Partner of Brookfield Asset Management
Eleazar de Carvalho Filho <sup>(1)</sup> Sao Paulo, Brazil	Director	November 28, 2011	Founder of Virtus BR Partners and Corporate Director; Founder of Sinfonia Consultoria e Participações
John Van Egmond <sup>(2)</sup> Arizona, United States	Director	November 28, 2011	Financial Consultant, Ozona Corporation
Lars Josefsson Stockholm, Sweden	Director	October 1, 2012	Managing Director, Contributor AB
David Mann <sup>(1)(2)(3)</sup> Nova Scotia, Canada	Director	November 28, 2011	Corporate Director
Lou Maroun <sup>(2)</sup> Warwick, Bermuda	Director	August 2, 2011	Chairman of Sigma Real Estate Advisors/Sigma Capital Corporation
Patricia Zuccotti <sup>(1)</sup> Washington, United States	Director	November 28, 2011	Corporate Director

<sup>(1)</sup> Member of the Audit Committee.

<sup>(2)</sup> Member of the Nominating and Governance Committee.

<sup>(3)</sup> Lead Independent Director.

Biographical information for each of the directors is included below.

**Jeffrey Blidner.** Mr. Blidner is the Chair of the board of directors of the Managing General Partner. Mr. Blidner is also Senior Managing Partner of Brookfield Asset Management. In that capacity he is responsible for strategic planning as well as transaction execution. He is also the Chief Executive Officer of Brookfield Asset Management's Private Funds Group, Chairman and a director of Rouse Properties, Inc. and Brookfield Business Partners L.P. and a director of Brookfield Asset Management, Brookfield Property Partners L.P., Brookfield Infrastructure Partners L.P. Prior to joining Brookfield in 2000, Mr. Blidner was a senior partner at a Canadian law firm.

**Eleazar de Carvalho Filho.** Mr. de Carvalho Filho is a director of the Managing General Partner. Mr. de Carvalho Filho was formerly the President and Managing Director of the Brazilian National Development Bank and has served as the Chief Executive Officer of Unibanco Investment Bank. He is a founding partner of Virtus BR Partners, an independent advisory company. From 2006 to 2011, Mr. de Carvalho Filho served as the non-executive Chairman of BHP Billiton Brazil. He also served on the board of directors of Petrobras, Eletrobrás and Vale, among others. Mr. de Carvalho Filho is currently a director of Cnova N.V., FMC Technologies, Inc. and Grupo Pão de Açúcar, where he is also a member of the audit committee. Mr. de Carvalho Filho is the President of the Board of Trustees of the Brazilian Symphony Orchestra. Mr. de Carvalho Filho holds a Master of Arts in International Relations from The

## [Table of Contents](#)

Johns Hopkins University in Washington, D.C. and a Bachelor of Arts with a major in Economics from New York University.

**John Van Egmond.** Mr. Van Egmond is a director of the Managing General Partner. Mr. Van Egmond is presently a financial consultant with Ozona Corporation (a general consulting company) in Tucson, Arizona. Prior to this role, he was the acting President and Chief Executive Officer and director of Wilshire Technologies, Inc. (located in Carlsbad, California) where he was responsible for all financial, operational, sales and marketing and human resource functions. Mr. Van Egmond is the past President of Century Power Corporation, an independent power producer based in Tucson, Arizona. Mr. Van Egmond is a Certified Public Accountant and received a Bachelor of Science in accounting from Montana State University.

**Lars Josefsson.** Mr. Josefsson is a director of the Managing General Partner. His prior positions include President and Chief Executive Officer of Vattenfall AB (2000-2010), Celsius AB (1997-2000) and various positions with Ericsson over a 24-year period. Mr. Josefsson is also a member of the boards of directors of Robert Bosch GmbH and Holmen AB. He is Chairman of the board of directors of Burntisland Fabrication Ltd., as well as Chairman and Managing Partner of BioElectric Solutions LGJ AB, the founder of the Biomass for Electricity Initiative and Foundation and a member of the board of trustees of Hand in Hand International. Mr. Josefsson graduated from Chalmers University of Technology in Applied Physics with a Master of Science in 1973 and in 1986 graduated from IMD, Lausanne, PED. Mr. Josefsson is an Honorary Professor in Physics, Brandenburg Technical University, Cottbus, Germany.

**David Mann.** Mr. Mann is a director of the Managing General Partner and, as of February 2016, is the lead independent director of the Board. Mr. Mann formerly served as President and Chief Executive Officer of Nova Scotia Power Inc. (1996-2004) and Vice Chairman (2004-2005) and President and Chief Executive Officer (1998-2004) of Emera Inc., a TSX-listed energy and services companies that invest in electrical generation, transmission and distribution. Mr. Mann is a Corporate Director and prior to January 1, 2016, served as Counsel at Cox & Palmer (a law firm). He has over 30 years of experience in the practice of corporate and commercial law, with a particular emphasis on corporate finance and public utility regulation. He also serves as Chairman, and is a member of the Audit Committee of, Logistec Corporation and is the Audit Committee Chairman of New Growth Corporation, Acadian Timber Corp. and Allbanc Split Corp II. Mr. Mann holds a Bachelor of Commerce and a Bachelor of Laws from Dalhousie University and a Master of Laws from the University of London, England.

**Lou Maroun.** Mr. Maroun is a director of the Managing General Partner. Mr. Maroun is also a director of Brookfield Property Partners L.P. and is Chairman of Sigma Real Estate Advisors and Sigma Capital Corporation, which specialize in international real estate advisory. Prior to this role, Mr. Maroun was the Executive Chairman of ING Real Estate Canada, and held executive positions in a number of real estate companies where he was responsible for overseeing operations, real estate transactions, asset and property management, as well as many other related functions. Mr. Maroun also is on the board of directors and is Chairman of Summit Industrial Income REIT. Mr. Maroun graduated from the University of New Brunswick in 1972 with a Bachelor's degree, majoring in psychology, followed by a series of post graduate studies in finance and mortgage underwriting. In January of 2007, after a long and successful career in investment real estate, Mr. Maroun was elected to the position of Fellow of the Royal Institute of Chartered Surveyors.

**Patricia Zuccotti.** Ms. Zuccotti is a director of the Managing General Partner. Ms. Zuccotti served as Senior Vice President, Chief Accounting Officer and Controller of Expedia, Inc. (2005-2011). Prior to joining Expedia, Ms. Zuccotti was the Director, Enterprise Risk Services of Deloitte & Touche LLP (2003-2005). Ms. Zuccotti is a Certified Public Accountant (inactive as of June 30) in the State of Washington and received her Masters of Business Administration, majoring in accounting and finance, from the University of Washington and a Bachelor of Arts, majoring in political science, from Trinity College.

### **Director LP Unit Ownership Requirements**

The Managing General Partner believes that directors can better represent Brookfield Renewable's unitholders if they have economic exposure to Brookfield Renewable themselves. Brookfield Renewable expects that directors should hold sufficient LP Units such that the acquisition cost of units held by such director is equal to at least two times their annual retainer fee (the "**Ownership**

**Requirement**”). Directors are required to purchase limited partnership units on an annual basis in an amount not less than 20% of the Ownership Requirement until they have met the Ownership Requirement. Directors are required to achieve the Ownership Requirement within five years of joining the Board. In the event of an increase in the annual retainer fee, the directors will have two years from the date of the change to comply with the revised Ownership Requirement. In the case of directors who have served on the board of directors less than five years at the date of the change, such Directors will be required to comply with the Ownership Requirement by the date that is the later of: (i) the fifth anniversary of their appointment to the board of directors and (ii) two years following the date of the change in retainer fee. During the year ended December 31, 2015, our General Partner paid an annual retainer of \$100,000 per year to each director serving on its board, with additional amounts payable to directors who are also serving as chair of the board of directors or one of its committees, or as lead independent director.

#### **Additional Information About Directors and Officers**

To our knowledge, within the past ten years, no director or executive officer of the Managing General Partner and no employee of the Service Provider who performs an executive function for BREP has (a) served as a director, chief executive officer or chief financial officer of any company that was subject to a “cease trade” or similar order, or an order denying the relevant company access to any exemption under securities legislation, which remained in effect for more than 30 consecutive days, and that was issued (i) while he or she was acting as director, chief executive officer or chief financial officer, or (ii) after he or she ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while he or she was a director, chief executive officer or chief financial officer, (b) served as a director or executive officer of any company that, while he or she was acting in that capacity, or within a year after he or she ceased to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the company’s assets, except Mr. de Carvalho Filho, or (c) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets. Mr. de Carvalho Filho was a director of Varig S.A. — Viação Aérea Rio-Grandense from May 7, 2005 to November 18, 2005. On June 17, 2005, Varig S.A. — Viação Aérea Rio-Grandense applied for a grant of judicial recovery with a view to restructuring payments to its creditors. On August 20, 2010, Varig S.A. — Viação Aérea Rio-Grandense was declared bankrupt. The bankruptcy proceedings are still underway.

To our knowledge, no director or executive officer of the Managing General Partner and no employee of the Service Provider who performs an executive function for BREP, nor any personal holding company thereof owned or controlled by them, (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

To our knowledge, within the past ten years, no director or executive officer of our Managing General Partner and no employee of the Service Provider who performs an executive function for BREP, nor any personal holding company thereof owned or controlled by them, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, has become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets or the assets of his or her holding company.

#### **Our Management**

The Managing General Partner does not have any employees. Instead, members of Brookfield’s senior management and other individuals from Brookfield’s global affiliates are drawn upon to fulfill the Service Provider’s obligations to provide us with management services under our Master Services Agreement. The following table presents certain information concerning our core senior management team that is principally responsible for our operations as well as their positions with the Service Provider as of the date of this Form 20-F. The further disclosure required under Canadian securities laws

## [Table of Contents](#)

regarding the compensation of certain members of our core senior management team will be separately filed within 140 days of December 31, 2015.

<b>Name</b>	<b>Years of experience in relevant industry or role</b>	<b>Years at Brookfield</b>	<b>Current Position with the Service Provider</b>
Harry Goldgut	31	19	Group Chairman
Richard Legault	31	28	Group Chairman
Sachin Shah	17	14	Chief Executive Officer
Nicholas Goodman	12	5	Chief Financial Officer
Jennifer Mazin	17	2	General Counsel
Henrique Martins	17	7	Chief Executive Officer, Brazil
Ralf Rank	14	8	Chief Executive Officer, Europe

Each of the members of our core senior management team has substantial operational and transaction origination and execution expertise. Certain members of this team have also been integral in building and developing Brookfield's renewable power operations and, although certain members of the senior management team are also managing partners of Brookfield or have some responsibilities in other Brookfield businesses, these members devote substantially all of their time to the management and development of Brookfield Renewable. Biographical information for each of the members of this team is included below.

**Harry Goldgut.** Mr. Goldgut is the Group Chairman of the Service Provider. Mr. Goldgut is also a Senior Managing Partner of Brookfield Asset Management and is appointed under the Master Services Agreement as Group Chairman of BREP. He has been involved in the electric power industry since 1985. Mr. Goldgut joined Brookfield in 1997 as Vice President, Power Generation and since then has held various senior positions in BRPI, becoming its Co-Chairman and Chief Executive Officer in 2000, adding Chairman in 2005. He has been actively involved in developing and expanding Brookfield's power operations and has had primary responsibility for its acquisitions and its senior regulatory relationships. He played an active role in the restructuring of the electricity industry in Ontario as a member of several governmental and regulatory committees and task forces including the Market Design Committee, the Minister of Energy's Advisory Committee, the Clean Energy Task Force and the Ontario Energy Board Chair's Advisory Roundtable. Mr. Goldgut received an LL.B. from York University's Osgoode Hall Law School in Ontario, and was called to the Ontario Bar in 1982.

**Richard Legault.** Mr. Legault is the Group Chairman of the Service Provider. Mr. Legault is also a Senior Managing Partner of Brookfield Asset Management and is appointed under the Master Services Agreement as Group Chairman, of BREP. Prior to 2015, Mr. Legault was Chief Executive Officer of BREP during which time he led the growth of Brookfield's renewable power operations on a global basis, helping to make Brookfield Renewable one of the world's largest pure play renewable power portfolios. Mr. Legault was Chief Financial Officer of Brookfield from 2000 to 2001, prior to which he held several senior positions in operations, finance, and corporate development with Brookfield's forest products operations. Mr. Legault received a Bachelor of Accounting from the Université du Québec in Hull and is a member of the Chartered Professional Accountants of Canada (CPA, CA).

**Sachin Shah.** Mr. Shah is the Chief Executive Officer of the Service Provider. Mr. Shah is also a Senior Managing Partner of Brookfield Asset Management and is appointed under the Master Services Agreement as Chief Executive Officer of BREP. In this capacity, he has oversight for Brookfield Renewable's growth and capitalization, on a global basis. Mr. Shah received a Bachelor of Commerce degree from the University of Toronto and is a member of the Chartered Professional Accountants of Canada (CPA, CA).

## [Table of Contents](#)

**Nicholas (Nick) Goodman.** Mr. Goodman is Chief Financial Officer of the Service Provider and is appointed under the Master Services Agreement as Chief Financial Officer of BREP. In this capacity, he directs all capital markets activities, accounting, financial reporting, treasury, taxation and investor relations, on a global basis. Mr. Goodman received a Bachelor of Arts in Accounting and Finance from the University of Strathclyde in Glasgow, Scotland and is a member of the Institute of Chartered Accountants of Scotland.

**Jennifer Mazin.** Ms. Mazin is General Counsel of the Service Provider and is appointed under the Master Services Agreement as General Counsel of BREP. She provides oversight for Brookfield Renewable's legal matters on a global basis, including transactional matters, corporate governance and public disclosure. Ms. Mazin received her Bachelor of Arts from the University of Western Ontario and her law degree from the University of Toronto. She is called to the bars of the State of New York and the Province of Ontario.

**Henrique Martins.** Mr. Martins is Chief Executive Officer, Latin America, of the Service Provider and is appointed under the Master Services Agreement as Chief Executive Officer, Latin America, of BREP. He is a Managing Partner of Brookfield Asset Management. Mr. Martins provides oversight of Brookfield Renewable's activities in Latin America, including growth, operations and funding and maintains responsibility for generation and development, including operations and maintenance, marketing, health and safety, legal, environmental and procurement activities. Mr. Martins received a degree in Economics from PUC University and his MBA from the University of Michigan.

**Ralf Rank.** Mr. Rank is Chief Executive Officer, Europe, of the Service Provider and is appointed under the Master Services Agreement as Chief Executive Officer, Europe, of BREP. He is a Managing Partner of Brookfield Asset Management. Mr. Rank provides oversight of Brookfield Renewable's activities in Europe, including growth, operations and funding and maintains responsibility for generation and development, including operations and maintenance, marketing, health and safety, legal, environmental and procurement activities. Mr. Rank has an Honours Bachelor of Applied Science (Mechanical Engineering) and a Minor in Economics from the University of Waterloo and is a Chartered Financial Analyst.

See also information contained under Item 3.D "Risk Factors — Risks Related to Our Relationship with Brookfield" and Item 7.B "Related Party Transactions".

### **Management Diversity**

At Brookfield Renewable, hiring and promotion decisions are based on solely on merit, so that each officer and employee possesses the necessary skills, knowledge and experience to do his or her job. Brookfield Renewable and the Service Provider are committed to workplace diversity, including but not limited to diversity of gender, culture, geography, and skills. Brookfield Renewable appreciates the benefits of leveraging a range of diverse talents and perspectives and we actively support the development and advancement of a diverse group of employees capable of achieving management roles, including executive officer positions. Neither Brookfield Renewable nor the Service Provider have targets for the representation of women in executive officer positions because such targets do not accurately reflect the full range of factors considered in hiring or promoting executive officers. Currently, we have six women in executive positions who constitute 24% of the executive team of the Service Provider and the senior management team of our business, in the aggregate.

### **Our Master Services Agreement**

BREP, BRELP and the Holding Entities entered into our Master Services Agreement pursuant to which the Service Provider has agreed to provide oversight of our business and provide the services of senior management to BREP. In addition, the Service Provider has agreed to provide services relating to acquisitions or dispositions, financings, business planning and strategy and oversight and supervision of various day to day management and administrative activities. The Operating Entities are not a party to our Master Services Agreement.

Under our Master Services Agreement, the Service Recipients have appointed the Service Provider to provide or arrange for the provision by an appropriate service provider of the following services:

## [Table of Contents](#)

- causing or supervising the carrying out of all day to day management, secretarial, accounting, banking, treasury, administrative, liaison, representative, regulatory and reporting functions and obligations;
- providing overall strategic advice to the Holding Entities including advising with respect to the expansion of their business into new markets;
- establishing and maintaining or supervising the establishment and maintenance of books and records;
- identifying, evaluating and recommending to the Holding Entities acquisitions or dispositions from time to time and, where requested to do so, assisting in negotiating the terms of such acquisitions or dispositions;
- recommending and, where requested to do so, assisting in the raising of funds whether by way of debt, equity or otherwise, including the preparation, review or distribution of any prospectus or offering memorandum in respect thereof and assisting with communications support in connection therewith;
- causing or supervising the preparation and implementation of any operating plan, capital expenditure plan or marketing plan;
- recommending to the Holding Entities suitable candidates to serve on the Governing Bodies of the Operating Entities;
- making recommendations with respect to the exercise of any voting rights to which the Holding Entities are entitled in respect of the Operating Entities;
- making recommendations with respect to the payment of dividends by the Holding Entities or any other distributions by the Service Recipients, including distributions by us to our LP Unitholders;
- monitoring and/or oversight of the applicable Service Recipient's accountants, legal counsel and other accounting, financial or legal advisers and technical, commercial, marketing and other independent experts and managing litigation in which a Service Recipient is sued or commencing litigation after consulting with, and subject to the approval of, the relevant Governing Body;
- attending to all matters necessary for any reorganization, bankruptcy proceedings, dissolution or winding up of a Service Recipient, subject to approval by the relevant Governing Body;
- supervising the timely calculation and payment of taxes payable, and the filing of all tax returns due, by each Service Recipient;
- causing or supervising the preparation of the Service Recipients' annual consolidated financial statements, quarterly interim financial statements and other public disclosure;
- making recommendations in relation to and effecting the entry into insurance of each Service Recipient's assets, together with other insurances against other risks including directors and officers insurance, as the relevant service provider and the relevant Governing Body may from time to time agree;
- arranging for individuals to carry out the functions of the principal executive, accounting and financial officers for BREP only for purposes of applicable securities laws;
- providing individuals to act as senior officers of Holding Entities as agreed from time to time, subject to the approval of the relevant Governing Body;
- advising the Service Recipients regarding the maintenance of compliance with applicable laws and other obligations; and
- providing all such other services as may from time to time be agreed with the Service Recipients that are reasonably related to the Service Recipient's day to day operations.

Notwithstanding the forgoing, all Investment Advisor Services (as defined in the Master Services Agreement) must be provided solely to BRELP. The Service Provider's activities are subject to the supervision of the board of directors of the Managing General Partner and the Governing Bodies of each of the other Service Recipients, as applicable. The Service Provider has agreed to exercise the power and discharge the duties conferred under our Master Services Agreement honestly and in good faith, and will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, subject to, and after taking into account, the terms and conditions of the Relationship Agreement.

### **Management Fee**

Pursuant to our Master Services Agreement, we pay an annual base management fee, referred to as the “**Base Management Fee**”, to the Service Provider equal to \$20 million (which amount is annually adjusted for inflation, with the first adjustment having been made on January 1, 2013, at an inflation factor based on year-over-year United States consumer price index) plus 1.25% of the amount by which the Total Capitalization Value exceeds an initial reference value determined based on its market capitalization immediately following the combination of the assets of the Fund and the Brookfield Power Renewable Assets into BREP. In the event that the measured Total Capitalization Value in a given period is less than the initial reference value, the Service Provider will receive only the Base Management Fee of \$20 million annually (subject to an annual escalation by the specified inflation factor described above). The Base Management Fee is calculated and paid on a quarterly basis.

To the extent that under any other arrangement we are obligated to pay a base management fee (directly or indirectly through an equivalent arrangement) to the Service Provider (or any affiliate) on a portion of our capital that is comparable to the Base Management Fee, the Base Management Fee payable for each quarter in respect thereof will be reduced on a dollar for dollar basis by our proportionate share of the comparable base management fee (or equivalent amount) under such other arrangement for that quarter. The Base Management Fee will not be reduced by the amount of any incentive distribution payable by any Service Recipient or Operating Entity to the Service Provider (or any other affiliate) (for which there is a separate credit mechanism under the Amended and Restated Limited Partnership Agreement of BRELP), or any other fees that are payable by any Operating Entity to Brookfield for financial advisory, operations and maintenance, development, operations management and other services. See Item 7.B “Related Party Transactions — Incentive Distributions” and “—Other Services”.

The table below sets out the quarterly Total Capitalization Value against the initial reference value of \$8,093,033,167, factoring in the quarterly portion of the annual amount of \$20 million (as adjusted for inflation pursuant to the Master Services Agreement) and the corresponding Base Management Fee paid for each quarter since November 2011. The Base Management Fee payment for the year ended 2015 was approximately \$48 million. The Base Management Fee payments for the years ended December 31, 2014 and 2013 were approximately \$51 million and \$41 million, respectively.



## [Table of Contents](#)

the fourth quarter of 2011 set forth in the table represent the base management fee and the incentive distribution for the stub period from such date until December 31, 2011.

- (2) Represents the five-day volume-weighted average price in Canadian dollars converted to U.S. dollars.
- (3) All outstanding LP Units, assuming full conversion of Brookfield's limited partnership interest in BRELP into LP Units.
- (4) \$20 million annual fee, calculated quarterly in arrears (subject to an annual escalation by a specified inflation factor beginning January 1, 2013).
- (5) 1.25% of the increase in Total Capitalization Value, calculated at 0.3125% quarterly.

### ***Reimbursement of Expenses and Certain Taxes***

The relevant Service Recipient will reimburse the Service Provider for all out-of-pocket fees, costs and expenses incurred in connection with the provision of the services including those of any third party. Such out-of-pocket fees, costs and expenses include, among other things, (i) fees, costs and expenses relating to any debt or equity financing; (ii) fees, costs and expenses incurred in connection with the general administration of any Service Recipient; (iii) taxes, licenses and other statutory fees or penalties levied against or in respect of a Service Recipient; (iv) amounts owed under indemnification, contribution or similar arrangements; (v) fees, costs and expenses relating to our financial reporting, regulatory filings and investor relations and the fees, costs and expenses of agents, advisers and other persons who provide services to or on behalf of a Service Recipient; and (vi) any other fees, costs and expenses incurred by the Service Provider that are reasonably necessary for the performance by the Service Provider of its duties and functions under our Master Services Agreement. However, the Service Recipients will not be required to reimburse the Service Provider for the salaries and other remuneration of its management, personnel or support staff who carry out any services or functions for such Service Recipients or overhead for such persons.

In addition, the Service Recipients will be required to pay all fees, expenses and costs incurred in connection with the investigation, acquisition, holding or disposal of any acquisition that is made or that is proposed to be made by us. Where the acquisition or proposed acquisition involves a joint acquisition that is made alongside one or more other persons, the Service Provider will be required to allocate such fees, costs and expenses in proportion to the notional amount of the acquisition made (or that would have been made in the case of an unconsummated acquisition) among all joint investors. Such additional fees, expenses and costs represent out-of-pocket costs associated with investment activities that will be undertaken pursuant to our Master Services Agreement.

The Service Recipients will also be required to pay or reimburse the Service Provider for all sales, use, value added, goods and services, harmonized sales, withholding or other taxes or customs duties or other governmental charges levied or imposed by reason of our Master Services Agreement or any agreement it contemplates, other than income taxes, corporation taxes, capital taxes or other similar taxes payable by the Service Provider, which are personal to the Service Provider.

### ***Termination***

Our Master Services Agreement continues in perpetuity, until terminated in accordance with its terms. However, the Service Recipients may terminate our Master Services Agreement effective upon written notice of termination to the Service Provider if any of the following occurs:

- the Service Provider defaults in the performance or observance of any material term, condition or covenant contained in the agreement in a manner that results in material harm to the Service Recipients and the default continues unremedied for a period of 60 days after written notice of the breach is given to the Service Provider;
- the Service Provider engages in any act of fraud, misappropriation of funds or embezzlement against any Service Recipient that results in material harm to the Service Recipients;
- the Service Provider is grossly negligent in the performance of its duties under the agreement and such gross negligence results in material harm to the Service Recipients; or
- certain events relating to the bankruptcy or insolvency of the Service Provider.

The Service Recipients have no right to terminate for any other reason, including if the Service Provider or Brookfield experiences a change of control. The Managing General Partner may only terminate our Master Services Agreement on behalf of BREP with the prior unanimous approval of the Managing General Partner's independent directors.

## [Table of Contents](#)

Our Master Services Agreement expressly provides that the agreement may not be terminated by the Service Recipients due solely to the poor performance or the underperformance of any of our operations.

The Service Provider may terminate our Master Services Agreement effective upon written notice of termination to the Service Recipients if any Service Recipient defaults in the performance or observance of any material term, condition or covenant contained in the agreement in a manner that results in material harm to the Service Provider and the default continues unremedied for a period of 60 days after written notice of the breach is given to the Service Recipients. The Service Provider may also terminate our Master Services Agreement upon the occurrence of certain events relating to the bankruptcy or insolvency of any Service Recipient.

If our Master Services Agreement is terminated, the Licensing Agreement, the Relationship Agreement and any of Brookfield's obligations under the Relationship Agreement would also terminate. See Item 7.B "Related Party Transactions — Relationship Agreement" and Item 3.D "Risk Factors — Risks Related to Our Relationship with Brookfield".

### ***Indemnification and Limitations on Liability***

Under our Master Services Agreement, the Service Provider has not assumed and will not assume any responsibility other than to provide or arrange for the provision of the services called for under such agreement in good faith and will not be responsible for any action that the Service Recipients take in following or declining to follow the advice or recommendations of the Service Provider. The Service Provider has agreed to indemnify each of the Service Recipients and its affiliates, and its directors, officers, agents, members, partners, shareholders, employees and other representatives to the fullest extent permitted by law from and against any claims, liabilities, losses, damages, costs or expenses (including legal fees) resulting from the Service Provider's bad faith, fraud, willful misconduct, gross negligence and, in the case of a criminal matter, conduct undertaken with the knowledge that the conduct was unlawful. The maximum amount of the aggregate liability of the Service Provider and its affiliates, the directors, officers, employees, contractors, agents, advisers and other representatives of the Service Provider and its affiliates, will be equal to the amounts previously paid in respect of services pursuant to our Master Services Agreement or any other agreement or arrangement contemplated by our Master Services Agreement in the two most recent calendar years by the Service Recipients. The Service Recipients have also agreed to indemnify each of the Service Provider, Brookfield and their directors, officers, agents, subcontractors, delegates, members, partners, shareholders and employees to the fullest extent permitted by law from and against any claims, liabilities, losses, damages, costs or expenses (including legal fees) incurred by an indemnified person or threatened in connection with our respective businesses, investments and activities or in respect of or arising from our Master Services Agreement or the services provided by the Service Provider, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the indemnified person's bad faith, fraud, willful misconduct, gross negligence or in the case of a criminal matter, action that the indemnified person knew to have been unlawful. In addition, under our Master Services Agreement, the indemnified persons will not be liable to the Service Recipients to the fullest extent permitted by law, except for conduct that involved bad faith, fraud, willful misconduct, gross negligence, or in the case of a criminal matter, conduct that the indemnified person knew to have been unlawful.

### ***Outside Activities***

Our Master Services Agreement does not prohibit the Service Provider or its affiliates from pursuing other business activities or providing services to third parties that compete directly or indirectly with us. For a description of related aspects of the relationship between Brookfield and the Service Recipients, see Item 7.B "Related Party Transactions — Relationship Agreement".

See also information contained in this Form 20-F under Item 6.C "Board Practices," Item 3.D "Risk Factors — Risks Related to our Relationship with Brookfield" and Item 6.A "Directors and Senior Management".

## **6.B COMPENSATION**

### **Our Management**

## [Table of Contents](#)

The Managing General Partner does not have any employees. We have entered into our Master Services Agreement with the Service Provider pursuant to which the Service Provider and certain other affiliates of Brookfield provide or arrange for other service providers to provide management services to BREP, BRELP and the Holding Entities. The fees payable under the Master Services Agreement are set forth under Item 6.A “Directors and Senior Management — Our Master Services Agreement — Management Fee”. In addition, Brookfield is entitled to receive incentive distributions from BRELP described under Item 7.B “Related Party Transactions — Incentive Distributions”.

Pursuant to our Master Services Agreement, members of Brookfield’s senior management and other individuals from Brookfield’s global affiliates are drawn upon to fulfill obligations under our Master Services Agreement. These individuals, including the Brookfield employees identified in the table above under Item 6.A “Directors and Senior Management — Our Management”, are not compensated by BREP or our Managing General Partner; instead they are and will continue to be compensated by Brookfield. Further disclosure required under Canadian securities laws regarding the compensation of certain members of our core senior management team for the year ended December 31, 2015 will be separately filed within 140 days of December 31, 2015.

### **Board of Directors of the Managing General Partner**

As of February 2015, the Managing General Partner paid each of its directors \$100,000 per year for serving on its board of directors and various board committees. The Managing General Partner pays the Chair of the board of directors an additional \$35,000 per year, the chairperson of the Audit Committee of the board of directors and additional \$20,000, the chairperson of the Nominating and Governance Committee of the board of directors an additional \$10,000 and the lead independent director of the board of directors an additional \$10,000. Only those directors who are not employed by Brookfield or its affiliates are entitled to receive compensation for acting as a director of the Managing General Partner.

We believe that directors of the Managing General Partner can better represent LP Unitholders if they have economic exposure to Brookfield Renewable themselves. Accordingly, on the later of the fifth anniversary of their appointment and two years following the date of any change in the annual retainer, directors of the Managing General Partner are required to hold sufficient LP Units such that the acquisition cost of such units is equal to at least two times their annual retainer, as determined by the Board of Directors from time to time. We consider this minimum economic ownership requirement to be consistent with best practices. See Item 6.A “Directors and Senior Management — Director LP Unit Ownership Requirements”.

The Nominating and Governance Committee is responsible for reviewing and making recommendations to the board of directors of the Managing General Partner concerning the remuneration of directors and committee members. See Item 6.C “Board Practices — Committees of the Board of Directors — Nominating and Governance Committee”.

### **Indebtedness of Directors and Executive Officers**

As at the date of this Form 20-F, and at all times since January 1, 2015, none of the directors, officers, employees and former directors, officers and employees of the Managing General Partner, the Service Provider or any of their respective subsidiaries, nor any of their associates, has or had any indebtedness owing to Brookfield Renewable.

## 6.C BOARD PRACTICES

### **Board Structure, Practices and Committees**

The structure, practices and committees of the Managing General Partner’s board of directors, including matters relating to the size, independence and composition of the board of directors, the election and removal of directors, requirements relating to board action and the powers delegated to board committees, are governed by the Managing General Partner’s bye-laws. The Managing General Partner’s board of directors is responsible for exercising the management, control, power and authority of the Managing General Partner except as required by applicable law or the bye-laws of the Managing

## [Table of Contents](#)

General Partner. The following is a summary of certain provisions of those bye-laws that affect BREP's governance.

### **Size, Independence and Composition of the Board of Directors**

The Managing General Partner's board of directors is currently set at seven directors. The board may consist of between three and 11 directors or such other number of directors as may be determined from time-to-time by a resolution of the Managing General Partner's shareholders and subject to its bye-laws. At least three directors and at least a majority of the directors holding office must be independent of the Managing General Partner and Brookfield, as determined by the full board of directors using the standards for independence established under applicable securities laws. In addition, in February 2016 the board of directors of the Managing General Partner, on the recommendation of the Nominating and Governance Committee, appointed a lead independent director. The responsibilities of the lead independent director include presiding over sessions of the board of directors of the Managing General Partner when the Chair is not present as well as the *in camera* meetings that follow each scheduled board meeting.

If the death, resignation or removal of an independent director results in the board of directors consisting of less than a majority of independent directors, the vacancy must be filled promptly. Pending the filling of such vacancy, the board of directors may temporarily consist of less than a majority of independent directors and those directors who do not meet the standards for independence may continue to hold office. In addition, the Managing General Partner's bye-laws provide that not more than 50% of the directors (as a group) or the independent directors (as a group) may be residents of any one jurisdiction (other than Bermuda and any other jurisdiction designated by the board of directors from time to time).

### **Election and Removal of Directors**

The Managing General Partner's board of directors was appointed by its sole shareholder and each of its current directors will serve until the close of the next annual meeting of shareholders of the Managing General Partner or his or her death, resignation or removal from office, whichever occurs first. Vacancies on the board of directors may be filled and additional directors may be added by a resolution of the Managing General Partner's shareholders or a vote of the directors then in office. A director may be removed from office by a resolution duly passed by the Managing General Partner's shareholders or, if the director has been absent without leave from three consecutive meetings of the board of directors, by a written resolution requesting resignation signed by all other directors then holding office. A director will be automatically removed from the board of directors if he or she becomes bankrupt, insolvent or suspends payments to his or her creditors or becomes prohibited by law from acting as a director.

### **Term Limits and Board Renewal**

The Nominating and Governance Committee reviews and assesses the qualifications of candidates proposed by the Managing General Partner to join the board of directors with the goal, among other things, of reflecting a balance between the experience that comes with longevity of service on the board of directors and the need for renewal and fresh perspectives.

The board of directors does not have a mandatory age for the retirement of directors and there are no term limits; nor are there any other mechanisms in place that operate to compel board of directors turnover. While we believe that mandatory retirement ages, director term limits and other board of directors turnover mechanisms are overly prescriptive, periodically adding new voices to the board of directors can help Brookfield Renewable adapt to a changing business environment.

As such, the Nominating and Governance Committee reviews the composition of the board of directors on a regular basis in relation to approved director criteria and skill requirements and recommends changes as appropriate. Given that the board of directors was formed in 2011, there have not yet been any significant changes to its composition, other than the appointment of one new director in 2012 and the appointment of a current independent director as the lead independent director in 2016.

### **Board Diversity Policy**

## [Table of Contents](#)

In February 2015, a board of directors diversity policy (the “**Diversity Policy**”) was approved by the board of directors. The Diversity Policy is informed by Brookfield Renewable’s deep roots in many global jurisdictions and the belief that the board of directors should reflect a diversity of backgrounds relevant to its strategic priorities. This includes such factors as diversity of business expertise and international experience, in addition to geographic and gender diversity.

All board of director appointments will be based solely on merit, having due regard for the benefits of diversity, so that each nominee possesses the necessary skills, knowledge and experience to serve effectively as a director. Therefore, in the director identification and selection process, gender diversity influences succession planning and is one criterion in adding new members to the board of directors. Brookfield Renewable appreciates the benefits of leveraging a range of diverse talents and perspectives and is committed to pursuing the spirit and letter of the Diversity Policy. The Nominating and Governance Committee is responsible for overseeing the implementation of the Diversity Policy and for monitoring progress towards achieving its objectives. The board of directors currently has seven directors, five of whom are independent, and one of whom is female (who is an independent director). Accordingly, approximately 15% of the board of directors is made up of women and women represent 20% of the independent directors. The Diversity Policy does not set any formal targets on diversity for directors at this time, because of the current need for geographic diversity of directors and the emphasis on subject matter expertise.

### **Action by the Board of Directors**

The Managing General Partner’s board of directors may take action in a duly convened meeting at which a quorum is present or by a written resolution signed by all directors then holding office. When action is to be taken at a meeting of the board of directors, the affirmative vote of a majority of the votes cast is required for any action to be taken.

### **Transactions Requiring Approval by Independent Directors**

The Managing General Partner’s independent directors approved the Conflicts Policy which addresses the approval and other requirements for transactions in which there is potential for a conflict of interest to arise. These transactions include, but are not limited to:

- subject to certain exceptions, acquisitions by us from, and dispositions by us to, Brookfield;
- acquisitions whereby Brookfield Renewable and Brookfield are purchasing different assets as part of a single transaction;
- investing in a private Brookfield sponsored-fund, consortium or partnership;
- the dissolution of BREP or BRELP;
- any material amendment to our Master Services Agreement, the Relationship Agreement, the Amended and Restated Limited Partnership Agreement of BRELP or the Amended and Restated Limited Partnership Agreement of BREP;
- subject to certain exceptions, any material service agreement or other arrangement pursuant to which Brookfield will be paid a fee, or other consideration other than any agreement or arrangement contemplated by our Master Services Agreement;
- determinations regarding the payment of fees in the LP Units of BREP or limited partnership units of BRELP or the deferral of the incentive distribution (see Item 7.B “Related Party Transactions — Incentive Distributions”);
- termination of, or any determinations regarding indemnification under, our Master Services Agreement or determinations regarding indemnification under the Amended and Restated Limited Partnership Agreement of BRELP or the Amended and Restated Limited Partnership Agreement of BREP; and
- subject to certain exceptions, other material transactions involving us and Brookfield.

## [Table of Contents](#)

The Conflicts Policy requires the transactions described above to be approved by a majority of the Managing General Partner's independent directors. Pursuant to the Conflicts Policy, independent directors may grant approvals for any of the transactions described above in the form of general guidelines, policies or procedures in which case no further special approval will be required in connection with a particular transaction or matter permitted thereby. The Conflicts Policy can be amended at the discretion of the Managing General Partner. See Item 7.B "Related Party Transactions — Conflicts of Interest and Fiduciary Duties".

### **Transactions in Which a Director Has an Interest**

A director who directly or indirectly has an interest in a contract, transaction or arrangement with the Managing General Partner, BREP or certain of our affiliates is required to disclose the nature of his or her interest to the full board of directors. Such disclosure may take the form of a general notice given to the board of directors to the effect that the director has an interest in a specified company or firm and is to be regarded as interested in any contract, transaction or arrangement made with that company or firm or its affiliates after the date of the notice. A director may participate in any meeting called to discuss or any vote called to approve the transaction in which the director has an interest and any transaction approved by the board of directors will not be void or voidable solely because the director was present at or participated in the meeting in which the approval was given provided that the board of directors or a board committee authorizes the transaction in good faith after the director's interest has been disclosed or the transaction is fair to the Managing General Partner and BREP at the time it is approved.

### **Transactions Requiring Unitholder Approval**

Unitholders have consent rights with respect to certain fundamental matters and on any other matters that require their approval in accordance with applicable securities laws and stock exchanges rules. See Item 10.B "Memorandum and Articles of Association — Description of our LP Units, Preferred Units and the Amended and Restated Limited Partnership Agreement of BREP".

### **Service Contracts**

There are no service contracts with directors that provide benefit upon termination of office or services.

### **Indemnification and Limitations on Liability**

#### ***The Amended and Restated Limited Partnership Agreement of BREP***

The laws of Bermuda permit the partnership agreement of a limited partnership, such as BREP, to provide for the indemnification of a partner, the officers and directors of a partner and any other person against any and all claims and demands whatsoever, except to the extent that the indemnification may be held by the courts of Bermuda to be contrary to public policy or to the extent that the laws of Bermuda prohibit indemnification against personal liability that may be imposed under specific provisions of the laws of Bermuda. The laws of Bermuda also permit a partnership to pay or reimburse an indemnified person's expenses in advance of a final disposition of a proceeding for which indemnification is sought. See Item 10.B "Memorandum and Articles of Association — Description of Our LP Units, Preferred Units and The Amended and Restated Limited Partnership Agreement of BREP — Indemnification; Limitations on Liability" for a description of the indemnification arrangements in place under the Amended and Restated Limited Partnership Agreement of BREP.

#### ***The Managing General Partner's Bye-laws***

The laws of Bermuda permit the bye-laws of an exempted company, such as our Managing General Partner, to provide for the indemnification of its officers, directors and shareholders and any other person designated by the company against any and all claims and demands whatsoever, except to the extent that the indemnification may be held by the courts of Bermuda to be contrary to public policy or to the extent that the laws of Bermuda prohibit indemnification against personal liability that may be imposed under specific provisions of the laws of Bermuda. Bermuda company law also permits an exempted company to pay or reimburse an indemnified person's expenses in advance of a final disposition of a proceeding for which indemnification is sought.

## [Table of Contents](#)

Under the Managing General Partner's bye-laws, the Managing General Partner is required to indemnify, to the fullest extent permitted by law, its affiliates, directors, officers, resident representative, shareholders and employees, any person who serves on a Governing Body of BRELP or any of its subsidiaries and certain others against any and all losses, claims, damages, liabilities, costs or expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, incurred by an indemnified person in connection with BREP's investments and activities or in respect of or arising from their holding such positions, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the indemnified person's bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew or ought reasonably to have known was unlawful. In addition, under the Managing General Partner's bye-laws: (i) the liability of such persons has been limited to the fullest extent permitted by law and except to the extent that their conduct involves bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew or ought reasonably to have known was unlawful; and (ii) any matter that is approved by the independent directors will not constitute a breach of any duties stated or implied by law or equity, including fiduciary duties. The Managing General Partner's bye-laws require it to advance funds to pay the expenses of an indemnified person in connection with a matter in which indemnification may be sought until it is determined that the indemnified person is not entitled to indemnification.

### ***Insurance***

BREP has obtained insurance coverage under which the directors of the Managing General Partner are insured, subject to the limits of the policy, against certain losses arising from claims made against such directors by reason of any acts or omissions covered under the policy in their respective capacities as directors of the Managing General Partner, including certain liabilities under securities laws.

### **Corporate Governance Disclosure**

The Managing General Partner's board of directors encourages sound corporate governance practices designed to promote the well-being and ongoing development of BREP, including advancing the best interests of BREP.

The Managing General Partner's board of directors is of the view that its corporate governance policies and practices, outlined below, are comprehensive and consistent with the guidelines for corporate governance adopted by Canadian securities administrators. The board of directors is also of the view that these policies and practices are consistent with the requirements of the New York Stock Exchange and the applicable provisions under the Sarbanes-Oxley Act.

### ***Board of Directors of the Managing General Partner***

#### *Mandate of the Board of Directors*

The Managing General Partner's board of directors oversees the management of Brookfield Renewable's affairs directly and through two existing standing committees. The responsibilities of the board of directors and each committee are set out in written charters, which are reviewed and approved annually. These charters are also posted on BREP's website, [www.brookfieldrenewable.com](http://www.brookfieldrenewable.com) under "About - Governance".

In fulfilling its mandate, the board of directors is, among other things, responsible for the following:

- assessing the principal risks of Brookfield Renewable's business and reviewing, approving and monitoring the systems in place to manage these risks;
- reviewing and approving the reports issued to LP Unitholders and Preferred Unit Holders, including annual and interim financial statements; and
- promoting the effective operation of the board of directors.

#### *Meetings of the Board of Directors*

The Managing General Partner's board of directors meets at least four times each year, with additional meetings held to consider specific items of business or as deemed necessary. Meeting

## [Table of Contents](#)

frequency and agenda items may change depending on the opportunities or risks faced by Brookfield Renewable. The board of directors is responsible for its agenda. Prior to each board meeting, the Chair of the board discusses agenda items for the meeting with the Service Provider.

In 2015, the board of directors of the Managing General Partner had four regular quarterly meetings as well as five special meetings. Mr. Blidner and Mr. de Carvalho Filho each were unable to attend one of the special meetings. Otherwise, all of the directors were present in person or by phone at all meetings. Four regular quarterly meetings are scheduled for 2016.

### *Size and Composition of the Board of Directors*

The Managing General Partner's board of directors is currently set at seven directors. See Item 6.C "Board Practices — Size, Independence and Composition of the Board of Directors".

### *Independent Directors*

At least three directors and at least a majority of the directors holding office must be independent of the Managing General Partner and Brookfield, as determined by the full board of directors using the standards for independence established under applicable securities laws. See Item 6.C "Board Practices — Size, Independence and Composition of the Board of Directors".

The following table describes the independence status of the directors of the Managing General Partner.

<b>Director</b>	<b>Independence Status</b>	<b>Reason for Related Status</b>
Jeffrey Blidner	Related	Mr. Blidner is a Senior Managing Partner of Brookfield Asset Management.
Eleazar de Carvalho Filho	Independent	
John Van Egmond	Independent	
Lars Josefsson	Related	Mr. Josefsson is a consultant to Brookfield Asset Management
David Mann	Independent	
Lou Maroun	Independent	
Patricia Zuccotti	Independent	

The Chair of the Managing General Partner's board of directors is Jeffrey Blidner, who is not an independent director. However, each of the committees of the board of directors is fully comprised of independent directors and, as of February 2016, the Board has a lead independent director, David Mann. In addition, special committees of independent directors may be formed from time to time to review particular matter or transactions. The board of directors encourages regular open dialogue between the independent directors and the Chair to discuss matters raised by independent directors.

At all quarterly meetings, the independent directors held meetings without the presence of management and the directors that are not independent. The board of directors has also adopted the Conflicts Policy to govern its practices in circumstances in which conflicts of interest with Brookfield may arise. See Item 6.C "Board Practices — Transactions Requiring Approval by Independent Directors" and "— Transactions in Which a Director Has an Interest" and Item 7.B "Related Party Transactions — Conflicts of Interest and Fiduciary Duties".

### *Other Directorships*

The following directors of the Managing General Partner are also directors of other reporting issuers (or the equivalent in foreign jurisdictions).

- Blidner: Brookfield Asset Management; Brookfield Property Partners L.P.; Brookfield Infrastructure Partners L.P.; Brookfield Business Partners L.P.; Rouse Properties, Inc.
- de Carvalho Filho: FMC Technologies, Inc.; Grupo Pão de Açúcar; Cnova N.V.

## [Table of Contents](#)

- Josefsson: Holmen AB
- Mann: Acadian Timber Corp.; New Growth Corp; AllBanc Split Corp. II; Logistec Corp.
- Maroun: Summit II REIT; Brookfield Property Partners L.P.; ThermoCeramix Corp.

### *Director Orientation and Education*

New directors of the Managing General Partner are provided with comprehensive information about BREP and its affiliates. Arrangements are made for specific briefing sessions from appropriate senior personnel to help new directors better understand Brookfield Renewable's strategies and operations. They also participate in the continuing education measures discussed below.

The Managing General Partner's board of directors receives annual operating plans for each of Brookfield Renewable's strategic business units and more detailed presentations on particular strategies. Existing directors are invited to join the orientation sessions for new directors as a refresher. The directors are also invited to participate in guided tours of Brookfield Renewable's various operational facilities. They have the opportunity to meet and participate in work sessions with management to obtain insight into the operations of Brookfield Renewable and its affiliates. Directors are regularly briefed to help better understand industry related issues such as accounting rule changes, transaction activity, capital markets initiatives, significant regulatory developments, as well as trends in corporate governance.

### *Director Expectations*

The Managing General Partner's board of directors has adopted a Charter of Expectations for Directors, which sets out the expectations in regard to personal and professional competencies, LP Unit ownership, meeting attendance, conflicts of interest, changes of circumstance and resignation events. The Charter of Expectations can be found on our website, [www.brookfieldrenewable.com](http://www.brookfieldrenewable.com) under "About - Governance". Directors are expected to identify in advance any potential conflict of interest regarding a matter coming before the board of directors or its committees, bring these to the attention of the board of directors or committee chairman and refrain from voting on such matters. Directors are also expected to submit their resignations to the Chair of the board of directors if they become unable to attend at least 75% of the board of directors' regularly scheduled meetings or if they become involved in a legal dispute, regulatory or similar proceedings, take on new responsibilities or experience other changes in personal or professional circumstances that could adversely impact Brookfield Renewable or their ability to serve as director. Further information on director LP Unit ownership requirements is set out in this Item 6.C and in Item 6.B "Compensation — Board of Directors of the Managing General Partner".

## **Committees of the Board of Directors**

The Managing General Partner's board of directors believes that its committees assist in the effective functioning of the board of directors and help ensure that the views of independent directors are effectively represented.

The board of directors has two committees:

- the Audit Committee; and
- the Nominating and Governance Committee.

The responsibilities of these committees are set out in written charters, which are reviewed and approved annually by the board of directors. The charters of these committees can be found on our website, [www.brookfieldrenewable.com](http://www.brookfieldrenewable.com) under "About - Governance". All members of these committees must be independent directors, as described above. Special committees may be formed from time to time as required to review particular matters or transactions. While the board of directors retains overall responsibility for corporate governance matters, the Audit Committee and the Nominating and Governance Committee each have specific responsibilities for certain aspects of corporate governance, in addition to their other responsibilities as described below.

### *Audit Committee*

The Managing General Partner's board of directors has established an audit committee (the "**Audit Committee**") that operates pursuant to a written charter. The Audit Committee consists solely of independent directors, each member is financially literate and there will be at least one member at all

## [Table of Contents](#)

times designated as an audit committee financial expert. Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter. The education and past experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member can be found in the biographical information about the applicable member under Item 6.A “Directors and Senior Management”. Audit Committee members may not serve on more than two other public company audit committees, except with the prior approval of the Managing General Partner’s board of directors. Such prior approval was granted in May 2015 with respect to David Mann’s service on the audit committees of more than two other public companies. Not more than 50% of the Audit Committee members may be directors who are residents of any one jurisdiction (other than Bermuda and any other jurisdiction designated by the board of directors from time to time).

The Audit Committee is responsible for assisting and advising the Managing General Partner’s board of directors with matters relating to:

- our accounting and financial reporting processes;
- the integrity and audits of our financial statements;
- our compliance with legal and regulatory requirements; and
- the qualifications, performance and independence of our independent accountants.

The Audit Committee is also responsible for engaging our independent auditors, reviewing the plans and results of each audit engagement with our independent auditors, approving professional services provided by our independent auditors, considering the range of audit and non-audit fees charged by our independent auditors and reviewing the adequacy of our internal accounting controls.

As of the date of this Form 20-F, the Audit Committee was comprised of the following three directors: Patricia Zuccotti (Chair), David Mann and Eleazar de Carvalho Filho, all of whom are independent directors.

In 2015, the Audit Committee had four regular quarterly meetings as well as one special meeting. All of the committee members were present in person or by telephone. Four regular quarterly meetings are scheduled for 2016.

The board of directors of the Managing General Partner, upon the recommendation of the Audit Committee, have adopted a written policy on auditor independence (the “**Pre-Approval Policy**”). Under the Pre-Approval Policy, except in very limited circumstances, all audit and permitted non-audit services are required to be pre-approved by the Audit Committee. The Pre-Approval Policy prohibits the auditors from providing the following types of non-audit services:

- booking or other services related to Brookfield Renewable’s accounting records or financial statements;
- appraisal or valuation services or fairness opinions;
- actuarial services;
- management functions or human resources;
- legal services and expert services unrelated to the audit;
- internal audit outsourcing; and
- financial information systems design and implementation.

The Pre-Approval Policy permits the auditors to provide other types of non-audit services, including tax services, but only if approved in advance by the Audit Committee, subject to limited exceptions.

The Pre-Approval Policy also addresses issues relating to the disclosure of fees paid to the auditors. See Item 16.C – “Principal Accountant Fees and Services” for a summary of our external auditor service fees.

### *Nominating and Governance Committee*

The Managing General Partner’s board of directors has established a nominating and governance committee (the “**Nominating and Governance Committee**”) that operates pursuant to a written charter.

## [Table of Contents](#)

The Nominating and Governance Committee consists entirely of independent directors and not more than 50% of the Nominating and Governance Committee members may be directors who are residents of any one jurisdiction (other than Bermuda and any other jurisdiction designated by the board of directors from time to time).

The Nominating and Governance Committee is responsible for approving the appointment by the sitting directors of a person to the office of director and for recommending a slate of nominees for election as directors by the Managing General Partner's shareholders. The Nominating and Governance Committee is also responsible for assisting and advising the Managing General Partner's board of directors with respect to matters relating to the general operation of the board of directors, BREP's governance, the governance of the Managing General Partner and the performance of its board of directors and individual directors.

It is the responsibility of the Nominating and Governance Committee to assess the size and composition of the Managing General Partner's board of directors and its committees; to review the effectiveness of the board of directors' operations and its relations with the Service Provider; to assess the performance of the board of directors, individual directors and the Service Provider; and to review BREP's corporate governance practices.

The Nominating and Governance Committee had four regular quarterly meetings in 2015 as well as one special meeting. All of the committee members were present in person or by telephone. Four regular quarterly meetings are scheduled for 2016.

The Nominating and Governance Committee annually reviews the performance of the board of directors and its committees and the individual contribution of directors through a self-survey.

The Nominating and Governance Committee is also responsible for evaluating candidates put forward by Brookfield as candidates for nomination to the board of directors. As Brookfield Asset Management is entitled to elect all of the directors of the Managing General Partner, the directors of the Managing General Partner consult with Brookfield to identify and assess the credentials of appropriate individuals with the skills, knowledge, experience and talents needed to act as an independent member of the board of directors of the Managing General Partner, including the need for the board of directors as a whole to have a diversity of perspectives. Brookfield maintains an "evergreen" list of potential independent board members to ensure that outstanding candidates with the needed skills can be quickly identified to fill planned or unplanned vacancies. Candidates from that list and any other candidates familiar to Brookfield or Brookfield Renewable are assessed to ensure the Managing General Partner's board of directors has the appropriate mix of talent, quality, skills and other requirements necessary to promote sound governance and board effectiveness. Individuals who meet those requirements are recommended by Brookfield to the Nominating and Governance Committee for its review as potential candidates for nomination to the board of directors. As of 2016, the Nominating and Governance Committee also recommends to the Board the appointment of an independent director as the lead independent director where the Chair of the Board is not independent.

The Nominating and Governance Committee is also responsible for reviewing and making recommendations to the board of directors of the Managing General Partner concerning the remuneration of directors and committee members and for supervising any changes in the fees to be paid pursuant to our Master Services Agreement.

On recommendation of the Nominating and Governance Committee, the Managing General Partner's board of directors will set compensation of the directors by seeking to ensure that the compensation reflects the responsibilities and risks involved in being a director and aligns the interests of the directors with the best interests of Brookfield Renewable and our LP Unitholders and Preferred Unitholders. Compensation of the directors will be periodically assessed by the Nominating and Governance Committee and the board of directors to ensure that it is competitive in the marketplace and fair in relation to the scope of the duties and responsibilities of the directors.

The Managing General Partner does not have any executive officers. As the Service Provider manages BREP pursuant to our Master Services Agreement, the compensation of our core senior management team is determined by Brookfield. Our Nominating and Governance Committee is responsible for supervising any changes in the fees to be paid pursuant to our Master Services

## [Table of Contents](#)

Agreement. See Item 6.A “Directors and Senior Management — Our Management” and Item 6.B “Compensation — Our Management”. As of the date of this Form 20-F, the Nominating and Governance Committee was comprised of the following three directors: David Mann (Chair), Lou Maroun and John Van Egmond, all of whom are independent directors.

### **Board of Directors, Committees and Director Evaluation**

The Managing General Partner’s board of directors believes that a regular and formal process of evaluation improves the performance of the board of directors as a whole, its committees and individual directors. Each year, a survey is sent to directors regarding the effectiveness of the board of directors and its committees, inviting comments and suggestions on areas for improvement. The results of this survey are reviewed by the Nominating and Governance Committee, which makes recommendations to the board of directors as required. Each director also receives a list of questions for completing a self-assessment. The Chair of the board of directors also holds private interviews with each director annually to discuss the operations of the board of directors and its committees and to provide any feedback on the individual director’s contributions.

### **Board of Directors and Management Responsibilities**

The Managing General Partner’s board of directors has not developed written position descriptions for the Chair of the board of directors, the role of lead independent director or the chair of any of the committees of the board of directors. However, each chair takes responsibility for ensuring the board of directors or committee, as applicable, addresses the matters within its written charter. The lead independent director similarly takes responsibility for promoting and safeguarding the independence of the independent directors.

The Managing General Partner’s board of directors has not developed a written position description for any members of our core senior management team. The services of our core senior management team are provided by the Service Provider pursuant to our Master Services Agreement.

### **Code of Business Conduct and Ethics**

Brookfield Renewable has adopted a Code of Business Conduct and Ethics (the “**Code**”), a copy of which can be found on BREP’s web site at [www.brookfieldrenewable.com](http://www.brookfieldrenewable.com) or on BREP’s SEDAR profile at [www.sedar.com](http://www.sedar.com). The Code provides guidelines to ensure that all employees, including directors of the Managing General Partner, respect BREP’s commitment to conducting business relationships with respect, openness and integrity. Management provides regular instructions and updates to the Code to our employees, as appropriate, and has provided training and e-learning tools to support the understanding of the Code throughout the organization. Employees may report activities which they feel are not consistent with the spirit and intent of the Code through a hotline on an anonymous basis, or alternatively, to designated members of management. Monitoring of calls is managed by an independent third party called The Network. The Audit Committee is to be notified of significant calls made to this hotline reporting activities that are not consistent with the Code by Brookfield’s internal auditor. If the Audit Committee considers it appropriate, it will notify the Nominating and Governance Committee and/or the board of directors of significant calls. The board of directors has not granted any waivers of the Code to date.

The Managing General Partner’s board of directors promotes the highest ethical business conduct. The board of directors has taken measures to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or our core senior management team has a material interest. Any director with a material interest in a transaction declares his/her interest and refrains from voting on such matter. Significant related party transactions, if any, are reviewed and approved by an independent committee made up of independent directors who may be advised by independent counsel and independent advisers. See Item 6.C “Board Practices — Transactions Requiring Approval by Independent Directors” and “— Transactions in Which a Director Has an Interest” and Item 7.B “Related Party Transactions — Conflicts of Interest and Fiduciary Duties”.

### **6.D EMPLOYEES**

We do not employ the individuals who provide management services to us under our Master Services Agreement, including the individuals who serve as the Managing General Partner’s Chief

## [Table of Contents](#)

Executive Officer and Chief Financial Officer. The personnel that carry out these activities are employees of Brookfield, and their services are provided to Brookfield Renewable for our benefit under our Master Services Agreement. For a discussion of the individuals from Brookfield's management team that are involved in our renewable power business, see Item 6.A "Directors and Senior Management — Our Management".

Following the Isagen Acquisition, through our subsidiaries, we have approximately 2,150 employees involved in the day-to-day operations of our facilities and the development of our business, of which approximately 370 are located in Canada, 555 are located in the United States, 375 are located in Brazil, 670 are located in Colombia and 100 are located in the Republic of Ireland and the United Kingdom. Approximately 1,270, or 59% of these employees, are covered by collective agreements expiring between 2016 and 2020. Thirteen of these collective agreements are due to be renewed or negotiated in 2016. We maintain very good relations with represented and salaried employees across all facilities. Relationships with the various unions in Canada, the United States and Brazil have also been positive, without the occurrence of any work disruptions that would have had a negative impact on the business. Our corporate group, including the Manager, also has approximately 80 employees with non-operational roles who are largely based in Canada.

### 6.E SHARE OWNERSHIP

Except as described below under Item 7.A "Major Shareholders", as of the date of this Form 20-F, the directors and officers of the Managing General Partner and the employees of the Service Provider who perform executive functions for Brookfield Renewable, and their respective associates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, less than 1% of the outstanding LP Units.

## ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### 7.A MAJOR SHAREHOLDERS

As of the date of this Form 20-F, there are 143,188,170 LP Units outstanding. To our knowledge, as at the date of this Form 20-F, no person or company, other than Brookfield, beneficially owns or controls or directs, directly or indirectly, more than 5% of our LP Units, on a fully-exchanged basis. Brookfield beneficially owns 40,026,986 LP Units and 129,658,623 Redeemable/Exchangeable partnership units, or an approximately 62% interest in BREP (on a fully-exchanged basis) including its indirect general partnership interest in the Managing General Partner and the BRELP GP LP. All LP Units, including those held by Brookfield, are non-voting. See also the information contained in this Form 20-F under Item 10.B "Memorandum and Articles of Association — Description of our LP Units, Preferred Units and the Amended and Restated Limited Partnership Agreement of BREP".

As of February 24, 2016, 82,210 of our outstanding LP Units were held by 5 holders of record in the United States, not including LP Units held of record by DTC. As of February 24, 2016, DTC was the holder of record of 11,701,374 LP Units.

The following table sets forth information, as of date of this Form 20-F, regarding the beneficial ownership of LP Units by each person that is a beneficial owner of more than 5% of our LP Units, on a fully-exchanged basis.

<b>Name</b>	<b>LP Units <sup>(1)</sup></b>	<b>Percentage of LP Units <sup>(2)</sup></b>
Brookfield Renewable Power Inc.	169,685,609	62%

<sup>(1)</sup> Includes 129,658,623 Redeemable/Exchangeable partnership units held by Brookfield which are redeemable for cash or exchangeable for LP Units in accordance with the Redemption-Exchange Mechanism. All Redeemable/Exchangeable partnership units and all limited partnership units of BRELP held by BREP are non-voting. For additional information, see Item 10.B "Memorandum and Articles of Association — Description of the Amended and Restated Limited Partnership Agreement of BRELP — Units".

<sup>(2)</sup> Assuming the exchange of all Redeemable/Exchangeable partnership units held by Brookfield Asset Management and including Brookfield Asset Management's indirect general partnership interests.

See also the information contained in this Form 20-F under Item 3.D "Risk Factors—Risks Related to our Relationship with Brookfield", Item 6.A "Directors and Senior Management", Item 6.C "Board Practices" and Item 7.B "Related Party Transactions".

## 7.B RELATED PARTY TRANSACTIONS

We are an affiliate of Brookfield. We have entered into a number of agreements and arrangements with Brookfield in order to enable us to be established as a separate entity and to pursue our vision of being a leading owner and operator of high-quality renewable power assets. While we believe that this ongoing relationship with Brookfield provides us with a strong competitive advantage as well as access to opportunities that would otherwise not be available to us, we operate as an independent, stand-alone entity. We describe below these relationships as well as potential conflicts of interest (and the methods for resolving them) and other material considerations arising from our relationship with Brookfield.

See also the information contained in this Form 20-F under Item 3.D “Risk Factors — Risks Related to Our Relationship with Brookfield”, Item 5.A “Operating Results — Related Party Transactions”, Item 6.A “Directors and Senior Management”, Item 6.C “Board Practices” and Item 7.A “Major Shareholders” and Note 10 to our audited consolidated financial statements for the year ended December 31, 2015, 2014 and 2013, respectively.

### **Relationship Agreement**

Brookfield Asset Management and certain of its subsidiaries entered into an agreement with BREP, referred to as the Relationship Agreement that governs aspects of the relationship among them. Pursuant to the Relationship Agreement, Brookfield Asset Management has agreed that BREP will serve as its primary vehicle through which it will acquire renewable power assets on a global basis. See Item 4.B “Business Overview — The Service Provider” for further details on Brookfield Asset Management.

Each of BREP, BRELP and the Holding Entities acknowledge and agree that Brookfield Asset Management is not required under the Relationship Agreement to allocate any minimum level of dedicated resources for the pursuit of acquisitions of power generation operations or developments and that Brookfield has established or advised, and may continue to establish or advise, other entities that rely on the diligence, skill and business contacts of Brookfield’s professionals and the information and acquisition opportunities they generate during the normal course of their activities (including in the power generation sector). Brookfield Asset Management also agrees that it will not sponsor transactions that are suitable for us in the renewable power sector unless we are given an opportunity to participate. Further, Brookfield may, but is not required to, offer Brookfield Renewable the opportunity to acquire: (i) an integrated utility even if a significant component of such utility’s operations consist of a non-renewable power generation operation or development, such as a power generation operation that uses coal or natural gas, (ii) a portfolio of power operations, even if a significant component of such portfolio’s operations consist of non-renewable power generation, or (iii) renewable power generation operations or developments that comprise part of a broader enterprise, unless the primary purpose of such acquisition, as determined by Brookfield, acting in good faith, is to acquire the underlying operation or development.

Brookfield Renewable also acknowledges and agrees that members of Brookfield carry on a diverse range of businesses worldwide, including the development, ownership and/or management of power, transmission and other infrastructure assets, and investing and advising on investing in any of the foregoing or loans, debt instruments and other securities with underlying infrastructure collateral or exposure including renewable power generation operations or developments, both as principal and through other public companies that are affiliates of Brookfield or through private investment vehicles and accounts established or managed by affiliates of Brookfield and that except as explicitly provided in the Relationship Agreement, the Relationship Agreement will not in any way limit or restrict members of Brookfield from carrying on their respective business.

If we intend to pursue an acquisition opportunity presented by Brookfield, one or more members of Brookfield may participate in the acquisition opportunity if we do not have the financial capacity (as determined by Brookfield) to acquire all of the opportunity or if Brookfield allocates participation in the opportunity between BREP and one or more members of Brookfield, after taking into consideration the purpose of the investment opportunity, the risk/return profile, the source of the investment opportunity and other factors that Brookfield considers relevant. In the event that we decline an acquisition opportunity presented by Brookfield, Brookfield may pursue such acquisition opportunity for its own account, without

## [Table of Contents](#)

restriction. Due to the foregoing, we expect to compete from time-to-time with Brookfield or other third parties for access to the benefits that we expect to realize from Brookfield Asset Management's involvement in our business. See Item 3.D "Risk Factors — Risks Related to Our Relationship with Brookfield — Brookfield is not necessarily required to act in the best interests of the Service Recipients, BREP or our Unitholders".

An integral part of our strategy is to participate with institutional investors in Brookfield sponsored or co-sponsored consortiums or funds for acquisitions that fit our strategy. Brookfield has a strong track record of leading such consortiums and funds and actively manages underlying assets to improve performance. Currently, Brookfield manages the Brookfield Americas Infrastructure Fund, a \$2.7 billion infrastructure fund focused on the Americas as well as Brookfield Infrastructure Fund II, a \$7 billion global infrastructure fund. Brookfield is the fund manager and typically invests approximately 25% to 50% of the capital required for a transaction alongside its institutional investors. It is currently intended that future renewable power acquisitions identified by Brookfield may be funded with commitments pursuant to Brookfield sponsored funds and we would fund Brookfield's participation where renewable power investments are made by such funds. See Item 3.D "Risk Factors – We do not have control over all our operations".

In the event of the termination of our Master Services Agreement, the Relationship Agreement would also terminate, including Brookfield's commitments to provide us with acquisition opportunities, as described above.

### **Master Services Agreement**

BREP, BRELP and the Holding Entities entered into our Master Services Agreement pursuant to which the Service Provider has agreed to provide oversight of the business and provide the services of senior officers to Brookfield Renewable. In addition, the Service Provider has agreed to provide services relating to acquisitions or dispositions, financings, business planning and strategy and oversight and supervision of various day to day management and administration activities. In exchange for providing these services, the Service Provider is entitled to a Base Management Fee, which for the year ended 2015 was approximately \$48 million. For a detailed description of our Master Services Agreement, see Item 6.A "Directors and Senior Management – Our Master Services Agreement". For components of the management fee, see Item 6.A— "Directors and Senior Management — Our Master Services Agreement — Management Fee".

### **Incentive Distributions**

BRELP GP LP is entitled to receive incentive distributions from BRELP as a result of its ownership of the general partnership interest in BRELP. The incentive distributions are to be calculated in increments based on the amount by which quarterly distributions on the limited partnership units of BRELP exceed specified target levels as set forth in the Amended and Restated Limited Partnership Agreement of BRELP. See Item 10.B "Memorandum and Articles of Association — Description of the Amended and Restated Limited Partnership Agreement of BRELP — Distributions".

BRELP GP LP may, at its sole discretion, elect to reinvest incentive distributions in exchange for Redeemable/Exchangeable partnership units.

To the extent that any of the Holding Entities or any operating entity pays to Brookfield any comparable performance or incentive distribution, the amount of any future incentive distributions will be reduced in an equitable manner to avoid duplication of distributions.

### **General Partner Distributions**

Pursuant to the Amended and Restated Limited Partnership Agreement of BREP, the Managing General Partner is entitled to receive a general partner distribution equal to 0.01% of the total distributions of BREP. See Item 10.B "Memorandum and Articles of Association — Description of Our LP Units, Preferred Units and the Amended and Restated Limited Partnership Agreement of BREP —Distributions".

Pursuant to the Amended and Restated Limited Partnership Agreement of BRELP, BRELP GP LP is entitled to receive a general partner distribution from BRELP equal to a share of the total distributions of BRELP in proportion to BRELP GP LP's percentage interest in BRELP which is equal to

## [Table of Contents](#)

1% of the total distributions of BRELP. In addition, it is entitled to receive the incentive distributions described above under “— Incentive Distributions”. See Item 10.B “Memorandum and Articles of Association — Description of the Amended and Restated Limited Partnership Agreement of BRELP — Distributions”.

### **Energy Revenue Agreement**

On November 23, 2011, BEM LP, a subsidiary of Brookfield, and BPUSHA, a subsidiary of BRELP that indirectly owns most of our U.S. facilities, entered into an energy revenue agreement (“**Energy Revenue Agreement**”) pursuant to which BEM LP agreed to support the price that BPUSHA receives for the energy generated from certain of those facilities. BEM LP has agreed to pay BPUSHA each month an amount equal to the difference between the Fixed Amount and the total revenues received by BPUSHA from certain of those facilities. The “**Fixed Amount**” is calculated as the energy generated by those facilities multiplied by a price of \$75/MWh (subject to an annual adjustment, equal to 40% of the increase in the U.S. Consumer Price Index during the previous year, but capped at a 3% increase in the fixed price per year). Should the total revenues received by these facilities from sales of electricity and all ancillary services, capacity and green credits for any month be more than the calculated Fixed Amount at the end of any month, BEM LP will receive from BPUSHA an amount equal to such excess.

In the Energy Revenue Agreement, BEM LP has agreed that at all times that it does not have a minimum net worth of \$500 million, it will provide a guarantee or other acceptable security of a person with a minimum net worth of \$500 million. Initially this guarantee is being provided by Brookfield for a period of not less than three years.

The Energy Revenue Agreement has an initial term of 20 years, with automatic renewals for successive 20-year periods unless 180 days before the end of the applicable term (i) both parties agree in writing not to renew the agreement or (ii) BEM LP provides written notice that the agreement shall terminate with respect to one or more facilities five years after the end of the applicable term. The Energy Revenue Agreement is subject to customary termination provisions in the event of a failure to pay or an insolvency event of BPUSHA or BEM LP.

### **Other Power Agreements**

In addition to the Energy Revenue Agreement, BREP is a party to a number of commercial agreements with Brookfield, including (i) PPAs for the sale of power generated from certain of Brookfield Renewable’s North American facilities to subsidiaries of Brookfield; and (ii) revenue support agreements under which Brookfield supports Brookfield Renewable’s revenue from the sale of power generated by certain of Brookfield Renewable’s North American facilities. Including the Energy Revenue Agreement, Brookfield purchases or provides revenue support for approximately 31% of Brookfield Renewable’s portfolio as of December 31, 2015.

Details of the related party power purchase and revenue support agreements are as follows:

In December 2009, Brookfield entered into a 20-year power sales agreement with the Province of Ontario pursuant to a hydroelectric contracting initiative issued by the provincial government earlier that year. The power sales agreement, which matures in 2029, applies to all power produced by hydro assets in Ontario owned by Great Lakes Power Limited (“**GLPL**”) and Mississagi Power Trust (“**MPT**”). As of November 28, 2011, PPAs between Brookfield subsidiaries and GLPL and MPT were amended to increase the price paid by Brookfield to GLPL and MPT and to extend the term of such contracts. These amendments were designed to pass through substantially all of the economics of the new power sales agreement. When the assets of the Fund and the Brookfield Renewable Power Assets were combined into BREP, Brookfield received aggregate consideration in respect of such amendments valued at C\$292 million, which was recorded in equity by BREP as part of the adjustments arising from this combination, since the transactions were between entities under the common control of Brookfield. The GLPL and MPT contract amendments were taken into account in the determination of the valuation of BREP and, ultimately, in the number of LP Units that were issued to the public and the number of Redeemable/Exchangeable partnership units of BRELP that were issued to Brookfield. The material terms of the GLPL and MPT contract amendments are described below.

## [Table of Contents](#)

Under a PPA with GLPL, a subsidiary of Brookfield Asset Management supports the price that GLPL receives for energy generated by all of GLPL's facilities in Ontario at a price of C\$82 per MWh (increased from C\$68 per MWh by an amendment to the PPA effective as of November 28, 2011) subject to an annual adjustment equal to 40% of the increase in CPI in the previous year. The GLPL PPA has an initial term ending on December 1, 2029 and automatically renews for successive 20-year periods, subject to certain termination provisions. After December 1, 2029, the price under the GLPL PPA will revert back to the original C\$68/MWh price (as escalated in accordance with the original inflation linked price escalation provisions in such agreement).

Under a PPA with MPT, a subsidiary of Brookfield Asset Management purchases the energy generated by MPT's facilities in Ontario at a price of C\$103 per MWh (increased from C\$68 per MWh by an amendment to the PPA effective as of November 28, 2011) subject to an annual adjustment equal to 20% of the increase in the CPI in the previous year. The MPT PPA terminates on December 1, 2029, subject to MPT's option to terminate the agreement, on 120 days written notice, at certain times between 2017 and 2024.

Pursuant to PPAs with Great Lakes Hydro America, LLC ("**GLHA**"), a subsidiary of Brookfield Asset Management purchases the energy generated by several of GLHA's power facilities in Maine and New Hampshire at a price of \$37 per MWh, subject to an annual adjustment equal to 20% of the increase in the United States consumer price index during the previous year. The GLHA PPA has a 20-year term ending in 2022 and 2023.

Pursuant to a PPA with Lievre Power, a subsidiary of Brookfield Asset Management purchases the energy generated by Lievre Power's facilities in Québec (excluding the Rapides des Cedres facility) at a price of C\$68 per MWh, subject to an annual adjustment equal to the lesser of 40% of the increase in the CPI during the previous calendar year or 3%. The Lievre Power PPA has a 20-year term ending in 2019.

Pursuant to a PPA with Hydro Pontiac Inc. ("**HPI**"), a subsidiary of Brookfield Asset Management has agreed to purchase the energy generated by HPI's two facilities in Québec at a price of C\$68 per MWh, subject to an annual adjustment beginning in 2010 equal to 40% of the increase in the CPI during the previous calendar year. This power guarantee agreement is scheduled to commence in 2019 for one facility and in 2020 for the other, upon the expiration of existing PPAs. The HPI PPAs with Brookfield will have an initial term ending in 2029, and automatically renew for successive 20-year periods.

Pursuant to a 10-year wind levelization agreement expiring in 2019, a subsidiary of Brookfield Asset Management mitigates any potential wind variation from the expected annual generation of 506 GWh for our Prince Wind assets in Ontario. Any excess generation compared to the expected generation results in a payment from BREP to the subsidiary of Brookfield Asset Management, while a shortfall would result in a payment from a subsidiary of Brookfield Asset Management to BREP.

Pursuant to a 20-year PPA guarantee, expiring in 2021, Brookfield guarantees to Powell River the payment obligations of an industrial power purchaser for an annual fee of \$0.5 million.

### **Energy Marketing Agreement**

BEM LP and NA Holdco are party to an energy marketing agreement pursuant to which BEM LP has agreed to provide energy marketing services to NA Holdco (the "**Energy Marketing Agreement**"). Under the Energy Marketing Agreement, NA Holdco has appointed BEM LP to provide the following energy marketing services to NA Holdco for our North American power generating facilities:

- preparing and assisting with compliance with an annual marketing plan which seeks to maximize annual generation, taking into account (among other things) (i) the hydrologic or wind resource available to each power generating facility in a prudent manner having regard to obligations under applicable regulatory authorizations, and (ii) the obligation of the Operating Entities to operate and maintain the power generating facilities in accordance with prudent industry practice and to protect against harm to human life or property of any person;
- preparing and assisting with compliance with a risk management policy; and
- assisting with compliance with the terms of any energy marketing agreement between BEM LP and any subsidiary of NA Holdco holding the power generating facilities.

## [Table of Contents](#)

Pursuant to the Energy Marketing Agreement, NA Holdco pays an annual marketing fee, referred to as the “**Base Marketing Fee**”, to BEM LP equal to \$18 million (subject to increase by a specified inflation factor, with the first such increase having been made on January 1, 2013), paid in equal monthly installments. To the extent that any amounts are paid to BEM LP (or one of its affiliates) under certain other existing energy marketing agreements or PPAs between certain of the Operating Entities and BEM LP (or one of its affiliates) that BEM LP determines are comparable to the Base Marketing Fee, the Base Marketing Fee will be reduced on a dollar for dollar basis by the comparable amounts.

The Energy Marketing Agreement has a term of 20 years. Provided that no event of default relating to BEM LP has occurred and is continuing, the Energy Marketing Agreement will be automatically renewed for successive periods of 20 years unless BEM LP provides NA Holdco with written notice to the contrary at least 180 days prior to the expiry of the applicable term.

The Energy Marketing Agreement is subject to customary termination provisions in the event of a failure to pay or an insolvency event of the applicable Operating Entity or BEM LP.

The maximum amount of the aggregate liability of BEM LP pursuant to the Energy Marketing Agreement is equal to the fees previously paid by NA Holdco pursuant to the Energy Marketing Agreement in the two most recent calendar years.

The Energy Marketing Agreement does not prohibit BEM LP or its affiliates from pursuing other business activities that compete directly or indirectly with us. For a description of related aspects of the relationship between Brookfield and NA Holdco, see Item 7.B “Related Party Transactions— Relationship Agreement”.

### **Power Agency Agreements**

BEM LP and the owners of many of our North American facilities have entered into power agency agreements (the “**Power Agency Agreements**”). Under each Power Agency Agreement, BEM LP is appointed as the exclusive agent of the owner in respect of the sales of electricity, the procurement of transmission and other additional services. BEM LP also schedules, dispatches and arranges for transmission of the power produced and the power supplied to third parties in accordance with prudent industry practice. Pursuant to each Power Agency Agreement, BEM LP is entitled to be reimbursed for any third party costs incurred, and in certain cases, a fee for its services. To the extent that any fee is payable to BEM LP (or one of its affiliates) under Power Agency Agreements that existed prior to November 28, 2011, the Base Marketing Fee under the Energy Marketing Agreement will be reduced on a dollar for dollar basis.

The Power Agency Agreements that relate to the Energy Revenue Agreement have initial terms of 20 years, with automatic renewals for successive 20-year periods unless 180 days before the end of the applicable term (i) both parties agree in writing not to renew the agreement or (ii) BEM LP has provided the owner with the written notice to terminate the Energy Revenue Agreement as it relates to the particular facility five years after the end of the applicable term. Other Power Agency Agreements have varying terms, renewal and termination rights but are generally long-term arrangements. The Power Agency Agreements are subject to customary termination provisions in the event of a failure to pay or an insolvency event of the applicable Operating Entity or BEM LP.

### **Development Projects**

We indirectly acquired a number of early stage development projects in Brazil, Canada and the United States from Brookfield on November 28, 2011. To further align interests and incentivize continued development success with respect to these specific projects, Brookfield received no upfront proceeds for the transfer of these projects, but is entitled to receive on commercial operation or sale of the projects, in each case if developed or sold in the 25 years following the acquisition, up to 100% of the development costs that it contributed to each project and 50% of the fair market value of the projects in excess of a priority return on each party’s invested capital. These amounts will only be payable on projects upon substantial completion or sale of the project. Fair market value means our pro rata percentage of the fair market value of a development project, as determined by the Service Provider and the independent directors of NA Holdco, on the date on which substantial completion of the development project has been achieved, or, if earlier, the date that the project is sold. With respect to the projects located in Canada and

## [Table of Contents](#)

the United States, we entered into the Development Projects Agreement which provides for the reimbursement of expenses to Brookfield for such projects and each project entity and Brookfield have entered into a separate royalty agreement providing for royalties on each project. With respect to our projects located in Brazil, Brookfield subscribed for special shares which contain a redemption feature that provides for the reimbursement of expenses as well as the sharing of the fair market value of a project on projects located in Brazil. These financial arrangements with Brookfield will not apply to any future projects. Projects that were in late stages of development or construction were transferred by Brookfield for consideration in November 2011 and are not part of this mechanism.

### **Voting Agreement**

Brookfield and BREP determined that it is advisable for BREP to have control over the BRELP General Partner, BRELP GP LP and BRELP. Accordingly, BREP and Brookfield entered into the Voting Agreement that provides BREP, through the Managing General Partner, a number of rights.

Pursuant to the Voting Agreement, Brookfield has agreed that any voting rights with respect to the BRELP General Partner, the BRELP GP LP and BRELP will be voted in favor of the election of directors approved by BREP. For these purposes, BREP may maintain, from time-to-time, an approved slate of nominees or provide direction with respect to the approval or rejection of any matter in the form of general guidelines, policies or procedures in which case no further approval or direction will be required. Any such general guidelines, policies or procedures may be modified by BREP in its discretion.

In addition, pursuant to the Voting Agreement, Brookfield has also agreed that any voting rights with respect to the BRELP General Partner, the BRELP GP LP and BRELP will be voted in accordance with the direction of BREP with respect to the approval or rejection of the following matters relating to any such entity, as applicable: (i) any sale of all or substantially all of its assets, (ii) any merger, amalgamation, consolidation, business combination or other material corporate transaction, except in connection with any internal reorganization that does not result in a change of control, (iii) any plan or proposal for a complete or partial liquidation or dissolution, or any reorganization or any case, proceeding or action seeking relief under any existing laws or future laws relating to bankruptcy or insolvency, (iv) any amendment to the limited partnership agreement of BRELP GP LP or to the Amended and Restated Limited Partnership Agreement of BRELP, or (v) any commitment or agreement to do any of the foregoing.

In addition, pursuant to the Voting Agreement, Brookfield has agreed that it will not exercise its right under the limited partnership agreement of BRELP GP LP to remove the BRELP General Partner as the general partner of BRELP GP LP except with the prior consent of BREP.

The Voting Agreement terminates (i) at such time that Brookfield ceases to own any interest in BRELP, (ii) at such time that the Managing General Partner (or its successors or permitted assigns) involuntarily ceases to be the general partner of BREP, (iii) at such time that the BRELP GP LP (or its successors or permitted assigns) involuntarily ceases to be the general partner of BRELP, or (iv) at such time that the BRELP General Partner (or its successors or permitted assigns) involuntarily ceases to be the general partner of BRELP GP LP. In addition, we are permitted to terminate the Voting Agreement upon 30 days' notice.

The Voting Agreement also contains restrictions on transfers of the shares of the BRELP General Partner, except that Brookfield may transfer shares of the BRELP General Partner to any of its affiliates.

### **Other Voting Agreements**

From time to time, BREP enters into voting agreements with subsidiaries of Brookfield Asset Management whereby these subsidiaries, as managing members of entities in which BREP holds investments with its institutional investors, assign to BREP their voting rights to appoint the directors of the entities.

### **Registration Rights Agreement**

On November 28, 2011, Brookfield and BREP entered into a registration rights agreement (the "**Registration Rights Agreement**") pursuant to which BREP has agreed that, upon the request of Brookfield, BREP will file one or more registration statements to register for sale under the Securities Act,

## [Table of Contents](#)

or one or more prospectuses to qualify the distribution in Canada of, any LP Units held by Brookfield (including LP Units acquired pursuant to the Redemption-Exchange Mechanism). Under the Registration Rights Agreement, BREP is not required to file a registration statement or a prospectus unless Brookfield requests that LP Units having a value of at least \$50,000,000 be registered or qualified. In the Registration Rights Agreement, BREP has agreed to pay expenses in connection with such registration and sales, except for any underwriting discounts or commissions which will be borne by Brookfield, and will indemnify Brookfield for material misstatements or omissions in the registration statement and/or prospectus.

### **Licensing Agreement**

Pursuant to a licensing agreement, Brookfield has granted to us a non-exclusive, royalty-free license to use the name “Brookfield” and the Brookfield logo (the “**Licensing Agreement**”). Other than under this limited license, we do not have a legal right to the “Brookfield” name and the Brookfield logo on a global basis.

We will be permitted to terminate the Licensing Agreement upon 30 days’ prior written notice if Brookfield defaults in the performance of any material term, condition or agreement contained in the Licensing Agreement and the default continues for a period of 30 days after written notice of termination of the breach is given to Brookfield. Brookfield may terminate the Licensing Agreement effective immediately upon termination of our Master Services Agreement or with respect to any licensee upon 30 days’ prior written notice of termination if any of the following occurs:

- the licensee defaults in the performance of any material term, condition or agreement contained in the Licensing Agreement and the default continues for a period of 30 days after written notice of termination of the breach is given to the licensee;
- the licensee assigns, sublicenses, pledges, mortgages or otherwise encumbers the intellectual property rights granted to it pursuant to the Licensing Agreement;
- certain events relating to a bankruptcy or insolvency of the licensee; or
- the licensee ceases to be an affiliate of Brookfield.

Termination of the Licensing Agreement with respect to one or more licensees will not affect the validity or enforceability of the Licensing Agreement with respect to any other licensees.

### **Preferred Shares**

Brookfield has provided an aggregate of \$5 million of working capital to LATAM Holdco through a subscription for preferred shares of LATAM Holdco. The preferred shares are entitled to receive a cumulative preferential dividend equal to 6% of their redemption value as and when declared by the board of directors of LATAM Holdco and are redeemable at the option of LATAM Holdco, subject to certain limitations, at any time after the tenth anniversary of their issuance. The preferred shares are not entitled to vote, except as required by law.

### **Redemption-Exchange Mechanism**

One or more wholly-owned subsidiaries of Brookfield that hold Redeemable/Exchangeable partnership units have the right to require BRELP to redeem all or a portion of the Redeemable/Exchangeable partnership units, subject to BREP’s right of first refusal, for cash in an amount equal to the market value of one of our LP Units multiplied by the number of LP Units to be redeemed (subject to certain adjustments). See Item 10.B “Memorandum and Articles of Association – Description of the Amended and Restated Limited Partnership Agreement of BRELP — Redemption-Exchange Mechanism”. Taken together, the effect of the redemption right and the right of first refusal is that one or more wholly-owned subsidiaries of Brookfield will receive our LP Units, or the value of such LP Units, at the election of BREP. Should BREP determine not to exercise its right of first refusal, cash required to fund a redemption of limited partnership interests of BRELP held by wholly-owned subsidiaries of Brookfield will likely be financed by a public offering of our LP Units.

### **Indemnification Arrangements**

Subject to certain limitations, Brookfield and its directors, officers, agents, members, partners, shareholders and employees generally benefit from indemnification provisions and limitations on liability

## [Table of Contents](#)

that are included in the Amended and Restated Limited Partnership Agreement of BREP, Managing General Partner's bye-laws, the Amended and Restated Limited Partnership Agreement of BRELP, our Master Services Agreement and other arrangements with Brookfield. See Item 6.A "Directors and Senior Management — Our Master Services Agreement", Item 10.B "Memorandum and Articles of Association — Description of Our LP Units, Preferred Units and the Amended and Restated Limited Partnership Agreement of BREP — Indemnification; Limitations on Liability" and "Memorandum and Articles of Association — Description of the Amended and Restated Limited Partnership Agreement of BRELP — Indemnification; Limitations on Liability".

### **Other Services**

Brookfield may provide the Operating Entities with services which are outside the scope of our Master Services Agreement under arrangements that are on market terms and conditions and pursuant to which Brookfield will receive fees. The services provided under these arrangements will include financial advisory, operations management and other services. Pursuant to our conflict of interest guidelines, those arrangements may require prior approval by a majority of the independent directors, which may be granted in the form of general guidelines, policies or procedures. See Item 7.B "Related Party Transactions— Conflicts of Interest and Fiduciary Duties".

### **Conflicts of Interest and Fiduciary Duties**

#### ***Fiduciary Duties***

Each of the Managing General Partner and the BRELP General Partner are required to exercise its powers and carry out its functions as general partner of BREP and BRELP, respectively, honestly and in good faith, and exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, in each case, subject to and after taking into account, the terms and conditions of the Relationship Agreement, our Master Services Agreement and the Conflicts Policy. However, the Amended and Restated Limited Partnership Agreement of BREP and the Amended and Restated Limited Partnership Agreement of BRELP contain various provisions that modify the fiduciary duties that might otherwise be owed to us and our LP Unitholders and Preferred Unitholders, including when conflicts of interest arise. These duties include the duties of care and loyalty. The duty of loyalty, in the absence of provisions in the Amended and Restated Limited Partnership Agreement of BREP and the Amended and Restated Limited Partnership Agreement of BRELP to the contrary, would generally prohibit the Managing General Partner and BRELP General Partner from taking any action or engaging in any transaction as to which it has a conflict of interest. However, the Amended and Restated Limited Partnership Agreement of BREP and the Amended and Restated Limited Partnership Agreement of BRELP provide that the Managing General Partner, BRELP General Partner and their affiliates will not have any obligation under the Amended and Restated Limited Partnership Agreement of BREP and the Amended and Restated Limited Partnership Agreement of BRELP, or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to Brookfield Renewable, BRELP, any Holding Entity or any other holding vehicle established by Brookfield Renewable. They also allow affiliates of the Managing General Partner and BRELP General Partner to engage in activities that may compete with us or our activities, and state that, subject to applicable law, no breach of the Amended and Restated Limited Partnership Agreement of BREP or the Amended and Restated Limited Partnership Agreement of BRELP, or a breach of any duty, including fiduciary duties, may be found for any matter that has been approved by a majority of the independent directors of the Managing General Partner. Further, when resolving conflicts of interest, neither the Amended and Restated Limited Partnership Agreement of BREP nor the Amended and Restated Limited Partnership Agreement of BRELP impose limitations on the discretion of the independent directors or the factors which they may consider in resolving any such conflicts. The independent directors of our Managing General Partner can therefore take into account the interests of third parties, including Brookfield, when resolving conflicts of interest.

These modifications to the fiduciary duties may be detrimental to our LP Unitholders and Preferred Unitholders because they restrict the remedies available for actions that might otherwise constitute a breach of fiduciary duty and permit conflicts of interest to be resolved in a manner that is not always in the best interests of Brookfield Renewable or the best interests of our LP Unitholders and Preferred Unitholders. We believe that it was necessary to modify the fiduciary duties that might otherwise

## [Table of Contents](#)

be owed to us and our LP Unitholders and Preferred Unitholders, as described above, due to our organizational and ownership structure and the potential conflicts of interest created thereby. Without modifying those duties, the ability of the Managing General Partner and BRELP General Partner to attract and retain experienced and capable directors and to take actions that we believe will be necessary for the carrying out of our business would be unduly limited due to their concern about potential liability.

### **Conflicts of Interest**

We maintain a conflicts protocol and guidelines (the “**Conflicts Policy**”) for addressing conflicts and potential conflicts and for providing guidelines for the completion of certain transactions. The Conflicts Policy states that conflicts be resolved based on the principles of transparency and that transactions that are carried out, be carried out at an arm’s length basis, with validation of terms as arm’s length being based upon actual participation of arm’s length third party participants such as co-investors whenever possible, or otherwise through objective, independent professional advice or other satisfactory evidence of market terms.

The Conflicts Policy recognizes the benefit to us of our relationship with Brookfield and our intent to pursue a strategy that seeks to maximize the benefits from this relationship. The Conflicts Policy also recognizes that the principal areas of potential application of the Conflicts Policy on an ongoing basis will be in connection with our acquisitions and our participation in Brookfield led sponsored funds, consortia and partnership arrangements, together with any management or service arrangements entered into in connection therewith or the ongoing operations of the underlying Operating Entities. The Conflicts Policy may be amended from time to time at the discretion of the Managing General Partner.

In general, the Conflicts Policy provides that acquisitions that are carried out jointly by us and Brookfield, or in the context of a Brookfield led or co-led sponsored fund, consortium or partnership, be carried out on the basis that the consideration paid by us be no more, on a per share or proportionate basis, than the consideration paid by Brookfield or other participants, as applicable. The Conflicts Policy also provides that any fees or carried interest payable in respect of our proportionate investment, or in respect of an acquisition made solely by us, must be credited in the manner contemplated by our Master Services Agreement and the Amended and Restated Limited Partnership Agreement of BRELP, where applicable, or that such fees or carried interest must either have been negotiated with another arm’s-length participant or otherwise demonstrated to be on market terms. The Conflicts Policy further provides that if the acquisition involves the purchase by us of an asset from Brookfield, or the participation in a transaction involving the purchase by us and Brookfield of different assets, that a fairness opinion or, in some circumstances, a valuation or appraisal by a qualified expert be obtained, confirming that the consideration paid by us is fair from a financial point of view. These requirements provided for in the Conflicts Policy are in addition to any disclosure, approval and valuation requirements that may arise under applicable law.

With respect to transactions in which there is greater potential for a conflict of interest to arise, the Managing General Partner may be required to seek the prior approval of the independent directors pursuant to the Conflicts Policy that has been approved by the independent directors from time to time. These transactions include:

- subject to certain exceptions, acquisitions by us from, and dispositions by us to, Brookfield;
- acquisitions whereby Brookfield Renewable and Brookfield are purchasing different assets as part of a single transaction;
- investing in a private Brookfield sponsored-fund, consortium or partnership;
- the dissolution of BREP or BRELP;
- any material amendment to our Master Services Agreement, the Relationship Agreement, the Amended and Restated Limited Partnership Agreement of BRELP or the Amended and Restated Limited Partnership Agreement of BREP;
- subject to certain exceptions, any material service agreement or other arrangement pursuant to which Brookfield will be paid a fee, or other consideration other than any agreement or arrangement contemplated by our Master Services Agreement;

## [Table of Contents](#)

- determinations regarding the payment of fees in the LP Units of BREP or limited partnership units of BRELP or the deferral of the incentive distribution (see Item 7.B “Related Party Transactions — Incentive Distributions”);
- termination of, or any determinations regarding indemnification under, our Master Services Agreement or determinations regarding indemnification under the Amended and Restated Limited Partnership Agreement of BRELP or the Amended and Restated Limited Partnership Agreement of BREP; and
- subject to certain exceptions, other material transactions involving us and Brookfield.

Pursuant to the Conflicts Policy, independent directors may grant prior approvals for any of these transactions in the form of general guidelines, policies or procedures in which case no further special approval will be required in connection with a particular transaction or matter permitted thereby.

In certain circumstances, these transactions may be related party transactions for the purposes of, and subject to certain requirements of, Canadian Multilateral Instrument 61-101— *Protection of Minority Securityholders in Special Transactions* (“**MI 61-101**”). MI 61-101 provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. An exemption from such requirements is available when the fair market value of the transaction is not more than 25% of the market capitalization of the issuer. BREP has been granted exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, permits it to be exempt from the minority approval and valuation requirements for transactions that would have a value of less than 25% of BREP’s market capitalization, if the indirect equity interest in BREP, which is held in the form of Redeemable/Exchangeable partnership units, is included in the calculation of BREP’s market capitalization. As a result, the 25% threshold, above which the minority approval and valuation requirements apply, is increased to include the approximately 48.9% indirect interest in BREP held by Brookfield in the form of Redeemable/Exchangeable partnership units.

Our organizational and ownership structure and strategy involve a number of relationships that may give rise to conflicts of interest between BREP and our Unitholders, on the one hand, and Brookfield, on the other hand. In particular, conflicts of interest could arise, among other reasons, because:

- in originating and recommending acquisition opportunities, Brookfield has significant discretion to determine the suitability of opportunities for us and to allocate such opportunities to us or to itself or third parties;
- because of the scale of typical renewable power acquisitions and because our strategy includes completing acquisitions through fund, consortium or partnership arrangements with pension funds and other financial sponsors, we will likely make co-investments with Brookfield and Brookfield sponsored funds or Brookfield sponsored or co-sponsored funds, consortiums and partnerships, which typically will require that Brookfield owe fiduciary duties to the other partners, investors or consortium members that it does not owe to us;
- there may be circumstances where Brookfield will determine that an acquisition opportunity is not suitable for us because (i) it does not fit with our acquisition strategy, (ii) limits arising due to regulatory or tax considerations and/or (iii) limits on our financial capacity, and Brookfield is entitled to pursue the acquisition on its own behalf rather than offering us the opportunity to make the acquisition;
- where Brookfield has made an acquisition, it may transfer it to us at a later date after the assets have been developed or we have obtained sufficient financing;
- our relationship with Brookfield involves a number of arrangements pursuant to which Brookfield provides various services, access to financing arrangements and originates acquisition opportunities, and circumstances may arise in which these arrangements will need to be amended or new arrangements will need to be entered into;
- under the Amended and Restated Limited Partnership Agreement of BRELP and the agreements governing the Operating Entities, Brookfield is generally entitled to share in the returns generated by our operations, which could create an incentive for it to assume greater risks when making decisions than it otherwise would in the absence of such arrangements;

## [Table of Contents](#)

- Brookfield is permitted to pursue other business activities and provide services to third parties that compete directly with our business and activities without providing us with an opportunity to participate, which could result in the allocation of Brookfield's resources, personnel and acquisition opportunities to others who compete with us;
- Brookfield does not owe Brookfield Renewable or our LP Unitholders and Preferred Unitholders any fiduciary duties, which may limit our recourse against it;
- the liability of Brookfield is limited under our arrangements with them, and we have agreed to indemnify Brookfield against claims, liabilities, losses, damages, costs or expenses which they may face in connection with those arrangements, which may lead them to assume greater risks when making decisions than they otherwise would if such decisions were being made solely for their own account, or may give rise to legal claims for indemnification that are adverse to the interests of our LP Unitholders and Preferred Unitholders;
- Brookfield or a Brookfield sponsored fund or consortium may want to acquire or dispose of the same asset as us;
- we may be, directly or indirectly, purchasing an asset from, or selling an asset to, Brookfield; and
- there may be circumstances where we are acquiring different assets as part of the same transaction with Brookfield.

### **Other Related Party Transactions**

The \$200 million committed unsecured revolving credit facility provided by Brookfield Asset Management, at LIBOR plus 2%, has been extended for one year to December 2016 on the same terms.

#### 7.C INTEREST OF EXPERTS AND COUNSEL

Not applicable.

### **ITEM 8. FINANCIAL INFORMATION**

#### 8.A CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

##### **Financial Statements**

See Item 18. "Financial Statements", which contains our audited consolidated financial statements prepared in accordance with IFRS.

##### **Dividend Policy**

See Item 4.B "Business Operations — Our LP Unit Distribution Policy", which contains information regarding our dividend policy and historical distributions. Also see Item 4.B "Business Operations — Distributions to Preferred Unitholders".

##### **Legal Proceedings**

See Item 18. "Financial Statements".

#### 8.B SIGNIFICANT CHANGES

A discussion of the significant changes in our business can be found under Item 4. "Information on the Company", Item 4.A "History and Development of the Company" and Item 5.A "Operating and Financial Review and Prospects — Operating Results — Subsequent Events".

### **ITEM 9. THE OFFER AND LISTING**

#### 9.A OFFER AND LISTING DETAILS

Our LP Units are listed on the NYSE under the symbol "BEP". Our LP Units do not have a par value. Our LP Units began trading on the NYSE on June 11, 2013. The following table sets forth the reported high and low prices of our LP Units on the NYSE for the periods indicated since issued:

---

	High	Low
--	------	-----

---

[Table of Contents](#)

Year ended December 31, 2015	\$33.42	\$22.88
Year ended December 31, 2014	\$32.72	\$25.08

The following table sets forth the reported high and low prices of our LP Units on the NYSE for the periods indicated:

	High	Low
October 1, 2015 to December 31, 2015	\$28.68	\$22.88
July 1, 2015 to September 30, 2015	\$29.99	\$26.11
April 1, 2015 to June 30, 2015	\$33.42	\$28.21
January 1, 2015 to March 31, 2015	\$32.44	\$29.45
October 1, 2014 to December 31, 2014	\$32.72	\$28.06
July 1, 2014 to September 30, 2014	\$31.90	\$28.24

The following table sets forth the monthly high and low prices for our units on the NYSE for the most recent six months:

	High	Low
<b>2016</b>		
February (February 1 through to February 24)	\$27.22	\$24.78
January	\$26.53	\$21.69
<b>2015</b>		
December	\$26.61	\$22.88
November	\$26.60	\$24.68
October	\$28.68	\$26.31
September	\$28.30	\$26.46

Our LP Units are listed on the TSX under the symbol "BEP.UN". Our LP Units do not have a par value. Trading on the TSX commenced on November 30, 2011. On March 21, 2014, our LP Units were added to the S&P/TSX Composite Index. The following table sets forth the reported high and low prices of our LP Units on the TSX for the periods indicated since issued:

	High	Low
Year ended December 31, 2015	C\$41.78	C\$31.45
Year ended December 31, 2014	C\$36.84	C\$27.67
Year ended December 31, 2013	C\$32.02	C\$25.69
Year ended December 31, 2012	C\$31.38	C\$25.65

The following table sets forth the quarterly high and low prices for our units on the TSX for the two most recent full financial years:

	High	Low
October 1, 2015 to December 31, 2015	C\$37.98	C\$31.45
July 1, 2015 to September 30, 2015	C\$38.82	C\$34.47
April 1, 2015 to June 30, 2015	C\$41.78	C\$34.98
January 1, 2015 to March 31, 2015	C\$41.13	C\$36.16
October 1, 2014 to December 31, 2014	C\$36.84	C\$31.80
July 1, 2014 to September 30, 2014	C\$34.98	C\$30.87
April 1, 2014 to June 30, 2014	C\$32.78	C\$30.81

[Table of Contents](#)

January 1, 2014 to March 31, 2014 C\$32.86 C\$27.67

The following table sets forth the monthly high and low prices for our units on the TSX for the most recent six months:

	High	Low
<b>2016</b>		
February (February 1 through to February 24)	C\$37.55	C\$34.51
January	C\$37.04	C\$31.43
<b>2015</b>		
December	C\$37.98	C\$31.45
November	C\$34.80	C\$32.86
October	C\$37.58	C\$34.46
September	C\$37.42	C\$35.15

Prior to November 2011, the Fund's trust units, which were exchanged for our LP Units on a one-for-one basis in November 2011, were listed on the TSX under the symbol "BRC.UN". The following table sets forth the reported high and low prices of the Fund's trust units on the TSX for the periods indicated:

	High	Low
Year ended December 31, 2011	C\$28.10	C\$20.58
Year ended December 31, 2010	C\$22.41	C\$18.76
Year ended December 31, 2009	C\$20.00	C\$14.70

See Item 5.A "Operating Results", Item 7.B "Related Party Transactions" and Item 10. "Additional Information".

9.B PLAN OF DISTRIBUTION

Not applicable.

9.C MARKETS

See Item 9.A. "Offer and Listing Details".

9.D SELLING SHAREHOLDERS

Not applicable.

9.E DILUTION

Not applicable.

9.F EXPENSES OF THE ISSUE

Not applicable.

**ITEM 10. ADDITIONAL INFORMATION**

10.A SHARE CAPITAL

Not applicable.

10.B MEMORANDUM AND ARTICLES OF ASSOCIATION

**Description of our LP Units, Preferred Units and the Amended and Restated Limited Partnership Agreement of BREP**

The following is a description of the material terms of our LP Units, Preferred Units and the Amended and Restated Limited Partnership Agreement of BREP. Because this description is only a summary of the terms of our LP Units, Preferred Units and the Amended and Restated Limited Partnership Agreement of BREP, it does not contain all of the information that you may find useful and is

## [Table of Contents](#)

qualified in its entirety by reference to all of the provisions of the Amended and Restated Limited Partnership Agreement of BREP. For more complete information, you should read the Amended and Restated Limited Partnership Agreement of BREP which is available electronically on the website of the SEC at [www.sec.gov](http://www.sec.gov) and on our SEDAR profile at [www.sedar.com](http://www.sedar.com) and will be made available to LP Unitholders and Preferred Unitholders as described under Item 10.C “Material Contracts” and Item 10.H “Documents on Display”.

See also the information contained in this Form 20-F under Item 3.D “Risk Factors—Risks Related to Our Relationship with Brookfield”, Item 6.A “Directors and Senior Management”, Item 6.C “Board Practices” and Item 7.B “Related Party Transactions”.

### *Formation and Duration*

BREP is a Bermuda exempted limited partnership registered under the *Limited Partnership Act 1883* and the *Exempted Partnerships Act 1992*. BREP has a perpetual existence and will continue as a limited liability partnership unless it is terminated or dissolved in accordance with the Amended and Restated Limited Partnership Agreement of BREP. BREP’s interests consist of our LP Units and Preferred Units, which represent limited partnership interests in BREP, and any additional partnership interests representing limited partnership interests that we may issue in the future as described below under “— Issuance of Additional Partnership Interests”.

### *Nature and Purpose*

Under section 2.2 of the Amended and Restated Limited Partnership Agreement of BREP, the purpose of BREP is to: acquire and hold interests in BRELP and, subject to the approval of the Managing General Partner, any other subsidiary of BREP; engage in any activity related to the capitalization and financing of Brookfield Renewable’s interests in such entities; and engage in any other activity that is incidental to or in furtherance of the foregoing and that is approved by the Managing General Partner and that lawfully may be conducted by a limited partnership organized under the *Limited Partnership Act 1883*, the *Exempted Partnerships Act 1992* and the Amended and Restated Limited Partnership Agreement of BREP.

### *Management*

As required by law, the Amended and Restated Limited Partnership Agreement of BREP provides for the management and control of BREP by a general partner, the Managing General Partner. The Managing General Partner will exercise its powers and carry out its functions honestly and in good faith and the Managing General Partner will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, in each case, subject to, and after taking into account, the terms and conditions of the Relationship Agreement, our Master Services Agreement and the Conflicts Policy. Except as set out in the Amended and Restated Limited Partnership Agreement of BREP, the Managing General Partner has no additional duty to propose or approve any conduct of BREP, and may decline to propose or approve such conduct free of any additional duty (including fiduciary duty). The Managing General Partner shall not be in breach of any duty to BREP if it takes actions permitted by the Amended and Restated Limited Partnership Agreement of BREP, the Relationship Agreement, our Master Services Agreement or the Conflicts Policy.

### *Our Holders of LP Units or Preferred Units*

Our LP Units and Preferred Units are limited partnership interests in BREP. Holders of our LP Units or Preferred Units are not entitled to the withdrawal or return of capital contributions in respect of our LP Units or Preferred Units, except to the extent, if any, that distributions are made to such holders pursuant to the Amended and Restated Limited Partnership Agreement of BREP or upon the liquidation of BREP as described below under “— Liquidation and Distribution of Proceeds” or as otherwise required by applicable law.

Except to the extent expressly provided in the Amended and Restated Limited Partnership Agreement of BREP, a holder of our LP Units or Preferred Units does not have priority over any other LP Unitholder or Preferred Unitholder, either as to the return of capital contributions or as to profits, losses or distributions. Unless otherwise determined by the Managing General Partner, in its sole discretion, LP Unitholders and Preferred Unitholders will not be granted any pre-emptive or other similar right to acquire

## [Table of Contents](#)

additional interests in BREP. In addition, LP Unitholders and Preferred Unitholders do not have any right to have their LP Units or Preferred Units redeemed by BREP.

### *Our Preferred Units*

The Class A Preferred Units rank senior to the LP Units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of BREP, whether voluntary or involuntary. Each series of Class A Preferred Units ranks on a parity with every other series of the Class A Preferred Units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of BREP, whether voluntary or involuntary. Each series of Class A Preferred Units ranks on a parity with every other series of the Class A Preferred Units with respect to priority in the return of capital contributions or as to profits, losses and distributions.

The Series 7 Preferred Units are redeemable by BREP on January 31, 2021 and on January 31 every five years thereafter for C\$25 per Series 7 Preferred Unit, together with all accrued and unpaid distributions up to but excluding the date of payment or distribution. Holders of the Series 7 Preferred Units will have the right, at their option, to reclassify their Series 7 Preferred Units into Series 8 Preferred Units, subject to certain conditions, on January 31, 2021 and on January 31 every 5 years thereafter. Our Preferred Units do not have a fixed maturity date and are not redeemable at the option of Preferred Unitholders.

The Series 5 Preferred Units will not be redeemable by BREP prior to April 30, 2018. On and after April 30, 2018, BREP may redeem for cash the Series 5 Preferred Units at C\$26 per Series 5 Preferred Unit if redeemed before April 30, 2019, C\$25.75 per Series 5 Preferred Unit if redeemed on or after April 30, 2019, C\$25.50 per Series 5 Preferred Unit if redeemed on or after April 30, 2020, C\$25.25 per Series 5 Preferred Unit if redeemed on or after April 30, and C\$25 per Series 5 Preferred Unit if redeemed on or after April 30, 2022, in each case together with all accrued and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by BREP). Our Preferred Units do not have a fixed maturity date and are not redeemable at the option of Preferred Unitholders.

### *Issuance of Additional Partnership Interests*

Subject to the rights of the holders of Class A Preferred Units to approve issuances of additional partnership interests ranking senior to the Class A Preferred Units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of BREP, whether voluntary or involuntary, and to any approval required by applicable law and the approval of any applicable securities exchange, the Managing General Partner has broad rights to cause BREP to issue additional partnership interests and may cause BREP to issue additional partnership interests (including new classes of partnership interests and options, rights, warrants and appreciation rights relating to such interests) for any partnership purpose, at any time and on such terms and conditions as it may determine without the approval of any limited partners. Any additional partnership interests may be issued in one or more classes, or one or more series of classes, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of partnership interests) as may be determined by the Managing General Partner in its sole discretion, all without approval of our limited partners.

### *Transfers of Units*

We are not required to recognize any transfer of our LP Units or Preferred Units until certificates, if any, evidencing such LP Units are surrendered for registration of transfer. Each person to whom an LP Unit or Preferred Unit is transferred or issued (including any nominee holder or an agent or representative acquiring such LP Unit Or Preferred Unit for the account of another person) shall be admitted to BREP as a partner with respect to the unit so transferred or issued when any such transfer or issuance is reflected in the books and records of BREP subject to and in accordance with the terms of the Amended and Restated Limited Partnership Agreement of BREP. Any transfer of an LP Unit or Preferred Unit shall not entitle the transferee to share in the profits and losses of BREP, to receive distributions, to receive allocations of income, gain, loss, deduction or credit or any similar item or to any other rights to which the transferor was entitled until the transferee becomes a partner and a party to the Amended and Restated Limited Partnership Agreement of BREP.

## [Table of Contents](#)

By accepting an LP Unit or Preferred Unit for transfer in accordance with the Amended and Restated Limited Partnership Agreement of BREP, each transferee will be deemed to have:

- executed the Amended and Restated Limited Partnership Agreement of BREP and become bound by the terms thereof;
- granted an irrevocable power of attorney to the Managing General Partner or the liquidator of BREP and any officer thereof to act as such partner's agent and attorney-in-fact to execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (i) all agreements, certificates, documents and other instruments relating to the existence or qualification of BREP as an exempted limited partnership (or a partnership in which the limited partners have limited liability) in Bermuda and in all jurisdictions in which BREP may conduct activities and affairs or own property; any amendment, change, modification or restatement of the Amended and Restated Limited Partnership Agreement of BREP, subject to the requirements of the Amended and Restated Limited Partnership Agreement of BREP; the dissolution and liquidation of BREP; the admission, withdrawal of any partner of BREP or any capital contribution of any partner of BREP; the determination of the rights, preferences and privileges of any class or series of units or other partnership interests of BREP; and any tax election with any limited partner or general partner on our behalf or on behalf of any limited partner or the general partner, and (ii) subject to the requirements of the Amended and Restated Limited Partnership Agreement of BREP, all ballots, consents, approvals, waivers, certificates, documents and other instruments necessary or appropriate, in the sole discretion of the Managing General Partner or the liquidator of BREP, to make, evidence, give, confirm or ratify any voting consent, approval, agreement or other action that is made or given by BREP's partners or is consistent with the terms of the Amended and Restated Limited Partnership Agreement of BREP or to effectuate the terms or intent of the Amended and Restated Limited Partnership Agreement of BREP;
- made the consents and waivers contained in the Amended and Restated Limited Partnership Agreement of BREP; and
- ratified and confirmed all contracts, agreements, assignments and instruments entered into on behalf of BREP in accordance with the Amended and Restated Limited Partnership Agreement of BREP, including the granting of any charge or security interest over the assets of BREP and the assumption of any indebtedness in connection with the affairs of BREP.

The transfer of any unit or Preferred Unit and/or the admission of any new partner to BREP will not constitute an amendment to the Amended and Restated Limited Partnership Agreement of BREP.

### *Book-Based System*

LP Units and Preferred Units may be represented in the form of one or more fully registered unit certificates held by, or on behalf of, CDS or DTC, as applicable, as custodian of such certificates for the participants of CDS or DTC, registered in the name of CDS or DTC or their respective nominee, and registration of ownership and transfers of LP Units and Preferred Units may be effected through the book-based system administered by CDS or DTC, as applicable.

### *Investments in BRELP*

If and to the extent that BREP raises funds by way of the issuance of equity or debt securities, or otherwise, pursuant to a public offering, private placement or otherwise, an amount equal to the proceeds will be invested in BRELP.

### *Capital Contributions*

Brookfield contributed \$1 and the Managing General Partner contributed \$100 to the capital of BREP in order to form BREP. Thereafter, Brookfield contributed to BREP its interest in various renewable power businesses in exchange for Redeemable/Exchangeable partnership units and our LP Units. No partner has the right to withdraw any or all of its capital contribution.

## [Table of Contents](#)

### *Distributions*

Subject to the rights of holders of Class A Preferred Units to receive cumulative preferential cash distributions in accordance with the terms of a series of Class A Preferred Units, distributions to partners of BREP will be made only as determined by the Managing General Partner in its sole discretion. However, the Managing General Partner will not be permitted to cause BREP to make a distribution if it does not have sufficient cash on hand to make the distribution, the distribution would render it insolvent or if, in the opinion of the Managing General Partner, the distribution would leave it with insufficient funds to meet any future or contingent obligations, or the distribution would contravene the *Limited Partnership Act 1883*. In addition, BREP will not be permitted to make a distribution on our LP Units unless all accrued distributions have been paid in respect of the Class A Preferred Units, and all other units of BREP ranking prior to or on a parity with the Class A Preferred Units with respect to the payment of distributions.

The amount of taxes withheld or paid by BREP or by any member of Brookfield Renewable in respect of LP Units and Preferred Units held by LP Unitholders, Preferred Unitholders or the Managing General Partner shall be treated either as a distribution to such partner or as a general expense of BREP as determined by the Managing General Partner in its sole discretion.

Holders of the Series 7 Preferred Units will be entitled to receive a cumulative quarterly fixed distribution at a rate of 5.50% annually for the initial period ending January 31, 2021. Thereafter, the distribution rate will be reset every five years at a rate equal to the greater of: (i) the 5 year Government of Canada bond yield plus 4.47%, and (ii) 5.50%. Holders of Series 8 Preferred Units will be entitled to receive a cumulative quarterly floating distribution at a rate equal to the 90 day Canadian Treasury Bill yield plus 4.47%. Holders of the Series 5 Preferred Units will be entitled to receive fixed cumulative preferential cash distributions, as and when declared by the Managing General Partner, payable quarterly on the last day of January, April, July and October in each year at an annual rate equal to 5.59%, less any tax required to be deducted and withheld.

Subject to the terms of any Preferred Units outstanding at the time, any distributions from BREP will be made to the limited partners holding LP Units as to 99.99% and to the Managing General Partner as to 0.01%. Distributions to holders of Class A Preferred Units in accordance with their terms rank higher in priority than distributions to holders of our LP Units. Each holder of LP Units or Preferred Units will receive a *pro rata* share of distributions made to all holders of LP Units or Preferred Units, as applicable, in accordance with the proportion of all outstanding LP Units or Preferred Units held by that unitholder. Except for receiving 0.01% of distributions from BREP, the Managing General Partner shall not be compensated for its services as Managing General Partner but it shall be reimbursed for certain expenses.

### *Allocations of Income and Losses*

Limited partners (other than partners holding Preferred Units) will share in the net profits and net losses of BREP generally in accordance with their respective percentage interest in BREP.

Net income and net losses for U.S. federal income tax purposes will be allocated for each taxable year or other relevant period among our partners (other than our partners holding Preferred Units) using a monthly, quarterly or other permissible convention *pro rata* on a per unit basis, except to the extent otherwise required by law or pursuant to tax elections made by BREP. Each item of income, gain, loss and deduction so allocated to a partner of BREP (other than a partners holding Preferred Units) generally will have the same source and character as though such partner had realized the item directly.

The income for Canadian federal income tax purposes of BREP for a given fiscal year of BREP will be allocated to each partner in an amount calculated by multiplying such income by a fraction, the numerator of which is the sum of the distributions received by such partner with respect to such fiscal year, provided that the numerator and denominator will not include any distributions on the Preferred Units that are in satisfaction of accrued distributions on the Preferred Units that were not paid in a previous fiscal year of BREP where the Managing General Partner determines that the inclusion of such distributions would result in a Preferred Unitholder being allocated more income than it would have been if the distributions were paid in the fiscal year of BREP in which they were accrued. Generally, the source and character of items of income so allocated to a partner with respect to a fiscal year of BREP will be the same source and character as the distributions received by such partner with respect to such fiscal year.

## [Table of Contents](#)

If, with respect to a given fiscal year, no distribution is made by BREP, or Brookfield Renewable has a loss for Canadian federal income tax purposes, one quarter of the income, or loss, as the case may be, for Canadian federal income tax purposes for such fiscal year, will be allocated to the partners of record at the end of each quarter ending in such fiscal year as follows: (i) to the Preferred Unitholders in respect of Preferred Units held by them on each such date, such amount of the income or the loss, as the case may be, for Canadian federal income tax purposes as the Managing General Partner determines is reasonable in the circumstances having regard to such factors as the Managing General Partner considers to be relevant, including, without limitation, the relative amount of capital contributed to our partnership on the issuance of Preferred Units as compared to all other LP Units and the relative fair market value of the Preferred Units as compared to all other LP Units, and (ii) to the partners, other than in respect of Preferred Units, the remaining amount of the income or the loss, as the case may be, for Canadian federal income tax purposes *pro rata* to their respective percentage interests on each such date.

However, any gain for Canadian tax purposes allocated by BRELP to BREP in respect of the disposition of the common shares of NA Holdco by BRELP, will be allocated for Canadian tax purposes firstly, in respect of any LP Units held by Brookfield that were acquired on the exchange of Redeemable/Exchangeable partnership units, such portion of the gain, if any, that would otherwise have been allocated for Canadian tax purposes to Brookfield in respect of the Redeemable/Exchangeable partnership units on the assumption that such units had not been exchanged for LP Units and remained Redeemable/Exchangeable partnership units, shall be allocated *pro rata* to Brookfield in respect of our LP Units acquired on the exchange of Redeemable/Exchangeable partnership units, and secondly, the remaining portion of the gain, if any, shall be allocated to LP Unitholders on a per LP Unit basis excluding: (i) LP Units owned by Brookfield immediately after November 28, 2011; and (ii) LP Units acquired by Brookfield pursuant to the Redemption-Exchange Mechanism. The foregoing summary, to the extent it states matters of Canadian or U.S. tax law or legal conclusions, is qualified in its entirety by the sections in this Form 20-F under Item 10.E entitled “Material Canadian Federal Income Tax Considerations” and “Material U.S. Federal Income Tax Considerations”.

### *Limited Liability*

Assuming that a limited partner does not participate in the control or management of BREP or conduct the affairs of, sign or execute documents for or otherwise bind BREP within the meaning of the *Limited Partnership Act 1883* and otherwise acts in conformity with the provisions of the Amended and Restated Limited Partnership Agreement of BREP, such partner’s liability under the *Limited Partnership Act 1883* and the Amended and Restated Limited Partnership Agreement of BREP will be limited to the amount of capital such partner is obligated to contribute to BREP for its limited partner interest plus its share of any undistributed profits and assets, except as described below.

If it were determined, however, that a limited partner was participating in the control or management of BREP or conducting the affairs of, signing or executing documents for or otherwise binding BREP (or purporting to do any of the foregoing) within the meaning of the *Limited Partnership Act 1883* or the *Exempted Partnerships Act 1992*, such limited partner would be liable as if it were a general partner of BREP in respect of all debts of BREP incurred while that limited partner was so acting or purporting to act. Neither the Amended and Restated Limited Partnership Agreement of BREP nor the *Limited Partnership Act 1883* specifically provides for legal recourse against the Managing General Partner if a limited partner were to lose limited liability through any fault of the Managing General Partner. While this does not mean that a limited partner could not seek legal recourse, we are not aware of any precedent for such a claim in Bermuda case law.

### *No Management or Control*

BREP’s limited partners, in their capacities as such, may not take part in the management or control of the activities and affairs of BREP and do not have any right or authority to act for or to bind BREP or to take part or interfere in the conduct or management of BREP. Limited partners are not entitled to vote on matters relating to BREP, although LP Unitholders are entitled to consent to certain matters as described under “— Amendments to the Amended and Restated Limited Partnership Agreement of BREP”, “— Opinion of Counsel and Limited Partner Approval”, “— Sale or Other Disposition of Assets”, and “— Withdrawal of the Managing General Partner” which may be effected only

## [Table of Contents](#)

with the consent of the holders of the percentages of our outstanding LP Units specified below. In addition, limited partners have consent rights with respect to certain fundamental matters and on any other matters that require their approval in accordance with applicable securities laws and stock exchange rules. Each LP Unit shall entitle the LP Unitholder to one vote for the purposes of any approvals of LP Unitholders. Except as otherwise provided by law or as set out in the provisions attached to any series of Class A Preferred Units and except for meetings of the holders of Class A Preferred Units as a class or meetings of the holders of a series thereof, the holders of Class A Preferred Units are not entitled to receive notice of, attend, or vote at any meeting of holders of LP Units, unless and until BREP shall have failed to pay eight quarterly distributions in respect of such series of Class A Preferred Units, whether or not consecutive and whether or not such distributions have been declared and whether or not there are any monies of our partnership properly applicable to the payment of distributions. In the event of such non-payment, and for only so long as any such distributions remain in arrears, such holders will be entitled to receive notice of and to attend each meeting of holders of LP Units (other than any meetings at which only holders of another specified class or series are entitled to vote) and such holders shall have the right, at any such meeting, to one vote for each Preferred Unit held. Upon payment of the entire amount of all such distributions in arrears, the voting rights of such holders of Class A Preferred Units shall forthwith cease (unless and until the same default shall again arise as described herein).

### *Meetings*

The Managing General Partner may call special meetings of partners at a time and place outside of Canada determined by the Managing General Partner on a date not less than 10 days nor more than 60 days after the mailing of notice of the meeting. The limited partners do not have the ability to call a special meeting. Only holders of record on the date set by the Managing General Partner (which may not be less than 10 days nor more than 60 days, before the meeting) are entitled to notice of any meeting.

Written consents may be solicited only by or on behalf of the Managing General Partner. Any such consent solicitation may specify that any written consents must be returned to BREP within the time period, which may not be less than 20 days, specified by the Managing General Partner.

For purposes of determining holders of partnership interests entitled to provide consents to any action described above, the Managing General Partner may set a record date, which may be not less than 10 nor more than 60 days before the date by which record holders are requested in writing by the Managing General Partner to provide such consents. Only those holders of partnership interests on the record date established by the Managing General Partner will be entitled to provide consents with respect to matters as to which a consent right applies.

### *Amendments to the Amended and Restated Limited Partnership Agreement of BREP*

Amendments to the Amended and Restated Limited Partnership Agreement of BREP may only be proposed by or with the consent of the Managing General Partner. To adopt a proposed amendment, other than the amendments that do not require limited partner approval discussed below, the Managing General Partner must seek approval of at least 66<sup>2/3</sup>% of the voting power of our outstanding LP Units required to approve the amendment or call a meeting of the limited partners to consider and vote upon the proposed amendment.

Notwithstanding the above, in addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Units as a class and any other approval to be given by the holders of the Class A Preferred Units may be given (i) by a resolution signed by the holders of Class A Preferred Units owning not less than the percentage of the Class A Preferred Units that would be necessary to authorize such action at a meeting of the holders of the Class A Preferred Units at which all holders of the Class A Preferred Units were present and voted or were represented by proxy, or (ii) passed by an affirmative vote of at least 66<sup>2/3</sup>% of the votes cast at a meeting of holders of the Class A Preferred Units duly called for that purpose and at which the holders of at least 25% of the outstanding Class A Preferred Units are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Class A Preferred Units then present would form the necessary quorum. At any meeting of holders of Class A Preferred Units as a class, each such holder shall be entitled to one vote in respect of each Class A Preferred Unit held.

## [Table of Contents](#)

Further, in addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to each series of Class A Preferred Units, as a series, and any other approval to be given by the holders of each series of Class A Preferred Units, as a series, may be given (i) by a resolution signed by the holders of the applicable series of Class A Preferred Units owning not less than the percentage of such series of Class A Preferred Units that would be necessary to authorize such action at a meeting of the holders of the applicable series of Class A Preferred Units at which all holders of the applicable series of Class A Preferred Units were present and voted or were represented by proxy, or (ii) passed by an affirmative vote of at least 66<sup>2/3</sup>% of the votes cast at a meeting of holders of the applicable series of Class A Preferred Units duly called for that purpose and at which the holders of at least 25% of the outstanding applicable series of Class A Preferred Units are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of the applicable series of Class A Preferred Units then present would form the necessary quorum. At any meeting of holders of a series of Class A Preferred Units, as a series, each such holder shall be entitled to one vote in respect of each applicable Class A Preferred Unit held.

### *Prohibited Amendments*

No amendment may be made that would:

- enlarge the obligations of any limited partner without its consent, except that any amendment that would have a material adverse effect on the rights or preferences of any class of partnership interests in relation to other classes of partnership interests may be approved by at least a majority of the type or class of partnership interests so affected; or
- enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by BREP to the Managing General Partner or any of its affiliates without the consent of the Managing General Partner, which may be given or withheld in its sole discretion.

The provision of the Amended and Restated Limited Partnership Agreement of BREP preventing the amendments having the effects described directly above can be amended upon the approval of the holders of at least 90% of the outstanding LP Units, and in the case of (ii) above, with the consent of the Managing General Partner, which may be given or withheld in its sole discretion.

### *No Limited Partner Approval*

Subject to applicable law, the Managing General Partner may generally make amendments to the Amended and Restated Limited Partnership Agreement of BREP without the approval of any limited partner to reflect:

- a change in the name of BREP, the location of BREP's registered office, or BREP's registered agent;
- the admission, substitution or withdrawal of partners in accordance with the Amended and Restated Limited Partnership Agreement of BREP;
- a change that the Managing General Partner determines is reasonable and necessary or appropriate for BREP to qualify or to continue BREP's qualification as an exempted limited partnership under the laws of Bermuda or a partnership in which the limited partners have limited liability under the laws of any jurisdiction or is necessary or advisable in the opinion of the Managing General Partner to ensure that BREP will not be treated as an association taxable as a corporation or otherwise taxed as an entity for tax purposes;
- an amendment that the Managing General Partner determines to be necessary or appropriate to address certain changes in tax regulations, legislation or interpretation;
- an amendment that is necessary, in the opinion of our counsel, to prevent BREP or the Managing General Partner or its directors or officers from in any manner being subjected to the provisions of the Investment Company Act or similar legislation in other jurisdictions;
- an amendment that the Managing General Partner determines in its sole discretion to be necessary or appropriate for the creation, authorization or issuance of any class or series of partnership interests or options, rights, warrants or appreciation rights relating to partnership securities;

## Table of Contents

- any amendment expressly permitted in the Amended and Restated Limited Partnership Agreement of BREP to be made by the Managing General Partner acting alone;
- any amendment that, in the sole discretion of the Managing General Partner, is necessary or appropriate to reflect and account for the formation by BREP of, or its investment in, any partnership, association, body corporate or other entity, as otherwise permitted by the Amended and Restated Limited Partnership Agreement of BREP;
- a change in BREP's fiscal year and related changes; or
- any other amendments substantially similar to any of the matters described directly above.

In addition, the Managing General Partner may make amendments to the Amended and Restated Limited Partnership Agreement of BREP without the approval of any limited partner if those amendments, in the discretion of the Managing General Partner:

- do not adversely affect BREP's limited partners considered as a whole (including any particular class of partnership interests as compared to other classes of partnership interests) in any material respect;
- are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion or binding directive, order, ruling or regulation of any governmental agency or judicial authority;
- are necessary or appropriate to facilitate the trading of our LP Units or Preferred Units or to comply with any rule, regulation, guideline or requirement of any securities exchange on which our LP Units or Preferred Units are or will be listed for trading;
- are necessary or appropriate for any action taken by the Managing General Partner relating to splits or combinations of LP Units or Preferred Units made in accordance with the provisions of the Amended and Restated Limited Partnership Agreement of BREP; or
- are required to effect the intent of the provisions of the Amended and Restated Limited Partnership Agreement of BREP or are otherwise contemplated by the Amended and Restated Limited Partnership Agreement of BREP.

### *Opinion of Counsel and Limited Partner Approval*

The Managing General Partner will not be required to obtain an opinion of counsel that an amendment will not result in a loss of limited liability to the limited partners if one of the amendments described above under “— No Limited Partner Approval” should occur. No other amendments to the Amended and Restated Limited Partnership Agreement of BREP will become effective without the approval of holders of at least 90% of our LP Units, unless BREP obtains an opinion of counsel to the effect that the amendment will not cause BREP to be treated as an association taxable as a corporation or otherwise taxable as an entity for tax purposes (provided that for U.S. tax purposes the Managing General Partner has not made the election described below under “— Election to be Treated as a Corporation”) or affect the limited liability under the *Limited Partnership Act 1883* of any of BREP's limited partners.

In addition to the above restrictions, any amendment that would have a material adverse effect on the rights or preferences of any type or class of partnership interests in relation to other classes of partnership interests will also require the approval of the holders of at least a majority of the outstanding partnership interests of the class so affected.

In addition, any amendment that reduces the voting percentage required to take any action must be approved by the written consent or affirmative vote of limited partners whose aggregate outstanding voting units constitute not less than the voting requirement sought to be reduced.

### *Sale or Other Disposition of Assets*

The Amended and Restated Limited Partnership Agreement of BREP generally prohibits the Managing General Partner, without the prior approval of the holders of at least 66<sup>2/3</sup>% of the voting power of our LP Units, from causing BREP to, among other things, sell, exchange or otherwise dispose of all or substantially all of BREP's assets in a single transaction or a series of related transactions, including by approving on BREP's behalf the sale, exchange or other disposition of all or substantially all of the assets of BREP's subsidiaries. However, the Managing General Partner, in its sole discretion, may mortgage,

## [Table of Contents](#)

pledge, hypothecate or grant a security interest in all or substantially all of BREP's assets (including for the benefit of persons who are not BREP or BREP's subsidiaries) without that approval. The Managing General Partner may also sell all or substantially all of BREP's assets under any forced sale of any or all of BREP's assets pursuant to the foreclosure or other realization upon those encumbrances without that approval.

### *Take-Over Bids*

If, within 120 days after the date of a take-over bid, as defined in the *Securities Act (Ontario)*, the take-over bid is accepted by holders of not less than 90% of our outstanding LP Units, other than our LP Units held at the date of the take-over bid by the offeror or any affiliate or associate of the offeror, and the offeror acquires all of such LP Units deposited or tendered under the take-over bid, the offeror will be entitled to acquire our LP Units not deposited under the take-over bid on the same terms as our LP Units acquired under the take-over bid.

### *Election to be Treated as a Corporation*

If the Managing General Partner determines in its sole discretion that it is no longer in BREP's best interests to continue as a partnership for U.S. federal income tax purposes, the Managing General Partner may elect to treat BREP as an association or as a publicly traded partnership taxable as a corporation for U.S. federal (and applicable state) income tax purposes.

### *Termination and Dissolution*

BREP will terminate upon the earlier to occur of (i) the date on which all of BREP's assets have been disposed of or otherwise realized by BREP and the proceeds of such disposals or realizations have been distributed to partners, (ii) the service of notice by the Managing General Partner, with the special approval of a majority of its independent directors, that in its opinion the coming into force of any law, regulation or binding authority has or will render illegal or impracticable the continuation of BREP, and (iii) at the election of the Managing General Partner, with the special approval of its independent directors, if BREP, as determined by the Managing General Partner, based on an opinion of counsel, is required to register as an "investment company" under the Investment Company Act or similar legislation in other jurisdictions.

BREP will be dissolved upon the withdrawal of the Managing General Partner as the general partner of BREP (unless a successor entity becomes the general partner as described in the following sentence or the withdrawal is effected in compliance with the provisions of the Amended and Restated Limited Partnership Agreement of BREP that are described below under "— Withdrawal of the Managing General Partner") or the entry by a court of competent jurisdiction of a decree of judicial dissolution of BREP or an order to wind-up or liquidate the Managing General Partner without the appointment of a successor in compliance with the provisions of the Amended and Restated Limited Partnership Agreement of BREP that are described below under "— Withdrawal of the Managing General Partner". BREP will be reconstituted and continue without dissolution if within 30 days of the date of dissolution (and so long as a notice of dissolution has not been filed with the Bermuda Monetary Authority), a successor general partner executes a transfer deed pursuant to which it becomes the general partner and assumes the rights and undertakes the obligations of the general partner and BREP receives an opinion of counsel that the admission of the new general partner will not result in the loss of the limited liability of any limited partner.

### *Liquidation and Distribution of Proceeds*

Upon our dissolution, unless BREP is continued as a new limited partnership, the liquidator authorized to wind-up BREP's affairs will, acting with all of the powers of the Managing General Partner that the liquidator deems necessary or appropriate in its judgment, liquidate BREP's assets and apply the proceeds of the liquidation first, to discharge BREP's liabilities as provided in the Amended and Restated Limited Partnership Agreement of BREP and by law, second to the holders of any Class A Preferred Units in accordance with the terms of such Class A Preferred Units and thereafter to the partners holding LP Units *pro rata* according to the percentages of their respective partnership interests as of a record date selected by the liquidator. The liquidator may defer liquidation of BREP's assets for a reasonable

## [Table of Contents](#)

period of time or distribute assets to partners in kind if it determines that an immediate sale or distribution of all or some of BREP's assets would be impractical or would cause undue loss to the partners.

### *Withdrawal of the Managing General Partner*

The Managing General Partner may withdraw as Managing General Partner without first obtaining approval of our LP Unitholders and Preferred Unitholders by giving 180 days' advance written notice to the other partners, and that withdrawal will not constitute a violation of the Amended and Restated Limited Partnership Agreement of BREP.

Upon the withdrawal of the Managing General Partner, the holders of at least 66<sup>2/3</sup>% of the voting power of our outstanding LP Units may select a successor to that withdrawing Managing General Partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability, tax matters and the Investment Company Act (and similar legislation in other jurisdictions) cannot be obtained, BREP will be dissolved, wound up and liquidated. See “— Termination and Dissolution” above.

In the event of withdrawal of a general partner where that withdrawal violates the Amended and Restated Limited Partnership Agreement of BREP, a successor general partner will have the option to purchase the general partnership interest of the departing general partner for a cash payment equal to its fair market value. Under all other circumstances where a general partner withdraws, the departing general partner will have the option to require the successor general partner to purchase the general partnership interest of the departing general partner for a cash payment equal to its fair market value. In each case, this fair market value will be determined by agreement between the departing general partner and the successor general partner. If no agreement is reached within 30 days of the general partner's departure, an independent investment banking firm or other independent expert selected by the departing general partner and the successor general partner will determine the fair market value. If the departing general partner and the successor general partner cannot agree upon an expert within 45 days of the general partner's departure, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value.

If the option described above is not exercised by either the departing general partner or the successor general partner, the departing general partner's general partnership interests will automatically convert into LP Units pursuant to a valuation of those interests as determined by an investment banking firm or other independent expert selected in the manner described in the preceding paragraph.

### *Transfer of the General Partnership Interest*

The Managing General Partner may transfer all or any part of its general partnership interest without first obtaining approval of any LP Unitholder or Preferred Unitholder. As a condition of this transfer, the transferee must (i) be an affiliate of the general partner of BRELP (or the transfer must be made concurrently with a transfer of the general partnership units of BRELP to an affiliate of the transferee), (ii) agree to assume the rights and duties of the Managing General Partner to whose interest that transferee has succeeded, (iii) agree to be bound by the provisions of the Amended and Restated Limited Partnership Agreement of BREP and (iv) furnish an opinion of counsel regarding limited liability and tax matters. Any transfer of the general partnership interest is subject to prior notice to and approval of the relevant Bermuda regulatory authorities. At any time, the shareholder of the Managing General Partner may sell or transfer all or part of its shares in the Managing General Partner without the approval of the LP Unitholders or Preferred Unitholders.

### *Partnership Name*

If the Managing General Partner ceases to be the general partner of BREP and our new general partner is not an affiliate of Brookfield, BREP will be required by the Amended and Restated Limited Partnership Agreement of BREP to change the name of BREP to a name that does not include “Brookfield” and which could not be capable of confusion in any way with such name. The Amended and Restated Limited Partnership Agreement of BREP explicitly provides that this obligation shall be enforceable and may be waived by the Managing General Partner notwithstanding that it may have ceased to be the general partner of BREP.

### *Transactions with Interested Parties*

## [Table of Contents](#)

The Managing General Partner, the Service Provider and their respective partners, members, shareholders, directors, officers, employees and shareholders, which we refer to as “**interested parties**”, may become limited partners or beneficially interested in limited partners and may hold, dispose of or otherwise deal with our LP Units or Preferred Units with the same rights they would have if the Managing General Partner was not a party to the Amended and Restated Limited Partnership Agreement of BREP. An interested party will not be liable to account either to other interested parties or to BREP, BREP’s partners or any other persons for any profits or benefits made or derived by or in connection with any such transaction.

The Amended and Restated Limited Partnership Agreement of BREP permits an interested party to sell investments to, purchase assets from, vest assets in and enter into any contract, arrangement or transaction with BREP, BRELP, any of the Holding Entities, any operating entity or any other holding vehicle established by BREP and may be interested in any such contract, transaction or arrangement and shall not be liable to account either to BREP, BRELP, any of the Holding Entities, any operating entity or any other holding vehicle established by BREP or any other person in respect of any such contract, transaction or arrangement, or any benefits or profits made or derived therefrom, by virtue only of the relationship between the parties concerned, subject to any approval requirements that are contained in the Conflicts Policy. See Item 7.B “Related Party Transactions — Conflicts of Interest and Fiduciary Duties”.

### *Outside Activities of the Managing General Partner; Conflicts of Interest*

Under the Amended and Restated Limited Partnership Agreement of BREP, the Managing General Partner is required to maintain as its sole activity the role of general partner of BREP. The Managing General Partner is not permitted to engage in any business or activity or incur or guarantee any debts or liabilities except in connection with or incidental to its performance as general partner or incurring, guaranteeing, acquiring, owning or disposing of debt or equity securities of BRELP, a Holding Entity or any other holding vehicle established by BREP.

The Amended and Restated Limited Partnership Agreement of BREP provides that each person who is entitled to be indemnified by BREP (other than the Managing General Partner), as described below under “— Indemnification; Limitations on Liability”, shall have the right to engage in businesses of every type and description and other activities for profit, and to engage in and possess interests in business ventures of any and every type or description, irrespective of whether (i) such activities are similar to our affairs or activities or (ii) such affairs and activities directly compete with, or disfavor or exclude, the Managing General Partner, BREP, BRELP, any Holding Entity, any operating entity or any other holding vehicle established by BREP. Such business interests, activities and engagements will be deemed not to constitute a breach of the Amended and Restated Limited Partnership Agreement of BREP or any duties stated or implied by law or equity, including fiduciary duties, owed to any of the Managing General Partner, BREP, BRELP, any Holding Entity, any operating entity and any other holding vehicle established by BREP (or any of their respective investors), and shall be deemed not to be a breach of the Managing General Partner’s fiduciary duties or any other obligation of any type whatsoever of the Managing General Partner. None of the Managing General Partner, BREP, BRELP, any Holding Entity, any operating entity, any other holding vehicle established by BREP or any other person shall have any rights by virtue of the Amended and Restated Limited Partnership Agreement of BREP or the partnership relationship established thereby or otherwise in any business ventures of any person who is entitled to be indemnified by BREP as described below under “— Indemnification; Limitations on Liability”.

The Managing General Partner and the other indemnified persons described in the preceding paragraph do not have any obligation under the Amended and Restated Limited Partnership Agreement of BREP to present business or investment opportunities to Brookfield Renewable. These provisions will not affect any obligation of an indemnified person to present business or investment opportunities to Brookfield Renewable pursuant to the Relationship Agreement or any other separate written agreement between such persons.

Any conflicts of interest and potential conflicts of interest that are approved by a majority of the Managing General Partner’s independent directors from time-to-time will be deemed approved by all partners. Pursuant to the Conflicts Policy, independent directors may grant approvals for any matters that may give rise to a conflict of interest or potential conflict of interest in the form of general guidelines,

## [Table of Contents](#)

policies or procedures that are adopted by the Managing General Partner's independent directors, and amended from time-to-time with the approval of a majority of the independent directors of the Managing General Partner, in which case no further special approval will be required in connection with a particular transaction or matter permitted thereby other than any approvals required by law. See Item 7.B "Related Party Transactions — Conflicts of Interest and Fiduciary Duties".

### *Indemnification; Limitations on Liability*

Under the Amended and Restated Limited Partnership Agreement of BREP, BREP is required to indemnify on an after-tax basis out of the assets of BREP to the fullest extent permitted by law the Managing General Partner, the Service Provider and any of their respective affiliates (and their respective officers, directors, agents, shareholders, partners, members and employees), any person who serves on a Governing Body of BREP, BRELP, a Holding Entity, Operating Entity or any other holding vehicle established by BREP and any other person designated by the Managing General Partner as an indemnified person, in each case, against all losses, claims, damages, liabilities, costs or expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, incurred by an indemnified person in connection with our investments and activities or by reason of their holding such positions, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the indemnified person's gross negligence, bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful. In addition, under the Amended and Restated Limited Partnership Agreement of BREP, (i) no such person shall be liable to BREP, the Managing General Partner or any LP Unitholder or Preferred Unitholder for any liabilities sustained or incurred as a result of any act or omission of such person, except to the extent there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that such liabilities resulted from such person's gross negligence, bad faith, fraud, willful misconduct, or in the case of a criminal matter, actions with knowledge that the conduct was unlawful and (ii) subject to applicable law, any matter that is approved by the independent directors of the Managing General Partner will not constitute a breach of the Amended and Restated Limited Partnership Agreement of BREP or any duties stated or implied by law or equity, including fiduciary duties. The Amended and Restated Limited Partnership Agreement of BREP requires us to advance funds to pay the expenses of an indemnified person in connection with a matter in which indemnification may be sought until it is determined that the indemnified person is not entitled to indemnification.

### *Accounts, Reports and Other Information*

Under the Amended and Restated Limited Partnership Agreement of BREP, the Managing General Partner is required to prepare financial statements in accordance with IFRS as determined by the IASB. BREP's financial statements must be made publicly available together with a statement of the accounting policies used in their preparation, such information as may be required by applicable laws and regulations and such information as the Managing General Partner deems appropriate. BREP's annual financial statements must be audited by an independent accounting firm of international standing and made publicly available within such period of time as is required to comply with applicable laws and regulations, including any rules of any applicable securities exchange. BREP's quarterly financial statements may be unaudited and are made available publicly as and within the time period required by applicable laws and regulations, including any rules of any applicable securities exchange. The Managing General Partner is also required to prepare all other press releases, proxy circulars and other disclosure documentation as by be required by applicable laws, including any rules of any applicable securities exchange.

The Managing General Partner is also required to use commercially reasonable efforts to prepare and send to the limited partners of BREP on an annual basis, additional information regarding BREP, including Schedule K-1 (or equivalent) and information related to the passive foreign investment company status of certain non-U.S. corporations that we control. The Managing General Partner will, where reasonably possible, prepare and send information required by the non-U.S. limited partners of BREP for U.S. federal income tax reporting purposes. The Managing General Partner will also, where reasonably possible and applicable, prepare and send information required by limited partners of BREP for Canadian federal income tax purposes.

## [Table of Contents](#)

### *Governing Law; Submission to Jurisdiction*

The Amended and Restated Limited Partnership Agreement of BREP is governed by and will be construed in accordance with the laws of Bermuda. Under the Amended and Restated Limited Partnership Agreement of BREP, each of BREP's partners (other than governmental entities prohibited from submitting to the jurisdiction of a particular jurisdiction) will submit to the non-exclusive jurisdiction of any court in Bermuda in any dispute, suit, action or proceeding arising out of or relating to the Amended and Restated Limited Partnership Agreement of BREP. Each partner waives, to the fullest extent permitted by law, any immunity from jurisdiction of any such court or from any legal process of any such court and further waives, to the fullest extent permitted by law, any claim of inconvenient forum, improper venue or that any such court does not have jurisdiction over the partner. Any final judgment against a partner in any proceedings brought in a court in Bermuda will be conclusive and binding upon the partner and may be enforced in the courts of any other jurisdiction of which the partner is or may be subject, by suit upon such judgment. The foregoing submission to jurisdiction and waivers will survive the dissolution, liquidation, winding up and termination of BREP.

### *Preferred Unit Guarantees*

The Preferred Unit Guarantees provide that each series of Class A Preferred Units will be fully and unconditionally guaranteed by the Preferred Unit Guarantors as to (i) payment of dividends, as and when declared, (ii) payment of amounts due on redemption of the applicable series of Class A Preferred Units, and (iii) payment of amounts due on the liquidation, dissolution or winding up of BREP. For so long as the Preferred Unit Guarantees are in place, they will be subordinated to all of the senior and subordinated debt of the Preferred Unit Guarantors that is not expressly stated to be *pari passu* or subordinate to the Preferred Unit Guarantees, and will rank senior to the common equity of the Preferred Unit Guarantors. The Preferred Unit Guarantees will rank on a *pro rata* and *pari passu* basis with each other. The rights, obligations and liabilities of a Preferred Unit Guarantor pursuant to the Preferred Unit Guarantees will terminate upon the conveyance, distribution, transfer or lease of all or substantially all of its properties, securities and assets to another Preferred Unit Guarantor. A Preferred Unit Guarantor may not otherwise convey, distribute, transfer or lease all or substantially all of its properties, securities and assets to another person, unless the person which acquires the properties, securities and assets of such Preferred Unit Guarantor assumes such Preferred Unit Guarantor's obligations under the Preferred Unit Guarantees. The Preferred Unit Guarantees were granted by the Preferred Unit Guarantors so that the Preferred Units rank *pari passu* at the Preferred Unit Guarantor level with the outstanding Preference Shares issued by BRP Equity, which are also guaranteed by the Preferred Unit Guarantors. Provided no default then exists in respect of the applicable Preferred Unit Guarantee, at any time following the termination of its guarantee of the Preferred Shares, each Preferred Unit Guarantor shall be entitled to a full, unconditional and final release of its obligations under its applicable Preferred Unit Guarantee. Should this occur in respect of all the Preferred Unit Guarantors, the Class A Preferred Units will then constitute obligations of BREP alone.

### **Description of the Amended and Restated Limited Partnership Agreement of BRELP**

The following is a description of the material terms of the Amended and Restated Limited Partnership Agreement of BRELP. Holders of LP Units in BREP are not limited partners of BRELP and do not have any rights under the Amended and Restated Limited Partnership Agreement of BRELP. Pursuant to the Voting Agreement, however, BREP, through the Managing General Partner, has the right to direct all eligible votes in the election of the directors of the BRELP General Partner, through which BREP participates in the management and activities of BRELP and the Holding Entities. See Item 7.B "Related Party Transactions—Voting Agreements".

Because this description is only a summary of the terms of the agreement, it does not necessarily contain all of the information that you may find useful. For more complete information, you should read the Amended and Restated Limited Partnership Agreement of BRELP which is available electronically on the website of the SEC at [www.sec.gov](http://www.sec.gov) and on our SEDAR profile at [www.sedar.com](http://www.sedar.com) and will be made available to LP Unitholders and Preferred Unitholders as described under Item 10.C "Material Contracts" and Item 10.H "Documents on Display".

### *Formation and Duration*

## [Table of Contents](#)

BRELP is a Bermuda exempted limited partnership registered under the *Limited Partnership Act 1883* and the *Exempted Partnerships Act 1992*. BRELP has a perpetual existence and will continue as a limited liability partnership unless BRELP is terminated or dissolved in accordance with the Amended and Restated Limited Partnership Agreement of BRELP.

### *Nature and Purpose*

Under the Amended and Restated Limited Partnership Agreement of BRELP, the purpose of BRELP is to: acquire and hold interests in the Holding Entities and, subject to the approval of the BRELP GP LP, any other subsidiary of BRELP; engage in any activity related to the capitalization and financing of BRELP's interests in such entities; and engage in any other activity that is incidental to or in furtherance of the foregoing and that is approved by the BRELP GP LP and that lawfully may be conducted by a limited partnership organized under the *Limited Partnership Act 1883*, the *Exempted Partnerships Act 1992* and the Amended and Restated Limited Partnership Agreement of BRELP.

### *Management*

As required by law, the Amended and Restated Limited Partnership Agreement of BRELP provides for the management and control of BRELP by a general partner, the BRELP GP LP. The BRELP GP LP will exercise its powers and carry out its functions honestly and in good faith and the BRELP GP LP will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, in each case, subject to, and after taking into account, the terms and conditions of the Relationship Agreement, our Master Services Agreement and the Conflicts Policy. Except as set out in the Amended and Restated Limited Partnership Agreement of BRELP, the BRELP GP LP has no additional duty to propose or approve any conduct of BRELP, and may decline to propose or approve such conduct free of any additional duty (including fiduciary duty). The BRELP GP LP shall not be in breach of any duty to BRELP if it takes actions permitted by the Amended and Restated Limited Partnership Agreement of BRELP, the Relationship Agreement, our Master Services Agreement or the Conflicts Policy.

### *Units*

BRELP's units are limited partnership interests. Holders of units of BRELP are not entitled to the withdrawal or return of capital contributions in respect of their units, except to the extent, if any, that distributions are made to such holders pursuant to the Amended and Restated Limited Partnership Agreement of BRELP or upon the dissolution of BRELP or as otherwise required by applicable law. Except to the extent expressly provided in the Amended and Restated Limited Partnership Agreement of BRELP, as amended from time to time, and except pursuant to the terms of any BRELP Class A Preferred Units outstanding, a holder of units of BRELP does not have priority over any other holder of units, either as to the return of capital contributions or as to profits, losses or distributions. The BRELP Class A Preferred Units rank senior to the other BRELP units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of BRELP, whether voluntary or involuntary. Each series of BRELP Class A Preferred Units ranks on a parity with every other series of BRELP Class A Preferred Units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of BRELP, whether voluntary or involuntary.

Upon its formation, BRELP issued two classes of units. The first class of units was issued to Brookfield and subsequently transferred to BRELP and the second class of units, referred to as the Redeemable/Exchangeable partnership units, were issued to wholly-owned subsidiaries of Brookfield. Redeemable/Exchangeable partnership units are identical to the limited partnership units held by BRELP, except as described below under “— Distributions” and “— Withdrawal of the General Partner” and except that they have the right of redemption described below under the heading “— Redemption-Exchange Mechanism”.

On November 25, 2015 the Amended and Restated Limited Partnership Agreement of BRELP was amended to permit the authorization and issuance of Preferred Units and authorize and create the Class A Preferred Units, the Series 7 Preferred Units and the Series 8 Preferred Units. On the same date, BRELP issued seven million Series 7 Preferred Units and acquired seven million BRELP Series 7 Preferred Units.

## [Table of Contents](#)

On February 11, 2015 the Amended and Restated Limited Partnership Agreement of BREP was amended to authorize and create the Series 5 Preferred Units. On the same date, BREP issued 2,885,496 million Series 5 Preferred Units and acquired 2,885,496 million BRELP Series 5 Preferred Units.

### *Issuance of Additional Partnership Interests*

Subject to the rights of the holders of BRELP Class A Preferred Units to approve issuances of additional partnership interests ranking senior to the BRELP Class A Preferred Units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of BRELP, whether voluntary or involuntary, and subject to any approval required by applicable law, BRELP may issue additional partnership interests (including new classes of partnership interests and options, rights, warrants and appreciation rights relating to such interests) for any partnership purpose, at any time and from time to time and on such terms and conditions as its general partner may determine. Any additional partnership interests authorized to be issued by Amended and Restated Limited Partnership Agreement of BRELP may be issued in one or more classes, or one or more series of classes, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of partnership interests) as its general partner may determine in its sole discretion.

### *Redemption-Exchange Mechanism*

At any time, one or more wholly-owned subsidiaries of Brookfield that hold Redeemable/Exchangeable partnership units will have the right to require BRELP to redeem for cash all or a portion of the Redeemable/Exchangeable partnership units held by such subsidiary, subject to BREP's right to acquire such Redeemable/Exchangeable partnership units, as described below, provided that exercise of the right of redemption or the payment of the redemption amount would not otherwise cause BRELP to be in breach or violation of any agreement material to BRELP or Brookfield Renewable or applicable law. Any such redeeming subsidiary may exercise its right of redemption by delivering a notice of redemption to BRELP and BREP. After presentation for redemption, such redeeming subsidiary will receive, subject to BREP's right to acquire Redeemable/Exchangeable partnership units, as described below, for each unit that is presented, cash in an amount equal to the market value of one of our units multiplied by the number of units to be redeemed (as determined by reference to the five day volume weighted average of the trading price of our units and subject to certain customary adjustments). Upon its receipt of the redemption notice, BREP will have a right to acquire Redeemable/Exchangeable partnership units entitling it, at its sole discretion, to elect to acquire all (but not less than all) units described in such notice and presented to BRELP for redemption in exchange for LP Units on a one for one basis (subject to certain customary adjustments). Upon a redemption for cash, the holder's right to receive distributions with respect to BRELP's Redeemable/Exchangeable partnership units so redeemed will cease.

Brookfield's aggregate interest in BREP, including its interest in the Managing General Partner and the BRELP GP LP, would be approximately 62% if it exercised its redemption right in full and BREP exercised its right of first refusal on BRELP's Redeemable/Exchangeable partnership units redeemed. Brookfield's total percentage interest in BREP would be increased if it participates in BRELP's distribution reinvestment plan.

### *Distributions*

Subject to the rights of holders of BRELP Class A Preferred Units to receive cumulative preferential cash distributions in accordance with the terms of a series of BRELP Class A Preferred Units, distributions by BRELP will be made in the sole discretion of its general partner, the BRELP GP LP. The holders of a series of BRELP Class A Preferred Units will be entitled to receive the same distribution as the holders of the corresponding series of BREP's Class A Preferred Units, respectively. However, the BRELP GP LP will not be permitted to cause BRELP to make a distribution if BRELP does not have sufficient cash on hand to make the distribution, the distribution would render BRELP insolvent or if, in the opinion of the BRELP GP LP, the distribution would or might leave BRELP with insufficient funds to meet any future or contingent obligations or the distribution would contravene the *Limited Partnership Act 1883*.

## [Table of Contents](#)

Except as set forth below, prior to the dissolution of BRELP, distributions of available cash (if any) in any given quarter will be made by BRELP as follows, referred to as the “**Regular Distribution Waterfall**”:

- first, 100% of any available cash to BRELP until BRELP has distributed an amount equal to BRELP’s expenses and outlays for the quarter properly incurred;
- second, 100% to the owners of the BRELP Preferred Units, in proportion to their respective relative percentage of BRELP Preferred Units held (determined by reference to the aggregate value of the issue price of the BRELP Preferred Units held by each holder relative to the aggregate value of the issue price of all BRELP Preferred Units then outstanding) until there has been distributed in respect of each BRELP Preferred Unit outstanding as of the last day of such quarter an amount equal to all preferential distributions to which the holders of BRELP Preferred Units are entitled under the terms of the BRELP Preferred Units then outstanding and any outstanding accrued and unpaid preferential distributions from prior periods;
- third, 100% of any available cash then remaining to the owners of BRELP’s partnership interests, other than holders of BRELP Preferred Units, *pro rata* to their percentage interests, until an amount equal to \$0.375 has been distributed in respect of each limited partnership unit of BRELP, other than BRELP Preferred Units, during such quarter, referred to as the “**First Distribution Threshold**”;
- fourth, 85% of any available cash then remaining to the owners of BRELP’s partnership interests, other than holders of BRELP Preferred Units, *pro rata* to their percentage interests, and 15% to its general partner, until an amount equal to \$0.4225 has been distributed in respect of each limited partnership unit of BRELP, other than BRELP Preferred Units, during such quarter, referred to as the “**Second Distribution Threshold**”; and
- thereafter, 75% of any available cash then remaining to the owners of BRELP’s partnership interests, other than holders of BRELP Preferred Units, *pro rata* to their percentage interests, and 25% to its general partner.

Notwithstanding the foregoing, for any quarter in which the general partner of BRELP determines, in its sole discretion, that all or a portion of any distribution to holders of BRELP Preferred Units should not be paid until such later time as determined in accordance with the terms of such BRELP Preferred Units, the amount of such distribution (or portion thereof) to be paid at such later time shall be deducted from the available cash for the purposes of the Regular Waterfall Distribution and shall be distributed to such holders of BRELP Preferred Units at such later time.

Set forth below is an example of how the incentive distributions described above are calculated on a quarterly and annualized basis. The figures used below are for illustrative purposes only and are not indicative of BRELP’s expectations.

[Table of Contents](#)

(MILLIONS, EXCEPT PER UNIT AMOUNTS)	Units	Quarterly		Annually	
		Per Unit	Total	Per Unit	Total
Illustrative distribution		\$ 0.5000		\$ 2.00	
First Distribution Threshold		\$ 0.3750		\$ 1.50	
Total units of BRELP <sup>(1)</sup>	265				
<b>Total first distribution</b>			<b>\$ 99.4</b>		<b>\$ 397.6</b>
Distribution in excess of First Distribution Threshold		\$ 0.0475		\$ 0.19	
Total units of BRELP <sup>(1)</sup>	265				
Second distribution to partners			\$ 12.6		\$ 50.4
15% incentive distribution to general partner			2.2		8.8
<b>Total second distribution</b>			<b>\$ 14.8</b>		<b>\$ 59.2</b>
Distribution in excess of Second Distribution Threshold		\$ 0.0775		\$ 0.31	
Total units of BRELP <sup>(1)</sup>	265				
Third distribution to partners			\$ 20.5		\$ 82
25% incentive distribution to general partner			6.8		27.2
<b>Total third distribution</b>			<b>\$ 27.3</b>		<b>\$ 109.2</b>
<b>Total distributions to partners (including incentive distributions)</b>			<b>\$ 141.5</b>		<b>\$ 566</b>
<b>Total incentive distributions to general partner</b>			<b>\$ 9</b>		<b>\$ 36</b>

<sup>(1)</sup> Includes (a) class A non-voting limited partnership interests in BRELP held by Brookfield Renewable, (b) Redeemable/Exchangeable partnership units of BRELP that are held by Brookfield and that are redeemable for cash or exchangeable for LP Units in accordance with the Redemption-Exchange Mechanism and (c) general partnership interests in BRELP.

The table below sets forth, on a quarterly and aggregate basis, all management fees and incentive distributions that have been earned since Q1 2012.

[Table of Contents](#)

(MILLIONS)	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Total 2012
Base management fee <sup>(1)</sup>	\$ 6.6	\$ 7.7	\$ 10.3	\$ 11.2	\$ 35.8
Incentive distribution	-	-	-	-	-
<b>Total</b>	<b>\$ 6.6</b>	<b>\$ 7.7</b>	<b>\$ 10.3</b>	<b>\$ 11.2</b>	<b>\$ 35.8</b>

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Total 2013
Base management fee <sup>(1)</sup>	\$ 12.0	\$ 10.9	\$ 9.2	\$ 8.9	\$ 41.0
Incentive distribution	-	-	-	-	-
<b>Total</b>	<b>\$ 12.0</b>	<b>\$ 10.9</b>	<b>\$ 9.2</b>	<b>\$ 8.9</b>	<b>\$ 41.0</b>

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Total 2014
Base management fee <sup>(1)</sup>	\$ 11.1	\$ 12.9	\$ 13.8	\$ 13.5	\$ 51.3
Incentive distribution	0.6	0.6	0.6	0.6	2.4
<b>Total</b>	<b>\$ 11.7</b>	<b>\$ 13.5</b>	<b>\$ 14.4</b>	<b>\$ 14.1</b>	<b>\$ 53.7</b>

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Total 2015
Base management fee <sup>(1)</sup>	\$ 14.0	\$ 13.7	\$ 11.0	\$ 10.1	\$ 48.8
Incentive distribution	2.4	1.9	1.9	1.9	8.2
<b>Total</b>	<b>\$ 16.4</b>	<b>\$ 15.6</b>	<b>\$ 12.9</b>	<b>\$ 12.0</b>	<b>\$ 57.0</b>

- (1) Pursuant to our Master Services Agreement, we pay the Service Provider a fixed base management fee equal to \$20 million amount is annually adjusted for inflation, with the first adjustment having been made on January 1, 2013, at an inflation factor based on year-over-year United States consumer price index) plus 1.25% of the amount by which the Total Capitalization Value exceeds an initial reference value determined based on its market capitalization immediately following combination of the assets of the Fund and Brookfield Power Renewable Assets into BREP. In the event that the measured Total Capitalization Value in a given period is less than the initial reference value, the Service Provider will receive only the Base Management Fee of \$20 million annually (subject to an annual escalation by the specified inflation factor described above). The Base Management Fee is calculated and paid on a quarterly basis. For any quarter in which the Managing General Partner determines that there is insufficient available cash to pay the base management fee as well as the next regular distribution on our LP Units, we may elect to pay all or a portion of the base management fee in our LP Units or in limited partnership units of BRELP, subject to certain conditions.

Subject to the terms of any BRELP Preferred Units outstanding, if, prior to the dissolution of BRELP, available cash is deemed by its general partner, in its sole discretion, to be (i) attributable to sales or other dispositions of BRELP's assets and (ii) representative of unrecovered capital, then such available cash shall be distributed to the partners of BRELP, other than holders of BRELP Preferred Units, in proportion to the unrecovered capital attributable to BRELP's partnership interests held by such partners until such time as the unrecovered capital attributable to each such partnership interest is equal to zero. Thereafter, distributions of available cash made by BRELP (to the extent made prior to dissolution) will be made in accordance with the Regular Distribution Waterfall.

## [Table of Contents](#)

Upon the occurrence of an event resulting in the dissolution of BRELP, all cash and property of BRELP in excess of that required to discharge BRELP's liabilities will be distributed as follows: (i) to the extent such cash and/or property is attributable to a realization event occurring prior to the event of dissolution, such cash and/or property will be distributed in accordance with the Regular Distribution Waterfall and/or the distribution waterfall applicable to unrecovered capital; and (ii) all other cash and/or property will be distributed in the manner set forth below:

- first, 100% to BREP until BREP has received an amount equal to the excess of (i) the amount of BREP's outlays and expenses incurred during the term of BRELP, over (ii) the aggregate amount of distributions received by BREP pursuant to the first tier of the Regular Distribution Waterfall during the term of BRELP;
- second, 100% to the BRELP Preferred Unitholders *pro rata* in proportion to their respective relative percentage of BRELP Preferred Units held (determined by reference to the aggregate value of the issue price of the BRELP Preferred Units held by each holder of BRELP Preferred Units relative to the aggregate value of the issue price of all BRELP Preferred Units then outstanding) until there has been distributed in respect of each BRELP Preferred Unit outstanding an amount equal to any preferential distributions to which the holder of BRELP Preferred Units are entitled in the event of dissolution, liquidation, or winding up of BRELP under the terms of the BRELP Preferred Units then outstanding (including any outstanding accrued and unpaid preferential distributions from prior periods);
- third, if there are BRELP Preferred Units outstanding, an amount equal to the amount of cash or property held by BRELP at such time, that is attributable to a realization event occurring prior to the date of a dissolution event and that has been deemed by the general partner of BRELP as capital surplus shall be distributed as though such amount has been deemed by the general partner of BRELP to be (i) attributable to sales or other dispositions of BRELP's assets and (ii) representative of unrecovered capital;
- fourth, 100% to the owners of BRELP's partnership interests, other than holders of BRELP Preferred Units, in proportion to their respective amounts of unrecovered capital in BRELP;
- fifth, 100% to the owners of BRELP's partnership interests, other than holders of BRELP Preferred Units, *pro rata* to their percentage interests, until an amount has been distributed in respect of each limited partnership unit of BRELP, other than BRELP Preferred Units, equal to the excess of (i) the First Distribution Threshold for each quarter during the term of BRELP (subject to adjustment upon the subsequent issuance of additional partnership interests in BRELP), over (ii) the aggregate amount of distributions made in respect of a BRELP's limited partnership unit, other than BRELP Preferred Units, pursuant to the fourth tier of the Regular Distribution Waterfall during the term of BRELP (subject to adjustment upon the subsequent issuance of additional partnership interests in BRELP);
- sixth, 85% to the owners of BRELP's partnership interests, other than holders of BRELP Preferred Units, *pro rata* to their percentage interests, and 15% to its general partner, until an amount has been distributed in respect of each limited partnership unit of BRELP, other than BRELP Preferred Units, equal to the excess of (i) the Second Distribution Threshold less the First Distribution Threshold for each quarter during the term of BRELP (subject to adjustment upon the subsequent issuance of additional partnership interests in BRELP), over (ii) the aggregate amount of distributions made in respect of a limited partnership unit of BRELP pursuant to the fourth tier of the Regular Distribution Waterfall during the term of BRELP (subject to adjustment upon the subsequent issuance of additional partnership interests in BRELP); and
- thereafter, 75% to the owners of BRELP's partnership interests, other than holders of BRELP Preferred Units, *pro rata* to their percentage interests, and 25% to its general partner.

Each partner's percentage interest is determined by the relative portion of all outstanding partnership interests, other than any BRELP Preferred Units, held by that partner from time to time and is adjusted upon and reflects the issuance of additional partnership interests of BRELP. In addition, the unreturned capital attributable to each of the partnership interests, as well as certain of the distribution thresholds set forth above, may be adjusted pursuant to the terms of the Amended and Restated Limited Partnership Agreement of BRELP so as to ensure the uniformity of the economic rights and entitlements

## [Table of Contents](#)

of (i) the previously outstanding partnership interests of BRELP, and (ii) the subsequently-issued partnership interests of BRELP.

The Amended and Restated Limited Partnership Agreement of BRELP provides that, to the extent that any Holding Entity or any operating entity pays to Brookfield any comparable performance or incentive distribution, the amount of any incentive distributions paid to the BRELP GP LP in accordance with the distribution entitlements described above will be reduced in an equitable manner to avoid duplication of distributions.

BRELP GP LP may elect, at its sole discretion, to reinvest incentive distributions in Redeemable/Exchangeable partnership units.

### *Sale or Other Disposition of Assets*

The Amended and Restated Limited Partnership Agreement of BRELP generally prohibits the general partner of BRELP, without the prior approval of the holders of at least 50% of the voting power of the units of BRELP, other than BRELP Preferred Units, from causing BRELP to, among other things, sell, exchange or otherwise dispose of all or substantially all of BRELP or Brookfield Renewable's assets in a single transaction or a series of related transactions.

### *No Management or Control*

BRELP's limited partners, in their capacities as such, may not take part in the management or control of the activities and affairs of BRELP and do not have any right or authority to act for or to bind BRELP or to take part or interfere in the conduct or management of BRELP.

Limited partners are not entitled to vote on matters relating to BRELP, although holders of units are entitled to consent to certain matters as described under “— Amendment of the Amended and Restated Limited Partnership Agreement of BRELP”, “— Opinion of Counsel and Limited Partner Approval” and “— Withdrawal of the General Partner” which may be effected only with the consent of the holders of the percentages of outstanding units specified below. Each unit shall entitle the holder thereof to one vote for the purposes of any approvals of holders of units. Except as otherwise provided by law or as set out in the provisions attached to any series of BRELP Class A Preferred Units and except for meetings of the holders of BRELP Class A Preferred Units as a class or meetings of the holders of a series thereof, the holders of a series of BRELP Class A Preferred Units are not entitled to receive notice of, attend, or vote at any meeting of holders of units.

In addition, pursuant to the Voting Agreement, BRELP, through the Managing General Partner, has a number of voting rights, including the right to direct all eligible votes in the election of the directors of the BRELP General Partner. See Item 7.B “Related Party Transactions — Voting Agreement”.

### *Meetings*

Special meetings of the limited partners of BRELP may be called by its general partner at a time and place outside of Canada determined by it on a date not less than 10 days nor more than 60 days after the mailing of notice of the meeting. Special meetings of the limited partners may also be called by limited partners holding 50% or more of the voting power of the outstanding partnership interests of the class or classes for which a meeting is proposed. For this purpose, the partnership interests outstanding do not include partnership interests owned by its general partner or any of its affiliates other than any member of Brookfield Renewable. Only holders of partnership interests of BRELP of record on the date set by its general partner (which may not be less than 10 days nor more than 60 days, before the meeting) are entitled to notice of any meeting.

### *Amendment of the Amended and Restated Limited Partnership Agreement of BRELP*

Amendments to the Amended and Restated Limited Partnership Agreement of BRELP may only be proposed by or with the consent of its general partner. To adopt a proposed amendment, other than the amendments that do not require limited partner approval discussed below, the general partner must seek approval of at least 66<sup>2/3</sup>% of the voting power of BRELP's outstanding units required to approve the amendment or call a meeting of the limited partners to consider and vote upon the proposed amendment. Notwithstanding the above, in addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the BRELP Class A

## [Table of Contents](#)

Preferred Units as a class and any other approval to be given (i) by the holders of the BRELP Class A Preferred Units may be given by a resolution signed by the holders of BRELP Class A Preferred Units owning not less than the percentage of the BRELP Class A Preferred Units that would be necessary to authorize such action at a meeting of the holders of the BRELP Class A Preferred Units at which all holders of the BRELP Class A Preferred Units were present and voted or were represented by proxy, or (ii) passed by an affirmative vote of at least 66<sup>2/3</sup>% of the votes cast at a meeting of holders of the BRELP Class A Preferred Units duly called for that purpose and at which the holders of at least 25% of the outstanding BRELP Class A Preferred Units are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of BRELP Class A Preferred Units then present would form the necessary quorum. At any meeting of holders of BRELP Class A Preferred Units as a class, each such holder shall be entitled to one vote in respect of each BRELP Class A Preferred Unit held.

Further, in addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to each series of BRELP Class A Preferred Units, as a series, and any other approval to be given by the holders of each series of BRELP Class A Preferred Units, as a series, may be given (i) by a resolution signed by the holders of the applicable series of BRELP Class A Preferred Units owning not less than the percentage of such series of BRELP Class A Preferred Units that would be necessary to authorize such action at a meeting of the holders of the applicable series of BRELP Class A Preferred Units at which all holders of the applicable series of BRELP Class A Preferred Units were present and voted or were represented by proxy, or (ii) passed by an affirmative vote of at least 66<sup>2/3</sup>% of the votes cast at a meeting of holders of the applicable series of BRELP Class A Preferred Units duly called for that purpose and at which the holders of at least 25% of the outstanding applicable series of BRELP Class A Preferred Units are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of the applicable series of BRELP Class A Preferred Units then present would form the necessary quorum. At any meeting of holders of a series of BRELP Class A Preferred Units, as a series, each such holder shall be entitled to one vote in respect of each applicable BRELP Class A Preferred Unit held.

### *Prohibited Amendments*

No amendment may be made that would:

- enlarge the obligations of any limited partner without its consent, except that any amendment that would have a material adverse effect on the rights or preferences of any class of partnership interests in relation to other classes of partnership interests may be approved by at least a majority of the type or class of partnership interests so affected; or
- enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by BRELP to the BRELP GP LP or any of its affiliates without the consent of the BRELP GP LP which may be given or withheld in its sole discretion.

The provision of the Amended and Restated Limited Partnership Agreement of BRELP preventing the amendments having the effects described directly above can be amended upon the approval of the holders of not less than 90% of the outstanding units.

### *No Limited Partner Approval*

Subject to applicable law, the BRELP GP LP may generally make amendments to the Amended and Restated Limited Partnership Agreement of BRELP without the approval of any limited partner to reflect:

- a change in the name of BRELP, the location of BRELP's registered office or BRELP's registered agent;
- the admission, substitution or withdrawal or removal of partners in accordance with the Amended and Restated Limited Partnership Agreement of BRELP;
- a change that its general partner determines is reasonable and necessary or appropriate for BRELP to qualify or to continue its qualification as an exempted limited partnership under the laws of Bermuda or a partnership in which the limited partners have limited liability under the

## [Table of Contents](#)

laws of any jurisdiction or is necessary or advisable in the opinion of its general partner to ensure that BRELP will not be treated as an association taxable as a corporation or otherwise taxed as an entity for tax purposes;

- an amendment that the BRELP GP LP determines to be necessary or appropriate to address certain changes in tax regulations, legislation or interpretation;
- an amendment that is necessary, in the opinion of counsel, to prevent BRELP or its general partner or its directors, officers, agents or trustees, from having a material risk of being in any manner subjected to the provisions of the Investment Company Act or similar legislation in other jurisdictions;
- an amendment that its general partner determines in its sole discretion to be necessary or appropriate for the creation, authorization or issuance of any class or series of partnership interests or options, rights, warrants or appreciation rights relating to partnership securities;
- any amendment expressly permitted in the Amended and Restated Limited Partnership Agreement of BRELP to be made by its general partner acting alone;
- any amendment that in the sole discretion of the BRELP GP LP is necessary or appropriate to reflect and account for the formation by BRELP of, or its investment in, any person, as otherwise permitted by the Amended and Restated Limited Partnership Agreement of BRELP;
- a change in its fiscal year and related changes;
- any amendment concerning the computation or allocation of specific items of income, gain, expense or loss among the partners that, in the sole discretion of its general partner, is necessary or appropriate to (i) comply with the requirements of applicable law, (ii) reflect the partners' interests in BRELP, or (iii) consistently reflect the distributions made by BRELP to the partners pursuant to the terms of the Amended and Restated Limited Partnership Agreement of BRELP;
- any amendment that in the sole discretion of the BRELP GP LP is necessary or appropriate to address any statute, rule, regulation, notice, or announcement that affects or could affect the U.S. federal income tax treatment of any allocation or distribution related to any interest of the BRELP GP LP in the profits of BRELP; and
- any other amendments substantially similar to any of the matters described directly above.

In addition, amendments to the Amended and Restated Limited Partnership Agreement of BRELP may be made by the BRELP GP LP without the approval of any limited partner if those amendments, in the discretion of the BRELP GP LP:

- do not adversely affect BRELP's limited partners considered as a whole (including any particular class of partnership interests as compared to other classes of partnership interests) in any material respect;
- are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion or binding directive, order, ruling or regulation of any governmental agency or judicial authority;
- are necessary or appropriate for any action taken by its general partner relating to splits or combinations of units made in accordance with the provisions of the Amended and Restated Limited Partnership Agreement of BRELP; or
- are required to effect the intent of the provisions of the Amended and Restated Limited Partnership Agreement of BRELP or are otherwise contemplated by the Amended and Restated Limited Partnership Agreement of BRELP.

### *Opinion of Counsel and Limited Partner Approval*

The BRELP GP LP will not be required to obtain an opinion of counsel that an amendment will not result in a loss of limited liability to the limited partners if one of the amendments described above under "— No Limited Partner Approval" should occur. No other amendments to the Amended and Restated Limited Partnership Agreement of BRELP will become effective without the approval of holders of at least 90% of the voting power of BRELP's units, unless it obtains an opinion of counsel to the effect that the amendment will not (i) cause BRELP to be treated as an association taxable as a corporation or otherwise taxable as an entity for tax purposes (provided that for U.S. tax purposes its general partner

## [Table of Contents](#)

has not made the election described below under “— Election to be Treated as a Corporation”) or (ii) affect the limited liability under the *Limited Partnership Act 1883* of any of BRELP’s limited partners.

In addition to the above restrictions, any amendment that would have a material adverse effect on the rights or preferences of any type or class of partnership interests in relation to other classes of partnership interests will also require the approval of the holders of at least a majority of the outstanding partnership interests of the class so affected.

In addition, any amendment that reduces the voting percentage required to take any action must be approved by the affirmative vote of limited partners whose aggregate outstanding voting units constitute not less than the voting requirement sought to be reduced.

### *Election to be Treated as a Corporation*

If, in the determination of its general partner, it is no longer in BRELP’s best interests to continue as a partnership for U.S. federal income tax purposes, the BRELP GP LP may elect to treat BRELP as an association or as a publicly traded partnership taxable as a corporation for U.S. federal (and applicable state) income tax purposes.

### *Dissolution*

BRELP shall dissolve and its affairs shall be wound up, upon the earlier of (i) the service of notice by its general partner, with the approval of a majority of the members of the independent directors of the Managing General Partner, that, in the opinion of the general partner, the coming into force of any law, regulation or binding authority renders illegal or impracticable the continuation of BRELP; (ii) the election of its general partner, with the approval of its independent directors, if BRELP, as determined by its general partner, based on an opinion of counsel, is required to register as an “investment company” under the Investment Company Act or similar legislation in other jurisdictions; (iii) the date that its general partner withdraws from the partnership (unless a successor entity becomes the general partner of BRELP as described below under “— Withdrawal of the General Partner”); (iv) the date on which any court of competent jurisdiction enters a decree of judicial dissolution of BRELP or an order to wind-up or liquidate its general partner without the appointment of a successor in compliance with the provisions of the Amended and Restated Limited Partnership Agreement of BRELP that are described below under “— Withdrawal of the General Partner”; and (v) the date on which its general partner decides to dispose of, or otherwise realize proceeds in respect of, all or substantially all of BRELP’s assets in a single transaction or series of transactions.

BRELP will be reconstituted and continue without dissolution if, within 30 days of the date of dissolution (and provided that a notice of dissolution with respect to BRELP has not been filed with the Bermuda Monetary Authority), a successor general partner executes a transfer deed pursuant to which the new general partner assumes the rights and undertakes the obligations of the original general partner, but only if BRELP receives an opinion of counsel that the admission of the new general partner will not result in the loss of limited liability of any limited partner of BRELP.

### *Withdrawal of the General Partner*

The BRELP GP LP may withdraw as general partner without first obtaining approval of BRELP’s limited partners or holders of BRELP Preferred Units by giving 180 days advance notice, and that withdrawal will not constitute a violation of the Amended and Restated Limited Partnership Agreement of BRELP.

Upon the withdrawal of the BRELP GP LP, the holders of at least a majority of the voting power of the outstanding class of units that are not Redeemable/Exchangeable partnership units may elect a successor to the BRELP GP LP. If a successor is not selected, or is elected but an opinion of counsel regarding limited liability, tax matters and the Investment Company Act (and similar legislation in other jurisdictions) cannot be obtained, BRELP will be dissolved, wound up and liquidated. See “— Dissolution” above.

The BRELP GP LP may not be removed unless that removal is approved by the vote of the holders of at least 66<sup>2/3</sup>% of the outstanding class of units that are not Redeemable/Exchangeable partnership units and it receives a withdrawal opinion of counsel regarding limited liability, tax matters and

## [Table of Contents](#)

the Investment Company Act (and similar legislation in other jurisdictions). Any removal of the BRELP GP LP is also subject to the approval of a successor general partner by the vote of the holders of a majority of the voting power of its outstanding units that are not Redeemable/Exchangeable partnership units.

In the event of the removal of the BRELP GP LP under circumstances where cause exists or withdrawal of the BRELP GP LP where that withdrawal violates the Amended and Restated Limited Partnership Agreement of BRELP, a successor general partner will have the option to purchase the general partnership interest of the BRELP GP LP for a cash payment equal to its fair market value. Under all other circumstances where the BRELP GP LP withdraws or is removed by the limited partners, BRELP GP LP will have the option to require the successor general partner to purchase the general partnership interest of BRELP GP LP for a cash payment equal to its fair market value. In each case, this fair market value will be determined by agreement between BRELP GP LP and the successor general partner. If no agreement is reached within 30 days of BRELP GP LP's departure, an independent investment banking firm or other independent expert selected by BRELP GP LP and the successor general partner will determine the fair market value. If BRELP GP LP and the successor general partner cannot agree upon an expert within 45 days of BRELP GP LP's departure, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value.

If the option described above is not exercised by either the departing general partner or the successor general partner, the departing general partner's general partnership interests will automatically convert into units pursuant to a valuation of those interests as determined by an investment banking firm or other independent expert selected in the manner described in the preceding paragraph.

### *Transfer of the General Partnership Interest*

BRELP GP LP may transfer all or any part of its general partnership interest without first obtaining approval of any holders of BRELP limited partnership units or BRELP Preferred Units. As a condition of this transfer, the transferee must (i) be an affiliate of the general partner of BRELP (or the transfer must be made concurrently with a transfer of the general partnership units of BRELP to an affiliate of the transferee), (ii) agree to assume the rights and duties of the general partner to whose interest that transferee has succeeded, (iii) agree to be bound by the provisions of the Amended and Restated Limited Partnership Agreement of BRELP and (iv) furnish an opinion of counsel regarding limited liability and tax matters. Any transfer of the general partnership interest is subject to prior notice to and approval of the relevant Bermuda regulatory authority. At any time, the members of the BRELP GP LP may sell or transfer all or part of their units in the BRELP GP LP without the approval of the holders of BRELP limited partnership units.

### *Transactions with Interested Parties*

The general partner of BRELP, its affiliates and its respective partners, members, shareholders, directors, officers, employees and shareholders, which we refer to as "interested parties", may become limited partners or beneficially interested in limited partners and may hold, dispose of or otherwise deal with units of BRELP with the same rights they would have if the general partner of BRELP were not a party to the Amended and Restated Limited Partnership Agreement of BRELP. An interested party will not be liable to account either to other interested parties or to BRELP, its partners or any other persons for any profits or benefits made or derived by or in connection with any such transaction.

The Amended and Restated Limited Partnership Agreement of BRELP permits an interested party to sell investments to, purchase assets from, invest assets in and enter into any contract, arrangement or transaction with BRELP, any of the Holding Entities, any operating entity or any other holding vehicle established by BRELP and may be interested in any such contract, transaction or arrangement and shall not be liable to account either to BRELP, any of the Holding Entities, any operating entity or any other holding vehicle established by BRELP or any other person in respect of any such contract, transaction or arrangement, or any benefits or profits made or derived therefrom, by virtue only of the relationship between the parties concerned, subject to the Conflicts Policy.

### *Outside Activities of the General Partner*

Under the Amended and Restated Limited Partnership Agreement of BRELP, the general partner will be required to maintain as its sole activity the role of the general partner of BRELP. The general

## [Table of Contents](#)

partner will not be permitted to engage in any activity or incur or guarantee any debts or liabilities except in connection with or incidental to its performance as general partner or incurring, guaranteeing, acquiring, owning or disposing of debt or equity securities of a subsidiary of an Holding Entity or any other holding vehicle established by BRELP.

The Amended and Restated Limited Partnership Agreement of BRELP provides that each person who is entitled to be indemnified by BRELP, as described below under “— Indemnification; Limitations on Liability” (other than the general partner) will have the right to engage in businesses of every type and description and other activities for profit, and to engage in and possess interests in business ventures of any and every type or description, irrespective of whether (i) such businesses and activities are similar to our activities, or (ii) such businesses and activities directly compete with, or disfavor or exclude, BRELP, its general partner, any Holding Entity, operating entity, or any other holding vehicle established by BRELP. Such business interests, activities and engagements will be deemed not to constitute a breach of the Amended and Restated Limited Partnership Agreement of BRELP or any duties stated or implied by law or equity, including fiduciary duties, owed to any of BRELP, its general partner, any Holding Entity, operating entity, and any other holding vehicle established by BRELP (or any of their respective investors), and shall be deemed not to be a breach of its general partner’s fiduciary duties or any other obligation of any type whatsoever of the general partner. None of BRELP, its general partner, any Holding Entity, operating entity, any other holding vehicle established by BRELP or any other person shall have any rights by virtue of the Amended and Restated Limited Partnership Agreement of BRELP or the partnership relationship established thereby or otherwise in any business ventures of any person who is entitled to be indemnified by BRELP as described below under “— Indemnification; Limitations on Liability”.

The BRELP GP LP and the other indemnified persons described in the preceding paragraph will not have any obligation under the Amended and Restated Limited Partnership Agreement of BRELP to present business or investment opportunities to BRELP, any Holding Entity, operating entity, or any other holding vehicle established by BRELP. These provisions will not affect any obligation of such indemnified person to present business or investment opportunities to BRELP, any Holding Entity, operating entity or any other holding vehicle established by BRELP pursuant to the Relationship Agreement or any other separate written agreement between such persons.

### *Indemnification; Limitations on Liability*

Under the Amended and Restated Limited Partnership Agreement of BRELP, BRELP is required to indemnify on an after-tax basis out of the assets and to the fullest extent permitted by law its general partner, the Service Provider and any of their respective affiliates (and their respective officers, directors, agents, shareholders, partners, members and employees), any person who serves on a Governing Body of BRELP, BREP, a Holding Entity, operating entity or any other holding vehicle established by BREP and any other person designated by its general partner as an indemnified person, in each case, against all losses, claims, damages, liabilities, costs or expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, incurred by an indemnified person in connection with its business, investments and activities or by reason of their holding such positions, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the indemnified person’s gross negligence, bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful. In addition, under the Amended and Restated Limited Partnership Agreement of BRELP, (i) the liability of such persons has been limited only where their conduct involves gross negligence, bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful and (ii) subject to applicable law, any matter that is approved by the independent directors will not constitute a breach of any duties stated or implied by law or equity, including fiduciary duties. The Amended and Restated Limited Partnership Agreement of BRELP requires it to advance funds to pay the expenses of an indemnified person in connection with a matter in which indemnification may be sought until it is determined that the indemnified person is not entitled to indemnification. In addition, under the Amended and Restated Limited Partnership Agreement of BRELP, the general partner of BRELP, on behalf of Brookfield, is required under certain circumstances to indemnify BRELP and BREP for U.S. federal income taxes imposed under Sections 897, 1445, or 1461 of the U.S. Internal Revenue Code of 1986, as

## [Table of Contents](#)

amended, on BRELP or BREP as a result of the exercise of the redemption right or the exchange right by Brookfield or BREP, as the case may be, pursuant to the Amended and Restated Limited Partnership Agreement of BRELP.

### *Governing Law*

The Amended and Restated Limited Partnership Agreement of BRELP is governed by and will be construed in accordance with the laws of Bermuda.

### **BRP Equity**

BRP Equity is an indirect wholly-owned subsidiary of BREP incorporated under the CBCA on February 10, 2010. Other than a receivable from an indirect wholly-owned subsidiary of BREP, BRP Equity has no significant assets or liabilities, no subsidiaries and no ongoing business operations of its own. BRP Equity's Series 1 Shares and Series 2 Shares are guaranteed by BREP and the other Guarantors under the Preference Share Guarantees described below under "— Preference Share Guarantees".

Pursuant to BRP Equity's articles of incorporation, BRP Equity is authorized to issue an unlimited number of common shares (the "**Common Shares**"), an unlimited number of Class A Preference Shares (the "**Class A Preference Shares**"), issuable in series (which includes the Series 1 Shares, Series 2 Shares, Series 3 Shares, Series 4 Shares, Series 5 Shares and Series 6 Shares), and an unlimited number of Class B preference shares (the "**Class B Preference Shares**"), issuable in series. As of the date of this Form 20-F, one Common Share held indirectly by BREP was issued and outstanding, and 5,449,675 Series 1 Shares, 4,510,389 Series 2 Shares, 9,961,399 Series 3 Shares, 4,114,504 Series 5 Shares and 7 million Series 6 Shares were issued and trading on the TSX. As of the date of this Form 20-F, Brookfield Renewable holds 2,885,496 Series 5 Shares that were tendered and taken up by BREP as part of the exchange transaction completed in February 2016. Brookfield Renewable has waived the right to receive dividends on these Series 5 Shares and they are no longer trading on the TSX. No series of Class B Preference Shares have been created to date. The following is a summary of rights, privileges, restrictions and conditions attached to the Common Shares, Class A Preference Shares, Series 1 Shares, Series 2 Shares, Series 3 Shares, Series 4 Shares, Series 5 Shares, Series 6 Shares, and the Class B Preference Shares.

### *Common Shares*

Holders of Common Shares are entitled to one vote for each such share held on all votes taken at meetings of the shareholders of BRP Equity, except meetings at which only the holders of a specified class or series of shares of BRP Equity are entitled to vote. Subject to the rights of holders of Class A Preference Shares or any series thereof, Class B Preference Shares or any series thereof, and other shares of BRP Equity ranking prior to the Common Shares, the holders of Common Shares are entitled to dividends as may be declared from time to time by the board of directors of BRP Equity. Holders of Common Shares may make use of various shareholder remedies available pursuant to the CBCA.

### *Class A Preference Shares*

The following is a summary of certain provisions attaching to or affecting the Class A Preference Shares as a class.

### ***Issuance in Series***

The board of directors of BRP Equity may from time to time issue Class A Preference Shares in one or more series, each series to consist of such number of shares as will before issuance thereof be approved by the directors who will at the same time determine the designation, rights, privileges, restrictions and conditions attaching to that series of Class A Preference Shares.

### ***Priority***

The Class A Preference Shares rank senior to the Class B Preference Shares, the Common Shares and all other shares ranking junior to the Class A Preference Shares with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of BRP

## [Table of Contents](#)

Equity. Pursuant to the CBCA, each series of Class A Preference Shares participates rateably with every other series of Class A Preference Shares in respect of accumulated dividends and return of capital.

### ***Approval***

The approval of the holders of the Class A Preference Shares of any matters to be approved by a separate vote of the holders of the Class A Preference Shares may be given by special resolution in accordance with the share conditions for the Class A Preference Shares. Each holder of Class A Preference Shares entitled to vote at a class meeting of holders of Class A Preference Shares, or at a joint meeting of the holders of two or more series of Class A Preference Shares, has one vote in respect of each C\$25.00 of the issue price of each Class A Preference Share held by such holder.

The following is a summary of certain provisions attaching to or affecting each series of Class A Preference Shares as a series:

[Table of Contents](#)

Series	Ticker	Authorized	Issued and Outstanding	Amount (C\$ million) <sup>(1)</sup>	Cumulative Annual Dividend Rate	Earliest Redemption Date	Redemption Price Per Share (C\$) <sup>(2) (3)</sup>	Holder's Conversion Option
1	BRF.PR. A	10,000,000	5,449,675	136	C\$1.3125 per share until April 30, 2015; thereafter the annual fixed dividend rate for each 5-year fixed rate period will be the sum of the Government of Canada Yield plus 2.62%	April 30, 2015	\$25.00 on April 30, 2015 and April 30 every five years thereafter	Into Series 2 on a one-for-one basis on April 30, 2015 and on April 30 every five years thereafter and automatically in certain circumstances
2	BRF.PR. B	10,000,000	4,510,389	113	An amount equal to the sum of the three-month Government of Canada Treasury Bill Rate plus 2.62%	April 30, 2015	\$25.00 for redemptions on April 30, 2020 and April 30 every five years thereafter; \$25.50 otherwise	Into Series 1 on a one-for-one basis on April 30, 2015 and on April 30 every five years thereafter and automatically in certain circumstances
3	BRF.PR. C	10,000,000	9,961,399	249	C\$1.10 per share until July 31, 2019; thereafter the annual fixed dividend rate for each 5-year fixed rate period will be the sum of the Government of Canada Yield plus 2.94%	July 31, 2019	\$25.00 on July 31, 2019 and July 31 every five years thereafter	Into Series 4 on a one-for-one basis on July 31, 2019 and on July 31 every five years thereafter and automatically in certain circumstances
4	N/A	10,000,000	nil	nil	An amount equal to the sum of the three-month Government of Canada Treasury Bill Rate plus 2.94%	July 31, 2019	\$25.00 for redemptions on July 31, 2024 and July 31 every five years thereafter; \$25.50 otherwise	Into Series 3 on a one-for-one basis on July 31, 2019 and on July 31 every five years thereafter and automatically in certain circumstances
5	BRF.PR. E	7,000,000	4,114,504 <sup>(4)</sup>	175	C\$1.25 per share	April 30, 2018	\$26.00 if before April 30, 2019, with annual \$0.25 decreases until April 30, 2022; \$25.00 thereafter	N/A

## [Table of Contents](#)

Series	Ticker	Authorized	Issued and Outstanding	Amount (C\$ million) <sup>(1)</sup>	Cumulative Annual Dividend Rate	Earliest Redemption Date	Redemption Price Per Share (C\$) <sup>(2) (3)</sup>	Holder's Conversion Option
6	BRF.PR. F	7,000,000	7,000,000	175	C\$1.25 per share	July 31, 2018	\$26.00 if before July 31, 2019, with annual \$0.25 decreases until July 31, 2022; \$25.00 thereafter	N/A

<sup>(1)</sup> Rounded to the nearest million.

<sup>(2)</sup> Payable quarterly on the last day of January, April, July and October of each year.

<sup>(3)</sup> Together with accrued and unpaid dividends.

<sup>(4)</sup> As of the date of this Form 20-F, Brookfield Renewable holds 2,885,496 Series 5 Shares that were tendered and taken up by BREP as part of the exchange transaction completed in February 2016. Brookfield Renewable has waived the right to receive dividends on these Series 5 Shares and they are no longer trading on the TSX.

### **Voting**

Holders of all series of Class A Preference Shares are only entitled to receive notice of and to attend all meetings of shareholders if eight quarterly dividends on such series of Class A Preference Shares, whether or not consecutive, have not been paid. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of such series of Class A Preference Shares will be entitled to receive notice of and to attend each meeting of shareholders, other than meetings at which only holders of another specified class or series are entitled to vote. When entitled to vote, holders shall be entitled to one vote in respect of each C\$25.00 of the applicable series of Class A Preference Shares held.

### **Rights on Liquidation**

Holders of Class A Preference Shares are entitled to C\$25.00 per share (plus accrued and unpaid dividends) in priority to any distribution to holders of shares ranking junior as to capital. Upon such payment, holders of Class A Preference Shares are not entitled to share in any further distribution of assets of the Corporation.

### **Restrictions on Dividends and Retirement and Issue of Shares**

Without the approval of holders of the applicable series of Class A Preference shares in each case, BRP Equity will not:

- declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of BRP Equity ranking as to capital and dividends junior to the applicable series of Class A Preference Shares) on shares of BRP Equity ranking as to dividends junior to the applicable series of Class A Preference Shares;
- except out of the net cash proceeds of a substantially concurrent issue of shares of BRP Equity ranking as to return of capital and dividends junior to the applicable series of Class A Preference Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of BRP Equity ranking as to capital junior to the applicable series of Class A Preference Shares;
- redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of less than all of the applicable series of Class A Preference Shares then outstanding; or
- except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect shares of BRP Equity ranking on a parity with the applicable series of Class A Preference Shares;

unless, in each such case, all accrued and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the applicable series of Class A Preference Shares and on all other shares of BRP Equity ranking prior to or on parity with such series of Class A Preference Shares with respect to the payment of dividends, have been declared and paid or set aside for payment.

### **Purchase for Cancellation**

## [Table of Contents](#)

Subject to applicable law and to the provisions described under “– Restrictions on Dividends and Retirement and Issue of Shares”, BRP Equity may at any time purchase for cancellation in whole or any part of the applicable series of Class A Preference Shares at the lowest price or prices at which in the opinion of the board of directors of BRP Equity such shares are obtainable.

### **Shareholder Approvals**

Approval of all amendments to the rights, privileges, restrictions and conditions attaching to the applicable series of Class A Preference Shares and any other approval to be given by the holders of the applicable series of Class A Preference Shares may be given by a resolution carried by at least 66<sup>2/3</sup>% of the votes cast at a meeting where the required quorum is present. The required quorum for Series 5 Shares and Series 6 Shares is holders of at least 25% of the outstanding shares present in person or represented by proxy. The required quorum for all other Class A Preference Shares is 50% of the outstanding shares present in person or represented by proxy.

### **Preference Share Guarantees**

The Preference Share Guarantees provide that the applicable series of Class A Preference Shares will be fully and unconditionally guaranteed by BREP and the other Preference Share Guarantors as to (i) payment of dividends, as and when declared, (ii) payment of amounts due on redemption of the applicable series of Class A Preference Shares, and (iii) payment of amounts due on the liquidation, dissolution or winding up of BRP Equity. As long as the declaration or payments of dividends on the applicable series of Class A Preference Shares are in arrears, BREP will not make any distributions on our LP Units nor will any other Preference Share Guarantor make any distributions or pay any dividends on equity securities of such Preference Share Guarantor. The Preference Share Guarantees by the Preference Share Guarantors will be subordinated to all of their respective senior and subordinated debt and will rank senior to the LP Units. The Preference Share Guarantees will rank on a *pro rata* and *pari passu* basis with each other. The rights, obligations and liabilities of a Preference Share Guarantor pursuant to the Preference Share Guarantees will terminate upon the conveyance, distribution, transfer or lease of all or substantially all of its properties, securities and assets to another Preference Share Guarantor. A Preference Share Guarantor may not otherwise convey, distribute, transfer or lease all or substantially all of its properties, securities and assets to another person, unless the person which acquires the properties, securities and assets of such Preference Share Guarantor assumes such Preference Share Guarantor's obligations under the Preference Share Guarantees.

### **Finco**

Finco is an indirect wholly-owned subsidiary of BREP incorporated under the ABCA on September 14, 2011. Other than approximately C\$1.9 billion aggregate principal amount of publicly-issued Finco Bonds and notes receivable from an indirect wholly-owned subsidiary of BREP, Finco has no significant assets or liabilities, no subsidiaries and no operations of its own.

Pursuant to Finco's articles of incorporation, Finco is authorized to issue an unlimited number of common shares. As of the date of this Form 20-F, one common share held indirectly by BREP was issued and outstanding. Holders of common shares are entitled to one vote for each such share held on all votes taken at meetings of the shareholders of Finco, except meetings at which only the holders of a specified class or series of shares of Finco are entitled to vote. Subject to the rights of holders of any shares of Finco ranking prior to the common shares, the holders of common shares are entitled to dividends as may be declared from time to time by the board of directors of Finco. Holders of common shares may make use of various shareholder remedies available pursuant to the ABCA.

The Finco Bonds are governed under the Bond Indenture and guaranteed by BREP and the other Guarantors as described below under “— Bond Indenture and Guarantees”. The Finco Bonds consist of the following fixed rate medium term notes:

## [Table of Contents](#)

<b>Medium-term notes</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Principal Amount as at December 31,2015 (in millions)</b>
Series 3 (C\$200 million)	2018	5.25%	C\$200 million
Series 4 (C\$150 million)	2036	5.84%	C\$150 million
Series 6 (C\$300 million)	2016	6.13%	C\$300 million
Series 7 (C\$450 million)	2020	5.14%	C\$450 million
Series 8 (C\$400 million)	2022	4.79%	C\$400 million
Series 9 (C\$400 million)	2025	3.75%	C\$400 million

### *Bond Indenture and Guarantees*

The Bond Indenture provides for the issuance of one or more series of unsecured debentures or notes of Finco, a wholly-owned subsidiary of BREP, by way of supplemental indentures. The Bond Indenture amends and restates the trust indenture dated as of December 16, 2004, as amended, supplemented or restated, between Brookfield, Bank of New York Mellon and BNY Trust Company of Canada (the “**Original Bond Indenture**”). The Bond Indenture provided for Finco to assume Brookfield’s obligations in respect of the Series 3, Series 4, Series 6 and Series 7 notes issued under supplemental indentures to the Original Bond Indenture. The Amended and Restated Second Supplemental Indenture to the Original Bond Indenture, dated October 27, 2006, provides for the issue of C\$200 million aggregate principal amount of Series 3 medium term notes and C\$150 million aggregate principal amount of Series 4 medium term notes. The Amended and Restated Fourth Supplemental Indenture to the Original Bond Indenture, dated November 27, 2009, provides for the issue of C\$300 million aggregate principal amount of Series 6 notes. The Fifth Supplemental Indenture to the Original Bond Indenture, dated November 27, 2009, provides for the issue of C\$450 million aggregate principal amount of Series 7 notes. The Seventh Supplemental Indenture dated February 7, 2012, provides for the issue of C\$400 million aggregate principal amount of Series 8 notes. The Ninth Supplemental Indenture dated March 6, 2015, provides for the issue of C\$400 million aggregate principal amount of Series 9 notes. The Finco Bonds are unconditionally guaranteed by BREP and the other Finco Bond Guarantors as to payment of the principal of, premium, if any, and interest on all debentures issued by Finco under the Bond Indenture from time to time and all other obligations and liabilities owing by Finco to the trustee under the Bond Indenture. Pursuant to the guarantees, each of the Finco Bond Guarantors has agreed to not enter into any transaction whereby all or substantially all of the undertaking, property and assets of the Finco Bond Guarantor would become the property of any other person unless the other person assumed the obligations of the Finco Bond Guarantor under the guarantee and certain other conditions are met or unless the transaction is between or among any one or more of Finco, the Finco Bond Guarantor, another Finco Bond Guarantor and/or any subsidiary of any of them. The rights, obligations and liabilities of a Finco Bond Guarantor will terminate in the event that it transfers all or substantially all of its assets to another Finco Bond Guarantor.

### 10.C MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, to which we have been a party within the past two years:

- Relationship Agreement, dated November 28, 2011, by and among BREP, BRELP, the Service Provider, Brookfield, and others (see Item 7.B “Related Party Transactions – Relationship Agreement”).
- Registration Rights Agreement, dated November 28, 2011, between BREP and BRPI (see Item 7.B “Related Party Transactions – Registration Rights Agreement”).

## [Table of Contents](#)

- Amended and Restated Indenture, dated as of November 23, 2011, among Finco, BNY Trust Company of Canada and The Bank of New York Mellon (see Item 10.B “Memorandum and Articles of Association – Finco – Bond Indenture and Guarantees”).
- Guarantee, dated November 23, 2011, by BRELP and BNY Trust Company of Canada (see Item 10.B “Memorandum and Articles of Association – Finco – Bond Indenture and Guarantees”).
- Guarantee, dated November 23, 2011, by BREP and BNY Trust Company of Canada (see Item 10.B “Memorandum and Articles of Association – Finco – Bond Indenture and Guarantees”).
- Guarantee, dated November 23, 2011, by LATAM Holdco and BNY Trust Company of Canada (see Item 10.B “Memorandum and Articles of Association – Finco – Bond Indenture and Guarantees”).
- Guarantee, dated November 23, 2011, by NA Holdco and BNY Trust Company of Canada (see Item 10.B “Memorandum and Articles of Association – Finco – Bond Indenture and Guarantees”).
- Energy Revenue Agreement, dated November 23, 2011, between BEM LP and BPUSHA (see Item 7.B “Related Party Transactions – Energy Revenue Agreement”).
- Amended and Restated Guarantee Indenture, dated November 25, 2011, by and among the Preference Share Guarantors from time to time party thereto, BRP Equity, and Computershare Trust Company of Canada (Class A Preference Shares, Series 1) (see Item 10.B “Memorandum and Articles of Association – BRP Equity – Preference Share Guarantees”).
- Amended and Restated Guarantee Indenture, dated November 25, 2011, by and among the Preference Share Guarantors from time to time party thereto, BRP Equity, and Computershare Trust Company of Canada (Class A Preference Shares, Series 2) (see Item 10.B “Memorandum and Articles of Association – BRP Equity – Preference Share Guarantees”).
- Guarantee Indenture, dated October 11, 2012, by and among the Guarantors from time to time party thereto, BRP Equity, and Computershare Trust Company of Canada (Class A Preference Shares, Series 3) (see Item 10.B “Memorandum and Articles of Association – BRP Equity – Preference Share Guarantees”).
- Guarantee Indenture, dated January 29, 2013, by and among the Preference Share Guarantors from time to time party thereto, BRP Equity, and Computershare Trust Company of Canada (Class A Preference Shares, Series 5) (see Item 10.B “Memorandum and Articles of Association – BRP Equity – Preference Share Guarantees”).
- Guarantee Indenture, dated May 1, 2013, by and among the Preference Share Guarantors from time to time party thereto, BRP Equity, and Computershare Trust Company of Canada (Class A Preference Shares, Series 6) (see Item 10.B “Memorandum and Articles of Association – BRP Equity – Preference Share Guarantees”).
- Guarantee dated October 7, 2014, by Euro Holdco and BNY Trust Company of Canada (see Item 10.B “Memorandum and Articles of Association – Finco – Bond Indenture and Guarantees”).
- Guarantee dated February 26, 2015, by Investco and BNY Trust Company of Canada (see Item 10.B “Memorandum and Articles of Association – Finco – Bond Indenture and Guarantees”).
- Second Amended and Restated Master Services Agreement, dated February 26, 2015, by and among Brookfield Asset Management Inc., BREP, BRELP, and others (see Item 6.A “Directors and Senior Management – Our Master Services Agreement”).

## Table of Contents

- Guarantee Indenture, dated November 25, 2015, by and among the Preferred Unit Guarantors, BREP, and Computershare Trust Company of Canada (Series 7 Preferred Units) (see Item 10.B “Memorandum and Articles of Association — Description of our LP Units, Preferred Units and the Amended and Restated Limited Partnership Agreement of BREP — Preferred Unit Guarantees”).
- Guarantee Indenture, dated November 25, 2015, by and among the Preferred Unit Guarantors, BREP, and Computershare Trust Company of Canada (Series 8 Preferred Units) (see Item 10.B “Memorandum and Articles of Association — Description of our LP Units, Preferred Units and the Amended and Restated Limited Partnership Agreement of BREP — Preferred Unit Guarantees”).
- Guarantee Indenture, dated February 11, 2016, by and among the Preferred Unit Guarantors, BREP, and Computershare Trust Company of Canada (Series 5 Preferred Units) (see Item 10.B “Memorandum and Articles of Association — Description of our LP Units, Preferred Units and the Amended and Restated Limited Partnership Agreement of BREP — Preferred Unit Guarantees”).
- Third Amended and Restated Limited Partnership Agreement of BREP, dated February 11, 2016 (see Item 10.B “Memorandum and Articles of Association — Description of our LP Units, Preferred Units and the Amended and Restated Limited Partnership Agreement of BREP”).
- Third Amended and Restated Limited Partnership Agreement of BRELP, dated February 11, 2016 (see Item 10.B “Memorandum and Articles of Association — Description of our LP Units, Preferred Units and the Amended and Restated Limited Partnership Agreement of BREP”).

Copies of the agreements noted above will be made available, free of charge, by the Managing General Partner and are available electronically on the website of the SEC at [www.sec.gov](http://www.sec.gov) and on our SEDAR profile at [www.sedar.com](http://www.sedar.com). Written requests for such documents should be directed to our Corporate Secretary at 73 Front Street, 5 th Floor, Hamilton, HM 12, Bermuda, +1.441.295.1443.

### 10.D EXCHANGE CONTROLS

There are currently no governmental laws, decrees, regulations or other legislation of Bermuda or the United States which restrict the import or export of capital, including the availability of cash and cash equivalents for use by BREP and its subsidiaries, or the remittance of distributions, interest or other payments to non-residents of Bermuda or the United States holding our LP Units.

### 10.E TAXATION

The following summary discusses the material United States, Canadian and Bermudian tax considerations related to the holding and disposition of our Units as of the date of this Form 20-F. Holders of our Units are advised to consult their own tax advisers concerning the consequences under the tax laws of the country of which they are resident or in which they are otherwise subject to tax of making an investment in our Units.

#### **Material U.S. Federal Income Tax Considerations**

This summary discusses the material United States federal income tax considerations for LP Unitholders relating to the ownership and disposition of LP Units as of the date hereof. This summary is based on provisions of the U.S. Internal Revenue Code on the regulations promulgated under the U.S. Internal Revenue Code, and on published administrative rulings, judicial decisions, and other applicable authorities, all as in effect on the date hereof and all of which are subject to change at any time, possibly with retroactive effect. This summary is necessarily general and may not apply to all categories of investors, some of whom may be subject to special rules, including, without limitation, persons that own (directly or indirectly, applying certain attribution rules) 5% or more of our LP Units, dealers in securities or currencies, financial institutions or financial services entities, mutual funds, life insurance companies, persons that hold LP Units as part of a straddle, hedge, constructive sale or conversion transaction with other investments, persons whose LP Units are loaned to a short seller to cover a short sale of LP Units, persons whose functional currency is not the U.S. dollar, persons who have elected mark-to-market accounting, persons who hold LP Units through a partnership or other entity treated as a pass-through

## [Table of Contents](#)

entity for U.S. federal income tax purposes, persons for whom LP Units are not a capital asset, persons who are liable for the alternative minimum tax and certain U.S. expatriates or former long-term residents of the United States. This summary does not address any tax consequences to holders of Preferred Units. Tax-exempt organizations are addressed separately below. The actual tax consequences of the ownership and disposition of LP Units will vary depending on an LP Unitholder's individual circumstances.

For purposes of this discussion, a “**U.S. Holder**” is a beneficial owner of LP Units who is for U.S. federal tax purposes: (i) an individual citizen or resident of the United States; (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (a) the primary supervision of which is subject to a court within the United States and all substantial decisions of which one or more U.S. persons have the authority to control or (b) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

A “**Non-U.S. Holder**” is a beneficial owner of LP Units, other than a U.S. Holder or an entity classified as a partnership or other fiscally transparent entity for U.S. federal tax purposes.

If a partnership holds LP Units, the tax treatment of a partner of such partnership generally will depend upon the status of the partner and the activities of the partnership. Partners of partnerships that hold LP Units should consult an independent tax adviser.

**This discussion does not constitute tax advice and is not intended to be a substitute for tax planning. Each LP Unitholder should consult an independent tax adviser concerning the U.S. federal, state and local income tax consequences particular to the ownership and disposition of LP Units, as well as any tax consequences under the laws of any other taxing jurisdiction.**

### *Partnership Status of BREP and BRELP*

Each of BREP and BRELP has made a protective election to be classified as a partnership for U.S. federal tax purposes. An entity that is treated as a partnership for U.S. federal tax purposes incurs no U.S. federal income tax liability. Instead, each partner is required to take into account its allocable share of items of income, gain, loss, deduction, or credit of the partnership in computing its U.S. federal income tax liability, regardless of whether cash distributions are made. Distributions of cash by a partnership to a partner generally are not taxable unless the amount of cash distributed to a partner is in excess of the partner's adjusted basis in its partnership interest.

An entity that would otherwise be classified as a partnership for U.S. federal income tax purposes may nonetheless be taxable as a corporation if it is a “publicly traded partnership”, unless an exception applies to that entity. BREP is publicly traded. However, an exception, referred to as the “**Qualifying Income Exception**”, exists with respect to a publicly traded partnership if (i) at least 90% of such partnership's gross income for every taxable year consists of “qualifying income” and (ii) the partnership would not be required to register under the Investment Company Act if it were a U.S. corporation. Qualifying income includes certain interest income, dividends, real property rents, gains from the sale or other disposition of real property, and any gain from the sale or disposition of a capital asset or other property held for the production of income that otherwise constitutes qualifying income.

The Managing General Partner and the BRELP General Partner intend to manage the affairs of BREP and BRELP, respectively, so that BREP will meet the Qualifying Income Exception in each taxable year. Accordingly, the Managing General Partner believes that BREP will be treated as a partnership and not as a corporation for U.S. federal income tax purposes.

If BREP fails to meet the Qualifying Income Exception, other than a failure which is determined by the IRS to be inadvertent and which is cured within a reasonable time after discovery, or if BREP is required to register under the Investment Company Act, BREP will be treated as if it had transferred all of its assets, subject to liabilities, to a newly formed corporation, on the first day of the year in which BREP fails to meet the Qualifying Income Exception, in return for stock in such corporation, and then distributed the stock to our LP Unitholders in liquidation. This deemed contribution and liquidation generally would be tax-free to a U.S. Holder, unless BREP were to have liabilities in excess of the tax basis of its assets at such time. Thereafter, BREP would be treated as a corporation for U.S. federal income tax purposes.

## [Table of Contents](#)

If BREP were treated as a corporation in any taxable year, either as a result of a failure to meet the Qualifying Income Exception, an election by the Managing General Partner or otherwise, BREP's items of income, gain, loss, deduction, or credit would be reflected only on BREP's tax return rather than being passed through to LP Unitholders, and BREP would be subject to U.S. corporate income tax and potentially branch profits tax with respect to its income, if any, effectively connected with a U.S. trade or business. Moreover, under certain circumstances, BREP might be classified as a PFIC for U.S. federal income tax purposes, and a U.S. Holder would be subject to the rules applicable to PFICs discussed below. See "— Consequences to U.S. Holders — Passive Foreign Investment Companies". Subject to the PFIC rules, distributions made to U.S. Holders would be treated as taxable dividend income to the extent of BREP's current or accumulated earnings and profits. Any distribution in excess of current and accumulated earnings and profits would first be treated as a tax-free return of capital to the extent of a U.S. Holder's adjusted tax basis in its LP Units. Thereafter, to the extent such distribution were to exceed a U.S. Holder's adjusted tax basis in its LP Units, the distribution would be treated as gain from the sale or exchange of such LP Units. The amount of a distribution treated as a dividend could be eligible for reduced rates of taxation, provided certain conditions are met. Based on the foregoing consequences, the treatment of BREP as a corporation could materially reduce a holder's after-tax return and therefore could result in a substantial reduction of the value of LP Units. If BREL P were to be treated as a corporation for U.S. federal income tax purposes, consequences similar to those described above would apply to BREP's interests in BREL P.

The remainder of this summary assumes that BREP and BREL P will be treated as partnerships for U.S. federal tax purposes. BREP expects that a substantial portion of the items of income, gain, deduction, loss, or credit realized by BREP will be realized in the first instance by BREL P and allocated to BREP for reallocation to LP Unitholders. Unless otherwise specified, references in this section to realization of BREP's items of income, gain, loss, deduction, or credit include a realization of such items by BREL P and the allocation of such items to BREP.

### **Consequences to U.S. Holders**

#### *Holding of LP Units*

*Income and loss.* Each U.S. Holder must take into account, as described below, its allocable share of BREP's items of income, gain, loss, deduction, and credit for each of BREP's taxable years ending with or within such U.S. Holder's taxable year. Each item generally will have the same character and source as though such holder had realized the item directly. Each U.S. Holder must report such items without regard to whether any distribution has been or will be received from BREP. Although not required by the Amended and Restated Limited Partnership Agreement of BREP, BREP intends to make cash distributions to all LP Unitholders on a quarterly basis in amounts generally expected to be sufficient to permit U.S. Holders to fund their estimated U.S. tax obligations (including U.S. federal, state, and local income taxes) with respect to their allocable shares of BREP's net income or gain. However, based upon a U.S. Holder's particular tax situation and simplifying assumptions that BREP will make in determining the amount of such distributions, and depending upon whether a U.S. Holder elects to reinvest such distributions pursuant to the distribution reinvestment plan, if available, a U.S. Holder's tax liability might exceed cash distributions made by BREP, in which case any tax liabilities arising from the ownership of LP Units would need to be satisfied from such U.S. Holder's own funds.

With respect to U.S. Holders who are individuals, certain dividends paid by a corporation (including certain qualified foreign corporations) to BREP and that are allocable to such U.S. Holders may qualify for reduced rates of taxation. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of specified income tax treaties with the United States. In addition, a foreign corporation is treated as a qualified corporation with respect to its shares that are readily tradable on an established securities market in the United States. Among other exceptions, U.S. Holders who are individuals will not be eligible for reduced rates of taxation on any dividends if the payer is a PFIC for the taxable year in which such dividends are paid or for the preceding taxable year. Dividends received by non-corporate U.S. Holders may be subject to an additional Medicare tax on unearned income of 3.8% (see "— Medicare Tax" below). U.S. Holders that are corporations generally will not be entitled to a "dividends received deduction" in respect of dividends paid by non-U.S. corporations in which BREP

## [Table of Contents](#)

(through BRELP) owns stock. Each U.S. Holder should consult an independent tax adviser regarding the application of the foregoing rules in light of its particular circumstances.

For U.S. federal income tax purposes, a U.S. Holder's allocable share of BREP's items of income, gain, loss, deduction, or credit will be governed by the BREP limited partnership agreement if such allocations have "substantial economic effect" or are determined to be in accordance with such U.S. Holder's interest in BREP. Similarly, BREP's allocable share of items of income, gain, loss, deduction, or credit of BRELP will be governed by the BRELP limited partnership agreement if such allocations have "substantial economic effect" or are determined to be in accordance with BREP's interest in BRELP. The Managing General Partner and the BRELP General Partner believe that, for U.S. federal income tax purposes, such allocations should be given effect, and the Managing General Partner and the BRELP General Partner intend to prepare and file tax returns based on such allocations. If the IRS were to successfully challenge the allocations made pursuant to either the BREP limited partnership agreement or the BRELP limited partnership agreement, the resulting allocations for U.S. federal income tax purposes might be less favorable than the allocations set forth in such agreements.

*Basis.* Each U.S. Holder will have an initial tax basis in its LP Units equal to the amount of cash paid for such LP Units, increased by such holder's share of BREP's liabilities, if any. That basis will be increased by such U.S. Holder's share of BREP's income and by increases in such U.S. Holder's share of BREP's liabilities, if any. That basis will be decreased, but not below zero, by distributions a U.S. Holder receives from BREP, by such U.S. Holder's share of BREP's losses, and by any decrease in such U.S. Holder's share of BREP's liabilities. The IRS has ruled that a partner in a partnership, unlike a stockholder of a corporation, has a single, or "unitary", tax basis in his or her partnership interest. As a result, any amount a U.S. Holder pays to acquire additional LP Units (including through the distribution reinvestment plan, if available) will be averaged with the adjusted tax basis of LP Units owned by such holder prior to the acquisition of such additional LP Units. The Managing General Partner and the BRELP General Partner express no opinion regarding the appropriate methodology to be used in making this determination.

For purposes of the foregoing rules, the rules discussed immediately below, and the rules applicable to a sale or exchange of LP Units, BREP's liabilities generally will include BREP's share of any liabilities of BRELP.

*Limits on deductions for losses and expenses.* A U.S. Holder's deduction of its allocable share of BREP's losses will be limited to such U.S. Holder's tax basis in LP Units and, if the holder is an individual or a corporate holder that is subject to the "at risk" rules, to the amount for which the holder is considered to be "at risk" with respect to BREP's activities, if that is less than such U.S. Holder's tax basis. In general, a U.S. Holder will be at risk to the extent of such holder's tax basis in LP Units, reduced by (i) the portion of that basis attributable to such U.S. Holder's share of BREP's liabilities for which the holder will not be personally liable (excluding certain qualified non-recourse financing) and (ii) any amount of money the U.S. Holder borrows to acquire or hold LP Units, if the lender of those borrowed funds owns an interest in BREP, is related to the U.S. Holder, or can look only to LP Units for repayment. A U.S. Holder's at-risk amount generally will increase by such U.S. Holder's allocable share of BREP's income and gain and decrease by distributions received from BREP and such U.S. Holder's allocable share of losses and deductions. A U.S. Holder must recapture losses deducted in previous years to the extent that distributions cause such U.S. Holder's at-risk amount to be less than zero at the end of any taxable year. Losses disallowed or recaptured as a result of these limitations will carry forward and will be allowable to the extent that such U.S. Holder's tax basis or at-risk amount, whichever is the limiting factor, subsequently increases. Upon the taxable disposition of LP Units, any gain recognized by a U.S. Holder can be offset by losses that were previously suspended by the at-risk limitation, but may not be offset by losses suspended by the basis limitation. Any excess loss above the gain previously suspended by the at-risk or basis limitations may no longer be used. Each U.S. Holder should consult an independent tax adviser as to the effects of the at-risk rules.

The Managing General Partner and the BRELP General Partner do not expect to generate income or losses from "passive activities" for purposes of Section 469 of the U.S. Internal Revenue Code. Accordingly, income allocated to a U.S. Holder may not be offset by such holder's Section 469 passive losses, and losses allocated to a U.S. Holder may not be used to offset such holder's Section 469 passive

## [Table of Contents](#)

income. Each U.S. Holder should consult an independent tax adviser regarding the limitations on the deductibility of losses that such holder may be subject to under applicable sections of the U.S. Internal Revenue Code.

*Limitations on deductibility of organizational expenses and syndication fees.* In general, neither BREP nor any U.S. Holder may deduct organizational or syndication expenses. Similar rules apply to organizational or syndication expenses incurred by BRELP. Syndication fees (which would include any sales or placement fees or commissions) must be capitalized and cannot be amortized or otherwise deducted.

*Limitations on interest deductions.* A U.S. Holder's share of BREP's interest expense is likely to be treated as "investment interest" expense. For a non-corporate U.S. Holder, the deductibility of "investment interest" expense generally is limited to the amount of such holder's "net investment income". A U.S. Holder's share of BREP's dividend and interest income will be treated as investment income, although "qualified dividend income" subject to reduced rates of tax in the hands of an individual will only be treated as investment income if such individual elects to treat such dividend as ordinary income not subject to reduced rates of tax. In addition, state and local tax laws may disallow deductions for a U.S. Holder's share of BREP's interest expense.

Net investment income includes gross income from property held for investment and amounts treated as portfolio income under the passive loss rules, less deductible expenses, other than interest, directly connected with the production of investment income, but generally does not include gains attributable to the disposition of property held for investment.

*Deductibility of partnership investment expenditures by individual partners and by trusts and estates.* Subject to certain exceptions, all miscellaneous itemized deductions of an individual taxpayer, and certain of such deductions of an estate or trust, are deductible only to the extent that such deductions exceed 2% of the taxpayer's adjusted gross income. Moreover, the otherwise allowable itemized deductions of individuals whose gross income exceeds an applicable threshold amount are subject to reduction by an amount equal to the lesser of (i) 3% of the excess of the individual's adjusted gross income over the threshold amount, and (ii) 80% of the amount of the individual's itemized deductions. The operating expenses of BREP, including BREP's allocable share of any management fees, may be treated as miscellaneous itemized deductions subject to the foregoing rule. Accordingly, a non-corporate U.S. Holder should consult an independent tax adviser regarding the application of these limitations.

### *Treatment of Distributions*

Distributions of cash by BREP generally will not be taxable to a U.S. Holder to the extent of such holder's adjusted tax basis (described above) in LP Units. Any cash distributions in excess of a U.S. Holder's adjusted tax basis generally will be considered to be gain from the sale or exchange of LP Units (described below). Such gain generally will be treated as capital gain and will be long-term capital gain if a U.S. Holder's holding period for LP Units exceeds one year. A reduction in a U.S. Holder's allocable share of BREP liabilities, and certain distributions of marketable securities by BREP, if any, will be treated similar to cash distributions for U.S. federal income tax purposes.

### *Sale or Exchange of LP Units*

A U.S. Holder will recognize gain or loss on the sale or taxable exchange of LP Units equal to the difference, if any, between the amount realized and such U.S. Holder's tax basis in LP Units sold or exchanged. A U.S. Holder's amount realized will be measured by the sum of the cash or the fair market value of other property received plus such U.S. Holder's share of BREP's liabilities, if any.

Gain or loss recognized by a U.S. Holder upon the sale or exchange of LP Units generally will be taxable as capital gain or loss and will be long-term capital gain or loss if the U.S. Holder held our LP Units for more than one year on the date of such sale or exchange. Assuming a U.S. Holder has not elected to treat its share of BREP's investment in any PFIC as a "qualified electing fund", gain attributable to such investment in a PFIC would be taxable in the manner described below in "— Passive Foreign Investment Companies". In addition, certain gain attributable to "unrealized receivables" or "inventory items" could be characterized as ordinary income rather than capital gain. For example, if BREP were to

## [Table of Contents](#)

hold debt acquired at a market discount, accrued market discount on such debt would be treated as “unrealized receivables”. The deductibility of capital losses is subject to limitations.

Each U.S. Holder who acquires LP Units at different times and intends to sell all or a portion of our LP Units within a year of the most recent purchase is urged to consult an independent tax adviser regarding the application of certain “split holding period” rules to such sale and the treatment of any gain or loss as long-term or short-term capital gain or loss.

### *Medicare Tax*

U.S. Holders that are individuals, estates, or trusts may be required to pay a 3.8% Medicare tax on the lesser of (i) the excess of such U.S. Holders’ “modified adjusted gross income” (or “adjusted gross income” in the case of estates and trusts) over certain thresholds and (ii) such U.S. Holders’ “net investment income” (or “undistributed net investment income” in the case of estates and trusts). Net investment income generally is expected to include an LP Unitholder’s allocable share of BREP’s income, as well as gain realized by an LP Unitholder from a sale of LP Units.

### *Foreign Tax Credit Limitations*

Each U.S. Holder generally will be entitled to a foreign tax credit with respect to such U.S. Holder’s allocable share of creditable foreign taxes paid on BREP’s income and gains. Complex rules may, depending on such U.S. Holder’s particular circumstances, limit the availability or use of foreign tax credits. Gain from the sale of BREP’s investments may be treated as U.S.-source gain. Consequently, a U.S. Holder may not be able to use the foreign tax credit arising from any foreign taxes imposed on such gains unless the credit can be applied (subject to applicable limitations) against U.S. tax due on other income treated as derived from foreign sources. Certain losses that BREP incurs may be treated as foreign-source losses, which could reduce the amount of foreign tax credits otherwise available.

### *Section 754 Election*

BREP and BRELP have each made the election permitted by Section 754 of the U.S. Internal Revenue Code, or the Section 754 Election. The Section 754 Election cannot be revoked without the consent of the IRS. The Section 754 Election generally requires BREP to adjust the tax basis in its assets, or inside basis, attributable to a transferee of LP Units under Section 743(b) of the U.S. Internal Revenue Code to reflect the purchase price paid by the transferee for LP Units. This election does not apply to a person who purchases LP Units directly from BREP. For purposes of this discussion, a transferee’s inside basis in BREP’s assets will be considered to have two components: (i) the transferee’s share of BREP’s tax basis in BREP’s assets, or common basis, and (ii) the adjustment under Section 743(b) of the U.S. Internal Revenue Code to that basis. The foregoing rules would also apply to BRELP.

Generally, a Section 754 Election would be advantageous to a transferee U.S. Holder if such U.S. Holder’s tax basis in its LP Units were higher than such LP Units’ share of the aggregate tax basis of BREP’s assets immediately prior to the transfer. In that case, as a result of the Section 754 Election, the transferee U.S. Holder would have a higher tax basis in its share of BREP’s assets for purposes of calculating, among other items, such holder’s share of any gain or loss on a sale of BREP’s assets. Conversely, a Section 754 Election would be disadvantageous to a transferee U.S. Holder if such U.S. Holder’s tax basis in its LP Units were lower than such LP Units’ share of the aggregate tax basis of BREP’s assets immediately prior to the transfer. Thus, the fair market value of LP Units may be affected either favorably or adversely by the election.

Without regard to whether the Section 754 Election is made, if LP Units are transferred at a time when BREP has a “substantial built-in loss” in its assets, BREP will be obligated to reduce the tax basis in the portion of such assets attributable to such LP Units.

The calculations involved in the Section 754 Election are complex, and the Managing General Partner and the BRELP General Partner advise that each will make such calculations on the basis of assumptions as to the value of BREP assets and other matters. Each U.S. Holder should consult an independent tax adviser as to the effects of the Section 754 Election.

### *Uniformity of LP Units*

## [Table of Contents](#)

Because BREP cannot match transferors and transferees of LP Units, BREP must maintain the uniformity of the economic and tax characteristics of LP Units to a purchaser of LP Units. In the absence of uniformity, BREP may be unable to comply fully with a number of U.S. federal income tax requirements. A lack of uniformity can result from a literal application of certain Treasury Regulations to BREP's Section 743(b) adjustments, a determination that BREP's Section 704(c) allocations are unreasonable, or other reasons. Section 704(c) allocations would be intended to reduce or eliminate the disparity between tax basis and the value of BREP's assets in certain circumstances, including on the issuance of additional LP Units. In order to maintain the fungibility of all LP Units at all times, BREP will seek to achieve the uniformity of U.S. tax treatment for all purchasers of LP Units which are acquired at the same time and price (irrespective of the identity of the particular seller of LP Units or the time when LP Units are issued), through the application of certain tax accounting principles that the Managing General Partner believes are reasonable for BREP. However, the IRS may disagree with BREP and may successfully challenge its application of such tax accounting principles. Any non-uniformity could have a negative impact on the value of LP Units.

### *Foreign Currency Gain or Loss*

BREP's functional currency is the U.S. dollar, and BREP's income or loss is calculated in U.S. dollars. It is likely that BREP will recognize "foreign currency" gain or loss with respect to transactions involving non-U.S. dollar currencies. In general, foreign currency gain or loss is treated as ordinary income or loss. Each U.S. Holder should consult an independent tax adviser regarding the tax treatment of foreign currency gain or loss.

### *Passive Foreign Investment Companies*

U.S. Holders may be subject to special rules applicable to indirect investments in foreign corporations, including an investment through BREP in a PFIC. A PFIC is defined as any foreign corporation with respect to which (after applying certain look-through rules) either (i) 75% or more of its gross income for a taxable year is "passive income" or (ii) 50% or more of its assets in any taxable year (generally based on the quarterly average of the value of its assets) produce or are held for the production of "passive income". There are no minimum stock ownership requirements for PFICs. If a U.S. Holder holds an interest in a foreign corporation for any taxable year during which the corporation is classified as a PFIC with respect to such holder, then the corporation will continue to be classified as a PFIC with respect to that U.S. Holder for any subsequent taxable year during which the U.S. Holder continues to hold an interest in the corporation, even if the corporation's income or assets would not cause it to be a PFIC in such subsequent taxable year, unless an exception applies.

Subject to certain elections described below, any gain on the disposition of stock of a PFIC owned by a U.S. Holder indirectly through BREP, as well as income realized on certain "excess distributions" by such PFIC, would be treated as though realized ratably over the shorter of such U.S. Holder's holding period of LP Units or BREP's holding period for the PFIC. Such gain or income generally would be taxable as ordinary income and dividends paid by the PFIC would not be eligible for the preferential tax rates for dividends paid to non-corporate U.S. Holders. In addition, an interest charge would apply, based on the tax deemed deferred from prior years.

If a U.S. Holder were to make an election to treat such U.S. Holder's share of BREP's interest in a PFIC as a "qualified electing fund", such election a "QEF Election", for the first year such holder were treated as holding such interest, then in lieu of the tax consequences described in the paragraph immediately above, the U.S. Holder would be required to include in income each year a portion of the ordinary earnings and net capital gains of the PFIC, even if not distributed to BREP or to the holder. A QEF Election must be made by a U.S. Holder on an entity-by-entity basis. To make a QEF Election, a U.S. Holder must, among other things, (i) obtain a PFIC annual information statement (through an intermediary statement supplied by BREP) and (ii) prepare and submit IRS Form 8621 with such U.S. Holder's annual income tax return. To the extent reasonably practicable, BREP intends to timely provide U.S. Holders with the information necessary to make a QEF Election with respect to any BREP entity that the Managing General Partner and the BRELP General Partner believe is a PFIC with respect to a U.S. Holder. Any such election should be made for the first year BREP holds an interest in such entity or for the first year in which a U.S. Holder holds LP Units, if later. Non-corporate U.S. Holders making QEF

## [Table of Contents](#)

Elections are also subject to special rules for determining their taxable income and basis in LP Units for purposes of the 3.8% Medicare tax (as described above under “— Medicare Tax”).

In the case of a PFIC that is a publicly traded foreign company, and in lieu of making a QEF Election, an election may be made to “mark to market” the stock of such foreign company on an annual basis. Pursuant to such an election, a U.S. Holder would include in each year as ordinary income the excess, if any, of the fair market value of such stock over its adjusted basis at the end of the taxable year. However, none of the existing BREP entities are expected to be publicly traded, although BREP may in the future acquire interests in PFICs which are publicly traded foreign companies. Thus the mark-to-market election is not expected to be available to any U.S. Holder in respect of its indirect ownership interest in any foreign corporation owned by BREP.

Based on the organizational structure of BREP, as well as BREP’s expected income and assets, the Managing General Partner and the BRELP General Partner currently believe that a U.S. Holder is unlikely to be regarded as owning an interest in a PFIC solely by reason of owning LP Units during the taxable year ending December 31, 2016. However, there can be no assurance that an existing BREP entity or a future entity in which BREP acquires an interest will not be classified as a PFIC with respect to a U.S. Holder, because PFIC status is a factual determination that depends on the assets and income of a given entity and must be made on an annual basis. Moreover, in order to ensure that it satisfies the Qualifying Income Exception, BREP may decide to hold an existing or future Operating Entity through a Holding Entity that would be classified as a PFIC. See “— Investment Structure” below.

A U.S. person who directly or indirectly owns an interest in a PFIC may be required to file an annual report with the IRS, and the failure to file such report could result in the imposition of penalties on such U.S. person and in the extension of the statute of limitations with respect to federal income tax returns filed by such U.S. person. Each U.S. Holder should consult an independent tax adviser regarding the PFIC rules, including the potential effect of this legislation on such U.S. Holder’s filing requirements and the advisability of making a QEF Election or, if applicable, a mark-to-market election, with respect to any PFIC in which such holder is treated as owning an interest through BREP.

### *Investment Structure*

To ensure that it meets the Qualifying Income Exception for publicly traded partnerships (discussed above) and complies with certain requirements in its limited partnership agreement, BREP may structure certain investments through an entity classified as a corporation for U.S. federal income tax purposes. Such investments will be structured as determined in the sole discretion of the Managing General Partner and the BRELP General Partner generally to be efficient for LP Unitholders. However, because LP Unitholders will be located in numerous taxing jurisdictions, no assurance can be given that any such investment structure will benefit all LP Unitholders to the same extent, and such an investment structure might even result in additional tax burdens on some LP Unitholders. As discussed above, if any such entity were a non-U.S. corporation, it might be considered a PFIC. If any such entity were a U.S. corporation, it would be subject to U.S. federal net income tax on its income, including any gain recognized on the disposition of its investments. In addition, if the investment were to involve U.S. real property, gain recognized on the disposition of the investment by a corporation generally would be subject to corporate-level tax, whether the corporation were a U.S. or a non-U.S. corporation.

### *Taxes in Other Jurisdictions*

In addition to U.S. federal income tax consequences, an investment in BREP could subject a U.S. Holder to U.S. state and local taxes in the U.S. state or locality in which such holder is a resident for tax purposes. A U.S. Holder could also be subject to tax return filing obligations and income, franchise, or other taxes, including withholding taxes, in non-U.S. jurisdictions in which BREP invests. BREP will attempt, to the extent reasonably practicable, to structure its operations and investments so as to avoid income tax filing obligations by U.S. Holders in non-U.S. jurisdictions. However, there may be circumstances in which BREP is unable to do so. Income or gain from investments held by BREP may be subject to withholding or other taxes in jurisdictions outside the U.S., except to the extent an income tax treaty applies. A U.S. Holder who wishes to claim the benefit of an applicable income tax treaty might be required to submit information to tax authorities in such jurisdictions. Each U.S. Holder should consult an

## [Table of Contents](#)

independent tax adviser regarding the U.S. state, local, and non-U.S. tax consequences of an investment in BREP.

### *Transferor/Transferee Allocations*

BREP may allocate items of income, gain, loss, and deduction using a monthly convention, whereby any such items recognized in a given month by BREP are allocated to our LP Unitholders as of a specified date of such month. As a result, a U.S. Holder who transfers LP Units might be allocated income, gain, loss, and deduction realized by BREP after the date of the transfer. Similarly, if a U.S. Holder acquires additional LP Units, such holder may be allocated income, gain, loss, and deduction realized by BREP prior to such U.S. Holder's ownership of such LP Units.

Section 706 of the U.S. Internal Revenue Code generally governs allocations of items of partnership income and deductions between transferors and transferees of partnership interests, and the Treasury Regulations provide a safe harbor allowing a publicly traded partnership to use a monthly simplifying convention for such purposes. However, it is not clear that BREP's allocation method complies with the requirements. If BREP's convention were not permitted, the IRS might contend that BREP's taxable income or losses must be reallocated among LP Unitholders. If such a contention were sustained, a U.S. Holder's tax liabilities might be adjusted to such holder's detriment. The Managing General Partner is authorized to revise BREP's method of allocation between transferors and transferees (as well as among investors whose interests otherwise vary during a taxable period).

### *U.S. Federal Estate Tax Consequences*

If LP Units are included in the gross estate of a U.S. citizen or resident for U.S. federal estate tax purposes, then a U.S. federal estate tax might be payable in connection with the death of such person. Individual U.S. Holders should consult an independent tax adviser concerning the potential U.S. federal estate tax consequences with respect to LP Units.

### *Certain Reporting Requirements*

A U.S. Holder who invests more than \$100,000 in BREP may be required to file IRS Form 8865 reporting the investment with such U.S. Holder's U.S. federal income tax return for the year that includes the date of the investment. A U.S. Holder may be subject to substantial penalties if it fails to comply with this and other information reporting requirements with respect to an investment in LP Units. Each U.S. Holder should consult an independent tax adviser regarding such reporting requirements.

### *U.S. Taxation of Tax-Exempt U.S. Holders of LP Units*

Income recognized by a U.S. tax-exempt organization is exempt from U.S. federal income tax except to the extent of the organization's UBTI. UBTI is defined generally as any gross income derived by a tax-exempt organization from an unrelated trade or business that it regularly carries on, less the deductions directly connected with that trade or business. In addition, income arising from a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) that holds operating assets or is otherwise engaged in a trade or business generally will constitute UBTI. Notwithstanding the foregoing, UBTI generally does not include any dividend income, interest income, certain other categories of passive income, or capital gains realized by a tax-exempt organization, so long as such income is not "debt-financed", as discussed below. The Managing General Partner believes that BREP should not be regarded as engaged in a trade or business, and anticipates that any operating assets held by BREP will be held through entities that are treated as corporations for U.S. federal income tax purposes.

The exclusion from UBTI does not apply to income from "debt-financed property", which is treated as UBTI to the extent of the percentage of such income that the average acquisition indebtedness with respect to the property bears to the average tax basis of the property for the taxable year. If an entity treated as a partnership for U.S. federal income tax purposes incurs acquisition indebtedness, a tax-exempt partner in such partnership will be deemed to have acquisition indebtedness equal to its allocable portion of such acquisition indebtedness. If any such indebtedness were used by BREP or by BRELP to acquire property, such property generally would constitute debt-financed property, and any income from or gain from the disposition of such debt-financed property allocated to a tax-exempt organization generally would constitute UBTI to such tax-exempt organization. In addition, even if such indebtedness were not used either by BREP or by BRELP to acquire property but were instead used to fund distributions to LP

## [Table of Contents](#)

Unitholders, if a tax-exempt organization subject to taxation in the United States were to use such proceeds to make an investment outside BREP, the IRS might assert that such investment constitutes debt-financed property to such LP Unitholder with the consequences noted above. BREP and BRELP currently do not have any outstanding indebtedness used to acquire property, and the Managing General Partner and the BRELP General Partner do not believe that BREP or BRELP will generate UBTI attributable to debt-financed property in the future. Moreover, the Managing General Partner and the BRELP General Partner intend to use commercially reasonable efforts to structure the activities of BREP and BRELP, respectively, to avoid generating income connected with the conduct of a trade or business (which income generally would constitute UBTI to the extent allocated to a tax-exempt organization). However, neither BREP nor BRELP is prohibited from incurring indebtedness, and no assurance can be provided that neither BREP nor BRELP will generate UBTI attributable to debt-financed property in the future. Tax-exempt U.S. Holders should consult an independent tax adviser regarding the tax consequences of an investment in LP Units.

### **Consequences to Non-U.S. Holders**

#### *Holding of LP Units and Other Considerations*

The Managing General Partner and the BRELP General Partner intend to use commercially reasonable efforts to structure the activities of BREP and BRELP, respectively, to avoid the realization by BREP and BRELP of income treated as effectively connected with a U.S. trade or business, including effectively connected income attributable to the sale of a “United States real property interest”, as defined in the U.S. Internal Revenue Code. Specifically, BREP intends not to make an investment, whether directly or through an entity which would be treated as a partnership for U.S. federal income tax purposes, if the Managing General Partner believes at the time of such investment that such investment would generate income treated as effectively connected with a U.S. trade or business. If, as anticipated, BREP is not treated as engaged in a U.S. trade or business or as deriving income which is treated as effectively connected with a U.S. trade or business, and provided that a Non-U.S. Holder is not itself engaged in a U.S. trade or business, then such Non-U.S. Holder generally will not be subject to U.S. tax return filing requirements solely as a result of owning LP Units and generally will not be subject to U.S. federal income tax on its allocable share of BREP’s interest and dividends from non-U.S. sources or gain from the sale or other disposition of securities or real property located outside of the United States.

However, there can be no assurance that the law will not change or that the IRS will not deem BREP to be engaged in a U.S. trade or business. If, contrary to the Managing General Partner’s expectations, BREP is treated as engaged in a U.S. trade or business, then a Non-U.S. Holder generally would be required to file a U.S. federal income tax return, even if no effectively connected income were allocable to it. If BREP were to have income treated as effectively connected with a U.S. trade or business, then a Non-U.S. Holder would be required to report that income and would be subject to U.S. federal income tax at the regular graduated rates. In addition, BREP generally would be required to withhold U.S. federal income tax on such Non-U.S. Holder’s distributive share of such income. A corporate Non-U.S. Holder might also be subject to branch profits tax at a rate of 30%, or at a lower treaty rate, if applicable.

In general, even if BREP is not engaged in a U.S. trade or business, and assuming a Non-U.S. Holder is not otherwise engaged in a U.S. trade or business, such holder will nonetheless be subject to a federal withholding tax equal to 30% of the gross amount of its allocable share of certain U.S.-source income (such as dividends and interest) which is not effectively connected with a U.S. trade or business. However, the Managing General Partner does not expect BREP to earn any such U.S.-source income. Accordingly, the 30% withholding tax is not expected to apply. If, contrary to expectation, BREP were to earn such income, then a Non-U.S. Holder’s allocable share of distributions of such income generally would be subject to U.S. withholding tax at a rate of 30%, or at a lower treaty rate, if applicable. A Non-U.S. Holder might be required to take additional steps to receive a credit or refund of any excess withholding tax paid on such holder’s account, which could include the filing of a non-resident U.S. income tax return with the IRS, unless such holder were not subject to U.S. tax based on its tax status or were otherwise eligible for a reduced rate of U.S. withholding under an applicable income tax treaty. Each Non-U.S. Holder should consult an independent tax adviser regarding the potential for the 30% withholding tax to apply to its allocable share of income of BREP.

## [Table of Contents](#)

Special rules may apply in the case of any Non-U.S. Holder (i) that has an office or fixed place of business in the United States; (ii) that is present in the United States for 183 days or more in a taxable year; or (iii) that is (a) a former citizen or long-term resident of the United States, (b) a foreign insurance company that is treated as holding a partnership interest in BREP in connection with its U.S. business, (c) a PFIC, or (d) a corporation that accumulates earnings to avoid U.S. federal income tax. Each Non-U.S. Holder should consult an independent tax adviser regarding the application of these special rules.

### **Administrative Matters**

#### *Information Returns and Audit Procedures*

BREP has agreed to use commercially reasonable efforts to provide U.S. tax information on its website (including IRS Schedule K-1 information needed to determine an LP Unitholder's allocable share of BREP's income, gain, losses, and deductions) no later than 90 days after the end of BREP's taxable year. In addition, BREP will provide an IRS Schedule K-1 to any LP Unitholder that furnishes BREP or its agents with certain basic information regarding such holder's LP Units. To assist each LP Unitholder in this regard, BREP maintains a website in respect of 2012 and subsequent taxation years. However, providing this U.S. tax information to LP Unitholders will be subject to delay in the event of, among other reasons, the late receipt of any necessary tax information from lower-tier entities. It is therefore possible that, in any taxable year, an LP Unitholder will need to apply for an extension of time to file such LP Unitholder's tax returns. In preparing this U.S. tax information, BREP will use various accounting and reporting conventions, some of which have been mentioned in the previous discussion, to determine an LP Unitholder's share of income, gain, loss, and deduction. The IRS may successfully contend that certain of these reporting conventions are impermissible, which could result in an adjustment to an LP Unitholder's income or loss.

BREP may be audited by the IRS. Adjustments resulting from an IRS audit could require an LP Unitholder to adjust a prior year's tax liability and result in an audit of such holder's own tax return. Any audit of an LP Unitholder's tax return could result in adjustments not related to BREP's tax returns, as well as those related to BREP's tax returns. Under the Bipartisan Budget Act of 2015, for taxable years beginning after December 31, 2017, if the IRS makes an audit adjustment to BREP's income tax returns, it may assess and collect any taxes (including penalties and interest) resulting from such audit adjustment directly from BREP instead of LP Unitholders (as under prior law). BREP may be permitted to elect to have the Managing General Partner and LP Unitholders take such audit adjustment into account in accordance with their interests in BREP during the taxable year under audit. However, there can be no assurance that BREP will choose to make such election or that it will be available in all circumstances, and the manner in which the election is made and implemented has yet to be determined. If BREP does not make the election, and it pays taxes, penalties, or interest as a result of an audit adjustment, then cash available for distribution to LP Unitholders might be substantially reduced. As a result, current LP Unitholders might bear some or all of the cost of the tax liability resulting from such audit adjustment, even if current LP Unitholders did not own LP Units during the taxable year under audit. Moreover, the calculation of such tax liability might not take into account an LP Unitholder's tax status, such as the status of a current or former LP Unitholder as tax-exempt. The foregoing considerations also apply with respect to BREP's interest in BRELP. These rules do not apply to BREP or BRELP for taxable years beginning on or before December 31, 2017.

For taxable years beginning on or before December 31, 2017, the Managing General Partner will act as BREP's "tax matters partner". As the tax matters partner, the Managing General Partner will have the authority, subject to certain restrictions, to act on behalf of BREP in connection with any administrative or judicial review of BREP's items of income, gain, loss, deduction, or credit. Under the Bipartisan Budget Act of 2015, for taxable years beginning after December 31, 2017, a "partnership representative" designated by BREP will have the sole authority to act on behalf of BREP in connection with such administrative or judicial review and to bind both former and current LP Unitholders to actions taken by BREP in such regard, including elections made on behalf of BREP pursuant to the Bipartisan Budget Act of 2015.

The application of the Bipartisan Budget Act of 2015 to BREP and LP Unitholders is uncertain and remains subject to Treasury Regulations and IRS guidance yet to be issued. Each LP Unitholder should

## [Table of Contents](#)

consult an independent tax adviser regarding the implications of the Bipartisan Budget Act of 2015 for an investment in LP Units.

### *Tax Shelter Regulations and Related Reporting Requirements*

If BREP were to engage in a “reportable transaction”, BREP (and possibly LP Unitholders) would be required to make a detailed disclosure of the transaction to the IRS in accordance with regulations governing tax shelters and other potentially tax-motivated transactions. A transaction may be a reportable transaction based upon any of several factors, including the fact that it is a type of tax avoidance transaction publicly identified by the IRS as a “listed transaction” or “transaction of interest”, or that it produces certain kinds of losses equal to or exceeding \$2 million (or, in the case of certain foreign currency transactions, losses equal to or exceeding \$50,000). An investment in BREP may be considered a “reportable transaction” if, for example, BREP were to recognize certain significant losses in the future. In certain circumstances, an LP Unitholder who disposes of an interest in a transaction resulting in the recognition by such holder of significant losses in excess of certain threshold amounts may be obligated to disclose its participation in such transaction. Certain of these rules are unclear, and the scope of reportable transactions can change retroactively. Therefore, it is possible that the rules may apply to transactions other than significant loss transactions.

Moreover, if BREP were to participate in a reportable transaction with a significant purpose to avoid or evade tax, or in any listed transaction, an LP Unitholder might be subject to significant accuracy-related penalties with a broad scope, for those persons otherwise entitled to deduct interest on federal tax deficiencies, non-deductibility of interest on any resulting tax liability, and in the case of a listed transaction, an extended statute of limitations. BREP does not intend to participate in any reportable transaction with a significant purpose to avoid or evade tax, nor does BREP intend to participate in any listed transactions. However, no assurance can be provided that the IRS will not assert that BREP has participated in such a transaction.

Each LP Unitholder should consult an independent tax adviser concerning any possible disclosure obligation under the regulations governing tax shelters with respect to the disposition of LP Units.

### *Taxable Year*

BREP currently uses the calendar year as its taxable year for U.S. federal income tax purposes. Under certain circumstances which BREP currently believes are unlikely to apply, a taxable year other than the calendar year may be required for such purposes.

### *Constructive Termination*

BREP will be considered to have been terminated for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of our LP Units within a 12-month period.

A constructive termination of BREP would result in the close of its taxable year for all LP Unitholders. If an LP Unitholder reports on a taxable year other than a fiscal year ending on BREP’s year-end, and the LP Unitholder is otherwise subject to U.S. federal income tax, the closing of BREP’s taxable year may result in more than 12 months of BREP’s taxable income or loss being includable in such LP Unitholder’s taxable income for the year of the termination. BREP would be required to make new tax elections after a termination, including a new Section 754 Election. A constructive termination could also result in penalties and other adverse tax consequences if BREP were unable to determine that the termination had occurred. Moreover, a constructive termination might either accelerate the application of, or subject BREP to, any tax legislation enacted before the termination.

### *Backup Withholding*

For each calendar year, BREP may be required to report to each LP Unitholder and to the IRS the amount of distributions that BREP pays, and the amount of tax (if any) that BREP withholds on these distributions. Under the backup withholding rules, an LP Unitholder may be subject to backup withholding tax with respect to distributions paid unless such holder: (i) is an exempt recipient and demonstrates this fact when required; or (ii) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding tax, and otherwise complies with the applicable requirements of the backup withholding tax rules. A U.S. Holder that is exempt should certify such status on a properly completed IRS

## [Table of Contents](#)

Form W-9. A Non-U.S. Holder may qualify as an exempt recipient by submitting a properly completed IRS Form W-8. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to an LP Unitholder will be allowed as a credit against such LP Unitholder's U.S. federal income tax liability and may entitle such LP Unitholder to a refund from the IRS, provided the LP Unitholder supplies the required information to the IRS in a timely manner.

If an LP Unitholder does not timely provide BREP, or the applicable nominee, broker, clearing agent, or other intermediary, with IRS Form W-9 or IRS Form W-8, as applicable, or such form is not properly completed, then BREP may become subject to U.S. backup withholding taxes in excess of what would have been imposed had BREP or the applicable intermediary received properly completed forms from all LP Unitholders. For administrative reasons, and in order to maintain the fungibility of our LP Units, such excess U.S. backup withholding taxes may be treated by BREP as an expense that will be borne indirectly by all LP Unitholders on a pro rata basis (e.g., since it may be impractical for BREP to allocate any such excess withholding tax cost to our LP Unitholders that failed to timely provide the proper U.S. tax forms).

### *Foreign Account Tax Compliance*

FATCA imposes a 30% withholding tax on "withholdable payments" made to a "foreign financial institution" or a "non-financial foreign entity", unless such financial institution or entity satisfies certain information reporting or other requirements. Withholdable payments include certain U.S.-source income, such as interest, dividends, and other passive income. Beginning January 1, 2019, withholdable payments also include gross proceeds from the sale or disposition of property that can produce U.S.-source interest or dividends. Based on the organizational structure of BREP, as well as BREP's expected income and assets, our Managing General Partner currently believes that BREP is unlikely to receive or to make any such "withholdable payments" subject to 30% withholding tax under FATCA. Moreover, we intend to comply with FATCA so as to ensure that the 30% withholding tax does not apply to withholdable payments, if any, received by BREP, BRELP, the Holding Entities or the Operating Entities. Nonetheless, the 30% withholding tax may apply to an LP Unitholder's allocable share of distributions attributable to withholdable payments, if any, unless such LP Unitholder properly certifies its FATCA status on IRS Form W-8 or IRS Form W-9 (as applicable) and satisfies any additional requirements under FATCA.

In compliance with FATCA, information regarding certain LP Unitholders' ownership of LP Units may be reported to the IRS or to a non-U.S. governmental authority. FATCA remains subject to modification by an applicable intergovernmental agreement between the United States and another country, such as the agreement in effect between the United States and Bermuda for cooperation to facilitate the implementation of FATCA, or by future Treasury Regulations or guidance. Each LP Unitholder should consult its own tax adviser regarding the consequences under FATCA of an investment in LP Units.

### *Information Reporting with Respect to Foreign Financial Assets*

Under Treasury Regulations, U.S. individuals that own "specified foreign financial assets" with an aggregate fair market value exceeding either \$50,000 on the last day of the taxable year or \$75,000 at any time during the taxable year generally are required to file an information report with respect to such assets with their tax returns. Significant penalties may apply to persons who fail to comply with these rules. Specified foreign financial assets include not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person, and any interest in a foreign entity. These information reporting requirements also apply to U.S. corporations, partnerships and trusts formed or availed of for purposes of holding, directly or indirectly, specified foreign financial assets. The failure to report information required under the current regulations could result in substantial penalties and in the extension of the statute of limitations with respect to federal income tax returns filed by an LP Unitholder. Each LP Unitholder should consult an independent tax adviser regarding the possible implications of these Treasury Regulations for an investment in LP Units.

### *Certain Effects of a Transfer of LP Units*

## [Table of Contents](#)

BREP may allocate items of income, gain, loss, deduction, and credit using a monthly convention, whereby any such items recognized in a given month by BREP are allocated to LP Unitholders as of a specified date of such month. BREL may invest in debt obligations or other securities for which the accrual of interest or income thereon is not matched by a contemporaneous receipt of cash. Any such accrued interest or other income would be allocated pursuant to such monthly convention. Consequently, LP Unitholders may recognize income in excess of cash distributions received from BREP, and any income so included by an LP Unitholder would increase the basis such LP Unitholder has in LP Units and would offset any gain (or increase the amount of loss) realized by such LP Unitholder on a subsequent disposition of its LP Units.

BREL has invested and will continue to invest in certain Holding Entities and Operating Entities organized in non-U.S. jurisdictions, and income and gain from such investments may be subject to withholding and other taxes in such jurisdictions. If any such non-U.S. taxes were imposed on income allocable to an LP Unitholder, and such LP Unitholder were thereafter to dispose of its LP Units prior to the date distributions were made in respect of such income, under applicable provisions of the U.S. Internal Revenue Code and Treasury Regulations, the LP Unitholder to whom such income was allocated (and not the LP Unitholder to whom distributions were ultimately made) would, subject to other applicable limitations, be the party permitted to claim a credit for such non-U.S. taxes for U.S. federal income tax purposes. Thus an LP Unitholder may be affected either favorably or adversely by the foregoing rules. Complex rules may, depending on an LP Unitholder's particular circumstances, limit the availability or use of foreign tax credits, and LP Unitholders are urged to consult an independent tax adviser regarding all aspects of foreign tax credits.

### *Nominee Reporting*

Persons who hold an interest in BREP as a nominee for another person may be required to furnish to BREP:

- i. the name, address and taxpayer identification number of the beneficial owner and the nominee;
- ii. whether the beneficial owner is (a) a person that is not a U.S. person, (b) a foreign government, an international organization, or any wholly-owned agency or instrumentality of either of the foregoing, or (c) a tax-exempt entity;
- iii. the amount and description of LP Units held, acquired, or transferred for the beneficial owner; and
- iv. specific information including the dates of acquisitions and transfers, means of acquisitions and transfers, and acquisition cost for purchases, as well as the amount of net proceeds from sales.

Brokers and financial institutions may be required to furnish additional information, including whether they are U.S. persons and specific information on LP Units they acquire, hold, or transfer for their own account. A penalty of \$100 per failure, up to a maximum of \$1,500,000 per calendar year, generally is imposed by the U.S. Internal Revenue Code for the failure to report such information to BREP. The nominee is required to supply the beneficial owner of LP Units with the information furnished to BREP.

### *New Legislation or Administrative or Judicial Action*

The U.S. federal income tax treatment of LP Unitholders depends, in some instances, on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. LP Unitholders should be aware that the U.S. federal income tax rules, particularly those applicable to partnerships, are constantly under review (including currently) by the Congressional tax-writing committees and other persons involved in the legislative process, the IRS, the U.S. Treasury Department and the courts, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations, any of which could adversely affect the value of LP Units and be effective on a retroactive basis. For example, changes to the U.S. federal tax laws and interpretations thereof could

## [Table of Contents](#)

make it more difficult or impossible for BREP to be treated as a partnership that is not taxable as a corporation for U.S. federal income tax purposes, change the character or treatment of portions of BREP's income (including changes that recharacterize certain allocations as potentially non-deductible fees), reduce the net amount of distributions available to LP Unitholders, or otherwise affect the tax considerations of owning LP Units. Such changes could also affect or cause BREP to change the way it conducts its activities and adversely affect the value of LP Units.

BREP's organizational documents and agreements permit the Managing General Partner to modify the limited partnership agreement of BREP from time to time, without the consent of our LP Unitholders, to elect to treat BREP as a corporation for U.S. federal tax purposes, or to address certain changes in U.S. federal income tax regulations, legislation or interpretation. In some circumstances, such revisions could have a material adverse impact on some or all LP Unitholders.

THE FOREGOING DISCUSSION IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. THE TAX MATTERS RELATING TO BREP AND LP UNITHOLDERS ARE COMPLEX AND ARE SUBJECT TO VARYING INTERPRETATIONS. MOREOVER, THE EFFECT OF EXISTING INCOME TAX LAWS, THE MEANING AND IMPACT OF WHICH IS UNCERTAIN, AND OF PROPOSED CHANGES IN INCOME TAX LAWS WILL VARY WITH THE PARTICULAR CIRCUMSTANCES OF EACH LP UNITHOLDER, AND IN REVIEWING THIS FORM 20-F THESE MATTERS SHOULD BE CONSIDERED. EACH LP UNITHOLDER SHOULD CONSULT AN INDEPENDENT TAX ADVISER WITH RESPECT TO THE U.S. FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES OF ANY INVESTMENT IN LP UNITS.

### **Material Canadian Federal Income Tax Considerations**

The following is an accurate summary of the material Canadian federal income tax consequences under the Tax Act of the holding and disposition of our Units generally applicable to a Unitholder who, for the purposes of the Tax Act and at all relevant times, holds our Units as capital property, deals at arm's length and is not affiliated with BREP, BRELP, the Managing General Partner, the BRELP General Partner, the BRELP GP LP or their respective affiliates (a "**Holder**"). Generally, our Units will be considered to be capital property to a Holder, provided that the Holder does not use or hold our Units in the course of carrying on a business of trading or dealing in securities, and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) that is a "financial institution" (as defined in the Tax Act) for the purposes of the "mark-to-market" property rules; (ii) that is a "specified financial institution" (as defined in the Tax Act); (iii) who makes or has made a functional currency reporting election pursuant to section 261 of the Tax Act; (iv) an interest in which would be a "tax shelter investment" (as defined in the Tax Act) or who acquires a Unit as a "tax shelter investment" (and this summary assumes that no such persons hold our Units); (v) that has, directly or indirectly, a "significant interest" (as defined in subsection 34.2(1) of the Tax Act) in BREP; or (vi) to whom any affiliate of BRELP is a "foreign affiliate" (as defined in the Tax Act). Any such Holders should consult their own tax advisers with respect to an investment in our Units.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and the current published administrative and assessing policies and practices of the CRA. This summary assumes that all Tax Proposals will be enacted in the form proposed but no assurance can be given that the Tax Proposals will be enacted in the form proposed or at all.

This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, administrative or legislative action or decision, or changes in the CRA's administrative and assessing policies and practices, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from those described herein. This summary is not exhaustive of all possible Canadian federal income tax consequences that may affect Holders. Holders should consult their own tax advisers in respect of the provincial, territorial or foreign income tax consequences to them of holding and disposing of our Units.

This summary also assumes that except for corporations that are organized in and resident in Canada, no subsidiary of BREP or BRELP will invest in any property in Canada or receive dividends,

## [Table of Contents](#)

rents, interest or royalties from any Canadian resident person. However, no assurance can be given in this regard.

This summary also assumes that neither BREP nor BRELP is a “tax shelter” (as defined in the Tax Act) or a “tax shelter investment”. However, no assurance can be given in this regard.

This summary also assumes that neither BREP nor BRELP will be a “SIFT partnership” at any relevant time for the purposes of the SIFT Rules on the basis that neither BREP nor BRELP will be a “Canadian resident partnership” at any relevant time. However, there can be no assurance that the SIFT Rules will not be revised or amended such that the SIFT Rules will apply.

This summary does not address the deductibility of interest on money borrowed to acquire our Units.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representation with respect to the Canadian federal income tax consequences to any particular Holder is made. Consequently, Holders are advised to consult their own tax advisers with respect to their particular circumstances. See also Item 3.D “Risk Factors — Risks Related to Taxation — Canada”.**

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of our Units must be expressed in Canadian dollars including any distributions, adjusted cost base and proceeds of disposition. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars using the rate of exchange quoted by the Bank of Canada at noon on the date such amounts arose, or such other rate of exchange as is acceptable to the CRA.

### **Holders Resident in Canada**

The following portion of the summary is generally applicable to a Holder who, for purposes of the Tax Act and at all relevant times, is or is deemed to be resident in Canada (a “**Resident Holder**”).

#### *Computation of Income or Loss*

Each Resident Holder is required to include (or, subject to the “at-risk rules” discussed below, entitled to deduct) in computing his or her income for a particular taxation year, the Resident Holder’s share of BREP’s income (or loss) for its fiscal year ending in, or coincidentally with, the Resident Holder’s taxation year end, whether or not any of that income is distributed to the Resident Holder in the taxation year and regardless of whether our Units were held throughout such year.

BREP will not itself be a taxable entity and is not expected to be required to file an income tax return in Canada for any taxation year. However, BREP’s income (or loss) for a fiscal period for purposes of the Tax Act will be computed as if BREP were a separate person resident in Canada and the partners will be allocated a share of that income (or loss) in accordance with the Amended and Restated Limited Partnership Agreement of BREP. BREP’s income (or loss) will include its share of the income (or loss) of BRELP for a fiscal year determined in accordance with the Amended and Restated Limited Partnership Agreement of BRELP. For this purpose, BREP’s fiscal year end and that of BRELP will be December 31.

BREP’s income for tax purposes for a given fiscal year will be allocated to each Resident Holder in an amount calculated by multiplying such income that is allocable to Unitholders by a fraction, the numerator of which is the sum of the distributions received by such Resident Holder with respect to such fiscal year and the denominator of which is the aggregate amount of the distributions made by BREP to all Unitholders with respect to such fiscal year, subject to adjustment in respect of distributions on the Preferred Units that are in satisfaction of accrued distributions on the Preferred Units that were not paid in a previous fiscal year of our partnership where the Managing General Partner determines that the allocation to Preferred Unitholders based on such distributions would result in a Preferred Unitholder being allocated more income than it would have been if the distributions were paid in the fiscal year of BREP in which they were accrued.

If, with respect to a given fiscal year, no distribution is made by BREP to Unitholders or BREP has a loss for tax purposes, one quarter of its income, or loss, as the case may be, for tax purposes for such fiscal year that is allocable to our Unitholders will be allocated to the Resident Holders of record at the end

## [Table of Contents](#)

of each calendar quarter ending in such fiscal year as follows: (i) to the Preferred Unitholders in respect of the Preferred Units held by them on each such date, such amount of BREP's income or loss for tax purposes, as the case may be, as the Managing General Partner determines is reasonable in the circumstances having regard to such factors as the Managing General Partner considers to be relevant, including, without limitation, the relative amount of capital contributed to our partnership on the issuance of Preferred Units as compared to all other Units and the relative fair market value of the Preferred Units, as the case may be, as compared to all other Units, and (ii) to the Unitholders other than in respect of the Preferred Units, the remaining amount of our partnership's income or loss for tax purposes, as the case may be, to their respective percentage interests..

BREP's income as determined for purposes of the Tax Act may differ from its income as determined for accounting purposes and may not be matched by cash distributions. The above allocations of income for Canadian tax purposes are subject to a special allocation of income for Canadian tax purposes, that would allocate to Brookfield or certain of its affiliates for Canadian income tax purposes only, a portion of certain gains recognized in respect of a disposition of shares of NA Holdco which will reduce, to the extent provided in the relevant partnership agreement, the income for Canadian tax purposes, if any, allocated to Unitholders associated with such gains, if any. In addition, for purposes of the Tax Act, all income (or losses) of BREP and BRELP must be calculated in Canadian currency. Where BREP (or BRELP) holds investments denominated in U.S. dollars or other foreign currencies, gains and losses may be realized by BREP as a consequence of fluctuations in the relative values of the Canadian and foreign currencies.

In computing BREP's income (or loss), deductions may be claimed in respect of reasonable administrative costs, interest and other expenses incurred by BREP for the purpose of earning income, subject to the relevant provisions of the Tax Act. BREP may also deduct from its income for the year a portion of the reasonable expenses, if any, incurred by BREP to issue our Units. The portion of such issue expenses deductible by BREP in a taxation year is 20% of such issue expenses, pro-rated where BREP's taxation year is less than 365 days. BREP and BRELP may be required to withhold and remit Canadian federal withholding tax on any management or administration fees or charges paid or credited to a non-resident person, to the extent that such management or administration fees or charges are deductible in computing BREP's or BRELP's income from a source in Canada.

In general, a Resident Holder's share of BREP's income (or loss) from a particular source will be treated as if it were income (or loss) of the Resident Holder from that source, and any provisions of the Tax Act applicable to that type of income (or loss) will apply to the Resident Holder. BREP will invest in limited partnership units of BRELP. In computing BREP's income (or loss) under the Tax Act, BRELP will itself be deemed to be a separate person resident in Canada which computes its income (or loss) and allocates to its partners their respective share of such income (or loss). Accordingly, the source and character of amounts included in (or deducted from) the income of Resident Holders on account of income (or loss) earned by BRELP generally will be determined by reference to the source and character of such amounts when earned by BRELP.

A Resident Holder's share of taxable dividends received or considered to be received by BREP in a fiscal year from a corporation resident in Canada will be treated as a dividend received by the Resident Holder and will be subject to the normal rules in the Tax Act applicable to such dividends, including the enhanced gross-up and dividend tax credit for "eligible dividends" (as defined in the Tax Act) when the dividend received by BRELP is designated as an "eligible dividend".

Foreign taxes paid by BREP or BRELP and taxes withheld at source on amounts paid or credited to BREP or BRELP (other than for the account of a particular partner) will be allocated pursuant to the governing partnership agreement. Each Resident Holder's share of the "business-income tax" and "non-business-income tax" paid to the government of a foreign country for a year will be creditable against its Canadian federal income tax liability to the extent permitted by the detailed foreign tax credit rules contained in the Tax Act. Although the foreign tax credit rules are designed to avoid double taxation, the maximum credit is limited. Because of this, and because of timing differences in recognition of expenses and income and other factors, the foreign tax credit rules may not provide a full foreign tax credit for the "business-income tax" and "non-business-income tax" paid by BREP or BRELP to the government of a foreign country. Under the Foreign Tax Credit Generator Rules, the foreign "business-income tax" or "non-

## [Table of Contents](#)

business-income tax” allocated to a Resident Holder for the purpose of determining such Resident Holder’s foreign tax credit for any taxation year may be limited in certain circumstances, including where a Resident Holder’s share of BREP or BRELP’s income under the income tax laws of any country (other than Canada) under whose laws any income of BREP or BRELP is subject to income taxation (the “**Relevant Foreign Tax Law**”) is less than the Resident Holder’s share of such income for purposes of the Tax Act. For this purpose, a Resident Holder is not considered to have a lesser direct or indirect share of the income of BREP or BRELP under the Relevant Foreign Tax Law than for the purposes of the Tax Act solely because, among other reasons, of a difference between the Relevant Foreign Tax Law and the Tax Act in the manner of computing the income of BREP or BRELP or in the manner of allocating the income of BREP or BRELP because of the admission or withdrawal of a partner. No assurance can be given that the Foreign Tax Credit Generator Rules will not apply to any Resident Holder. If the Foreign Tax Credit Generator Rules apply, the allocation to a Resident Holder of foreign “business-income tax” or “non-business-income tax” paid by BREP or BRELP, and therefore such Resident Holder’s foreign tax credits, will be limited.

BREP and BRELP will be deemed to be a non-resident person in respect of certain amounts paid or credited or deemed to be paid or credited to them by a person resident or deemed to be resident in Canada, including dividends or interest. Dividends or interest (other than interest not subject to Canadian federal withholding tax) paid or deemed to be paid by a person resident or deemed to be resident in Canada to BRELP will be subject to withholding tax under Part XIII of the Tax Act at the rate of 25%. However, the CRA’s administrative practice in similar circumstances is to permit the rate of Canadian federal withholding tax applicable to such payments to be computed by looking through the partnership and taking into account the residency of the partners (including partners who are resident in Canada) and any reduced rates of Canadian federal withholding tax that any non-resident partners may be entitled to under an applicable income tax treaty or convention, provided that the residency status and entitlement to the treaty benefits can be established. In determining the rate of Canadian federal withholding tax applicable to amounts paid by the Holding Entities to BRELP, the Managing General Partner and the BRELP General Partner expect the Holding Entities to look-through BRELP and BREP to the residency of BREP’s partners (including partners who are resident in Canada) and to take into account any reduced rates of Canadian federal withholding tax that non-resident partners may be entitled to under an applicable income tax treaty or convention in order to determine the appropriate amount of Canadian federal withholding tax to withhold from dividends or interest paid to BRELP. However, there can be no assurance that the CRA would apply its administrative practice in this context. Under the Treaty, a Canadian-resident payer is required in certain circumstances to look-through fiscally transparent partnerships, such as BREP and BRELP, to the residency and Treaty entitlements of their partners and to take into account the reduced rates of Canadian federal withholding tax that such partners may be entitled to under the Treaty. Under the Amended and Restated Limited Partnership Agreement of BREP, the amount of any taxes withheld or paid by BREP, BRELP or the Holding Entities in respect of our Units may be treated either as a distribution to our Unitholders or as a general expense of BREP, as determined by the Managing General Partner in its sole discretion. However, the Managing General Partner’s current intention is to treat all such amounts as a distribution to our Unitholders.

If BREP incurs losses for tax purposes, each Resident Holder will be entitled to deduct in the computation of income for tax purposes the Resident Holder’s share of any net losses for tax purposes of BREP for its fiscal year to the extent that the Resident Holder’s investment is “at-risk” within the meaning of the Tax Act. The Tax Act contains “at-risk rules” which may, in certain circumstances, restrict the deduction of a limited partner’s share of any losses of a limited partnership. The Managing General Partner and the BRELP General Partner do not anticipate that BREP or BRELP will incur losses but no assurance can be given in this regard. Accordingly, Resident Holders should consult their own tax advisers for specific advice with respect to the potential application of the “at-risk rules”.

Section 94.1 of the Tax Act contains rules relating to investments by a taxpayer in Non-Resident Entities that could, in certain circumstances, cause income to be imputed to Resident Holders, either directly or by way of allocation of such income imputed to BREP or BRELP. These rules would apply if it is reasonable to conclude, having regard to all the circumstances, that one of the main reasons for the Resident Holder, BREP or BRELP acquiring, holding or having an investment in a Non-Resident Entity is to derive a benefit from portfolio investments in certain assets from which the Non-Resident Entity may

## [Table of Contents](#)

reasonably be considered to derive its value in such a manner that taxes under the Tax Act on income, profits and gains from such assets for any year are significantly less than they would have been if such income, profits and gains had been earned directly. In determining whether this is the case, section 94.1 of the Tax Act provides that consideration must be given to, among other factors, the extent to which the income, profits and gains for any fiscal period are distributed in that or the immediately following fiscal period. No assurance can be given that section 94.1 of the Tax Act will not apply to a Resident Holder, BREP or BRELP. If these rules apply to a Resident Holder, BREP or BRELP, income, determined by reference to a prescribed rate of interest plus two percent applied to the “designated cost”, as defined in section 94.1 of the Tax Act, of the interest in the Non-Resident Entity, will be imputed directly to the Resident Holder or to BREP or BRELP and allocated to the Resident Holder in accordance with the rules in section 94.1 of the Tax Act. The rules in section 94.1 of the Tax Act are complex and Resident Holders should consult their own tax advisers regarding the application of these rules to them in their particular circumstances.

Any Non-Resident Subsidiaries in which BRELP directly invests are expected to be CFAs of BRELP. Dividends paid to BRELP by a CFA of BRELP will be included in computing the income of BRELP. To the extent that any CFA of BRELP or any Indirect CFA earns income that is characterized as FAPI in a particular taxation year of the CFA or Indirect CFA, the FAPI allocable to BRELP under the rules in the Tax Act must be included in computing the income of BRELP for Canadian federal income tax purposes for the fiscal period of BRELP in which the taxation year of that CFA or Indirect CFA ends, whether or not BRELP actually receives a distribution of that FAPI. BREP will include its share of such FAPI of BRELP in computing its income for Canadian federal income tax purposes and Resident Holders will be required to include their proportionate share of such FAPI allocated from BREP in computing their income for Canadian federal income tax purposes. As a result, Resident Holders may be required to include amounts in their income even though they have not and may not receive an actual cash distribution of such amounts. If an amount of FAPI is included in computing the income of BRELP for Canadian federal income tax purposes, an amount may be deductible in respect of the “foreign accrual tax” applicable to the FAPI. Any amount of FAPI included in income net of the amount of any deduction in respect of “foreign accrual tax” will increase the adjusted cost base to BRELP of its shares of the particular CFA in respect of which the FAPI was included. At such time as BRELP receives a dividend of this type of income that was previously included in BRELP’s income as FAPI, such dividend will effectively not be included in computing the income of BRELP and there will be a corresponding reduction in the adjusted cost base to BRELP of the particular CFA shares. Under the Foreign Tax Credit Generator Rules, the “foreign accrual tax” applicable to a particular amount of FAPI included in BRELP’s income in respect of a particular “foreign affiliate” of BRELP may be limited in certain specified circumstances, including where the direct or indirect share of the income of any member of BRELP (which is deemed for this purpose to include a Resident Holder) that is a person resident in Canada or a “foreign affiliate” of such a person is, under a Relevant Foreign Tax Law, less than such member’s share of such income for purposes of the Tax Act. No assurance can be given that the Foreign Tax Credit Generator Rules will not apply to BRELP. For this purpose, a Resident Holder is not considered to have a lesser direct or indirect share of the income of BRELP under the Relevant Foreign Tax Law than for purposes of the Tax Act solely because, among other reasons, of a difference between the Relevant Foreign Tax Law and the Tax Act in the manner of computing the income of BRELP or in the manner of allocating the income of BRELP because of the admission or withdrawal of a partner. If the Foreign Tax Credit Generator Rules apply, the “foreign accrual tax” applicable to a particular amount of FAPI included in BRELP’s income in respect of a particular “foreign affiliate” of BRELP will be limited.

### *Disposition of Units*

The disposition (or deemed disposition) by a Resident Holder of a Unit, whether on a redemption, purchase for cancellation or otherwise, will result in the realization of a capital gain (or capital loss) by such Resident Holder in the amount, if any, by which the proceeds of disposition of such Unit, less any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of such Unit.

Subject to the general rules on averaging of cost base, the adjusted cost base of each class or series of a Resident Holder’s Units would generally be equal to: (i) the actual cost of such class or series of Units (excluding any portion thereof financed with limited recourse indebtedness); plus (ii) the share of BREP’s income allocated to the Resident Holder for BREP’s fiscal years ending before the relevant time

## [Table of Contents](#)

in respect of the particular class or series of Units; less (iii) the aggregate of the share of BREP's losses allocated to the Resident Holder (other than losses which cannot be deducted because they exceed the Resident Holder's "at-risk" amount) for BREP's fiscal years ending before the relevant time in respect of the particular class or series of Units; and less (iv) the Resident Holder's distributions received from BREP before the relevant time in respect of the particular class or series of Units.

The foregoing discussion of the calculation of the adjusted cost base assumes that our LP Units and Preferred Units are treated as separate property for purposes of the Tax Act. However, the CRA's position is to treat all the different types of interests in a partnership that a partner may hold as one capital property, including for purposes of determining the adjusted cost base of all such partnership interests. As a result, on a disposition of a particular type of unit, a partner's total adjusted cost base is required to be allocated in a reasonable manner to the particular type of unit being disposed of. As acknowledged by the CRA, there is no particular method for determining a reasonable allocation of the adjusted cost base of a partnership interest to the part of the partnership interest that is disposed of. Furthermore, more than one method may be reasonable. If the CRA's position applies, on a disposition by a Resident Holder of our Units, the Resident Holder should generally be able to allocate his or her adjusted cost base in a manner that treats the LP Units and Preferred Units as separate property. Accordingly, the Managing General Partner intends to provide Unitholders with partnership information returns using such allocation.

Where a Resident Holder disposes of all of its Units in BREP, it will no longer be a partner of BREP. If, however, a Resident Holder is entitled to receive a distribution from BREP after the disposition of all such Units, then the Resident Holder will be deemed to dispose of our Units at the later of: (i) the end of BREP's fiscal year during which the disposition occurred; and (ii) the date of the last distribution made by BREP to which the Resident Holder was entitled. The share of BREP's income (or loss) for tax purposes for a particular fiscal year which is allocated to a Resident Holder who has ceased to be a partner will generally be added (or deducted) in the computation of the adjusted cost base of the Resident Holder's Units immediately prior to the time of the disposition.

A Resident Holder will generally realize a deemed capital gain if, and to the extent that, the adjusted cost base of the Resident Holder's Units is negative at the end of any fiscal year of BREP. In such a case, the adjusted cost base of the Resident Holder's Units will be nil at the beginning of BREP's next fiscal year.

Canadian Holders should consult their own tax advisers for advice with respect to the specific tax consequences to them of disposing of our Units.

### *Taxation of Capital Gains and Capital Losses*

In general, one-half of a capital gain realized by a Resident Holder must be included in computing such Resident Holder's income as a "taxable capital gain". One-half of a capital loss is deducted as an "allowable capital loss" against taxable capital gains realized in the year and any remainder may be deducted against net "taxable capital gains" in any of the three years preceding the year or any year following the year to the extent and under the circumstances described in the Tax Act.

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act) for the year, which is defined to include taxable capital gains.

### *Eligibility for Investment*

Provided that our Units are listed on a "designated stock exchange", which currently includes the TSX and the NYSE, our Units will be "qualified investments" under the Tax Act for a trust governed by an RRSP, deferred profit sharing plan, RRIF, registered education savings plan, registered disability savings plan, and TFSA. However, there can be no assurance that tax laws relating to "qualified investments" will not change. Taxes may be imposed in respect of the acquisition or holding of non-qualified investments by such registered plans and certain other taxpayers and with respect to the acquisition or holding of "prohibited investments" by a TFSA or an RRSP or RRIF.

Notwithstanding the foregoing, a holder of a TFSA or an annuitant under an RRSP or RRIF, as the case may be, will be subject to a penalty tax if our Units held in the TFSA, RRSP or RRIF are a

## [Table of Contents](#)

“prohibited investment” for the TFSA, RRSP or RRIF, as the case may be. Generally, our Units will not be a “prohibited investment” if the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable, deals at arm’s length with BREP for purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act for purposes of the prohibited investment rules) in BREP. Prospective holders who intend to hold our Units in a TFSA, RRSP or RRIF should consult with their own tax advisers regarding the application of the foregoing “prohibited investment” rules having regard to their particular circumstances.

### **Alternative Minimum Tax**

Resident Holders that are individuals or trusts may be subject to the alternative minimum tax rules. Such Resident Holders should consult their own tax advisers.

### **Holders Not Resident in Canada**

The following portion of the summary is generally applicable to a Holder who, for purposes of the Tax Act and at all relevant times, is not, and is not deemed to be, resident in Canada and who does not use or hold and is not deemed to use or hold its Units in connection with a business carried on in Canada (a “**Non-Resident Holder**”).

The following portion of the summary assumes that (i) our Units are not and will not, at any relevant time, constitute “taxable Canadian property” of any Non-Resident Holder and (ii) BREP and BRELP will not dispose of property that is “taxable Canadian property”. “Taxable Canadian property” includes, but is not limited to, property that is used or held in a business carried on in Canada and shares of corporations that are not listed on a “designated stock exchange” if more than 50% of the fair market value of the shares is derived from certain Canadian properties during the 60-month period immediately preceding the particular time. In general, our Units will not constitute “taxable Canadian property” of any Non-Resident Holder at a particular time, unless (a) at any time during the 60-month period immediately preceding the particular time, more than 50% of the fair market value of our Units was derived, directly or indirectly (excluding through a corporation, partnership or trust, the shares or interests in which were not themselves “taxable Canadian property”), from one or any combination of (i) real or immovable property situated in Canada, (ii) “Canadian resource property”, (iii) “timber resource property”, and (iv) options in respect of, or interests in, or for civil law rights in, such property, whether or not such property exists, or (b) our Units are otherwise deemed to be “taxable Canadian property”. Since BREP’s assets will consist principally of units of BRELP, our Units would generally be “taxable Canadian property” at a particular time if the units of BRELP held by BREP derived, directly or indirectly (excluding through a corporation, partnership or trust, the shares or interests in which were not themselves “taxable Canadian property”), more than 50% of their fair market value from properties described in (i) to (iv) above, at any time in the 60-month period preceding the particular time. The Managing General Partner and the BRELP General Partner do not expect our Units to be “taxable Canadian property” of any Non-Resident Holder and they do not expect BREP or BRELP to dispose of “taxable Canadian property”. However, no assurance can be given in these regards. See Item 3.D “Risk Factors — Risks Related to Taxation — Canada”.

The following portion of the summary also assumes that neither BREP nor BRELP will be considered to carry on business in Canada. The Managing General Partner and the BRELP General Partner intend to organize and conduct the affairs of each of these entities, to the extent possible, so that neither of these entities should be considered to carry on business in Canada for purposes of the Tax Act. However, no assurance can be given in this regard. If BREP or BRELP carry on business in Canada, the tax implications to BREP or the BRELP and to holders may be materially and adversely different than as set out herein.

Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere.

### *Taxation of Income or Loss*

A Non-Resident Holder will not be subject to Canadian federal income tax under Part I of the Tax Act on its share of income from a business carried on by BREP (or BRELP) outside Canada or the non-business income earned by BREP (or BRELP) from sources in Canada. However, a Non-Resident Holder may be subject to Canadian federal withholding tax under Part XIII of the Tax Act, as described below.

## [Table of Contents](#)

BREP and BRELP will be deemed to be a non-resident person in respect of certain amounts paid or credited or deemed to be paid or credited to them by a person resident or deemed to be resident in Canada, including dividends or interest. Dividends or interest (other than interest not subject to Canadian federal withholding tax) paid or deemed to be paid by a person resident or deemed to be resident in Canada to BRELP will be subject to withholding tax under Part XIII of the Tax Act at the rate of 25%. However, the CRA's administrative practice in similar circumstances is to permit the rate of Canadian federal withholding tax applicable to such payments to be computed by looking through the partnership and taking into account the residency of the partners (including partners who are resident in Canada) and any reduced rates of Canadian federal withholding tax that any non-resident partners may be entitled to under an applicable income tax treaty or convention, provided that the residency status and entitlement to the treaty benefits can be established. In determining the rate of Canadian federal withholding tax applicable to amounts paid by the Holding Entities to BRELP, the Managing General Partner and the BRELP General Partner expect the Holding Entities to look-through BRELP and BREP to the residency of BREP's partners (including partners who are resident in Canada) and to take into account any reduced rates of Canadian federal withholding tax that non-resident partners may be entitled to under an applicable income tax treaty or convention in order to determine the appropriate amount of Canadian federal withholding tax to withhold from dividends or interest paid to BRELP. However, there can be no assurance that the CRA would apply its administrative practice in this context. Under the Treaty, a Canadian-resident payer is required in certain circumstances to look through fiscally transparent partnerships, such as BREP and BRELP, to the residency and Treaty entitlements of their partners and to take into account the reduced rates of Canadian federal withholding tax that such partners may be entitled to under the Treaty. Under the Amended and Restated Limited Partnership Agreement of BREP, the amount of any taxes withheld or paid by BREP, BRELP or the Holding Entities in respect of our Units may be treated either as a distribution to our Unitholders or as a general expense of BREP, as determined by the Managing General Partner in its sole discretion. However, the Managing General Partner's current intention is to treat all such amounts as a distribution to our Unitholders.

### **Bermuda Tax Considerations**

As a Bermuda exempted limited partnership and under current Bermuda law, neither BREP nor BRELP is subject to tax on profits, income or dividends, nor is there any capital gains tax, estate duty or death duty in Bermuda.

Furthermore, each of BREP and BRELP has received an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 (as amended), that in the event that Bermuda enacts any legislation imposing tax computed on profits, income, any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, each of BREP and BRELP and none of its operations or its shares, debentures or other obligations shall be exempt from the imposition of such tax until 31 March 2035, provided that such exemption shall not prevent the application of any tax payable in accordance with the provisions of the Land Tax Act, 1967 or otherwise payable in relation to land in Bermuda leased to BREP or BRELP.

#### 10.F DIVIDENDS AND PAYING AGENTS

Not applicable.

#### 10.G STATEMENT OF EXPERTS

Not applicable.

#### 10.H DOCUMENTS ON DISPLAY

Any statement in this Form 20-F about any of our contracts or other documents is not necessarily complete. If the contract or document is filed as an exhibit to this Form 20-F the contract or document is deemed to modify the description contained in this Form 20-F. You must review the exhibits themselves for a complete description of the contract or document.

Brookfield Asset Management is subject to the information filing requirements of the Exchange Act, and accordingly is required to file periodic reports and other information with the SEC. As a foreign private issuer under the SEC's regulations, we will file annual reports on a Form 20-F and other reports on Form 6-K. The information disclosed in our reports may be less extensive than that required to be

## [Table of Contents](#)

disclosed in annual and quarterly reports on Forms 10-K and 10-Q required to be filed with the SEC by U.S. issuers. Moreover, as a foreign private issuer, we will not be subject to the proxy requirements under Section 14 of the Exchange Act, and our directors and principal shareholders are not subject to the insider short swing profit reporting and recovery rules under Section 16 of the Exchange Act.

The contracts and other documents referred to in this Form 20-F, and our and Brookfield Asset Management's SEC filings are and will be available at the SEC's website at [www.sec.gov](http://www.sec.gov), respectively. You may also read and copy any document Brookfield Renewable or Brookfield Asset Management files with the SEC at the public reference facilities maintained by the SEC at SEC Headquarters, Public Reference Section, 100 F Street, N.E., Washington D.C. 20549. You may obtain information on the operation of the SEC's public reference facilities by calling the SEC at 1-800-SEC-0330.

In addition, Brookfield Renewable and Brookfield Asset Management are required to file documents required by Canadian securities laws electronically with Canadian securities regulatory authorities and these filings are available on Brookfield Renewable's or Brookfield Asset Management's SEDAR profile at [www.sedar.com](http://www.sedar.com). Written requests for such documents should be directed to our Corporate Secretary at 73 Front Street, 5 th Floor, Hamilton, HM 12, Bermuda.

### 10.I SUBSIDIARY INFORMATION

Not applicable.

### **ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

See the information contained in this Form 20-F under Item 5.A "Operating Results — Risk Management and Financial Instruments".

### **ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

Not applicable.

## PART II

### ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

### ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

### ITEM 15. CONTROLS AND PROCEDURES

#### Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act)), as of the end of the period covered by this Form 20-F. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of December 31, 2015, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that material information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. While disclosure controls and procedures and internal controls over financial reporting were adequate and effective we continue to implement certain measures to strengthen control processes and procedures.

#### Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including persons performing the functions of principal executive and principal financial officers for us, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2015, based on the criteria set forth in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on evaluation under the Framework in Internal Control—Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2015.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Report of Independent Registered Public Accounting Firm

The effectiveness of our internal control over financial reporting as of December 31, 2015 has been audited by Ernst & Young, Chartered Professional Accountants, Chartered Accountants, who have also audited our consolidated financial statements, as stated in their reports which are included herein.

#### Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

#### Changes in Internal Control

[Table of Contents](#)

There was no change in our internal control over financial reporting during the year ended December 31, 2015, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 16. [RESERVED]**

**16.A AUDIT COMMITTEE FINANCIAL EXPERT**

Our Managing General Partner's board of directors has determined that Patricia Zuccotti possesses specific accounting and financial management expertise and that she is the audit committee financial expert as defined by the SEC, and that she is independent within the meaning of the rules of the NYSE. Our Managing General Partner's board of directors has also determined that other members of the Audit Committee have sufficient experience and ability in finance and compliance matters to enable them to adequately discharge their responsibilities.

**16.B CODE OF ETHICS**

Brookfield Renewable has adopted a Code of Business Conduct and Ethics ("**Code**") that applies to the members of the board of directors of our Managing General Partner, our partnership and any officers or employees of our Managing General Partner. The Code has been updated as of October 2014 and we have posted a copy of the current Code on our website at [www.brookfieldrenewable.com/about/governance](http://www.brookfieldrenewable.com/about/governance).

**16.C PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Our Managing General Partner has retained Ernst & Young LLP to act as our partnership's independent registered chartered accountants.

The table below summarizes the fees for professional services rendered by Ernst & Young LLP:

	2015	2014	2013
Audit Fees <sup>(1)</sup>	8,687,937	9,862,878	6,909,639
Audit-related fees <sup>(2) (3)</sup>	239,590	1,676,862	650,191
Tax fees <sup>(3) (4)</sup>	178,695	380,700	600,872

<sup>(1)</sup> Audit fees relate to the fiscal year audit notwithstanding when the fees and expense were billed or when the services were rendered.

<sup>(2)</sup> Audit-related fees relate primarily to services pertaining to financial due diligence, Sarbanes-Oxley readiness activities, capital market transactions, Form 20-F and other securities related matters. Audit-related fees also include other services.

<sup>(3)</sup> Includes fees for services invoiced during the fiscal year notwithstanding when the services were rendered.

<sup>(4)</sup> Includes professional services related to tax compliance, tax advice and tax planning in connection with domestic and foreign operations and corresponding tax implications.

The audit committee of our Managing General Partner pre-approves all audit and non-audit services provided to our partnership by Ernst & Young LLP.

**16.D EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEE**

None.

**16.E PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASER**

**BREP Repurchases**

BREP may from time-to-time, subject to applicable law, purchase LP Units for cancellation in the open market, provided that any necessary approval has been obtained. In December 2014, the TSX accepted a notice of BREP's intention to commence a normal course issuer bid, which permitted BREP to repurchase up to 7,100,000 issued and outstanding LP Units. The price to be paid for our LP Units under the normal course issuer bid was the market price at the time of purchase. The actual number of LP Units to be purchased and the timing of such purchases was determined by BREP, and all purchases were made through the facilities of the TSX or the NYSE. Repurchases were authorized to commence on December 29, 2014 and required to terminate on December 28, 2015 or earlier should BREP have completed its repurchases prior to such date. For the year ended December 31, 2015, BREP purchased

[Table of Contents](#)

an aggregate of 340,289 LP Units with a weighted average price of \$26.44 per LP Unit under the normal course issuer bid that was in effect prior to December 29, 2015.

**Issuer Purchases of Equity Securities**

Period	(a) Total Number of LP Units Purchased	(b) Average Price Paid per LP Unit	(c) Total Number of LP Units Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of LP Units that May Yet Be Purchased Under the Plans or Programs
December 29, 2014 to December 31, 2014	Nil	Nil	Nil	7,100,000
January 1, 2015 to January 31, 2015	Nil	Nil	Nil	7,100,000
February 1, 2015 to February 28, 2015	Nil	Nil	Nil	7,100,000
March 1, 2015 to March 31, 2015	Nil	Nil	Nil	7,100,000
April 1, 2015 to April 30, 2015	Nil	Nil	Nil	7,100,000
May 1, 2015 to May 31, 2015	Nil	Nil	Nil	7,100,000
June 1, 2015 to June 30, 2015	24,200 <sup>(2)</sup>	CDN\$37.06	24,200	7,075,800
July 1, 2015 to July 31, 2015	5,000 <sup>(1)</sup>	CDN\$36.82	22,900	7,052,900
	17,900 <sup>(2)</sup>	US\$27.86		
August 1, 2015 to August 31, 2015	53,000 <sup>(1)</sup>	CDN\$36.19	81,000	6,971,900
	28,000 <sup>(2)</sup>	US\$27.77		
September 1, 2015 to September 30, 2015	20,000 <sup>(1)</sup>	CDN\$36.14	35,000	6,936,900
	15,000 <sup>(2)</sup>	US\$27.18		
October 1, 2015 to October 31, 2015	Nil	Nil	Nil	6,936,900
November 1, 2015 to November 30, 2015	63,000 <sup>(1)</sup>	CDN\$33.71	119,489	6,817,411
	56,489 <sup>(2)</sup>	US\$25.33		
December 1, 2015 to December 28, 2015	30,000 <sup>(1)</sup>	CDN\$33.15	57,700	6,759,711
	27,700 <sup>(2)</sup>	US\$24.73		

<sup>(1)</sup> Purchases made through the facilities of the TSX

<sup>(2)</sup> Purchases made through the facilities of the NYSE

In December 2015, the TSX accepted a notice of BREP's intention to renew its normal course issuer bid, which permits BREP to repurchase up to 7,100,000 issued and outstanding LP Units. The price to be paid for our LP Units under the normal course issuer bid is the market price at the time of purchase. The actual number of LP Units to be purchased and the timing of such purchases will be determined by BREP, and all purchases must be made through the facilities of the TSX or the NYSE. Repurchases were authorized to commence on December 29, 2015 and must terminate on December 28, 2016 or earlier should BREP complete its repurchases prior to such date. In addition, Brookfield has indicated that it may from time-to-time, subject to applicable law, purchase LP Units in the market without making an offer to all LP Unitholders.

**BRP Equity Repurchases**

In June 2015, the TSX accepted a notice of BRP Equity's intention to commence a normal course issuer bid in connection with its outstanding Class A Preference Shares, which permits BRP Equity to repurchase up to 10% of the total public float of each series of the Class A Preference Shares. Repurchases were authorized to commence on June 26, 2015 and must terminate on June 25, 2016 or

[Table of Contents](#)

earlier should BRP Equity complete its repurchases prior to such date. For the year ended December 31, 2015, 78,537 Class A Preference Shares were repurchased at a cost of approximately \$1 million, and cancelled. In particular, 32,036 Class A Preference Shares, Series 1, 7,900 Class A Preference Shares, Series 2, and 38,601 Class A Preference Shares, Series 3, were repurchased and cancelled.

**Issuer Purchases of Equity Securities**

Period	(a) Total Number of Shares Purchased <sup>(1)</sup>	(b) Average Price Paid per Share	(c) Total number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
June 26, 2015 to June 30, 2015	Series 1	Nil	Nil	548,091
	Series 2	Nil	Nil	451,828
	Series 3	Nil	Nil	1,000,000
	Series 5	Nil	Nil	700,000
	Series 6	Nil	Nil	700,000
July 1, 2015 to July 31, 2015	Series 1	28,618	CDN\$17.92	28,618
	Series 2	6,500	CDN\$16.33	6,500
	Series 3	35,201	CDN\$20.52	35,201
	Series 5	Nil	Nil	700,000
	Series 6	Nil	Nil	700,000
August 1, 2015 to August 31, 2015	Series 1	3,418	CDN\$17.52	3,418
	Series 2	1,400	CDN\$16.10	1,400
	Series 3	3,400	CDN\$19.91	3,400
	Series 5	Nil	Nil	700,000
	Series 6	Nil	Nil	700,000
September 1, 2015 to September 30, 2015	Series 1	Nil	Nil	516,055
	Series 2	Nil	Nil	443,928
	Series 3	Nil	Nil	961,399
	Series 5	Nil	Nil	700,000
	Series 6	Nil	Nil	700,000
October 1, 2015 to October 31, 2015	Series 1	Nil	Nil	516,055
	Series 2	Nil	Nil	443,928
	Series 3	Nil	Nil	961,399
	Series 5	Nil	Nil	700,000
	Series 6	Nil	Nil	700,000
November 1, 2015 to November 30, 2015	Series 1	Nil	Nil	516,055
	Series 2	Nil	Nil	443,928
	Series 3	Nil	Nil	961,399
	Series 5	Nil	Nil	700,000
	Series 6	Nil	Nil	700,000
December 1, 2015 to December 31, 2015	Series 1	Nil	Nil	516,055
	Series 2	Nil	Nil	443,928
	Series 3	Nil	Nil	961,399
	Series 5	Nil	Nil	700,000
	Series 6	Nil	Nil	700,000
January 1, 2016 to January 31, 2016	Series 1	Nil	Nil	516,055
	Series 2	Nil	Nil	443,928
	Series 3	Nil	Nil	961,399
	Series 5	Nil	Nil	700,000
	Series 6	Nil	Nil	700,000

<sup>(1)</sup> Purchases made through the facilities of the TSX

16.F CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT  
None.

16.G CORPORATE GOVERNANCE

Our corporate practices are not materially different from those required of domestic limited partnerships under the NYSE listing standards.

**PART III**

**ITEM 17. FINANCIAL STATEMENTS**

Not applicable.

**ITEM 18. FINANCIAL STATEMENTS**

See the list of financial statements on page F-1, which are filed as part of this Form 20-F.

**ITEM 19. EXHIBITS**

[Table of Contents](#)

<b>Number</b>	<b>Description</b>
1.1	Certificate of Registration of Brookfield Renewable Energy Partners L.P., dated June 29, 2011. <sup>(1)</sup>
1.2	Certificate of Deposit of Supplementary Certificate of Brookfield Renewable Energy Partners L.P., dated August 29, 2011. <sup>(1)</sup>
1.3	Certificate of Deposit of Supplementary Certificate of Brookfield Renewable Energy Partners L.P., dated December 21, 2011. <sup>(1)</sup>
1.4	Certificate of Deposit of Supplementary Certificate of Brookfield Renewable Energy Partners L.P., dated May 11, 2012. <sup>(1)</sup>
1.5	Certificate of Deposit of Memorandum of Increase of Share Capital, dated November 23, 2011. <sup>(1)</sup>
1.6	Amended and Restated Limited Partnership Agreement of Brookfield Renewable Energy Partners L.P., dated February 11, 2016. <sup>(4)</sup>
1.7	Articles of Incorporation of Brookfield Renewable Partners Limited. <sup>(1)</sup>
1.8	Form 13 Amending the Registered Office of Brookfield Renewable Partners Limited. <sup>(1)</sup>
1.9	Bye-laws of Brookfield Renewable Partners Limited. <sup>(5)</sup>
4.1	Amended and Restated Limited Partnership Agreement of Brookfield Renewable Energy L.P., dated February 11, 2016. <sup>(4)</sup>
4.2	Amended and Restated Master Services Agreement, dated February 26, 2015, by and among Brookfield Asset Management Inc., Brookfield Renewable Energy Partners L.P., Brookfield Renewable Energy L.P., and others. <sup>(2)</sup>
4.3	Relationship Agreement, dated November 28, 2011, by and among Brookfield Renewable Energy Partners L.P., Brookfield Renewable Energy L.P., the Service Provider, Brookfield Asset Management Inc., and others. <sup>(1)</sup>
4.4	Registration Rights Agreement, dated November 28, 2011, between Brookfield Renewable Energy Partners L.P. and Brookfield Asset Management Inc. <sup>(1)</sup>
4.5	Combination Agreement, dated September 12, 2011, by and among Brookfield Renewable Power Inc., Brookfield Renewable Power Fund, Brookfield Renewable Power Trust and Brookfield Renewable Energy Partners L.P. <sup>(1)</sup>
4.6	Amended and Restated Indenture, dated as of November 23, 2011, among Brookfield Renewable Energy Partners ULC (formerly BRP Finance ULC), BNY Trust Company of Canada and The Bank of New York Mellon. <sup>(1)</sup>
4.7	Amended and Restated Guarantee Indenture, dated November 25, 2011, by and among the Preference Share Guarantors from time to time party thereto, Brookfield Renewable Power Preferred Equity Inc., and Computershare Trust Company of Canada (Class A Preference Shares, Series 1). <sup>(1)</sup>
4.8	Amended and Restated Guarantee Indenture, dated November 25, 2011, by and among the Preference Share Guarantors from time to time party thereto, Brookfield Renewable Power Preferred Equity Inc., and Computershare Trust Company of Canada (Class A Preference Shares, Series 2). <sup>(1)</sup>
4.9	Guarantee, dated November 23, 2011, by Brookfield Renewable Energy L.P. and BNY Trust Company of Canada. <sup>(1)</sup>

[Table of Contents](#)

<b>Number</b>	<b>Description</b>
4.10	Guarantee, dated November 23, 2011, by Brookfield Renewable Energy Partners L.P. and BNY Trust Company of Canada. <sup>(1)</sup>
4.11	Guarantee, dated November 23, 2011, by BRP Bermuda Holdings I Limited and BNY Trust Company of Canada. <sup>(1)</sup>
4.12	Guarantee, dated November 23, 2011, by Brookfield BRP Holdings (Canada) Inc. and BNY Trust Company of Canada. <sup>(1)</sup>
4.14	Energy Revenue Agreement, dated November 23, 2011, between Brookfield Energy Marketing LP and Brookfield Power US Holding America Co. <sup>(1)</sup>
4.15	Guarantee Indenture, dated October 11, 2012, by and among the Preference Share Guarantors from time to time party thereto, Brookfield Renewable Power Preferred Equity Inc. and Computershare Trust Company of Canada (Class A Preference Shares, Series 3). <sup>(1)</sup>
4.16	Guarantee Indenture, dated October 11, 2012, by and among the Preference Share Guarantors from time to time party thereto, Brookfield Renewable Power Preferred Equity Inc., and Computershare Trust Company of Canada (Class A Preference Shares, Series 4). <sup>(1)</sup>
4.17	Guarantee Indenture, dated January 29, 2013, by and among the Preference Share Guarantors from time to time party thereto, Brookfield Renewable Power Preferred Equity Inc., and Computershare Trust Company of Canada (Class A Preference Shares, Series 5). <sup>(1)</sup>
4.18	Guarantee Indenture, dated May 1, 2013, by and among the Preference Share Guarantors from time to time party thereto, Brookfield Renewable Power Preferred Equity Inc., and Computershare Trust Company of Canada (Class A Preference Shares, Series 6). <sup>(1)</sup>
4.19	Guarantee, dated October 7, 2014, by Brookfield BRP Europe Holdings (Bermuda) Limited and BNY Trust Company of Canada. <sup>(2)</sup>
4.20	Guarantee, dated February 26, 2015, by Brookfield Renewable Investments Limited and BNY Trust Company of Canada. <sup>(2)</sup>
4.21	Guarantee Indenture, dated November 25, 2015, by and among the Preferred Unit Guarantors from time to time party thereto, Brookfield Renewable Energy Partners L.P., and Computershare Trust Company of Canada (Series 7 Preferred Units). <sup>(3)</sup>
4.22	Guarantee Indenture, dated November 25, 2015, by and among the Preferred Unit Guarantors from time to time party thereto, Brookfield Renewable Energy Partners L.P., and Computershare Trust Company of Canada (Series 8 Preferred Units). <sup>(3)</sup>
4.23	Guarantee Indenture, dated February 11, 2016, by and among the Preferred Unit Guarantors from time to time party thereto, Brookfield Renewable Energy Partners L.P., and Computershare Trust Company of Canada (Series 5 Preferred Units). <sup>(4)</sup>
8.1	List of all significant subsidiaries (as defined in §210-1.02(w) of Regulation S-X) of Brookfield Renewable Energy Partners L.P. (incorporated by reference to Item 4.C “Organizational Structure”).
11.1	Code of Business Conduct and Ethics, updated as of October 2014. <sup>(2)</sup>

[Table of Contents](#)

<b>Number</b>	<b>Description</b>
12.1	Certification of Sachin Shah, Chief Executive Officer of BRP Energy Group L.P., the Service Provider of Brookfield Renewable Energy Partners L.P., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. <sup>(5)</sup>
12.2	Certification of Nicholas Goodman, Chief Financial Officer of BRP Energy Group L.P., the Service Provider of Brookfield Renewable Energy Partners L.P., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. <sup>(5)</sup>
13.1	Certification of Sachin Shah, Chief Executive Officer of BRP Energy Group L.P., the Service Provider of Brookfield Renewable Energy Partners L.P., pursuant to 18 U.S.C. Section 1350, as adopted to Section 906 of the Sarbanes Oxley Act of 2002. <sup>(5)</sup>
13.2	Certification of Nicholas Goodman, Chief Financial Officer of BRP Energy Group L.P., the Service Provider of Brookfield Renewable Energy Partners L.P., pursuant to 18 U.S.C. Section 1350, as adopted to Section 906 of the Sarbanes Oxley Act of 2002. <sup>(5)</sup>
15.1	Board of Directors Charter of the Managing General Partner of Brookfield Renewable Energy Partners L.P. <sup>(5)</sup>
15.2	Audit Committee Charter of the Managing General Partner of Brookfield Renewable Energy Partners L.P. <sup>(5)</sup>
15.3	Consent of Ernst & Young LLP. <sup>(5)</sup>

- 
- (1) Filed as an exhibit to Registration Statement on Form 20-F including all amendments thereto, with the last such amendment having been made on May 16, 2013, and incorporated herein by reference.
- (2) Filed as an exhibit to our 2014 form 20-F as filed in February 27, 2015 and incorporated herein by reference.
- (3) Filed as an exhibit to form 6-K on November 27, 2015, and incorporated herein by reference.
- (4) Filed as an exhibit to form 6-K on February 11, 2016, and incorporated herein by reference.
- (5) Filed herewith.

**SIGNATURE**

The registrant hereby certifies that it meets all of the requirements for filing this Form 20-F and that it has duly caused and authorized the undersigned to sign this Form 20-F on its behalf.

Dated: February 26, 2016

**BROOKFIELD RENEWABLE ENERGY PARTNERS L.P.** by its  
general partner, Brookfield Renewable Partners Limited

By: /s/ Nicholas Goodman

Name: Nicholas Goodman

Title: Chief Financial Officer of its Service Provider, BRP  
Energy Group L.P.

**BROOKFIELD RENEWABLE ENERGY PARTNERS L.P.**  
**INDEX TO FINANCIAL STATEMENTS**

---

	<b>Page</b>
Audited Consolidated Financial Statements as at December 31, 2015 and 2014 for the Years Ended December 31, 2015, 2014 and 2013	F-2

---

## MANAGEMENT'S RESPONSIBILITY

### Management's Responsibility for Financial Statements

The accompanying consolidated financial statements have been prepared by the Brookfield Renewable Energy Partners L.P. ("Brookfield Renewable") management which is responsible for their integrity, consistency, objectivity and reliability. To fulfill this responsibility, Brookfield Renewable maintains policies, procedures and systems of internal control to ensure that its reporting practices and accounting and administrative procedures are appropriate to provide a high degree of assurance that relevant and reliable financial information is produced and assets are safeguarded. These controls include the careful selection and training of employees, the establishment of well-defined areas of responsibility and accountability for performance, and the communication of policies and code of conduct throughout the company.

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and, where appropriate, reflect estimates based on management's judgment.

Ernst & Young LLP, the Independent Registered Public Accountants appointed by the directors of the general partner of Brookfield Renewable, have audited the consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) to enable them to express to the partners their opinion on the consolidated financial statements. Their report outlines the scope of their examination and opinion on the consolidated financial statements.

The consolidated financial statements have been further reviewed and approved by the Board of Directors of the general partner of Brookfield Renewable acting through its Audit Committee, which is comprised of directors who are not officers or employees of Brookfield Renewable. The Audit Committee, which meets with the auditors and management to review the activities of each and reports to the Board of Directors, oversees management's responsibilities for the financial reporting and internal control systems. The auditors have full and direct access to the Audit Committee and meet periodically with the committee both with and without management present to discuss their audit and related findings.



Sachin Shah  
Chief Executive Officer



Nicholas Goodman  
Chief Financial Officer

February 26, 2016

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Partners of Brookfield Renewable Energy Partners L.P.

We have audited the accompanying consolidated financial statements of Brookfield Renewable Energy Partners L.P. ("Brookfield Renewable"), which comprise the consolidated balance sheets as at December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income (loss), changes in equity and cash flows for each of the years in the three-year period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Brookfield Renewable Energy Partners L.P. as at December 31, 2015 and 2014 and its financial performance and its cash flows for each of the years in the three-year period ended December 31, 2015, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

**Other Matter**

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Brookfield Renewable's internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 26, 2016 expressed an unqualified opinion on Brookfield Renewable's internal control over financial reporting.

The image shows a handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

**Chartered Professional Accountants  
Licensed Public Accountants**

Toronto, Canada  
February 26, 2016

**INTERNAL CONTROL OVER FINANCIAL REPORTING**  
**MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management of Brookfield Renewable Energy Partners, L.P. ("Brookfield Renewable") is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Chief Executive Officer and the Chief Financial Officer and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board as defined in Regulation 240.13a-15(f) or 240.15d-15(f).

Management assessed the effectiveness of Brookfield Renewable's internal control over financial reporting as of December 31, 2015, based on the criteria set forth in Internal Control – Integrated Framework (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concludes that, as of December 31, 2015, Brookfield Renewable's internal control over financial reporting is effective. Management excluded from its design and assessment of internal control over financial reporting the internal controls of the Brazil Portfolio, Portugal Wind Portfolio and Scotland Wind Pipeline acquired in 2015, whose total assets, net assets, total revenues and net income on a combined basis constitute approximately 6%, 7%, 6% and 3%, respectively, of the consolidated financial statement amounts as of and for the year ended December 31, 2015.

Brookfield Renewable's internal control over financial reporting as of December 31, 2015, has been audited by Ernst & Young LLP, the Independent Registered Public Accounting Firm, who also audited Brookfield Renewable's consolidated financial statements for the year ended December 31, 2015. As stated in the Report of Independent Registered Public Accounting Firm, Ernst & Young LLP expressed an unqualified opinion on the effectiveness of Brookfield Renewable's internal control over financial reporting as of December 31, 2015.



Sachin Shah  
Chief Executive Officer



Nicholas Goodman  
Chief Financial Officer

February 26, 2016

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Partners of Brookfield Renewable Energy Partners L.P.

We have audited Brookfield Renewable Energy Partners L.P. (“Brookfield Renewable”)’s internal control over financial reporting as at December 31, 2015, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Brookfield Renewable’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on Brookfield Renewable’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management’s Report on Internal Control over Financial Reporting, management’s assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the Brazil Portfolio, Portugal Wind Portfolio and Scotland Wind Pipeline acquired in 2015, which are included in the 2015 consolidated financial statements of Brookfield Renewable and constituted approximately 6% and 7% of total and net assets, respectively, as of December 31, 2015 and 6% and 3% of revenues and net income, respectively, for the year then ended. Our audit of internal control over financial reporting of Brookfield Renewable also did not include an evaluation of the internal control over financial reporting of the Brazil Portfolio, Portugal Wind Portfolio and Scotland Wind Pipeline acquired in 2015.

[Table of Contents](#)

In our opinion, Brookfield Renewable maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the 2015 consolidated financial statements of Brookfield Renewable and our report dated February 26, 2016 expressed an unqualified opinion on those financial statements.

The image shows the handwritten signature of Ernst & Young LLP in black ink. The signature is written in a cursive, flowing style.

**Chartered Professional Accountants  
Licensed Public Accountants**

Toronto, Canada  
February 26, 2016

[Table of Contents](#)

**BROOKFIELD RENEWABLE ENERGY PARTNERS L.P.  
CONSOLIDATED BALANCE SHEETS**

AS AT DECEMBER 31

(MILLIONS)

	Notes	2015	2014
<b>Assets</b>			
Current assets			
Cash and cash equivalents	6	\$ 63	\$ 150
Restricted cash	7	198	232
Trade receivables and other current assets	8	256	201
Financial instrument assets	9	26	48
Due from related parties	10	57	63
		600	694
Financial instrument assets	9	6	18
Equity-accounted investments	11	197	273
Property, plant and equipment, at fair value	12	18,358	18,566
Deferred income tax assets	16	157	142
Other long-term assets	13	189	156
		\$ 19,507	\$ 19,849
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	14	\$ 284	\$ 253
Financial instrument liabilities	9	127	99
Due to related parties	10	64	79
Current portion of long-term debt	15	770	256
		1,245	687
Financial instrument liabilities	9	64	75
Long-term debt and credit facilities	15	6,568	7,422
Deferred income tax liabilities	16	2,695	2,637
Other long-term liabilities	17	172	147
		10,744	10,968
<b>Equity</b>			
Non-controlling interests			
Participating non-controlling interests - in operating subsidiaries	19	2,587	2,062
General partnership interest in a holding subsidiary held by Brookfield	19	52	59
Participating non-controlling interests - in a holding subsidiary - Redeemable/Exchangeable units held by Brookfield	19	2,559	2,865
Preferred equity	19	610	728
Preferred limited partners' equity	20	128	-
Limited partners' equity	21	2,827	3,167
		8,763	8,881
		\$ 19,507	\$ 19,849

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of Brookfield Renewable Energy Partners L.P.:



Patricia Zuccotti  
Director



David Mann  
Director

[Table of Contents](#)

**BROOKFIELD RENEWABLE ENERGY PARTNERS L.P.  
CONSOLIDATED STATEMENTS OF INCOME**

FOR THE YEAR ENDED DECEMBER 31				
(MILLIONS, EXCEPT AS NOTED)				
	Notes	2015	2014	2013
Revenues	10	\$ 1,628	\$ 1,704	\$ 1,706
Other income	5, 23	122	10	11
Direct operating costs	24	(552)	(524)	(530)
Management service costs	10	(48)	(51)	(41)
Interest expense – borrowings	15	(429)	(415)	(410)
Share of earnings from equity-accounted investments	11	10	3	9
Unrealized financial instruments (loss) gain	9	(9)	10	37
Depreciation	12	(616)	(548)	(535)
Other	25	(63)	3	(31)
Income before income taxes		43	192	216
Income tax recovery (expense)				
Current	16	(18)	(18)	(19)
Deferred	16	78	29	18
		60	11	(1)
Net income		\$ 103	\$ 203	\$ 215
Net income attributable to:				
Non-controlling interests				
Participating non-controlling interests - in operating subsidiaries	19	69	51	41
General partnership interest in a holding subsidiary held by Brookfield	19	-	1	1
Participating non-controlling interests - in a holding subsidiary - Redeemable/Exchangeable units held by Brookfield	19	1	55	67
Preferred equity	19	30	38	37
Preferred limited partners' equity	20	1	-	-
Limited partners' equity	21	2	58	69
		\$ 103	\$ 203	\$ 215
Basic and diluted earnings per LP Unit		\$ 0.01	\$ 0.42	\$ 0.52

*The accompanying notes are an integral part of these consolidated financial statements.*

[Table of Contents](#)

**BROOKFIELD RENEWABLE ENERGY PARTNERS L.P.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

FOR THE YEAR ENDED DECEMBER 31

(MILLIONS)

	Notes	2015	2014	2013
Net income		\$ 103	\$ 203	\$ 215
Other comprehensive income (loss) that will not be reclassified to net income				
Revaluations of property, plant and equipment	11, 12	1,293	1,700	(211)
Actuarial gain (loss) on defined benefit plans	22	5	(8)	12
Deferred income taxes on above items	16	(283)	(369)	104
Total items that will not be reclassified to net income		1,015	1,323	(95)
Other comprehensive (loss) income that may be reclassified to net income				
Financial instruments designated as cash-flow hedges				
Gain (loss) arising during the year	9	10	(60)	60
Reclassification adjustments for amounts recognized in net income	9	(32)	-	(1)
Foreign currency translation	26	(1,083)	(398)	(501)
Deferred income taxes on above items	16	(8)	3	(11)
Total items that may be reclassified subsequently to net income		(1,113)	(455)	(453)
Other comprehensive (loss) income		(98)	868	(548)
Comprehensive income (loss)		\$ 5	\$ 1,071	\$ (333)
Comprehensive income (loss) attributable to:				
Non-controlling interests				
Participating non-controlling interests - in operating subsidiaries	19	273	310	140
General partnership interest in a holding subsidiary held by Brookfield	19	(2)	8	(5)
Participating non-controlling interests - in a holding subsidiary - Redeemable/Exchangeable units held by Brookfield	19	(86)	379	(224)
Preferred equity	19	(87)	(31)	(16)
Preferred limited partners' equity	20	1	-	-
Limited partners' equity	21	(94)	405	(228)
		\$ 5	\$ 1,071	\$ (333)

*The accompanying notes are an integral part of these consolidated financial statements.*

[Table of Contents](#)

**BROOKFIELD RENEWABLE ENERGY PARTNERS L.P.  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

YEAR ENDED DECEMBER 31 (MILLIONS)	Accumulated other comprehensive income					Non-controlling interests						
	Limited partners' equity	Foreign currency translation	Revaluation surplus	Actuarial losses on defined benefit plans	Cash flow hedges	Total limited partners' equity	Preferred limited partners' equity	Preferred equity	Participating non-controlling interests - in operating subsidiaries	General partnership interest in a holding subsidiary held by Brookfield	Participating non-controlling interests - in a holding subsidiary - Redeemable /Exchangeable units held by Brookfield	Total equity
Balance, as at December 31, 2014	\$ (241)	\$ (241)	\$ 3,685	\$ (9)	\$ (27)	\$ 3,167	\$ -	\$ 728	\$ 2,062	\$ 59	\$ 2,865	\$ 8,881
Net income	2	-	-	-	-	2	1	30	69	-	1	103
Other comprehensive (loss) income	-	(429)	334	2	(3)	(96)	-	(117)	204	(2)	(87)	(98)
Preferred LP Units issued - net proceeds - (Note 20)	-	-	-	-	-	-	128	-	-	-	-	128
LP Units and preferred shares purchased for cancellation (Note 19, 21)	(9)	-	-	-	-	(9)	-	(1)	-	-	-	(10)
Capital contributions (Note 19)	-	-	-	-	-	-	-	-	460	-	-	460
Distributions or dividends declared	(239)	-	-	-	-	(239)	(1)	(30)	(208)	(12)	(217)	(707)
Distribution reinvestment plan	5	-	-	-	-	5	-	-	-	-	-	5
Other	(3)	-	-	-	-	(3)	-	-	-	7	(3)	1
Change in year	(244)	(429)	334	2	(3)	(340)	128	(118)	525	(7)	(306)	(118)
Balance, as at December 31, 2015	\$ (485)	\$ (670)	\$ 4,019	\$ (7)	\$ (30)	\$ 2,827	\$ 128	\$ 610	\$ 2,587	\$ 52	\$ 2,559	\$ 8,763
Balance, as at December 31, 2013	\$ (337)	\$ (83)	\$ 3,160	\$ (7)	\$ (7)	\$ 2,726	\$ -	\$ 796	\$ 1,303	\$ 54	\$ 2,657	\$ 7,536
Net income	58	-	-	-	-	58	-	38	51	1	55	203
Other comprehensive income (loss)	-	(158)	527	(2)	(20)	347	-	(69)	259	7	324	868
LP Units issued												
Net proceeds	285	-	-	-	-	285	-	-	-	-	-	285
Adjustments	(38)	-	-	-	-	(38)	-	-	-	1	37	-
Capital contributions	-	-	-	-	-	-	-	-	610	-	-	610
Distributions or dividends declared	(216)	-	-	-	-	(216)	-	(38)	(149)	(6)	(201)	(610)
Distribution reinvestment plan	3	-	-	-	-	3	-	-	-	-	-	3
Other	4	-	(2)	-	-	2	-	1	(12)	2	(7)	(14)
Change in year	96	(158)	525	(2)	(20)	441	-	(68)	759	5	208	1,345
Balance, as at December 31, 2014	\$ (241)	\$ (241)	\$ 3,685	\$ (9)	\$ (27)	\$ 3,167	\$ -	\$ 728	\$ 2,062	\$ 59	\$ 2,865	\$ 8,881

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)

**BROOKFIELD RENEWABLE ENERGY PARTNERS L.P.  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

YEAR ENDED DECEMBER 31 (MILLIONS)	Accumulated other comprehensive income					Non-controlling interests					
	Limited partners' equity	Foreign currency translation	Revaluation surplus	Actuarial losses on defined benefit plans	Cash flow hedges	Total limited partners' equity	Preferred equity	Participating interests - in operating subsidiaries	General partnership interest in a holding subsidiary held by Brookfield	Participating non-controlling interests - in a holding subsidiary - Redeemable /Exchangeable units held by Brookfield	Total equity
Balance, as at December 31, 2012	\$ (227)	\$ 125	\$ 3,285	\$ (11)	\$ (25)	\$ 3,147	\$ 500	\$ 1,028	\$ 63	\$ 3,070	\$ 7,808
Net income	69	-	-	-	-	69	37	41	1	67	215
Other comprehensive (loss) income	-	(208)	(111)	4	18	(297)	(53)	99	(6)	(291)	(548)
Preferred shares issued	-	-	-	-	-	-	349	-	-	-	349
Capital contributions	-	-	-	-	-	-	-	265	-	-	265
Distributions or dividends declared	(193)	-	-	-	-	(193)	(37)	(122)	(4)	(188)	(544)
Distribution reinvestment plan	2	-	-	-	-	2	-	-	-	-	2
Other	12	-	(14)	-	-	(2)	-	(8)	-	(1)	(11)
Change in year	(110)	(208)	(125)	4	18	(421)	296	275	(9)	(413)	(272)
Balance, as at December 31, 2013	\$ (337)	\$ (83)	\$ 3,160	\$ (7)	\$ (7)	\$ 2,726	\$ 796	\$ 1,303	\$ 54	\$ 2,657	\$ 7,536

*The accompanying notes are an integral part of these consolidated financial statements.*

[Table of Contents](#)

**BROOKFIELD RENEWABLE ENERGY PARTNERS L.P.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31  
(MILLIONS)

	Notes	2015	2014	2013
<b>Operating activities</b>				
Net income		\$ 103	\$ 203	\$ 215
Adjustments for the following non-cash items:				
Depreciation	12	616	548	535
Unrealized financial instrument loss (gain)	9	9	(10)	(37)
Share of earnings from equity accounted investments	11	(10)	(3)	(9)
Deferred income tax recovery	16	(78)	(29)	(18)
Gain on disposal	5, 23	(53)	-	-
Other non-cash items		62	(9)	43
Dividends received from equity-accounted investments	11	19	30	16
Changes in due to or from related parties		(18)	(10)	(11)
Net change in working capital balances	27	(62)	(20)	1
		588	700	735
<b>Financing activities</b>				
Long-term debt - borrowings	15	944	2,118	1,353
Long-term debt - repayments	15	(855)	(1,046)	(1,683)
Capital contributions from participating non-controlling interests - in operating subsidiaries	19	460	610	265
Issuance of preferred shares	19	-	-	337
Issuance of preferred limited partnership units	20	128	-	-
Issuance of LP Units		-	285	-
Repurchase of LP Units and preferred shares	19, 21	(10)	-	-
Distributions paid:				
To participating non-controlling interests - in operating subsidiaries	19	(208)	(149)	(122)
To preferred shareholders		(31)	(39)	(35)
To unitholders of Brookfield Renewable or BRELP	19, 21	(461)	(480)	(378)
		(33)	1,299	(263)
<b>Investing activities</b>				
Acquisitions	4	(663)	(1,838)	(241)
Investment in:				
Sustaining capital expenditures	12	(76)	(108)	(79)
Development and construction of renewable power generating assets	12	(209)	(78)	(147)
Investment tax credits related to renewable power generating assets	12	-	23	-
Proceeds from disposal of assets	5	143	-	-
Capital distributions received from equity-accounted investments, net	11	144	-	-
Investment in securities		(18)	(25)	-
Restricted cash and other		56	(11)	70
		(623)	(2,037)	(397)
Foreign exchange loss on cash		(19)	(15)	(9)
Cash and cash equivalents				
(Decrease) increase		(87)	(53)	66
Balance, beginning of year		150	203	137
Balance, end of year		\$ 63	\$ 150	\$ 203
Supplemental cash flow information:				
Interest paid		\$ 414	\$ 406	\$ 388
Interest received		18	10	11
Income taxes paid		32	33	29

*The accompanying notes are an integral part of these consolidated financial statements.*

## **BROOKFIELD RENEWABLE ENERGY PARTNERS L.P. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS**

The business activities of Brookfield Renewable Energy Partners L.P. (“Brookfield Renewable”) consist of owning a portfolio of renewable power generating facilities in North America, Latin America and Europe.

Brookfield Renewable is a publicly traded limited partnership established under the laws of Bermuda pursuant to an amended and restated limited partnership agreement dated November 20, 2011.

The registered office of Brookfield Renewable is 73 Front Street, Fifth Floor, Hamilton HM12, Bermuda.

The immediate parent of Brookfield Renewable is its general partner, Brookfield Renewable Partners Limited (“BRPL”). The ultimate parent of Brookfield Renewable is Brookfield Asset Management Inc. (“Brookfield Asset Management”). Brookfield Asset Management and its subsidiaries, other than Brookfield Renewable, are also individually and collectively referred to as “Brookfield” in these financial statements.

Brookfield Renewable’s non-voting limited partnership units (“LP Units”) are traded under the symbol “BEP” on the New York Stock Exchange and under the symbol “BEP.UN” on the Toronto Stock Exchange.

Unless the context indicates or requires otherwise, the term “Brookfield Renewable” means Brookfield Renewable Energy Partners L.P. and its controlled entities.

### **2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The accounting policies used in the consolidated financial statements are based on the IFRS applicable as at December 31, 2015, and encompasses individual IFRS, International Accounting Standards (“IAS”), and interpretations made by the International Financial Reporting Interpretations Committee (“IFRIC”) and the Standing Interpretations Committee (“SIC”). The policies set out below are consistently applied to all periods presented, unless otherwise noted.

These consolidated financial statements have been authorized for issuance by the Board of Directors of its general partner, BRPL, on February 26, 2016.

Certain comparative figures have been reclassified to conform to the current year’s presentation.

All figures are presented in millions of United States (“U.S.”) dollars unless otherwise noted.

#### **(b) Basis of preparation**

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of property, plant and equipment and certain assets and liabilities which have been measured at fair value. Cost is recorded based on the fair value of the consideration given in exchange for assets.

##### **(i) Consolidation**

These consolidated financial statements include the accounts of Brookfield Renewable and its subsidiaries, which are the entities over which Brookfield Renewable has control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Non-controlling interests in the

## [Table of Contents](#)

equity of Brookfield Renewable's subsidiaries are shown separately in equity in the consolidated balance sheets.

Brookfield Renewable has entered into a voting agreement with Brookfield, which provides Brookfield Renewable with control of the general partner of Brookfield Renewable Energy L.P. ("BRELP"), a holding subsidiary. Accordingly, Brookfield Renewable consolidates the accounts of BRELP and its subsidiaries. In addition, BRELP issued redeemable-exchangeable limited partnership units to Brookfield ("Redeemable/Exchangeable partnership units"), pursuant to which the holder may at its request require BRELP to redeem the Redeemable/Exchangeable partnership units for cash consideration. This right is subject to Brookfield Renewable's right of first refusal which entitles it, at its sole discretion, to elect to acquire all of the Redeemable/Exchangeable partnership units so presented to BRELP that are tendered for redemption in exchange for LP Units. As Brookfield Renewable, at its sole discretion, has the right to settle the obligation with LP Units, the Redeemable/Exchangeable partnership units are classified as equity of Brookfield Renewable ("Participating non-controlling interests – in a holding subsidiary – Redeemable/Exchangeable units held by Brookfield").

Brookfield Renewable has entered into voting agreements with Brookfield, whereby Brookfield Renewable gained control of the entities that own certain U.S., Brazil and Europe renewable power generating operations. These voting agreements provide Brookfield Renewable the authority to direct the election of the Boards of Directors of the relevant entities, among other things, and therefore provide Brookfield Renewable with control. Accordingly, Brookfield Renewable consolidates the accounts of these entities. Refer to Note 11 - Related party transactions for further information.

The voting agreements do not represent business combinations in accordance with IFRS 3, *Business Combinations* ("IFRS 3"), as all combining businesses are ultimately controlled by Brookfield Asset Management both before and after the transactions were completed. Brookfield Renewable accounts for these transactions involving entities under common control in a manner similar to a pooling of interest which requires the presentation of pre-voting agreement financial information as if the transactions had always been in place. Refer to Note 2(o)(ii) - Critical judgments in applying accounting policies - Common control transactions for Brookfield Renewable's policy on accounting for transactions under common control.

### (ii) Equity-accounted investments and joint ventures

Equity-accounted investments are entities over which Brookfield Renewable has significant influence or joint arrangements representing joint ventures. Significant influence is the ability to participate in the financial and operating policy decisions of the investee, but it has no control or joint control over those investees. Such investments are accounted for using the equity method.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Brookfield Renewable accounts for its interests in joint ventures using the equity method.

Under the equity method, the carrying value of an interest in an investee is initially recognized at cost and adjusted for Brookfield Renewable's share of net income, other comprehensive income ("OCI"), distributions by the equity-accounted investment and other adjustments to Brookfield Renewable's proportionate interest in the investee.

**(c) Foreign currency translation**

All figures reported in the consolidated financial statements and tabular disclosures to the consolidated financial statements are reflected in millions of U.S. dollars, which is the functional currency of Brookfield Renewable. Each of the foreign operations included in these consolidated financial statements determines its own functional currency, and items included in the financial statements of each subsidiary are measured using that functional currency.

Assets and liabilities of foreign operations having a functional currency other than the U.S. dollar are translated at the rate of exchange prevailing at the reporting date and revenues and expenses at the rate of exchange prevailing at the dates of the transactions during the period. Gains or losses on translation of foreign subsidiaries are included in OCI. Gains or losses on foreign currency denominated balances and transactions that are designated as hedges of net investments in these operations are reported in the same manner.

In preparing the consolidated financial statements of Brookfield Renewable, foreign currency denominated monetary assets and liabilities are translated into the functional currency using the closing rate at the applicable consolidated balance sheet dates. Non-monetary assets and liabilities, denominated in a foreign currency and measured at fair value, are translated at the rate of exchange prevailing at the date when the fair value was determined and non-monetary assets measured at historical cost are translated at the historical rate. Revenues and expenses are measured in the functional currency at the rates of exchange prevailing at the dates of the transactions with gains or losses included in income.

**(d) Cash and cash equivalents**

Cash and cash equivalents include cash, term deposits and money market instruments with original maturities of less than 90 days.

**(e) Restricted cash**

Restricted cash includes cash and cash equivalents, where the availability of funds is restricted primarily by credit agreements.

**(f) Property, plant and equipment and revaluation method**

Power generating assets are classified as property, plant and equipment and are accounted for using the revaluation method under IAS 16, *Property, Plant and Equipment* ("IAS 16"). Property, plant and equipment are initially measured at cost and subsequently carried at their revalued amount, being the fair value at the date of the revaluation, less any subsequent accumulated depreciation and any subsequent accumulated impairment losses.

Brookfield Renewable generally determines the fair value of its property, plant and equipment by using a 20-year discounted cash flow model. This model incorporates future cash flows from long-term power purchase agreements that are in place where it is determined that the power purchase agreements are linked specifically to the related power generating assets. The model also includes estimates of future electricity prices, anticipated long-term average generation, estimated operating and capital expenditures, and assumptions about future inflation rates and discount rates by geographical location. Construction work-in-progress ("CWIP") is revalued when sufficient information exists to determine fair value using the discounted cash flow method. Revaluations are made on an annual basis as at December 31 to ensure that the carrying amount does not differ significantly from fair value. For power generating assets acquired through business combinations during the year, Brookfield Renewable initially measures the assets at fair value consistent with the policy described in Note 2(l) – Business combinations.

## [Table of Contents](#)

Accordingly, in the year of acquisition, power generating assets are not revalued at year-end unless there is an indication that assets are impaired.

Where the carrying amount of an asset increased as a result of a revaluation, the increase is recognized in income to the extent the increase reverses a previously recognized decrease recorded through income, with the remainder of the increase recognized in OCI and accumulated in equity under revaluation surplus and non-controlling interest. Where the carrying amount of an asset decreased, the decrease is recognized in OCI to the extent that a balance exists in revaluation surplus with respect to the asset, with the remainder of the decrease recognized in income.

Depreciation on power generating assets is calculated on a straight-line basis over the estimated service lives of the assets, which are as follows:

	<b>Estimated service lives</b>
Dams	Up to 115 years
Penstocks	Up to 60 years
Powerhouses	Up to 115 years
Hydroelectric generating units	Up to 115 years
Wind generating units	Up to 30 years
Gas-fired co-generating units	Up to 40 years
Other assets	Up to 60 years

Costs are allocated to significant components of property, plant and equipment. When items of property, plant and equipment have different useful lives, they are accounted for as separate items (significant components) and depreciated separately. To ensure the accuracy of useful lives and residual values, a review is conducted annually.

Depreciation is calculated based on the cost of the asset less its residual value. Depreciation commences when the asset is in the location and conditions necessary for it to be capable of operating in the manner intended by management. It ceases at the earlier of the date the asset is classified as held-for-sale and the date the asset is derecognized. An item of property, plant and equipment and any significant component is derecognized upon disposal or when no future economic benefits are expected from its use. Other assets include equipment, buildings and leasehold improvements. Buildings, furniture and fixtures, leasehold improvements and office equipment are recorded at historical cost, less accumulated depreciation. Land and CWIP are not subject to depreciation.

The depreciation of property, plant and equipment in Brazil is based on the duration of the authorization or the useful life of a concession asset. The weighted-average remaining duration at December 31, 2015 is 18 years (2014: 15 years). Since land rights are part of the concession or authorization, this cost is also subject to depreciation.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is applied to the revalued amount of the asset.

Gains and losses on disposal of an item of property, plant and equipment are recognized in Other income in the consolidated statements of income (loss). The revaluation surplus is reclassified within the respective components of equity and not reclassified to net income (loss) when the assets are disposed.

### **(g) Asset impairment**

At each balance sheet date, management assesses whether there is any indication that assets are impaired. For non-financial tangible and intangible assets (including equity-accounted investments), an impairment is recognized if the recoverable amount, determined as the greater of the estimated fair value,

## [Table of Contents](#)

less costs to sell, and the discounted future cash flows generated from use and eventual disposal of an asset or cash-generating unit, is less than its carrying value. The projections of future cash flows take into account the relevant operating plans and management's best estimate of the most probable set of conditions anticipated to prevail. Should an impairment loss subsequently reverse, the carrying amount of the asset is increased to the lesser of the revised estimate of the recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

### **(h) Trade receivables and other current assets**

Trade receivables and other current assets are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest method, less any allowance for uncollectability.

### **(i) Financial instruments**

All financial instruments are classified into one of the following categories: assets and liabilities at fair value through profit or loss ("FVTPL"), cash, loans and receivables, financial instruments used for hedging, and other financial liabilities. All financial instruments are recorded at fair value at recognition. Subsequent to initial recognition, financial assets classified as loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Financial assets and financial liabilities classified as financial instruments used for cash-flow hedging continue to be recognized at fair value through OCI. Other financial assets and financial liabilities and non-hedging financial instruments are recorded at fair value through profit and loss.

Brookfield Renewable presents the liability and equity components separately upon recognition of such financial instruments. The amount of accretion relating to the liability component is recognized in profit or loss; and the amount of consideration relating to the equity component is recognized in equity.

Brookfield Renewable selectively utilizes derivative financial instruments to manage financial risks, including interest rate, commodity and foreign exchange risks. A derivative is a financial instrument, which requires little or no initial investment, settles at a future date, and has a value that changes in response to the change in a specified variable such as an interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index. Hedge accounting is applied when the derivative is designated as a hedge of a specific exposure, and it is highly probable that it will continue to be effective as a hedge based on an expectation of offsetting cash flows or fair value. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as a hedge or the hedging relationship is terminated. Once discontinued, the cumulative change in fair value of a derivative that was previously recorded in equity by the application of hedge accounting is recognized in income over the remaining term of the original hedging relationship, unless the originally forecasted transaction is no longer expected to occur, at which point it is released to income. The fair values of derivative financial instruments are included in financial instrument assets or financial instrument liabilities, respectively.

#### **(i) Items qualifying as hedges**

##### **Cash flow hedge**

The effective portion of unrealized gains and losses on interest rate forward and swap contracts designated as hedges of future interest rate payments are included in equity as cash flow hedges when the interest rate risk relates to an anticipated interest payment. The periodic exchanges of payments on interest rate swap contracts designated as hedges of debt are recorded on an accrual basis as an adjustment to interest expense. The periodic exchanges of payments on interest rate contracts designated as hedges of future interest payments are recorded in income over the term of the corresponding interest payments.

## [Table of Contents](#)

### Net investment hedge

Realized and unrealized gains and losses on foreign exchange forward contracts designated as hedges of currency risks are included in equity when the currency risk relates to a net investment in a subsidiary with a functional currency other than the U.S. dollar and are included in income in the period in which the subsidiary is disposed.

### (ii) Items not qualifying as hedges

Upon initial recognition of a derivative financial instrument that is not designated as a hedge, a derivative asset or liability is recorded with an offsetting deferred liability or asset, respectively. Gains or losses arising from changes in fair value of the derivative asset or liability are recognized in income through fair value gains or losses in the period the changes occur. The deferred liability or asset is amortized through income, on a straight-line basis, over the life of the derivative financial instrument.

### (iii) Available-for-sale investments

Investments in publicly quoted equity and debt securities are categorized as available-for-sale when it is not Brookfield Renewable's strategic intent to sell the securities and the securities were not acquired principally for their near-term sale. Available-for-sale equity and debt investments are recorded at fair value with unrealized gains and losses recorded in OCI. Realized gains and losses are recorded in income when investments are sold and are calculated using the average carrying amount of securities sold. If the fair value of an investment declines below the carrying amount, qualitative and quantitative assessments of whether the impairment is either significant or prolonged is undertaken. All relevant facts and circumstances in this assessment are undertaken to determine, particularly the length of time and extent to which fair value has declined below the carrying amount.

### **(j) Revenue and expense recognition**

Revenue from the sale of electricity is recorded when it is delivered. The revenue must be considered collectible and the costs incurred to provide the electricity to be measurable before recognizing the related revenue. Costs related to the purchases of power or fuel are recorded upon delivery. All other costs are recorded as incurred.

### **(k) Income taxes**

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries, based on the tax rates and laws enacted or substantively enacted at the balance sheet dates. Current income tax assets and liabilities are included in trade receivables and other current assets and accounts payable and accrued liabilities, respectively.

Deferred tax is recognized on taxable temporary differences between the tax bases and the carrying amounts of assets and liabilities. Deferred tax is not recognized if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit. Deferred income tax assets are recognized for all deductible temporary differences, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent it is no longer probable that the income tax assets will be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized or the liabilities settled, using the tax rates and laws enacted or substantively enacted at the balance sheet dates.

Current and deferred income taxes relating to items recognized directly in OCI are also recognized directly in OCI.

**(l) Business combinations**

The acquisition of a business is accounted for using the acquisition method. The consideration for an acquisition is measured at the aggregate of the fair values, at the date of exchange, of the assets transferred, the liabilities incurred to former owners of the acquired business, and equity instruments issued by the acquirer in exchange for control of the acquired business. The acquired business' identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date, except for income taxes which are measured in accordance with IAS 12, *Income Taxes*, share-based payments which are measured in accordance with IFRS 2, *Share-based Payment* and non-current assets that are classified as held-for-sale which are measured at fair value less costs to sell in accordance with IFRS 5. The non-controlling interest in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

To the extent that the aggregate of the fair value of consideration paid, the amount of any non-controlling interest and the fair value of any previously held interest in the acquiree exceeds the fair value of the net identifiable tangible and intangible assets, goodwill is recognized. To the extent that this difference is negative, the amount is recognized as a gain in income.

When a business combination is achieved in stages, previously held interests in the acquired entity are re-measured to fair value at the acquisition date, which is the date control is obtained, and the resulting gain or loss, if any, is recognized in income. Amounts arising from interests in the acquired business prior to the acquisition date that have previously been recognized in OCI are reclassified to income. Upon disposal or loss of control of a subsidiary, the carrying amount of the net assets of the subsidiary (including any OCI relating to the subsidiary) are derecognized with the difference between any proceeds received and the carrying amount of the net assets recognized as a gain or loss in income.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in fair values are adjusted against the cost of the acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as liabilities will be recognized in the consolidated statements of income (loss), whereas changes in the fair values of contingent consideration classified within equity are not subsequently re-measured.

**(m) Other items**

(i) Capitalized costs

Capitalized costs related to CWIP include all eligible expenditures incurred in connection with the development and construction of the power generating asset. The expenditures consist of cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Interest and borrowings costs are capitalized when activities that are necessary to prepare the asset for its intended use or sale are in progress, expenditures for the asset have been incurred and funds have been used or borrowed to fund the construction or development. Capitalization of costs ceases when the asset is ready for its intended use.

(ii) Pension and employee future benefits

Pension and employee future benefits are recognized in the consolidated financial statements in respect of employees of the operating entities within Brookfield Renewable. The costs of retirement benefits for defined benefit plans and post-employment benefits are recognized as the benefits are earned by employees. The project unit credit method, using the length of service and management's best estimate assumptions, is used to value its pension and other retirement benefits. Assets are valued at fair value for

## [Table of Contents](#)

purposes of calculating the expected return on plan assets. All actuarial gains and losses are recognized immediately through OCI in order for the net pension asset or liability recognized in the consolidated balance sheets to reflect the full value of the plan deficit or surplus. Net interest is calculated by applying the discount rate to the net defined benefit asset or liability. Changes in the net defined benefit obligation related to service costs (comprising of current service costs, past services costs, gains and losses on curtailments and non-routine settlements), and net interest expense or income are recognized in the consolidated statements of income (loss).

Re-measurements, comprising of actuarial gains or losses, the effect of the asset ceiling, and the return on plan assets (excluding net interest), are recognized immediately in the consolidated balance sheets with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. For defined contribution plans, amounts are expensed based on employee entitlement.

### (iii) Decommissioning, restoration and environmental liabilities

Legal and constructive obligations associated with the retirement of property, plant and equipment are recorded as liabilities when those obligations are incurred and are measured at the present value of the expected costs to settle the liability, using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The liability is accreted up to the date the liability will be incurred with a corresponding charge to operating expenses. The carrying amount of decommissioning, restoration and environmental liabilities is reviewed annually with changes in the estimates of timing or amount of cash flows added to or deducted from the cost of the related asset.

### (iv) Interest and borrowing costs

Interest and borrowing costs are capitalized when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is an asset that takes a substantial period of time to prepare for its intended use.

### (v) Provisions

A provision is a liability of uncertain timing or amount. A provision is recognized if Brookfield Renewable has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. The provision is measured at the present value of the best estimate of the expenditures expected to be required to settle the obligation using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. Provisions are re-measured at each balance sheet date using the current discount rate. The increase in the provision due to the passage of time is recognized as interest expense.

### (vi) Interest income

Interest income is earned with the passage of time and is recorded on an accrual basis.

### (vii) Government grants

Brookfield Renewable becomes eligible for government grants by constructing or purchasing renewable power generating assets, and by bringing those assets to commercial operation, coupled with a successful application to the applicable program or agency. The assessment of whether or not a project has complied with the conditions and that there is reasonable assurance the grants will be received will be undertaken on a case by case basis. Brookfield Renewable reduces the cost of the asset by the amount of the grant. The grant amounts are recognized in income on a systematic basis as a reduction of depreciation over the periods, and in the proportions, in which depreciation on those assets is charged.

## [Table of Contents](#)

With respect to grants related to income, the government assistance (in the form of the difference between market price and guaranteed fixed price) typically becomes payable once electricity is produced and delivered to the relevant grid. It is at this point that the receipt of the grant becomes reasonably assured, and therefore the grant is recognized as revenue in the month that delivery of the electricity occurs.

### **(n) Critical estimates**

Brookfield Renewable makes estimates and assumptions that affect the carrying value of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of income and OCI for the year. Actual results could differ from these estimates. The estimates and assumptions that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

#### **(i) Property, plant and equipment**

The fair value of Brookfield Renewable's property, plant and equipment is calculated using estimates and assumptions about future electricity prices from renewable sources, anticipated long-term average generation, estimated operating and capital expenditures, future inflation rates and discount rates, as described in Note 12 - Property, plant and equipment, at fair value. Judgment is involved in determining the appropriate estimates and assumptions in the valuation of Brookfield Renewable's property, plant and equipment. See Note 2(o)(iii) - Critical judgments in applying accounting policies - Property, plant and equipment for further details.

Estimates of useful lives and residual values are used in determining depreciation and amortization. To ensure the accuracy of useful lives and residual values, these estimates are reviewed on an annual basis.

#### **(ii) Financial instruments**

Brookfield Renewable makes estimates and assumptions that affect the carrying value of its financial instruments, including estimates and assumptions about future electricity prices, long-term average generation, capacity prices, discount rates and the timing of energy delivery. Non-financial instruments are valued using estimates of future electricity prices which are estimated by considering broker quotes for the years in which there is a liquid market and, for the subsequent years, Brookfield Renewable's best estimate of electricity prices that would allow new entrants into the market. The fair value of interest rate swaps is the estimated amount that another party would receive or pay to terminate the swap agreements at the reporting date, taking into account current market interest rates. This valuation technique approximates the net present value of future cash flows. See Note 9 - Risk management and financial instruments for more details.

#### **(iii) Deferred income taxes**

The consolidated financial statements include estimates and assumptions for determining the future tax rates applicable to subsidiaries and identifying the temporary differences that relate to each subsidiary. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply during the year when the assets are realized or the liabilities settled, using the tax rates and laws enacted or substantively enacted at the consolidated balance sheet dates. Operating plans and forecasts are used to estimate when the temporary difference will reverse.

### **(o) Critical judgments in applying accounting policies**

The following are the critical judgments that have been made in applying the accounting policies used in the consolidated financial statements and that have the most significant effect on the amounts in the consolidated financial statements:

## [Table of Contents](#)

### (i) Preparation of consolidated financial statements

These consolidated financial statements present the financial position, results of operations and cash flows of Brookfield Renewable. Judgment is required in determining what assets, liabilities and transactions are recognized in the consolidated financial statements as pertaining to Brookfield Renewable's operations.

### (ii) Common control transactions

Common control business combinations specifically fall outside of scope of IFRS 3 and as such management has used its judgment to determine an appropriate policy to account for these transactions, considering other relevant accounting guidance that is within the framework of principles in IFRS and that reflects the economic reality of the transactions, in accordance with IAS 8. As a result, the consolidated financial statements account for assets and liabilities acquired at the previous carrying value on the predecessor's financial statements. Differences between the consideration given and the assets and liabilities received are recorded directly to equity.

### (iii) Property, plant and equipment

The accounting policy relating to Brookfield Renewable's property, plant and equipment is described in Note 2(f) - Property, plant and equipment and revaluation method. In applying this policy, judgment is used in determining whether certain costs are additions to the carrying amount of the property, plant and equipment as opposed to repairs and maintenance. If an asset has been developed, judgment is required to identify the point at which the asset is capable of being used as intended and to identify the directly attributable costs to be included in the carrying value of the development asset. The useful lives of property, plant and equipment are determined by independent engineers periodically with an annual review by management.

Annually, Brookfield Renewable determines the fair value of its property, plant and equipment using a methodology that it has judged to be reasonable. The methodology is generally a 20-year discounted cash flow model. Twenty years is the period considered reasonable as Brookfield Renewable has 20-year capital plans and it believes a reasonable third party would be indifferent between extending the cash flows further in the model versus using a discounted terminal value.

The valuation model incorporates future cash flows from long-term power purchase agreements that are in place where it is determined that the power purchase agreements are linked specifically to the related power generating assets. With respect to estimated future generation that does not incorporate long-term power purchase agreement pricing, the cash flow model uses estimates of future electricity prices using broker quotes from independent sources for the years in which there is a liquid market. The valuation of power generating assets not linked to long-term power purchase agreements also requires the development of a long-term estimate of future electricity prices. In this regard the valuation model uses a discount to the all-in cost of construction with a reasonable return, to secure energy from new renewable on-shore wind development resources as the benchmark that will establish the market price for electricity for renewable resources.

Brookfield Renewable's long-term view is anchored to the cost of securing new energy from renewable sources to meet future demand growth by the year 2023 in North America and Europe. This year is viewed as the point when generators must build additional capacity to maintain system reliability and provide an adequate level of reserve generation with the retirement of older coal-fired plants, rising environmental compliance costs, and increased demand. Brookfield Renewable has estimated a discount to these new-build wind prices to determine renewable electricity prices for hydroelectric facilities. In Brazil, the estimate of future electricity prices is based on a similar approach as applied in North America using a forecast of the all-in cost of hydroelectric and wind development.

## [Table of Contents](#)

Terminal values are included in the valuation of hydroelectric assets in the United States and Canada. For the hydroelectric assets in Brazil, cash flows have been included based on the duration of the authorization or useful life of a concession asset without consideration of potential renewal value.

Discount rates are determined each year by considering the current interest rates, average market cost of capital as well as the price risk and the geographical location of the operational facilities as judged by management. Inflation rates are also determined by considering the current inflation rates and the expectations of future rates by economists. Operating costs are based on long-term budgets escalated for inflation. Each operational facility has a 20-year capital plan that it follows to ensure the maximum life of its assets is achieved. Foreign exchange rates are forecasted by using the spot rates and the available forward rates, extrapolated beyond the period available. The inputs described above to the discounted cash flow model require management to consider facts, trends and plans in making its judgments as to what derives a reasonable fair value of its property, plant and equipment.

### (iv) Financial instruments

The accounting policy relating to Brookfield Renewable's financial instruments is described in Note 2(i) - Financial instruments. In applying the policy, judgments are made in applying the criteria set out in IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"), to record financial instruments at fair value through profit and loss, and the assessments of the effectiveness of hedging relationships.

### (v) Deferred income taxes

The accounting policy relating to Brookfield Renewable's income taxes is described in Note 2(k) - Income taxes. In applying this policy, judgments are made in determining the probability of whether deductions, tax credits and tax losses can be utilized.

## **(p) Future changes in accounting policies**

### (i) Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* ("IFRS 9") which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Management is currently evaluating the impact of IFRS 9 on the consolidated financial statements.

### (ii) Amendments to IFRS 10 and IAS 28

The amendments to IFRS 10, *Consolidated Financial Statements* ("IFRS 10") and IAS 28, *Investments in Associates and Joint Ventures (2011)* ("IAS 28") address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if the assets are housed in a subsidiary. The amendments are effective for transactions occurring in annual periods beginning on or after January 1, 2017 with earlier application permitted. Management is currently evaluating the impact of the amendments to IFRS 10 and IAS 28 on the consolidated financial statements.

### (iii) Revenue recognition

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") was issued by the IASB on May 28, 2014. IFRS 15 outlines a single comprehensive model to account for revenue arising from contracts with customers and will replace the majority of existing IFRS requirements on revenue recognition including

## [Table of Contents](#)

IAS 18, *Revenue*, IAS 11, *Construction Contracts* and related interpretations. The core principle of the standard is to recognize revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard has prescribed a five-step model to apply the principles. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Management is currently evaluating the impact of IFRS 15 on the consolidated financial statements.

### (iv) Leases

IFRS 16, *Leases* ("IFRS 16") was issued by the IASB on January 13, 2016. IFRS 16 brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. Under IFRS 16 a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease. Lessees are permitted to make an accounting policy election, by class of underlying asset, to apply a method like IAS 17's operating lease accounting and not recognize lease assets and lease liabilities for leases with a lease term of 12 months or less, and on a lease-by-lease basis, to apply a method similar to current operating lease accounting to leases for which the underlying asset is of low value. IFRS 16 supersedes IAS 17, *Leases* and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied. Management is currently evaluating the impact of IFRS 16 on the consolidated financial statements.

### 3. PRINCIPAL SUBSIDIARIES

The following table lists the subsidiaries of Brookfield Renewable which, in the opinion of management, significantly affects its financial position and results of operations as at December 31, 2015:

	Jurisdiction of Incorporation or Organization	Percentage of voting securities owned or controlled (%)
Alta Wind VIII LLC <sup>(1)</sup>	Delaware	100
Barra do Braúna Energética S.A.	Brazil	100
BIF II Safe Harbor Holdings LLC <sup>(1)</sup>	Delaware	100
BIF II Lux Gen SARL	Luxembourg	100
Black Bear Hydro Partners, LLC <sup>(1)</sup>	Delaware	100
Brookfield BRP Canada Corp.	Alberta	100
Brookfield BRP Holdings (Canada) Inc.	Ontario	100
Brookfield Energia Comercializadora Ltda	Brazil	100
Brookfield Power US Holding America Co.	Delaware	100
Brookfield Power Wind Prince LP	Ontario	100
Brookfield Smoky Mountain Hydropower LLC <sup>(1)</sup>	Delaware	100
Brookfield White Pine Hydro LLC <sup>(1)</sup>	Delaware	100
Catalyst Old River Hydroelectric Limited Partnership <sup>(2)</sup>	Louisiana	75
Comber Wind Limited Partnership	Ontario	100
Erie Boulevard Hydropower, L.P.	Delaware	100
Garracummer Wind Farm Limited <sup>(1)</sup>	Republic of Ireland	100
Geração Biomassa Vista Alegre I S.A. <sup>(1)</sup>	Brazil - Paraná	100
Gosfield Windfarm Limited	Ontario	100
Granite Reliable Power, LLC <sup>(1)</sup>	Delaware	89.5
Great Lakes Hydro America, LLC	Delaware	100
Great Lakes Power Limited	Ontario	100
Hawks Nest Hydro LLC	Delaware	100
Itiquira Energética S.A.	Brazil	100
Knockacummer Wind Farm Limited <sup>(1)</sup>	Republic of Ireland	100
Kwagis Power Limited Partnership	British Columbia	75
Lièvre Power L.P.	Québec	100
Mississagi Power Trust	Québec	100
Powell River Energy Inc.	Québec	100
Rumford Falls Hydro LLC	Delaware	100
Safe Harbor Water Power Corporation <sup>(1)</sup>	Pennsylvania	100
Tangará Energia S.A. <sup>(1)</sup>	Brazil - São Paulo	100
Windstar Energy, LLC	California	100

<sup>(1)</sup> Voting control held through voting agreements with Brookfield.

<sup>(2)</sup> Non-voting economic interest held through preferred shares and secured notes.

#### **4. BUSINESS COMBINATIONS**

The following investments were accounted for using the acquisition method, and the results of operations have been included in the consolidated financial statements since the respective dates of acquisition.

##### **Portugal Wind Portfolio**

In February 2015, Brookfield Renewable acquired two wind facilities in Portugal (“Portugal Wind Portfolio”) with an aggregate capacity of 123 MW, and expected to generate 260 GWh annually.

The acquisition was completed with institutional partners, and Brookfield Renewable retains an approximate 40% controlling interest. Total consideration of €65 million (\$71 million) included cash paid on closing of €58 million (\$63 million), post-closing adjustments, and deferred consideration.

The revenue for the year ended December 31, 2015 is \$28 million.

##### **Brazil Portfolio**

In November 2014, Brookfield Renewable entered into an agreement to acquire a 488 MW portfolio in Brazil comprising of hydroelectric, wind and biomass generating capacity (“Brazil Portfolio”). The acquisitions were completed with institutional partners, and Brookfield Renewable retains an approximate 40% controlling interest, as follows:

- In March 2015, Brookfield Renewable completed the acquisition of a 313 MW operating renewable power generation portfolio - 43 MW of hydroelectric, 150 MW of wind and 120 MW of biomass - and a 55 MW biomass development project. The acquisition included R\$41 (\$13 million) of non-controlling interests. Total consideration of R\$1,678 million (\$525 million) included cash paid of R\$1,546 million (\$484 million) and deferred consideration. In June 2015, the remaining non-controlling interests were acquired for R\$41 million (\$13 million).
- In May 2015, Brookfield Renewable completed the acquisition of a 120 MW operating hydroelectric facility. The acquisition included R\$9 million (\$3 million) of non-controlling interests. Total consideration of R\$189 million (\$63 million) included cash paid of R\$171 million (\$57 million) and deferred consideration of R\$18 million (\$6 million). In August 2015, the remaining non-controlling interests were acquired for R\$9 million (\$3 million).

The total acquisition costs of \$2 million were expensed as incurred.

If the acquisition had taken place at the beginning of the year the revenue from the acquisition would have been \$93 million (unaudited) for the year ended December 31, 2015.

##### **Scotland Wind Pipeline**

In June 2015, Brookfield Renewable acquired an onshore wind development pipeline in Scotland (“Scotland Wind Pipeline”) totaling approximately 1,200 MW, including a mix of contracted, permitted and earlier stage development projects. Total consideration of £55 million (\$85 million) included upfront cash paid of £40 million (\$62 million), contingent consideration, and working capital adjustments. The acquisition costs of \$1 million were expensed as incurred. The contingent consideration was recorded at its fair value of £14 million (\$22 million), which represents the present value of a probability-weighted evaluation of Brookfield Renewable’s obligation to pay up to £63 million (\$97 million) related to the build-out of the development pipeline. The contingent consideration was recognized in the Consolidated Balance Sheets within the Other long-term liabilities line item.

## [Table of Contents](#)

### **Voting Agreements**

In March 2015, Brookfield Renewable entered into voting agreements with certain Brookfield subsidiaries (and their managing members) related to Brookfield Infrastructure Fund II (the “BIF II Entities”) which are co-investors along with a subsidiary of Brookfield Renewable in Brazilian entities (the “FIPs”) which hold the Brazil Portfolio power generating operations. Pursuant to these voting agreements, the BIF II Entities agreed to provide Brookfield Renewable, among other things, the authority to direct the election of the manager of the jointly-owned FIPs.

Preliminary purchase price allocations, at fair values, with respect to the acquisitions are as follows:

(MILLIONS)	Brazil	Portugal	Scotland	Total
Cash and cash equivalents	\$ 19	\$ -	\$ -	\$ 19
Restricted cash	16	5	-	21
Trade receivables and other current assets	16	3	1	20
Property, plant and equipment, at fair value	854	209	97	1,160
Current liabilities	(21)	(19)	(1)	(41)
Long-term debt	(280)	(111)	-	(391)
Other long-term liabilities	-	(16)	(12)	(28)
Non-controlling interests	(16)	-	-	(16)
Net assets acquired	\$ 588	\$ 71	\$ 85	\$ 744

The estimated fair values of the assets acquired and liabilities assumed in the current year are expected to be finalized within 12 months of the acquisition date.

### **Completed During 2014**

#### **Maine Hydroelectric Generation Portfolio**

In January 2014, Brookfield Renewable acquired a 70 MW portfolio of hydroelectric facilities that are expected to generate 372 GWh annually (“Maine Hydro”). The acquisition was completed with institutional partners, and Brookfield Renewable retains an approximate 40% controlling interest in the portfolio. Total cash consideration was \$244 million. The acquisition costs of \$2 million were expensed as incurred.

If the acquisition had taken place at the beginning of the year the revenue from the acquisition would have been \$21 million (unaudited) for the year ended December 31, 2014.

#### **California Hydroelectric Generation Facility**

In February 2014, Brookfield Renewable acquired the remaining 50% interest in a 30 MW hydroelectric facility in California (the “California Hydro Step Acquisition”). The total cash consideration was \$11 million. The acquisition was completed with institutional partners, and Brookfield Renewable retains an approximate 22% controlling interest in the facility.

If the acquisition had taken place at the beginning of the year the revenue from the acquisition would have been \$1 million (unaudited) for the year ended December 31, 2014.

#### **Pennsylvania Hydroelectric Generation Facility**

In March 2014, Brookfield Renewable acquired a 33% economic and 50% voting interest in a 417 MW hydroelectric facility in Pennsylvania (“Pennsylvania Hydro”) which is expected to generate 1,129 GWh annually. Total cash consideration was \$295 million. Brookfield Renewable accounted for its acquired 33% economic interest using the equity method.

## [Table of Contents](#)

In August 2014, Brookfield Renewable acquired the remaining 67% economic and 50% voting interest in Pennsylvania Hydro (the "Pennsylvania Hydro Step Acquisition") for additional cash consideration of \$614 million, and began consolidating the operating results, cash flows and net assets of Pennsylvania Hydro. Prior to the Pennsylvania Hydro Step Acquisition, Brookfield Renewable re-measured its previously held 33% economic interest to fair value, and the net impact of this re-measurement was not material. The Pennsylvania Hydro Step Acquisition was completed with institutional partners, and Brookfield Renewable retains an approximate 40% controlling interest. Total acquisition costs of \$2 million relating to both the Pennsylvania Hydro and Pennsylvania Hydro Step Acquisition were expensed as incurred.

If the acquisition had taken place at the beginning of the year the additional revenue from the acquisition would have been \$99 million (unaudited) for the year ended December 31, 2014.

### **Ireland Wind Portfolio**

In June 2014, Brookfield Renewable acquired the wind portfolio of Bord Gáis Energy comprising 326 MW of operating wind capacity across 17 wind projects in Ireland which is expected to generate 837 GWh annually. The acquisition was completed with institutional partners, and Brookfield Renewable retains an approximate 40% controlling interest. Total consideration of €524 million (\$718 million) included €521 million (\$713 million) in cash increased for post-closing adjustments. The acquisition costs of \$12 million were expensed as incurred.

If the acquisition had taken place at the beginning of the year the revenue from the acquisition would have been \$92 million (unaudited) for the year ended December 31, 2014.

Purchase price allocations, at fair values, with respect to the acquisitions were as follows:

(MILLIONS)	Maine	California	Pennsylvania	Ireland	Total
Cash and cash equivalents	\$ 7	\$ 4	\$ 15	\$ 35	\$ 61
Restricted cash	-	-	-	12	12
Trade receivables and other current assets	13	-	11	10	34
Property, plant and equipment, at fair value	220	81	1,040	1,075	2,416
Other long-term assets	6	-	-	-	6
Current liabilities	(1)	-	(4)	(75)	(80)
Long-term debt	-	(13)	(77)	(232)	(322)
Other long-term liabilities	(1)	(5)	(76)	(107)	(189)
Net assets acquired	\$ 244	\$ 67	\$ 909	\$ 718	\$ 1,938

### **Completed During 2013**

#### **Northeastern United States Hydroelectric Generation Portfolio**

In March 2013, Brookfield Renewable acquired a 100% interest in a 360 MW portfolio of hydroelectric facilities. Total consideration was paid as follows: \$57 million that included \$55 million in cash and \$2 million related to the pre-closing payments and working capital adjustments; holding and project level notes, with a face value of \$700 million, were also assumed. The acquisition costs of \$8 million were expensed as incurred. In September 2013, upon the closing of a private fund sponsored by Brookfield Asset Management, institutional partners co-invested 49.9% in these facilities for \$205 million.

If the acquisition had taken place at the beginning of the year the revenue from the acquisition would have been \$104 million (unaudited) for the year ended December 31, 2013.

### **California Wind Generation Portfolio**

In August 2012, Brookfield Renewable acquired 16% of the outstanding common shares of Western Wind Energy Corp. (“Western Wind”) for a total cash consideration of \$25 million.

On November 26, 2012, Brookfield Renewable launched an offer to purchase, through an indirect wholly-owned subsidiary, all of the issued and outstanding common shares of Western Wind (excluding those Brookfield Renewable already owns) for C\$2.50 in cash per common share. This offer was subsequently increased to C\$2.60 per common share. On February 21, 2013, Brookfield Renewable announced that it was successful in its bid for Western Wind and following take up of the tendered shares, would own 66.1% of the issued and outstanding common shares.

On March 1, 2013, the Board of Directors were replaced by directors appointed by Brookfield Renewable and, as a result Brookfield Renewable began consolidating the operating results, cash flows and net assets of Western Wind. Further, Brookfield Renewable was required to re-measure its previously held 16% interest to fair value, and the net impact of this re-measurement was not material.

On March 7, 2013, Brookfield Renewable increased its ownership to 93% of the outstanding common shares for additional cash consideration of \$143 million. As Brookfield Renewable held more than 90% of the common shares, on May 21, 2013, it acquired all of the remaining common shares on the same terms that the common shares were acquired under the offer, for additional cash consideration of \$15 million. The common shares of Western Wind were delisted from the TSX Venture Exchange on May 24, 2013.

If the acquisition had taken place at the beginning of the year the revenue from the acquisition would have been \$38 million (unaudited) for the year ended December 31, 2013.

### **Canadian Hydroelectric Generation Facility**

In March 2013, Brookfield Renewable acquired the remaining 50% interest, previously held by its partner, in a hydroelectric facility in Canada taking its total investment to 100% (the “Canadian Hydro Step Acquisition”).

The Canadian Hydro Step Acquisition included cash consideration of \$32 million and the assumption of the partner’s portion of the non-recourse debt. Prior to the Canadian Hydro Step Acquisition, Brookfield Renewable’s financial interest amounted to \$22 million. Brookfield Renewable re-measured its previously held 50% interest to fair value and reversed any amounts previously recorded in OCI. In addition, \$30 million related to revaluation surplus on the initial 50% interest was reclassified within equity of which \$14 million related to limited partners’ equity.

If the acquisition had taken place at the beginning of the year the revenue would have been \$22 million (unaudited) for the year ended December 31, 2013.

[Table of Contents](#)

Purchase price allocations, at fair values, with respect to the acquisitions were as follows:

(MILLIONS)	Northeastern			Total
	United States	California	Canada	
Cash and cash equivalents	\$ -	\$ 2	\$ 6	\$ 8
Restricted cash	32	8	-	40
Other current assets	12	9	9	30
Property, plant and equipment, at fair value	721	453	213	1,387
Other long-term assets	22	30	-	52
Current liabilities	(10)	(23)	(29)	(62)
Long-term debt	(720)	(250)	(105)	(1,075)
Other long-term liabilities	-	(43)	(39)	(82)
Non-controlling interests	-	(68)	-	(68)
Net assets acquired	\$ 57	\$ 118	\$ 55	\$ 230

During the years ended December 31, 2015 and 2014, the purchase price allocations for the acquisitions in 2014 and 2013, respectively, were finalized. No material changes to the provisional purchase price allocations disclosed in the audited consolidated financial statements for 2014 and 2013 had to be considered for acquisitions made in the respective years.

## 5. DISPOSAL OF ASSETS

In July 2015, Brookfield Renewable, along with its institutional partners, sold its interest in a 102 MW wind facility in California to a third party for gross cash consideration of \$143 million, inclusive of working capital adjustments of \$7 million. The resulting gain on disposition of \$53 million, net of \$4 million of transaction costs, was recognized in the Consolidated Statements of Income (Loss) within the Other income line item. Brookfield Renewable's interest was approximately 22%.

As a result of the disposition, the accumulated revaluation surplus of \$4 million post-tax was reclassified from other comprehensive income directly to equity. Further, other comprehensive income of \$3 million post-tax on financial instruments designated as cash flow hedges was reclassified to the Consolidated Statements of Income (Loss) within the Other line item. Deferred income taxes associated with the disposal were \$5 million.

Summarized financial information relating to the disposal of the facility is shown below:

(MILLIONS)	July 2, 2015
Net proceeds, including working capital adjustments and less transaction costs	\$ 139
Carrying value	
Assets	238
Liabilities	(152)
	86
Gain on disposal	\$ 53

## 6. CASH AND CASH EQUIVALENTS

Brookfield Renewable's cash and cash equivalents as at December 31 are as follows:

(MILLIONS)	2015	2014
Cash	\$ 60	\$ 128
Short-term deposits	3	22
	\$ 63	\$ 150

## 7. RESTRICTED CASH

Brookfield Renewable's restricted cash as at December 31 is as follows:

(MILLIONS)	2015	2014
Development projects	\$ 43	\$ 75
Operations	293	238
Total	336	313
Less: non-current	(138)	(81)
Current	\$ 198	\$ 232

Refer to Note 13 – Other long-term assets for information on long-term restricted cash.

## 8. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

Brookfield Renewable's trade receivables and other current assets as at December 31 are as follows:

(MILLIONS)	2015	2014
Trade receivables	\$ 98	\$ 91
Other short-term receivables	87	40
Prepays and others	71	70
	\$ 256	\$ 201

As at December 31, 2015, 99% (2014: 99%) of trade receivables were current. Trade receivables are generally on 30-day terms and credit limits are assigned and monitored for all counterparties. In determining the recoverability of trade receivables, management performs a risk analysis considering the type and age of the outstanding receivables and the credit worthiness of the counterparties. Management also reviews trade receivable balances on an ongoing basis. Bad debt expense related to trade receivables is recognized at the time an account is deemed uncollectible. Accordingly, as at December 31, 2015 and 2014 an allowance for doubtful accounts was not deemed necessary.

## 9. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### RISK MANAGEMENT

Brookfield Renewable's activities expose it to a variety of financial risks, including market risk (i.e., commodity price risk, interest rate risk, and foreign currency risk), credit risk and liquidity risk. Brookfield Renewable uses financial instruments primarily to manage these risks.

#### (a) Market risk

Market risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by Brookfield Renewable will fluctuate because of changes in market prices.

Brookfield Renewable faces market risk from foreign currency assets and liabilities, the impact of changes in interest rates, and floating rate liabilities. Market risk is managed by funding assets with financial liabilities in the same currency and with similar interest rate characteristics and holding financial contracts, such as interest rate swaps and foreign exchange contracts, to minimize residual exposures. Financial instruments held by Brookfield Renewable that are subject to market risk include borrowings and financial instruments, such as interest rate, currency and commodity contracts. The categories of financial instruments that can give rise to significant variability are described below:

## [Table of Contents](#)

### *(i) Electricity price risk*

Electricity price risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by Brookfield Renewable will fluctuate because of changes in electricity prices. Electricity price risk arises from the sale of Brookfield Renewable's uncontracted generation. Brookfield Renewable aims to sell electricity under long-term contracts to secure stable prices and mitigate its exposure to wholesale markets.

The table below summarizes the impact of changes in the market price of electricity as at December 31. The impact is expressed in terms of the effect on net income and OCI. The sensitivities are based on the assumption that the market price changes by five percent with all other variables held constant.

Impact of a 5% change in the market price of electricity, on outstanding energy derivative contracts, for the year ended December 31:

(MILLIONS)	Effect on net income			Effect on OCI		
	2015	2014	2013	2015	2014	2013
5% increase	\$ (2)	\$ (1)	\$ (1)	\$ (7)	\$ (9)	\$ 1
5% decrease	2	1	1	7	9	(1)

### *(ii) Foreign currency risk*

Foreign currency risk is defined for these purposes as the risk that the fair value of a financial instrument held by Brookfield Renewable will fluctuate because of changes in foreign currency rates.

Brookfield Renewable has exposure to the Canadian dollar, Brazil real and Euro through its investments in foreign operations. Consequently, fluctuations in the U.S. dollar exchange rate against these currencies increase the volatility of net income and other comprehensive income. Brookfield Renewable holds foreign currency contracts primarily to mitigate this exposure.

The table below summarizes the impact of changes in the exchange rate as at December 31. The impact is expressed in terms of the effect on income and OCI. The sensitivities are based on the assumption that the currency exchange rate changes by five percent with all other variables held constant.

Impact of a 5% change in U.S. dollar exchange rates, on outstanding foreign exchange swaps, for the year ended December 31:

(MILLIONS)	Effect on net income			Effect on OCI		
	2015	2014	2013	2015	2014	2013
5% increase	\$ 2	\$ 12	\$ -	\$ 10	\$ 19	\$ -
5% decrease	(2)	(12)	-	(10)	(19)	-

### *(iii) Interest rate risk*

Interest rate risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by Brookfield Renewable will fluctuate, because of changes in interest rates.

Brookfield Renewable's assets largely consist of long duration physical assets. Brookfield Renewable's financial liabilities consist primarily of long-term fixed rate debt or floating-rate debt that has been swapped to fixed rates with interest rate financial instruments. All non-derivative financial liabilities are recorded at their amortized cost. Brookfield Renewable also holds interest rate contracts to lock-in fixed rates on certain anticipated future debt issuances.

Brookfield Renewable will enter into interest rate swaps designed to minimize the exposure to interest rate fluctuations on its variable rate debt. Fluctuations in interest rates could impact Brookfield

## [Table of Contents](#)

Renewable's cash flows, primarily with respect to the interest payable against Brookfield Renewable's variable rate debt, which is limited to certain subsidiary borrowings with a total principal value of \$2,532 million (2014: \$2,552 million). Of this principal value, \$1,040 million (2014: \$1,237 million) has been hedged through the use of interest rate swaps. The fair values of the recognized liability for the interest rate swaps were calculated using a valuation model with observable interest rates.

The table below summarizes the impact of changes in the interest rate as at December 31. The impact is expressed in terms of the effect on income and OCI. The sensitivities are based on the assumption that the interest rate changes by one percent with all other variables held constant.

Impact of a 1% change in interest rates, on outstanding interest rate swaps and variable rate debt, for the year ended December 31:

(MILLIONS)	Effect on net income			Effect on OCI		
	2015	2014	2013	2015	2014	2013
1% increase	\$ (15)	\$ (13)	\$ (7)	\$ 125	\$ 138	\$ 96
1% decrease	15	13	7	(125)	(138)	(96)

### **(b) Credit risk**

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfill its contractual obligations. Brookfield Renewable's exposure to credit risk in respect of financial instruments relates primarily to counterparty obligations regarding energy contracts, interest rate swaps, forward foreign exchange contracts and physical electricity and gas transactions.

Brookfield Renewable minimizes credit risk with counterparties through the selection, monitoring and diversification of counterparties, and the use of standard trading contracts, and other credit risk mitigation techniques. In addition, Brookfield Renewable's power purchase agreements are reviewed regularly and are almost exclusively with customers having long standing credit histories or investment grade ratings, which limit the risk of non-collection. See Note 8 - Trade receivables and other current assets, for additional details regarding Brookfield Renewable's trade receivables balance.

The maximum credit exposure at December 31 was as follows:

(MILLIONS)	2015	2014
Cash and cash equivalents	\$ 63	\$ 150
Restricted cash <sup>(1)</sup>	336	313
Trade receivables and other short-term receivables	185	131
Financial instrument assets	32	66
Due from related parties	57	63
	\$ 673	\$ 723

<sup>(1)</sup> Includes both the current and long-term amounts.

### **(c) Liquidity risk**

Liquidity risk is the risk that Brookfield Renewable cannot meet a demand for cash or fund an obligation when due. Liquidity risk is mitigated by Brookfield Renewable's cash and cash equivalent balances and its access to undrawn credit facilities. Details of the available portion of credit facilities are included in Note 15 – Long-term debt and credit facilities. Brookfield Renewable also ensures that it has access to public capital markets and maintains a strong investment grade credit rating of BBB (high).

[Table of Contents](#)

Brookfield Renewable is also subject to the risk associated with debt financing. This risk is mitigated by the long-term duration of debt instruments and the diversification in maturity dates over an extended period of time.

The sensitivity analysis discussed above reflects the risks associated with instruments that Brookfield Renewable considers are market sensitive and the potential loss resulting from one or more selected hypothetical changes. Therefore, the discussion above is not intended to reflect fully Brookfield Renewable's risk exposure.

**CASH OBLIGATIONS**

The table below classifies the cash obligations related to Brookfield Renewable's liabilities into relevant maturity groupings based on the remaining period from the balance sheet dates to the contractual maturity date. As the amounts are the contractual undiscounted cash flows (gross of unamortized financing fees and accumulated amortization, where applicable), they may not agree with the amounts disclosed in the consolidated balance sheets.

AS AT DECEMBER 31, 2015				
(MILLIONS)	< 1 year	2-5 years	> 5 years	Total
Accounts payable and accrued liabilities	\$ 284	\$ -	\$ -	\$ 284
Financial instrument liabilities <sup>(1)</sup>	127	60	4	191
Due to related parties	64	-	-	64
Other long-term liabilities - concession payments	1	2	9	12
Long-term debt and credit facilities <sup>(1)</sup>	769	3,136	3,488	7,393
Interest payable on long-term debt <sup>(2)</sup>	375	1,121	1,170	2,666
<b>Total</b>	<b>\$ 1,620</b>	<b>\$ 4,319</b>	<b>\$ 4,671</b>	<b>\$ 10,610</b>

AS AT DECEMBER 31, 2014				
(MILLIONS)	< 1 year	2-5 years	> 5 years	Total
Accounts payable and accrued liabilities	\$ 253	\$ -	\$ -	\$ 253
Financial instrument liabilities <sup>(1)</sup>	99	68	7	174
Due to related parties	79	-	-	79
Other long-term liabilities - concession payments	1	5	13	19
Long-term debt and credit facilities <sup>(1)</sup>	256	3,339	4,146	7,741
Interest payable on long-term debt <sup>(2)</sup>	392	1,287	1,468	3,147
<b>Total</b>	<b>\$ 1,080</b>	<b>\$ 4,699</b>	<b>\$ 5,634</b>	<b>\$ 11,413</b>

<sup>(1)</sup> Includes both the current and long-term amounts.

<sup>(2)</sup> Represents aggregate interest payable expected to be paid over the entire term of the obligations, if held to maturity. Variable rate interest payments have been calculated based on estimated interest rates.

[Table of Contents](#)

Brookfield Renewable classifies its assets and liabilities as outlined below:

AS AT DECEMBER 31, 2015 (MILLIONS)	Cash, loans and receivables	Assets (liabilities) <sup>(1)</sup>	Derivatives used for hedging	Other financial liabilities	Non-financial assets and non-financial liabilities	Total
Cash and cash equivalents	\$ 63	\$ -	\$ -	\$ -	\$ -	\$ 63
Restricted cash	198	-	-	-	-	198
Trade and other receivables <sup>(2)</sup>	185	-	-	-	-	185
Other current assets	-	-	-	-	71	71
Due from related parties <sup>(2)</sup>	57	-	-	-	-	57
Financial instrument assets <sup>(3)</sup>	-	1	31	-	-	32
Equity-accounted investments	-	-	-	-	197	197
Property, plant and equipment, at fair value	-	-	-	-	18,358	18,358
Deferred income tax assets	-	-	-	-	157	157
Other long-term assets	138	14	-	-	37	189
<b>Total assets</b>	<b>\$ 641</b>	<b>\$ 15</b>	<b>\$ 31</b>	<b>\$ -</b>	<b>\$ 18,820</b>	<b>\$ 19,507</b>
Accounts payable and accrued liabilities <sup>(2)</sup>	\$ -	\$ -	\$ -	\$ 284	\$ -	\$ 284
Financial instrument liabilities <sup>(3)</sup>	-	-	191	-	-	191
Due to related parties <sup>(2)</sup>	-	-	-	64	-	64
Long-term debt and credit facilities <sup>(2)(3)</sup>	-	-	-	7,338	-	7,338
Deferred income tax liabilities	-	-	-	-	2,695	2,695
Other long-term liabilities	-	-	-	172	-	172
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 191</b>	<b>\$ 7,858</b>	<b>\$ 2,695</b>	<b>\$ 10,744</b>

<sup>(1)</sup> Measured at fair value with all gains and losses recorded in the consolidated statement of income.

<sup>(2)</sup> Measured at fair value at inception and subsequently recorded at amortized cost using the effective interest rate method.

<sup>(3)</sup> Includes both the current and long-term amounts.

## [Table of Contents](#)

AS AT DECEMBER 31, 2014 (MILLIONS)	Cash, loans and receivables	Assets (liabilities) <sup>(1)</sup>	Derivatives used for hedging	Other financial liabilities	Non-financial assets and non-financial liabilities	Total
Cash and cash equivalents	\$ 150	\$ -	\$ -	\$ -	\$ -	\$ 150
Restricted cash	232	-	-	-	-	232
Trade and other receivables <sup>(2)</sup>	131	-	-	-	-	131
Other current assets					70	70
Due from related parties <sup>(2)</sup>	63	-	-	-	-	63
Financial instrument assets <sup>(3)</sup>	-	14	52	-	-	66
Equity-accounted investments	-	-	-	-	273	273
Property, plant and equipment, at fair value	-	-	-	-	18,566	18,566
Deferred income tax assets	-	-	-	-	142	142
Other long-term assets	92	31	-	-	33	156
<b>Total assets</b>	<b>\$ 668</b>	<b>\$ 45</b>	<b>\$ 52</b>	<b>\$ -</b>	<b>\$ 19,084</b>	<b>\$ 19,849</b>
Accounts payable and accrued liabilities <sup>(2)</sup>	\$ -	\$ -	\$ -	\$ 253	\$ -	\$ 253
Financial instrument liabilities <sup>(3)</sup>	-	-	174	-	-	174
Due to related parties <sup>(2)</sup>	-	-	-	79	-	79
Long-term debt and credit facilities <sup>(2),(3)</sup>	-	-	-	7,678	-	7,678
Deferred income tax liabilities	-	-	-	-	2,637	2,637
Other long-term liabilities	-	-	-	147	-	147
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 174</b>	<b>\$ 8,157</b>	<b>\$ 2,637</b>	<b>\$ 10,968</b>

<sup>(1)</sup> Measured at fair value with all gains and losses recorded in the consolidated statement of income (loss).

<sup>(2)</sup> Measured at fair value at inception and subsequently recorded at amortized cost using the effective interest rate method.

<sup>(3)</sup> Includes both the current and long-term amounts.

### Fair value disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining those assumptions, management looks primarily to external readily observable market inputs such as interest rate yield curves, currency rates, and price, as applicable. The fair value of interest rate swap contracts, which form part of financing arrangements, is calculated by way of discounted cash flows, using market interest rates and applicable credit spreads.

A fair value measurement of a non-financial asset is the consideration that would be received in an orderly transaction between market participants, considering the highest and best use of the asset.

Assets and liabilities measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities.

Level 1 – inputs are based on unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2 – inputs, other than quoted prices in Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs for the asset or liability that are not based on observable market data.

[Table of Contents](#)

The following table presents Brookfield Renewable's assets and liabilities measured and disclosed at fair value classified by the fair value hierarchy as at December 31:

(MILLIONS)	Level 1	Level 2	Level 3	2015	2014
<b>Assets measured at fair value:</b>					
Cash and cash equivalents	\$ 63	\$ -	\$ -	\$ 63	\$ 150
Restricted cash <sup>(1)</sup>	336	-	-	336	313
Financial instrument assets <sup>(1)</sup>					
Energy derivative contracts	-	31	-	31	31
Foreign exchange swaps	-	1	-	1	35
Available-for-sale investments <sup>(2)</sup>	14	-	-	14	31
Property, plant and equipment	-	-	18,358	18,358	18,566
<b>Liabilities measured at fair value:</b>					
Financial instrument liabilities <sup>(1)</sup>					
Energy derivative contracts	-	(1)	-	(1)	-
Interest rate swaps	-	(178)	-	(178)	(170)
Foreign exchange swaps	-	(12)	-	(12)	(4)
Contingent consideration	-	-	(32)	(32)	(23)
<b>Liabilities for which fair value is disclosed:</b>					
Long-term debt and credit facilities <sup>(1)</sup>	-	(7,892)	-	(7,892)	(8,434)
<b>Total</b>	<b>\$ 413</b>	<b>\$ (8,051)</b>	<b>\$ 18,326</b>	<b>\$ 10,688</b>	<b>\$ 10,495</b>

<sup>(1)</sup> Includes both the current and long-term amounts.

<sup>(2)</sup> Available-for-sale investments represent investment in securities (See Note 13 - Other long-term assets).

There were no transfers between levels during the year ended December 31, 2015.

**Financial instruments disclosures**

The aggregate amount of Brookfield Renewable's net financial instrument positions as at December 31 are as follows:

(MILLIONS)	2015			2014	
	Assets	Liabilities	Net (Assets) Liabilities	Net (Assets) Liabilities	
Energy derivative contracts	\$ 31	\$ 1	\$ (30)	\$ (31)	
Interest rate swaps	-	178	178	170	
Foreign exchange swaps	1	12	11	(31)	
<b>Total</b>	<b>32</b>	<b>191</b>	<b>159</b>	<b>108</b>	
Less: current portion	26	127	101	51	
<b>Long-term portion</b>	<b>\$ 6</b>	<b>\$ 64</b>	<b>\$ 58</b>	<b>\$ 57</b>	

[Table of Contents](#)

The following table presents the change in Brookfield Renewable's total net financial instrument liability position as at and for the year ended December 31:

(MILLIONS)	Note	2015	2014	2013
Balance, beginning of year		\$ 108	\$ 56	\$ 145
Increases (decreases) in the net financial instrument liability position:				
Unrealized (gain) loss through income on energy derivative contracts	(a)	(2)	3	(18)
Unrealized loss (gain) through OCI on energy derivative contracts	(a)	3	(37)	7
Unrealized (gain) through income on interest rate swaps	(b)	(2)	-	(19)
Unrealized loss (gain) through OCI on interest rate swaps	(b)	20	93	(65)
Unrealized loss (gain) through income on foreign exchange swaps	(c)	13	(13)	-
Unrealized (gain) through OCI on foreign exchange swaps	(c)	(57)	(65)	-
Acquisitions, settlements and other		76	71	6
Balance, end of year		\$ 159	\$ 108	\$ 56
Derivative liabilities designated as hedging instruments:				
Energy derivative contracts	(a)	\$ 1	\$ -	\$ 3
Interest rate swaps	(b)	178	170	68
Foreign exchange swaps	(c)	12	4	-
Net positions		\$ 191	\$ 174	\$ 71
Derivative assets not designated as hedging instruments:				
Foreign exchange swaps	(c)	\$ (1)	\$ (14)	\$ -
Net positions		\$ (1)	\$ (14)	\$ -
Derivative assets designated as hedging instruments:				
Energy derivative contracts	(a)	\$ (31)	\$ (31)	\$ -
Interest rate swaps	(b)	-	-	(15)
Foreign exchange swaps	(c)	-	(21)	-
Net positions		\$ (31)	\$ (52)	\$ (15)
Total net positions		\$ 159	\$ 108	\$ 56

**(a) Energy derivative contracts**

Brookfield Renewable has entered into long-term energy derivative contracts primarily to stabilize or eliminate the price risk on the sale of certain future power generation. Certain energy contracts are recorded in Brookfield Renewable's consolidated financial statements at an amount equal to fair value, using quoted market prices or, in their absence, a valuation model using both internal and third-party evidence and forecasts.

For the year ended December 31, 2015, gains of \$32 million relating to energy derivative contracts were realized and reclassified from OCI to net income (loss) (2014: \$4 million and 2013: \$nil).

Based on market prices as of December 31, 2015, unrealized gains of \$25 million (2014: \$18 million gain and 2013: \$3 million loss) recorded in accumulated other comprehensive income ("AOCI") on energy derivative contracts are expected to be settled or reclassified into income in the next twelve months. The actual amount reclassified from AOCI, however, could vary due to future changes in market prices.

**(b) Interest rate swaps**

Brookfield Renewable has entered into interest rate swap contracts primarily to minimize exposure to interest rate fluctuations on its variable rate debt or to lock in interest rates on future debt refinancing. All interest rate swap contracts are recorded in the consolidated financial statements at an amount equal to fair value.

At December 31, 2015, agreements with a total notional value of \$2,002 million were outstanding (2014: \$2,119 million) including notional values of \$nil (2014: \$9 million) associated with agreements that are not formally designated as hedging instruments. The fixed interest rates resulting from these agreements range from 0.51% to 5.88% (2014: 0.38% to 5.54%).

For the year ended December 31, 2015, net movements relating to cash flow hedges realized and reclassified from OCI to net income (loss) were \$nil (2014: \$4 million loss and 2013: \$1 million loss).

Based on market prices as of December 31, 2015, unrealized losses of \$114 million (2014: \$95 million loss and 2013: \$59 million loss) recorded in AOCI on interest rate swaps are expected to be settled or reclassified into income in the next twelve months. The actual amount reclassified from AOCI, however, could vary due to future changes in market rates.

**(c) Foreign exchange swaps**

Brookfield Renewable has entered into foreign exchange swaps to minimize its exposure to currency fluctuations impacting its investments and earnings in foreign operations, and to fix the exchange rate on certain anticipated transactions denominated in foreign currencies.

At December 31, 2015, agreements with a total notional value of \$442 million were outstanding (2014: \$656 million) including \$36 million (2014: \$254 million) associated with agreements that are not formally designated as hedging instruments.

Based on market prices as of December 31, 2015, unrealized losses of \$12 million (2014: \$26 million gains and 2013: \$nil) recorded in AOCI on foreign exchange swaps are expected to be settled or reclassified into income in the next twelve months. The actual amount reclassified from AOCI, however, could vary due to future changes in market rates.

## 10. RELATED PARTY TRANSACTIONS

Brookfield Renewable's related party transactions are recorded at the exchange amount. Brookfield Renewable's related party transactions are primarily with Brookfield Asset Management and its subsidiaries. Brookfield Renewable and Brookfield had entered into, or amended, the following material agreements:

### Principal Agreements

#### *Limited Partnership Agreements*

Each of the amended and restated limited partnership agreements of Brookfield Renewable and BRELP outline the key terms of the partnerships, including provisions relating to management, protections for limited partners, capital contributions, distributions and allocation of income and losses. BRELP's general partner is entitled to receive incentive distributions from BRELP as a result of its ownership of the general partnership interest in BRELP. The incentive distributions are to be calculated in increments based on the amount by which quarterly distributions on the limited partnership units of BRELP exceed specified target levels as set forth in the amended and restated partnership agreement.

#### *Master Services Agreement*

Brookfield Renewable entered into an agreement with Brookfield Asset Management pursuant to which Brookfield Asset Management has agreed to provide oversight of the business and provide the services of senior officers to Brookfield Renewable for a management service fee. The fee is paid on a quarterly basis and has a fixed quarterly component of \$5 million and a variable component calculated as a percentage of the increase in the total capitalization value of Brookfield Renewable over an initial reference value (subject to an annual escalation by a specified inflation factor beginning on January 1, 2013). Total capitalization value as of December 31, 2015 is \$10 billion, which against the initial reference value of \$8 billion and factoring in the annual amount of \$21 million (as adjusted for inflation), resulted in a management service fee payment for the year ended December 31, 2015 of \$48 million (2014: \$51 million, 2013: \$41 million).

#### *BRELP Voting Agreement*

In 2011, we entered into a voting agreement with Brookfield pursuant to which Brookfield Renewable, through BRPL, has a number of voting rights, including the right to direct all eligible votes in the election of the directors of BRELP's general partner.

### Revenue Agreements

#### *Contract Amendments*

In 2011, two long-term power purchase agreements associated with the generating assets in Ontario held by Great Lakes Power Limited ("GLPL") and Mississagi Power Trust ("MPT"), were amended.

The amended GLPL power purchase agreement requires Brookfield to support the price that GLPL receives for energy generated by certain facilities in Canada at a price of C\$82 per MWh subject to an annual adjustment equal to 40% of the Consumer Price Index ("CPI") in the previous year. The GLPL agreement has an initial term to 2029, and the contract automatically renews for successive 20-year periods with certain termination provisions. If the contract is not terminated prior to 2029, the price under this agreement reverts back to the original C\$68 per MWh subject to an annual adjustment equal to 40% of the CPI for each year.

The amended MPT power purchase agreement requires Brookfield to purchase the energy generated at a price of C\$103 per MWh subject to an annual adjustment equal to 20% of the CPI in the previous year.

## [Table of Contents](#)

The MPT contract terminates on December 1, 2029 and MPT has been granted the unilateral option to terminate the agreement, on 120 days written notice, at certain times between 2017 and 2024.

### *Energy Revenue Agreement*

In 2011, an agreement was entered into between Brookfield and Brookfield Power U.S. Holdings America Co. (“BPUSHA”) that indirectly owns substantially all of the U.S. facilities of Brookfield Renewable. Brookfield will support the price that BPUSHA receives for energy generated by certain facilities in the United States at a price \$75 per MWh. This price is to be increased annually on January 1 by an amount equal to 40% of the increase in the CPI during the previous calendar year, but not exceeding an increase of 3% in any calendar year. This agreement will have an initial term of 20 years, with automatic renewals for successive 20-year periods with certain termination provisions.

### *Other Revenue Agreements*

Pursuant to a 20-year power purchase agreement, Brookfield purchases all energy from several power facilities in Maine and New Hampshire held by Great Lakes Holding America (“GLHA”) at \$37 per MWh. The energy rates are subject to an annual adjustment equal to 20% of the increase in the CPI during the previous year.

Pursuant to a 20-year power purchase agreement, Brookfield purchases all energy from Lievre Power in Quebec at C\$68 per MWh. The energy rates are subject to an annual adjustment equal to the lesser of 40% of the increase in the CPI during the previous calendar year or 3%.

Pursuant to a power guarantee agreement, Brookfield will purchase all energy from the two facilities of Hydro Pontiac Inc. at a price of C\$68 per MWh, to be increased annually each calendar year beginning in 2010 by an amount equal to 40% of the increase in the CPI during the previous calendar year. This power guarantee agreement is scheduled to commence in 2019 for one facility and in 2020 for the other, upon the expiration of existing power agreements. This agreement has an initial term to 2029 and automatically renews for successive 20-year period with certain termination provisions.

Pursuant to a 10-year Wind Levelization agreement expiring in 2019, Brookfield mitigates any potential wind variation from the expected annual generation of 506 GWh with regards to the Prince Wind assets in Ontario. Any excess generation compared to the expected generation results in a payment from Brookfield Renewable to Brookfield, while a shortfall would result in a payment from Brookfield to Brookfield Renewable.

## **Power Services Agreements**

### *Power Agency Agreements*

Certain Brookfield Renewable subsidiaries have entered into Power Agency Agreements appointing Brookfield as the exclusive agent of the owner in respect of the sales of electricity, including the procurement of transmission and other additional services. In addition, Brookfield will schedule, dispatch and arrange for transmission of the power produced and the power supplied to third-parties in accordance with prudent industry practice. Pursuant to each Agreement, Brookfield will be entitled to be reimbursed for any third-party costs incurred, and, in certain cases, receives an additional fee for its services in connection with the sale of power and for providing the other services.

### *Energy Marketing Agreement*

Brookfield has agreed to provide energy marketing services to Brookfield Renewable’s North American businesses. Under this Agreement, Brookfield Renewable pays an annual energy marketing fee of \$18 million per year (subject to increase by a specified inflation factor beginning on January 1, 2013). See Note 24 - Direct operating costs.

[Table of Contents](#)**Voting Agreements**

Brookfield Renewable entered into voting agreements with Brookfield whereby Brookfield, as managing member of entities related to the Brookfield Americas Infrastructure Fund (the “BAIF Entities”) in which Brookfield Renewable holds investments in certain United States and Brazil power generating operations with institutional investors, agreed to assign to Brookfield Renewable their voting rights to elect the Boards of Directors of the BAIF Entities. Brookfield Renewable’s economic interests in the BAIF Entities in the United States and Brazil are 22% and 25%, respectively.

Brookfield Renewable entered into voting agreements with certain Brookfield subsidiaries whereby these subsidiaries, as managing members of entities related to Brookfield Infrastructure Fund II (the “BIF II Entities”) in which Brookfield Renewable holds investments in certain United States and Europe power generating operations with institutional investors, agreed to provide to Brookfield Renewable the authority to direct the election of the Boards of Directors of the BIF II Entities. Brookfield Renewable’s economic interests in the BIF II Entities are between 40% and 50.1%.

The following table reflects the related party agreements and transactions on the consolidated statements of income, for the year ended December 31:

(MILLIONS)	2015	2014	2013
<b>Revenues</b>			
Power purchase and revenue agreements	\$ 469	\$ 433	\$ 456
Wind levelization agreement	6	6	6
	\$ 475	\$ 439	\$ 462
<b>Direct operating costs</b>			
Energy purchases	\$ (5)	\$ (9)	\$ (36)
Energy marketing fee	(22)	(21)	(20)
Insurance services	(30)	(29)	(26)
	\$ (57)	\$ (59)	\$ (82)
<b>Management service costs</b>	\$ (48)	\$ (51)	\$ (41)

[Table of Contents](#)

The following table reflects the impact of the related party agreements and transactions on the consolidated balance sheets as at December 31:

(MILLIONS)	Related party	2015	2014
<b>Current assets</b>			
Due from related parties			
Amounts due from	Brookfield	\$ 52	\$ 54
	Equity accounted investments and other	5	9
		\$ 57	\$ 63
<b>Current liabilities</b>			
Due to related parties			
Amount due to	Brookfield	\$ 41	\$ 56
Accrued distributions payable on LP			
Units and Redeemable/Exchangeable			
partnership units	Brookfield	23	21
Amount due to	Equity accounted investments and other	-	2
		\$ 64	\$ 79

**Current assets**

Amounts due from Brookfield are non-interest bearing, unsecured and due on demand.

**Current liabilities**

Amounts due to Brookfield are unsecured, payable on demand and relate to recurring transactions.

[Table of Contents](#)

## 11. EQUITY-ACCOUNTED INVESTMENTS

The following are Brookfield Renewable's equity-accounted investments as at December 31:

(MILLIONS)	Principal place of business	Ownership interest	Carrying value	
			2015	2014
Bear Swamp Power Co. L.L.C.	United States	50	\$ 106	\$ 177
Galera Centrais Eletricas S.A.	Brazil	50	24	38
Pingston Power Inc.	Canada	50	60	56
Brookfield Infrastructure Fund II Investees	United States, Europe	14 - 50	7	2
			\$ 197	\$ 273

The following table outlines the changes in Brookfield Renewable's equity-accounted investments for the year ended December 31:

(MILLIONS)	2015	2014	2013
Balance, beginning of year	\$ 273	\$ 290	\$ 344
Revaluation recognized through OCI	96	56	(15)
Share of net income	10	3	9
Dividends declared	(19)	(27)	(18)
Capital distributions, net	(144)	-	-
Foreign exchange translation	(19)	(11)	(12)
California Hydro Step Acquisition	-	(39)	-
Canada Hydro Step Acquisition	-	-	(19)
Share of OCI	-	1	1
Balance, end of year	\$ 197	\$ 273	\$ 290

The following tables summarize certain financial information of equity-accounted investments:

(MILLIONS)	2015	2014
As at December 31:		
Current assets	\$ 45	\$ 42
Property, plant and equipment, at fair value	848	708
Other assets	65	74
Current liabilities	37	27
Long-term debt	460	184
Other liabilities	73	70

(MILLIONS)	2015	2014	2013
For the year ended December 31			
Revenue	\$ 126	\$ 115	\$ 122
Net income	19	6	19
Share of net income (loss)			
Cash earnings	20	26	21
Non-cash loss	(10)	(23)	(12)

[Table of Contents](#)

## 12. PROPERTY, PLANT AND EQUIPMENT, AT FAIR VALUE

The following table presents a reconciliation of property, plant and equipment at fair value:

(MILLIONS)	Hydroelectric <sup>(1)(2)</sup>	Wind <sup>(2)</sup>	Other <sup>(2)(3)</sup>	Total
As at December 31, 2012	\$ 13,360	\$ 2,272	\$ 70	\$ 15,702
Additions <sup>(2)</sup>	240	3	-	243
Acquisitions through business combinations (Note 4)	935	452	-	1,387
Investment tax credit	(24)	-	-	(24)
Items recognized through OCI				
Change in fair value	(191)	8	(19)	(202)
Foreign exchange	(697)	(90)	(2)	(789)
Items recognized through net income				
Change in fair value	(43)	(7)	9	(41)
Depreciation	(381)	(142)	(12)	(535)
As at December 31, 2013	\$ 13,199	\$ 2,496	\$ 46	\$ 15,741
Additions <sup>(2)</sup>	135	79	-	214
Acquisitions through business combinations (Note 4)	1,341	1,075	-	2,416
Items recognized through OCI				
Change in fair value	1,587	57	-	1,644
Foreign exchange	(679)	(229)	(2)	(910)
Items recognized through net income				
Change in fair value	11	(3)	1	9
Depreciation	(384)	(160)	(4)	(548)
As at December 31, 2014	\$ 15,210	\$ 3,315	\$ 41	\$ 18,566
Additions <sup>(2)</sup>	183	51	55	289
Acquisitions through business combinations (Note 4)	307	624	229	1,160
Disposal (Note 5)	-	(230)	-	(230)
Items recognized through OCI				
Change in fair value	1,141	52	16	1,209
Foreign exchange	(1,585)	(336)	(54)	(1,975)
Items recognized through net income				
Change in fair value	(2)	(43)	-	(45)
Depreciation	(407)	(200)	(9)	(616)
As at December 31, 2015	\$ 14,847	\$ 3,233	\$ 278	\$ 18,358

<sup>(1)</sup> Includes intangible assets of \$13 million (2014: \$23 million and 2013: \$31 million).

<sup>(2)</sup> Includes construction work in process ("CWIP") of \$405 million (2014: \$210 million and 2013: \$441 million). Additions during the year ended December 31, 2015 were \$284 million (2014: \$173 million and 2013: \$225 million).

<sup>(3)</sup> Includes biomass and co-generation ("Co-gen").

The fair value of Brookfield Renewable's property, plant and equipment is calculated as described in Notes 2(f) - Property, plant and equipment and revaluation method and 2(n) - Critical estimates. Judgment is involved in determining the appropriate estimates and assumptions in the valuation of Brookfield Renewable's property, plant and equipment. See Note 2(o)(iii) - Critical judgments in applying accounting policies – Property, plant and equipment. Brookfield Renewable has classified its property, plant and equipment under level 3 of the fair value hierarchy.

## [Table of Contents](#)

Discount rates, terminal capitalization rates and exit dates used in the valuation methodology, are provided in the following table:

	United States		Canada		Brazil		Europe	
	2015	2014	2015	2014	2015	2014	2015	2014
Discount rate								
Contracted	5.4%	5.2%	4.7%	4.8%	9.2%	8.4%	5.0%	N/A
Uncontracted	7.1%	7.1%	6.4%	6.7%	10.5%	9.7%	6.8%	N/A
Terminal capitalization rate <sup>(1)</sup>	6.9%	7.1%	6.3%	6.5%	N/A	N/A	N/A	N/A
Exit date	2035	2034	2035	2034	2033	2029	2031	N/A

<sup>(1)</sup> The terminal capitalization rate applies only to hydroelectric assets in the United States and Canada.

The following table summarizes the impact of a change in discount rates, electricity prices and terminal capitalization rates on the fair value of property, plant and equipment:

(BILLIONS)	2015	2014
50 bps increase in discount rates	\$ (1.3)	\$ (1.3)
50 bps decrease in discount rates	1.6	1.5
5% increase in future electricity prices	0.6	0.5
5% decrease in future electricity prices	(0.6)	(0.5)
50 bps increase in terminal capitalization rate <sup>(1)</sup>	(0.4)	(0.3)
50 bps decrease in terminal capitalization rate <sup>(1)</sup>	0.4	0.4

<sup>(1)</sup> The terminal capitalization rate applies only to hydroelectric assets in the United States and Canada.

Terminal values are included in the valuation of hydroelectric assets in the United States and Canada. For the hydroelectric assets in Latin America, cash flows have been included based on the duration of the authorization or useful life of a concession asset without consideration of potential renewal value. The weighted-average remaining duration of the authorization or useful life of a concession asset at December 31, 2015, is 18 years (2014: 15 years). Consequently, there is no terminal value attributed to the hydroelectric assets in Latin America. If an additional 20 years of cash flows were included in Latin America, the fair value of property, plant and equipment would increase by approximately \$1 billion.

The following table summarizes the percentage of total generation contracted under power purchase agreements:

	United States	Canada	Brazil	Europe
1 - 10 years	55%	86%	65%	75%
11 - 20 years	41%	63%	54%	14%

The following table summarizes power prices from long-term power purchase agreements that are linked specifically to the related power generating assets:

Per MWh <sup>(1)</sup>	United States	Canada	Brazil	Europe
1 - 10 years	\$ 90	C\$ 93	R\$ 255	€ 89
11 - 20 years	\$ 102	C\$ 95	R\$ 372	€ 103

<sup>(1)</sup> Assumes nominal prices based on weighted-average generation.

[Table of Contents](#)

The following table summarizes the estimates of future electricity prices:

Per MWh <sup>(1)</sup>	United States		Canada		Brazil	Europe	
1 - 10 years	\$	70	C\$	101	R\$ 290	€	87
11 - 20 years	\$	126	C\$	156	R\$ 448	€	106

<sup>(1)</sup> Assumes nominal prices based on weighted-average generation.

Brookfield Renewable's long-term view is anchored to the cost of securing new energy from renewable sources to meet future demand growth. Based on current supply and demand fundamentals, Brookfield Renewable has revised the year entry to 2023 from 2020. A further one year change would increase or decrease the fair value of property, plant and equipment by approximately \$60 million.

Had Brookfield Renewable's revalued property, plant and equipment been measured on a historical cost basis, the carrying amounts, net of accumulated depreciation would have been as follows at December 31:

(MILLIONS)		2015		2014
Hydroelectric	\$	6,313	\$	6,591
Wind		2,780		2,800
Other <sup>(1)</sup>		262		40
	\$	9,355	\$	9,431

<sup>(1)</sup> Included within the "Other" category are biomass and Co-gen.

### 13. OTHER LONG-TERM ASSETS

The composition of Brookfield Renewable's other long-term assets as at December 31 is presented in the following table:

(MILLIONS)	Cost	Accumulated Amortization 2015	Net Book Value	Net book value
				2014
Restricted cash	\$ 138	\$ -	\$ 138	\$ 81
Available-for-sale investments	14	-	14	31
Unamortized financing fees	38	(30)	8	9
Other	32	(3)	29	35
	\$ 222	\$ (33)	\$ 189	\$ 156

At December 31, 2015, \$138 million of restricted cash (2014: \$81 million) was held primarily to satisfy lease payments and credit agreements.

#### 14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Brookfield Renewable's accounts payable and accrued liabilities as at December 31 are as follows:

(MILLIONS)	2015	2014
Operating accrued liabilities	\$ 145	\$ 131
Interest payable on corporate and subsidiary borrowings	44	44
Accounts payable	43	29
LP Unitholders' distributions, preferred limited partnership unit distributions and preferred dividends payable <sup>(1)</sup>	19	19
Other	33	30
	\$ 284	\$ 253

<sup>(1)</sup> Includes amounts payable only to external LP Unitholders. Amounts payable to Brookfield are included in due to related parties. Refer to Note 10 - Related party transactions.

## 15. LONG-TERM DEBT AND CREDIT FACILITIES

The composition of debt obligations as at December 31 is presented in the following table:

(MILLIONS EXCEPT AS NOTED)	2015			2014		
	Weighted-average Interest rate (%)	Term (years)		Weighted-average Interest rate (%)	Term (years)	
<b>Corporate borrowings</b>						
Series 3 (C\$200)	5.3	2.8	\$ 145	5.3	3.8	\$ 172
Series 4 (C\$150)	5.8	20.9	108	5.8	21.9	129
Series 6 (C\$300)	6.1	0.9	217	6.1	1.9	258
Series 7 (C\$450)	5.1	4.8	325	5.1	5.8	388
Series 8 (C\$400)	4.8	6.1	289	4.8	7.1	344
Series 9 (C\$400)	3.8	9.4	289	-	-	-
	5.0	6.5	\$ 1,373	5.3	6.7	\$ 1,291
<b>Subsidiary borrowings</b>						
North America						
United States	5.3	7.0	\$ 3,203	5.3	8.3	\$ 3,468
Canada	5.6	13.1	1,471	5.7	13.8	1,798
	5.4	8.9	4,674	5.4	10.2	5,266
Latin America	10.1	11.9	347	7.3	10.4	189
Europe	3.9	11.0	631	3.5	12.5	594
	5.5	9.3	\$ 5,652	5.3	10.4	\$ 6,049
<b>Credit facilities</b>	1.4	4.5	\$ 368	1.4	4.5	\$ 401
<b>Total debt</b>			\$ 7,393			\$ 7,741
Add: Unamortized premiums <sup>(1)</sup>			4			8
Less: Unamortized financing fees <sup>(1)</sup>			(59)			(71)
Less: Current portion			(770)			(256)
			\$ 6,568			\$ 7,422

<sup>(1)</sup> Unamortized premiums and unamortized financing fees are amortized to interest expense over the terms of the borrowing.

[Table of Contents](#)

Future maturities of Brookfield Renewable's debt obligations, for each of the next five years and thereafter are as follows:

(MILLIONS)	2016	2017	2018	2019	2020	Thereafter	Total
Corporate borrowings <sup>(1)</sup>	\$ 217	\$ -	\$ 145	\$ -	\$ 324	\$ 687	\$ 1,373
Subsidiary borrowings <sup>(1)</sup>							
United States	355	778	770	59	23	1,218	3,203
Canada	117	45	48	46	174	1,041	1,471
Brazil	28	28	38	39	36	178	347
Europe	53	48	51	55	61	363	631
	770	899	1,052	199	618	3,487	7,025
Credit facilities	-	-	-	-	368	-	368
	\$ 770	\$ 899	\$ 1,052	\$ 199	\$ 986	\$ 3,487	\$ 7,393

<sup>(1)</sup> Subsidiary borrowings and corporate borrowings and credit facilities include \$4 million and \$59 million of unamortized premiums and deferred financing fees, respectively.

Future maturities of borrowings for interests accounted for on an equity-accounted basis for each of the next five years and thereafter are as follows:

(MILLIONS)	2016	2017	2018	2019	2020	Thereafter	Total
United States	\$ -	\$ 1	\$ 6	\$ 5	\$ 6	\$ 382	\$ 400
Canada	-	-	-	-	-	33	33
	\$ -	\$ 1	\$ 6	\$ 5	\$ 6	\$ 415	\$ 433

The unamortized financing fees of each debt obligation as at December 31 are as follows:

(MILLIONS)	2015	2014	2013
Corporate borrowings			
Unamortized financing fees, beginning of year	\$ 5	\$ 6	\$ 8
Additional financing fees	1	-	-
Amortization of financing fees	(1)	(1)	(2)
Unamortized financing fees, end of year	\$ 5	\$ 5	\$ 6
Subsidiary borrowings			
Unamortized financing fees, beginning of year	\$ 66	\$ 46	\$ 46
Additional financing fees	7	39	17
Amortization of financing fees	(15)	(13)	(17)
Foreign exchange translation	(4)	(6)	-
Unamortized financing fees, end of year	\$ 54	\$ 66	\$ 46
Total	\$ 59	\$ 71	\$ 52

## [Table of Contents](#)

Long-term debt and credit facilities are recorded at amortized cost.

The following table provides information about management's best estimate of the fair value of long-term debt and credit facilities as at December 31:

(MILLIONS)	2015		2014	
	Carrying value <sup>(1)</sup>	Fair value	Carrying value <sup>(1)</sup>	Fair value
Corporate borrowings	\$ 1,368	\$ 1,474	\$ 1,286	\$ 1,428
Subsidiary borrowings				
United States	\$ 3,180	\$ 3,411	\$ 3,435	\$ 3,769
Canada	1,458	1,615	1,784	2,013
Brazil	346	346	189	189
Europe	618	678	583	634
	5,602	6,050	5,991	6,605
Credit facilities	368	368	401	401
	\$ 7,338	\$ 7,892	\$ 7,678	\$ 8,434

<sup>(1)</sup> Net of unamortized financing fees and premium.

### Corporate borrowings

Corporate borrowings are obligations of a finance subsidiary of Brookfield Renewable, Brookfield Renewable Energy Partners ULC ("BREP Finance") (Note 28 - Subsidiary public issuers). BREP Finance may redeem some or all of the borrowings from time to time, pursuant to the terms of the indenture. The balance is payable upon maturity, and interest on corporate borrowings is paid semi-annually. The term notes payable by BREP Finance are unconditionally guaranteed by Brookfield Renewable, BRELP and certain other subsidiaries.

In March 2015, Brookfield Renewable issued C\$400 million (\$317 million) of medium-term corporate notes, maturing in June 2025 at a fixed rate of 3.75%. Transaction costs of \$1 million were incurred.

### Subsidiary borrowings

Subsidiary borrowings are generally asset-specific, long-term, non-recourse borrowings denominated in the domestic currency of the subsidiary. Subsidiary borrowings in North America and Europe consist of both fixed and floating interest rate debt. Brookfield Renewable uses interest rate swap agreements to minimize its exposure to floating interest rates. Subsidiary borrowings in Brazil consist of floating interest rates of Taxa de Juros de Longo Prazo ("TJLP"), the Brazil National Bank for Economic Development's long-term interest rate, or Interbank Deposit Certificate rate ("CDI"), plus a margin.

In February 2015, Brookfield Renewable secured an 18-month extension on \$75 million of debt associated with a portfolio of hydroelectric and wind facilities in the United States held through the Brookfield Americas Infrastructure Fund. The debt bears interest at LIBOR plus 2.75%, and matures in August 2016.

In February 2015, as part of the acquisition of a 123 MW wind portfolio in Portugal, Brookfield Renewable assumed loans with principal balances totaling €99 million (\$109 million). The loans bear interest at an initial weighted-average fixed rate of 6.28%, including the related interest rate swaps, and have a weighted-average remaining term of 9.5 years.

In March 2015, as part of the acquisition of a 313 MW operating renewable power generation portfolio in Brazil comprising of 43 MW of hydroelectric, 150 MW of wind, and 120 MW of biomass generating capacity and a 55 MW biomass development project, Brookfield Renewable assumed R\$631 million

## [Table of Contents](#)

(\$197 million) of debt with a combination of variable and fixed interest rates, and a weighted-average remaining term of 12.7 years.

In May 2015, as part of the acquisition of a 120 MW hydroelectric facility in Brazil, Brookfield Renewable assumed R\$254 million (\$83 million) of debt with variable interest rates of CDI plus 0.5% and 2.0%, and a weighted-average remaining term of 7.6 years.

Effective June 30, 2015, the margin on C\$194 million (\$155 million) of debt associated with a 189 MW wind facility in Ontario was reduced from 2.25% to 1.625%.

The final drawdown of €20 million (\$22 million) was made in July 2015 on the construction and term loan associated with 137 MW of wind projects in Ireland, bringing the total draw to €188 million (\$227 million) at a weighted average rate of 2.74% and maturing in December 2027.

Effective July 31, 2015, the margin on C\$119 million (\$95 million) of debt associated with a 51 MW wind facility in Ontario was reduced from 2.25% to 1.625%, and the debt was up-financed by C\$7 million (\$5 million).

In September 2015, Brookfield Renewable secured financing in the amount of R\$187 million (\$47 million) with respect to 90 MW of biomass capacity in Brazil, of which we drew R\$139 million (\$35 million). The loan bears interest at a floating interest rate of the TJLP's rate plus 1.4%, and matures in October 2035.

### **Equity-accounted investments**

In February 2015, an equity-accounted investee of Brookfield Renewable refinanced indebtedness associated with a 45 MW hydroelectric facility in British Columbia by issuing C\$90 million (\$76 million) of bonds with an interest rate of 2.95%, maturing in May 2023. Brookfield Renewable owns a 50% equity-accounted interest in this facility.

In October 2015, an equity-accounted investee of Brookfield Renewable completed a \$400 million bond financing associated with its 600 MW pumped storage and 10 MW hydroelectric facilities in New England. The bond matures in 2025, and bears interest at a fixed interest rate of 4.89% on \$375 million and a floating interest rate of LIBOR plus a margin of 270 basis points on the remaining \$25 million. Simultaneously, the equity-accounted investee of Brookfield Renewable also completed a \$26 million letter of credit and working capital facility with a three-year term and a floating interest rate of LIBOR plus a margin of 170 basis points. Brookfield Renewable owns a 50%, equity-accounted interest in this facility.

### **Credit facilities**

In May 2015, Brookfield Renewable extended the maturity of its corporate credit facilities by one year to June 2020 and also expanded the available amount to \$1,310 million from \$1,280 million. In November and December 2015, we further expanded the available amount to \$1,560 million. The applicable margin is 1.20% and the credit facilities are used for general working capital purposes. The credit facilities are available by way of advances in Canadian dollars, U.S. dollars, Euro (€) or British Pound Sterling (£) in the form of (i) Canadian prime rate loans (ii) U.S. base rate loans (iii) bankers' acceptance ("BA") rate loans (iv) LIBOR loans (v) EURIBOR loans and (vi) letters of credit. Refer to Note 30 – Commitments, contingencies and guarantees for further details regarding letters of credit. The credit facilities bear interest at the applicable BA rate, LIBOR or EURIBOR plus an applicable margin. The applicable margin is tiered on the basis of Brookfield Renewable's unsecured long-term debt rating. Standby fees are charged on the undrawn balance.

Brookfield Asset Management has provided a \$200 million committed unsecured revolving credit facility maturing in December 2016, at LIBOR plus 2%.

## [Table of Contents](#)

Brookfield Renewable and its subsidiaries issue letters of credit from some of its credit facilities for general corporate purposes which include, but are not limited to, security deposits, performance bonds and guarantees for debt service reserve accounts.

The following table summarizes the available portion of credit facilities as at December 31:

	Dec 31	Dec 31
(MILLIONS)	2015	2014
Authorized credit facilities	\$ 1,760	\$ 1,480
Draws on credit facilities <sup>(1)</sup>	(368)	(401)
Issued letters of credit	(218)	(227)
Available portion of credit facilities	\$ 1,174	\$ 852

<sup>(1)</sup> Amounts are unsecured and revolving. Interest rate is at the LIBOR plus 1.20% (December 31, 2014: 1.20%).

## 16. INCOME TAXES

The major components of income tax recovery (expense) for the year ended December 31 are as follows:

(MILLIONS)	2015	2014	2013
Income tax recovery (expense) applicable to:			
Current taxes			
Attributed to the current period	\$ (18)	\$ (18)	\$ (19)
Deferred taxes			
Income taxes - origination and reversal of temporary differences	\$ 87	\$ 30	\$ 24
Relating to change in tax rates / imposition of new tax laws	6	15	14
Relating to unrecognized temporary differences and tax losses	(15)	(16)	(20)
	\$ 78	\$ 29	\$ 18
<b>Total income tax recovery (expense)</b>	<b>\$ 60</b>	<b>\$ 11</b>	<b>\$ (1)</b>

The major components of deferred income tax recovery (expense) for the year ended December 31 recorded directly to OCI are as follows:

(MILLIONS)	2015	2014	2013
Deferred income taxes attributed to:			
Financial instruments designated as cash flow hedges	\$ 8	\$ 12	\$ (11)
Other	(17)	(8)	-
Revaluation surplus			
Origination and reversal of temporary differences	(263)	(408)	98
Relating to changes in tax rates / imposition of new tax laws	(19)	38	6
	\$ (291)	\$ (366)	\$ 93

Brookfield Renewable's effective income tax (expense) recovery for the year ended December 31 is different from its recovery at its statutory income tax rate due to the differences below:

(MILLIONS)	2015	2014	2013
Statutory income tax (expense) recovery <sup>(1)</sup>	\$ (15)	\$ (66)	\$ (76)
(Reduction) increase resulting from:			
Increase in tax assets not recognized	(15)	(16)	(20)
Deemed profit method differences in Brazil	10	8	12
Differences between statutory rate and future tax rate	68	65	69
Losses recorded not taxable to Brookfield Renewable	14	11	13
Other	(2)	9	1
<b>Effective income tax recovery (expense)</b>	<b>\$ 60</b>	<b>\$ 11</b>	<b>\$ (1)</b>

<sup>(1)</sup> Statutory income tax expense is calculated at the domestic rates applicable to the profits in the country concerned.

The above reconciliation has been prepared by aggregating the information for all of Brookfield Renewable's subsidiaries using the domestic rate in each tax jurisdiction.

The taxable temporary difference attributable to the Brookfield Renewable's interest in its subsidiaries, associates, and joint ventures is \$1,248 million.

Brookfield Renewable's effective income tax rate was negative 139.53% for the year ended December 31, 2015 (2014: negative 5.76%). The effective tax rate is less than the statutory rate primarily due to rate differentials and non-controlling interests income not subject to tax.

[Table of Contents](#)

The following table details the expiry date, if applicable, of the unrecognized deferred tax assets as at December 31:

(MILLIONS)	2015	2014
2016 to 2020	\$ -	\$ 1
2021 and thereafter	77	77
	\$ 77	\$ 78

The deferred tax assets and liabilities of the following temporary differences have been recognized in the consolidated financial statements for the year ended December 31:

(MILLIONS)	Jan 1, 2015	Recognized in Net income (loss)	Recognized in Equity	Business Combinations	Foreign Exchange	Dec 31, 2015
Non-capital losses	\$ 403	\$ 73	\$ (1)	\$ 5	\$ (22)	\$ 458
Amount available for future deductions	88	(11)	-	-	(12)	65
Difference between tax and carrying value	(2,986)	16	(279)	(35)	223	(3,061)
Net deferred tax (liabilities) assets	\$ (2,495)	\$ 78	\$ (280)	\$ (30)	\$ 189	\$ (2,538)

(MILLIONS)	Jan 1, 2014	Recognized in Net income (loss)	Recognized in Equity	Business Combinations	Foreign Exchange	Dec 31, 2014
Non-capital losses	\$ 341	\$ 46	\$ 15	\$ 10	\$ (9)	\$ 403
Amount available for future deductions	110	(12)	-	-	(10)	88
Difference between tax and carrying value	(2,599)	(5)	(366)	(130)	114	(2,986)
Net deferred tax (liabilities) assets	\$ (2,148)	\$ 29	\$ (351)	\$ (120)	\$ 95	\$ (2,495)

(MILLIONS)	Jan 1, 2013	Recognized in Net income (loss)	Recognized in Equity	Business Combinations	Foreign Exchange	Dec 31, 2013
Non-capital losses	\$ 270	\$ 32	\$ 7	\$ 41	\$ (9)	\$ 341
Amount available for future deductions	131	(13)	-	-	(8)	110
Difference between tax and carrying value	(2,669)	(1)	97	(123)	97	(2,599)
Net deferred tax (liabilities) assets	\$ (2,268)	\$ 18	\$ 104	\$ (82)	\$ 80	\$ (2,148)

The deferred income tax liabilities includes \$2,924 million (2014: \$2,650 million) of liabilities which relate to property, plant and equipment revaluations included in equity.

## 17. OTHER LONG-TERM LIABILITIES

Brookfield Renewable's other long-term liabilities as at December 31 are comprised of the following:

(MILLIONS)	2015	2014
Pension obligations (Note 22)	\$ 56	\$ 63
Decommissioning retirement obligations	47	48
Deferred and contingent consideration (Note 4)	32	13
Other	28	10
Concession payment liability	9	13
	\$ 172	\$ 147

Brookfield Renewable is required to pay the Brazilian Federal Government for the usage of public assets over the concession terms associated with certain of its Brazilian facilities. Accordingly, as at December 31, 2015, Brookfield Renewable recorded a liability associated with a future obligation relating to concession payments of \$9 million (2014: \$13 million). The future obligation is being settled through monthly payments made over the concession term.

Brookfield Renewable has recorded decommissioning retirement obligations associated with certain power generating assets. The estimated cost of decommissioning activities is based on a third party assessment. The decommissioning retirement obligation of \$47 million at December 31, 2015 (2014: \$48 million) has been established for hydroelectric and wind operation sites in Canada and United States that are expected to be restored between the years 2031 to 2138.

## 18. CAPITAL MANAGEMENT

Brookfield Renewable's primary capital management objectives are to ensure the sustainability of its capital to support continuing operations, meet its financial obligations, allow for growth opportunities and provide stable distributions to its LP Unitholders. Brookfield Renewable's capital is monitored through debt to total capitalization which is defined as the total long-term debt and credit facilities divided by total long-term debt and credit facilities plus equity.

Brookfield Renewable has provided covenants to certain of its lenders for its corporate borrowings and credit facilities. The covenants require Brookfield Renewable to meet minimum debt to capitalization ratios. Subsidiaries of Brookfield Renewable have provided covenants to certain of their lenders for their property-specific borrowings. These covenants vary from one credit agreement to another and include ratios that address debt service coverage. Certain lenders have also put in place requirements that oblige Brookfield Renewable and its subsidiaries to maintain debt and capital expenditure reserve accounts. The consequences to the subsidiaries as a result of failure to comply with their covenants could include a limitation of distributions from the subsidiaries to Brookfield Renewable, as well as repayment of outstanding debt. Brookfield Renewable is dependent on the distributions made by its subsidiaries to service its debt.

Financial covenants associated with Brookfield Renewable's various banking and credit arrangements are reviewed regularly and controls are in place to maintain compliance with these covenants. Brookfield Renewable complied with all material financial covenants for the years ended December 31, 2015, 2014 and 2013.

## [Table of Contents](#)

Brookfield Renewable's strategy during December 31, 2015, which was unchanged from 2014, was to maintain the measure set out in the following schedule as at December 31:

(MILLIONS)	2015		2014	
<b>Total debt</b>				
Current portion of long-term debt	\$	770	\$	256
Long-term debt and credit facilities		6,568		7,422
		7,338		7,678
Deferred income tax liabilities, net <sup>(1)</sup>		2,538		2,495
Participating non-controlling interests - in operating subsidiaries		2,587		2,062
General partnership interest in a holding subsidiary held by Brookfield		52		59
Participating non-controlling interests - in a holding subsidiary - Redeemable/Exchangeable units held by Brookfield		2,559		2,865
Preferred equity		610		728
Preferred limited partners' equity		128		-
Limited partners' equity		2,827		3,167
<b>Total capitalization</b>	\$	18,639	\$	19,054
<b>Debt to total capitalization</b>		39%		40%

<sup>(1)</sup> Deferred income tax liabilities less deferred income tax assets.

## 19. NON-CONTROLLING INTERESTS

Brookfield Renewable's non-controlling interests are comprised of the following as at December 31:

(MILLIONS)	2015		2014	
Participating non-controlling interests - in operating subsidiaries	\$	2,587	\$	2,062
General partnership interest in a holding subsidiary held by Brookfield		52		59
Participating non-controlling interests - in a holding subsidiary - Redeemable/Exchangeable units held by Brookfield		2,559		2,865
Preferred equity		610		728
<b>Total</b>	\$	5,808	\$	5,714

### *Preferred equity*

Brookfield Renewable's preferred equity as at December 31 consists of Class A Preference Shares of Brookfield Renewable Power Preferred Equity Inc. ("BRP Equity") as follows:

(MILLIONS)	Shares outstanding	Cumulative dividend rate <sup>(1)</sup>	Earliest permitted redemption date	Dividends declared for the year ended			
				2015	2014	2015	2014
Series 1 (C\$136)	5.45	3.36%	Apr 30, 2020	\$ 6	\$ 12	\$ 98	\$ 214
Series 2 (C\$113)	4.51	3.03%	Apr 30, 2020	2	-	81	-
Series 3 (C\$249)	9.96	4.40%	Jul 31, 2019	8	10	179	214
Series 5 (C\$175)	7.00	5.00%	Apr 30, 2018	7	8	126	150
Series 6 (C\$175)	7.00	5.00%	Jul 31, 2018	7	8	126	150
	33.92			\$ 30	\$ 38	\$ 610	\$ 728

<sup>(1)</sup> Series 2 dividend rate represents annualized distribution based on the most recent quarterly floating rate.

## [Table of Contents](#)

The Class A Preference Shares do not have a fixed maturity date and are not redeemable at the option of the holders. As at December 31, 2015, none of the issued Class A Preference Shares have been redeemed by BRP Equity.

On April 1, 2015, the fixed dividend rate on the Series 1 Preference Shares for the five years commencing May 1, 2015 and ending April 30, 2020 was reset and, if declared, will be paid at an annual rate of 3.355% (C\$0.2096875 per share per quarter). The holders of 4,518,289 Series 1 Preference Shares exercised their right to convert their shares into Class A, Series 2 Preference Shares on a one-for-one basis. The holders of the Series 2 Preference Shares will be entitled to receive floating rate cumulative preferential cash dividends, equal to the T-Bill Rate plus 2.620%. The quarterly dividend in respect of the November 1, 2015 to January 31, 2016 dividend period was paid on January 31, 2016 at an annual rate of 3.03% (C\$ 0.19112 per share).

The holders of the Series 3 Preference Shares are entitled to receive fixed cumulative dividends. The dividend will reset on July 31, 2019 and every five years thereafter at a rate equal to the then five year Government of Canada Bond yield plus 2.94%.

The holders of the Series 3 Preference Shares will have the right, at their option, to convert their shares into Class A, Series 4 Preference Shares on a one-for-one basis on the earliest permitted redemption date and every five years thereafter. The holders of the Series 4 Preference Shares will be entitled to receive floating rate cumulative preferential cash dividends, equal to the T-Bill Rate plus 2.94%.

The holders of the Series 5 and 6 Preference Shares are entitled to receive fixed cumulative dividends.

Brookfield Renewable, BRELP and certain holding company subsidiaries fully and unconditionally guarantee the payment of dividends on all of the Class A Preference Shares, the amount due on redemption, and the amounts due on the liquidation, dissolution or winding-up of BRP Equity.

### *Class A Preference Shares for Cancellation – Normal course issuer bid*

On June 23, 2015, Brookfield Renewable announced that the Toronto Stock Exchange had accepted a notice of BRP Equity's intention to commence a normal course issuer bid in connection with its outstanding Class A Preference Shares. Under this normal course issuer bid, Brookfield Renewable is permitted to repurchase up to 10% of the total public float for each respective series of the Class A Preference Shares. Repurchases were authorized to commence on June 26, 2015 and will terminate on June 25, 2016, or earlier should Brookfield Renewable complete its repurchases prior to such date.

For the year ended December 31, 2015, 78,537 Class A, Series 1, Series 2 and Series 3 Preference Shares were repurchased at a cost of \$1 million, and cancelled.

### *Class A, Series 5 Preference Shares – Exchange offer*

In November 2015, Brookfield Renewable announced its offer to exchange (the "Exchange Offer") each issued and outstanding Class A, Series 5 Preference Share of BRP Equity with an annual dividend rate of 5.00% (the "Series 5 Preference Shares") for one newly issued Class A, Series 5 Preferred Limited Partnership Unit (the "Preferred LP Units") of Brookfield Renewable with an annual distribution rate of 5.59%.

The Exchange Offer was open for acceptance until, and completed on, February 8, 2016. On that date, a total of 2,885,496 Series 5 Preference Shares were tendered and exchanged for an equal number of Series 5 Preferred LP Units; refer to Note 31 – Subsequent Events.

[Table of Contents](#)

*Participating non-controlling interests – in operating subsidiaries*

The net change in participating non-controlling interests – in operating entities is as follows:

(MILLIONS)	Brookfield Americas Infrastructure Fund	Brookfield Infrastructure Fund II	The Catalyst Group	Brookfield Energia Renovável	Other	Total
As at December 31, 2012	\$ 806	\$ -	\$ 123	\$ 58	\$ 41	\$ 1,028
Net income	21	1	18	1	-	41
OCI	133	(2)	(26)	(10)	4	99
Capital contributions <sup>(1)</sup>	51	214	-	-	-	265
Distributions	(119)	-	-	(3)	-	(122)
Other	(1)	(6)	1	-	(2)	(8)
As at December 31, 2013	\$ 891	\$ 207	\$ 116	\$ 46	\$ 43	\$ 1,303
Net income	14	22	14	-	1	51
OCI	54	187	8	-	10	259
Capital contributions <sup>(1)</sup>	-	610	-	-	-	610
Distributions	(45)	(89)	(12)	(3)	-	(149)
Other	-	-	-	(11)	(1)	(12)
As at December 31, 2014	\$ 914	\$ 937	\$ 126	\$ 32	\$ 53	\$ 2,062
Net income	26	27	14	-	2	69
OCI	89	144	(12)	(10)	(7)	204
Capital contributions <sup>(1)</sup>	-	460	-	-	-	460
Distributions	(70)	(126)	(7)	(1)	(4)	(208)
Other	(1)	(1)	-	1	1	-
As at December 31, 2015	\$ 958	\$ 1,441	\$ 121	\$ 22	\$ 45	\$ 2,587
Interests held by third parties	75-80%	50-60%	25%	24-30%	23-50%	

<sup>(1)</sup> Capital contributions are for the purposes of acquisitions and to fund expenses.

[Table of Contents](#)

The following tables summarize certain financial information of operating subsidiaries that have non-controlling interests that are material to Brookfield Renewable:

(MILLIONS)	Brookfield Americas		Brookfield	The Catalyst	Other	Total
	Infrastructure Fund	Infrastructure Fund II	Infrastructure Fund II	Group		
Interests held by third parties	75-80%	50-60%		25%	23-50%	
Place of business	United States Brazil	United States Brazil Europe		United States	United States Brazil Canada	
For the year ended December 31, 2013:						
Revenue	\$ 195	\$ 74		\$ 188	\$ 25	\$ 482
Net (loss) income	23	2		72	2	99
Total comprehensive (loss) income	258	(1)		(15)	2	244
Net (loss) income allocated to non-controlling interests	21	1		18	1	41
For the year ended December 31, 2014:						
Revenue	\$ 164	\$ 211		\$ 162	\$ 31	\$ 568
Net income	18	46		56	3	123
Total comprehensive income (loss)	85	422		87	45	639
Net income allocated to non-controlling interests	14	22		14	1	51
As at December 31, 2014:						
Property, plant and equipment, at fair value	\$ 1,959	\$ 3,316		\$ 1,049	\$ 494	\$ 6,818
Total assets	2,021	3,572		1,159	529	7,281
Total borrowings	777	1,617		539	53	2,986
Total liabilities	853	1,946		556	73	3,428
Carrying value of non-controlling interests	\$ 914	\$ 937		\$ 126	\$ 85	\$ 2,062
For the year ended December 31, 2015:						
Revenue	\$ 136	\$ 402		\$ 160	\$ 30	\$ 728
Net income	34	49		56	8	147
Total comprehensive income (loss)	144	247		8	(51)	348
Net income allocated to non-controlling interests	26	27		14	2	69
As at December 31, 2015:						
Property, plant and equipment, at fair value	\$ 1,786	\$ 4,417		\$ 981	\$ 398	\$ 7,582
Total assets	1,840	4,770		1,096	409	8,115
Total borrowings	563	1,870		496	44	2,973
Total liabilities	628	2,236		512	61	3,437
Carrying value of non-controlling interests	\$ 958	\$ 1,441		\$ 121	\$ 67	\$ 2,587

## [Table of Contents](#)

The following table summarizes certain financial information regarding *General partnership interest in a holding subsidiary held by Brookfield and Participating non-controlling interests – in a holding subsidiary - Redeemable/Exchangeable units held by Brookfield*:

(MILLIONS)	2015	2014	2013
For the year ended December 31:			
Revenue	\$ 1,628	\$ 1,704	\$ 1,706
Net income	103	203	215
Comprehensive income (loss)	5	1,071	(333)
Net income allocated to <sup>(1)</sup> :			
GP interest	-	1	1
Redeemable/Exchangeable partnership units	1	55	67
As at December 31:			
Property, plant and equipment, at fair value	\$ 18,358	\$ 18,566	
Total assets	19,507	19,849	
Total borrowings	7,338	7,678	
Total liabilities	10,744	10,968	
Carrying value of <sup>(2)</sup> :			
GP interest	52	59	
Redeemable/Exchangeable partnership units	2,559	2,865	

<sup>(1)</sup> Allocated based on weighted-average GP interest, Redeemable/Exchangeable partnership units and LP Units of 2.7 million, 129.7 million, and 143.3 million, respectively (2014: 2.7 million, 129.7 million, and 138.8 million, respectively and 2013: 2.7 million, 129.7 million, and 132.9 million, respectively).

<sup>(2)</sup> Allocated based on outstanding GP interest, Redeemable/Exchangeable partnership units and LP Units of 2.7 million, 129.7 million, and 143.2 million, respectively (2014: 2.7 million, 129.7 million, and 143.4 million, respectively).

As at December 31, 2015, general partnership units, representing the 1% general partnership interest in BRELP held by Brookfield (“GP interest”), and Redeemable/Exchangeable partnership units outstanding were 2,651,506 (December 31, 2014: 2,651,506) and 129,658,623 (December 31, 2014: 129,658,623), respectively.

### *Distributions*

The composition of the distributions for the year ended December 31 is presented in the following table:

(MILLIONS)	2015	2014
General partnership interest in a holding subsidiary held by Brookfield	\$ 4	\$ 4
Incentive distribution	8	2
	\$ 12	\$ 6
Participating non-controlling interests - in a holding subsidiary - Redeemable/Exchangeable units held by Brookfield	\$ 217	\$ 201
	\$ 229	\$ 207

*General partnership interest in a holding subsidiary held by Brookfield and Participating non-controlling interests – in a holding subsidiary - Redeemable/Exchangeable units held by Brookfield*

Brookfield, as the owner of the 1% GP interest, is entitled to regular distributions plus an incentive distribution based on the amount by which quarterly distributions exceed specified target levels. To the extent that LP Unit distributions exceed \$0.375 per LP Unit per quarter, the incentive is 15% of

## [Table of Contents](#)

distributions above this threshold. To the extent that quarterly LP Unit distributions exceed \$0.4225 per LP Unit, the incentive distribution is equal to 25% of distributions above this threshold.

Consolidated equity includes Redeemable/Exchangeable partnership units and the GP interest. The Redeemable/Exchangeable partnership units are held 100% by Brookfield, which at its discretion has the right to redeem these units for cash consideration. No Redeemable/Exchangeable partnership units have been redeemed for cash consideration. Since this redemption right is subject to Brookfield Renewable's right, at its sole discretion, to satisfy the redemption request with LP Units of Brookfield Renewable, the Redeemable/Exchangeable partnership units are classified as equity in accordance with IAS 32, *Financial Instruments: Presentation*. The Redeemable/Exchangeable partnership units and GP interest are presented as non-controlling interests since they provide Brookfield the direct economic benefits and exposures to the underlying performance of BRELP. The LP Units issued by Brookfield Renewable and the Redeemable/Exchangeable partnership units issued by its subsidiary BRELP have the same economic attributes in all respects, except for the redemption right described above. The Redeemable/Exchangeable partnership units and the GP interest participate in earnings and distributions on a per unit basis equivalent to the per unit participation of the LP Units of Brookfield Renewable.

As at December 31, 2015, general partnership units, representing the GP interest and Redeemable/Exchangeable partnership units outstanding were 2,651,506 (December 31, 2014: 2,651,506) and 129,658,623 (December 31, 2014: 129,658,623), respectively.

### **20. PREFERRED LIMITED PARTNERS' EQUITY**

In November 2015, Brookfield Renewable issued 7,000,000 Class A, Series 7 Preferred LP Units at a price of C\$25 per unit for gross proceeds of C\$175 million (\$132 million). Transaction costs of \$4 million were incurred. The holders of the Series 7 Preferred LP Units will be entitled to receive fixed cumulative quarterly distributions at an annual rate of C\$1.375 per unit, a yield of 5.5%, for the initial period ending January 31, 2021. Thereafter, the distribution rate will be reset every five years at a rate equal to the greater of (i) the 5-year Government of Canada Bond yield plus 4.47%, and (ii) 5.5%. The Series 7 Preferred LP Units are redeemable on or after January 31, 2021.

The holders of Series 7 Preferred LP Units will have the right, at their option, to convert their Series 7 Preferred LP Units into Class A, Series 8 Preferred LP Units, subject to certain conditions, on January 31, 2021 and every five years thereafter. The holders of the Series 8 Preferred LP Units will be entitled to receive cumulative quarterly floating distributions at an annual rate equal to the 3-month Government of Canada Treasury Bill yield plus 4.47%.

As noted in Note 19 – Non-Controlling Interests, in February 2016 a total of 2,885,496 Series 5 Preference Shares of BRP Equity were tendered and exchanged for an equal number of Series 5 Preferred LP Units of Brookfield Renewable; refer to Note 31 - Subsequent Events.

The Class A Preferred LP Units do not have a fixed maturity date and are not redeemable at the option of the holders. As at December 31, 2015, none of the Class A Preferred LP Units have been redeemed by Brookfield Renewable.

### **21. LIMITED PARTNERS' EQUITY**

#### *Limited partners' equity*

As at December 31, 2015, 143,188,170 LP Units were outstanding (December 31, 2014: 143,356,854) including 40,026,986 (December 31, 2014: 40,026,986) held by Brookfield. Brookfield owns all general partnership interests in Brookfield Renewable representing a 0.01% interest.

During the year ended December 31, 2015, 171,605 LP Units (2014: 121,941 LP Units) were issued under the distribution reinvestment plan.

## [Table of Contents](#)

### *LP Units Purchased for Cancellation – Normal course issuer bid*

For the year ended December 31, 2015, 340,289 LP Units were repurchased at a cost of \$9 million. The premium paid to purchase the LP Units in excess of the stated value was charged to limited partners' equity. Repurchases were initially authorized to commence on December 29, 2014 and terminate on December 28, 2015. Pursuant to this bid, the Board of Directors of BRPL authorized Brookfield Renewable to repurchase up to 7.1 million LP Units, representing approximately 5% of the issued and outstanding LP Units. In December 2015, Brookfield Renewable renewed the normal course issuer bid and the authorization to repurchase up to 7.1 million LP Units will expire on December 28, 2016, or earlier should Brookfield Renewable complete its repurchases prior to such date. All LP Units acquired under the normal course issuer bid are cancelled. Outside of pre-determined trading blackout periods, purchases under Brookfield Renewable's normal course issuer bid will be completed based upon management's discretion. Brookfield Renewable has not established an automatic securities purchase plan for its LP Units.

As at December 31, 2015, Brookfield's direct and indirect interest of 169,685,609 LP Units and Redeemable/Exchangeable partnership units represents approximately 62% of Brookfield Renewable on a fully-exchanged basis.

On an unexchanged basis, Brookfield holds a 28% direct limited partnership interest in Brookfield Renewable, a 48% direct interest in BRELP through the ownership of Redeemable/Exchangeable partnership units and a direct 1% GP interest in BRELP as at December 31, 2015.

### *Distributions*

Distributions may be made by the general partner of Brookfield Renewable with the exception of instances that there is insufficient cash available, payment tends Brookfield Renewable unable to pay its debt or payment of which might leave Brookfield Renewable unable to meet any future contingent obligations.

For the year ended December 31, 2015, Brookfield Renewable declared distributions on its LP Units of \$239 million or \$1.66 per LP Unit (2014: \$216 million or \$1.55 per LP Unit).

The composition of the distribution for the year ended December 31 is presented in the following table:

(MILLIONS)	2015	2014
Brookfield	\$ 67	\$ 62
External LP Unitholders	172	154
	\$ 239	\$ 216

In February 2015, unitholder distributions were increased to \$1.66 per unit on an annualized basis, an increase of eleven cents per unit, which took effect with the distribution payable in March 2015.

## **22. PENSION AND EMPLOYEE FUTURE BENEFITS**

Brookfield Renewable offers a number of pension plans to its employees, as well as certain health care, dental care, life insurance and other benefits to certain retired employees pursuant to Brookfield Renewable's policy. The plans are funded by contributions from Brookfield Renewable and from plan members. Pension benefits are based on length of service and final average earnings and some plans are indexed for inflation after retirement. The pension plans relating to employees of Brookfield Renewable have been included in the consolidated financial statements.

The Brookfield Renewable Pension Governance Committee (BRGC) is responsible for the implementation of strategic decisions and monitoring of the administration of Brookfield Renewable's

## [Table of Contents](#)

defined benefit pension plans. Specifically, the BRGC will establish the investment strategies, approve the funding policies as well as assess that Brookfield Renewable has complied with all applicable law, fiduciary, reporting and disclosure requirements.

Actuarial valuations for Brookfield Renewable's pension plans are required as per governing provincial or federal regulations. For Québec and the United States registered plans, actuarial valuations are required annually. For Ontario registered plans, actuarial valuations are required on a triennial basis if the funding level of the plan is above a certain threshold. Currently, all Ontario registered plans are on a triennial schedule. The dates of the most recent actuarial valuations for Brookfield Renewable's pension and non-pension benefit plans range from December 2013 to April, 2015. Brookfield Renewable measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year.

The benefit liabilities represent the amount of pension and other employee future benefits that Brookfield Renewable's employees and retirees have earned at year-end. The benefit obligation under these plans is determined through periodic actuarial reports which were based on the assumptions indicated in the following table.

Actuarial assumptions as at December 31:

	Defined benefit pension plans	Non-pension benefit plans	Defined benefit pension plans	Non-pension benefit plans	Defined benefit pension plans	Non-pension benefit plans
	2015 (%)		2014 (%)		2013 (%)	
Discount rate	2.9 - 4.7	4.2 - 4.7	2.6 - 4.2	4.0 - 4.3	4.0 - 5.0	4.9 - 5.0
Rate of price inflation	2.0 - 2.5	N/A	2.0 - 2.5	N/A	2.0 - 2.5	N/A
Rate of compensation increases	2.5 - 3.0	2.5 - 3.0	2.5 - 4.0	3.0 - 4.0	2.5 - 4.0	3.0 - 3.0
Health care trend rate <sup>(1)</sup>	N/A	6.3 - 7.1	N/A	6.5 - 7.2	N/A	6.5 - 7.7

<sup>(1)</sup> Assumed immediate trend rate at year end.

Plan obligations and the annual pension expense are determined on an actuarial basis and are affected by numerous assumptions and estimates including the market value of plan assets, estimates of the long-term rate of return on plan assets, discount rates, rate of compensation increases and other assumptions. The discount rate, rate of price inflation and inflation-linked assumptions and health care cost trend rate are the assumptions that generally have the most significant impact on the benefit obligations.

The discount rate for benefit obligation purposes is the rate at which the pension obligation could be effectively settled. Rate of compensation increases reflect the best estimate of merit increases to be provided, consistent with assumed inflation rates.

A 50 basis point change in the assumptions mentioned before, used for the calculation of the benefit obligations as at December 31, 2015, would result in the following increase (decrease) of the benefit obligations:

[Table of Contents](#)

(MILLIONS)	Defined benefit pension plans	Non-pension benefit plans
Discount rate		
50 basis point increase	(8)	(2)
50 basis point decrease	8	3
Rate of price inflation and inflation-linked assumptions		
50 basis point increase	5	N/A
50 basis point decrease	(4)	N/A
Health care cost trend rate		
50 basis point increase	N/A	3
50 basis point decrease	N/A	(2)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Expense recognized in the consolidated statements of income and consolidated statements of comprehensive income (loss) for the year ended December 31:

(MILLIONS)	Defined benefit pension plans		Non-pension benefit plans		Defined benefit pension plans		Non-pension benefit plans	
	2015		2014		2013			
Current service costs	\$ 3	\$ 1	\$ 3	\$ 1	\$ 2	\$ 1		
Past service costs (recovery)	1	(1)	1	2	1	(1)		
Interest expense	1	2	-	1	1	1		
Administrative expenses	1	-	1	-	1	-		
Recognized in consolidated statement of income (loss)	6	2	5	4	5	1		
Remeasurement of the net defined benefit liability:								
Return on plan assets	(1)	-	(4)	-	(7)	-		
Actuarial changes arising from changes in demographic assumptions	2	(5)	1	2	2	-		
Actuarial changes arising from changes in financial assumptions	(2)	(1)	8	3	(4)	(3)		
Experience adjustments	2	-	(2)	-	-	-		
Recognized in consolidated statement of comprehensive income (loss)	1	(6)	3	5	(9)	(3)		
Total	\$ 7	\$ (4)	\$ 8	\$ 9	\$ (4)	\$ (2)		

The amounts included in the consolidated balance sheets arising from Brookfield Renewable's obligations in respect of its defined benefit plans are as follows:

(MILLIONS)	Defined benefit pension plans		Non-pension benefit plans		Defined benefit pension plans		Non-pension benefit plans	
	2015		2014		2013			
Present value of defined benefit obligation	\$ 124	\$ 35	\$ 128	\$ 43	\$ 80	\$ 27		
Fair value of plan assets	(103)	-	(108)	-	(74)	-		
Net liability	\$ 21	\$ 35	\$ 20	\$ 43	\$ 6	\$ 27		

## Defined benefit obligations

The movement in the defined benefit obligation for the year ended December 31 is as follows:

	Defined benefit pension plans	Non-pension benefit plans	Defined benefit pension plans	Non-pension benefit plans	Defined benefit pension plans	Non-pension benefit plans
(MILLIONS)	2015		2014		2013	
Balance, beginning of year	\$ 128	\$ 43	\$ 80	\$ 27	\$ 82	\$ 29
Current service cost	3	1	3	1	2	1
Past service cost (recovery)	1	(1)	1	2	1	(1)
Interest expense	5	2	4	1	4	1
Remeasurement losses (gains)						
Actuarial changes arising from changes in demographic assumptions	2	(5)	1	2	2	-
Actuarial changes arising from changes in financial assumptions	(2)	(1)	8	3	(4)	(3)
Experience adjustments	2	-	(2)	-	-	-
Benefits paid	(5)	(2)	(4)	(1)	(3)	(1)
Business combination	-	-	42	10	-	1
Exchange differences	(10)	(2)	(5)	(2)	(4)	-
Balance, end of year	\$ 124	\$ 35	\$ 128	\$ 43	\$ 80	\$ 27

Expected employer's contributions to the defined benefit plans for the year ended December 31, 2016 are \$5 million.

## Fair value of plan assets

The movement in the fair value of plan assets for the year ended December 31 is as follows:

	Defined benefit pension plans	Non-pension benefit plans	Defined benefit pension plans	Non-pension benefit plans	Defined benefit pension plans	Non-pension benefit plans
(MILLIONS)	2015		2014		2013	
Balance, beginning of year	\$ 108	\$ -	\$ 74	\$ -	\$ 64	\$ -
Interest income	4	-	4	-	3	-
Return on plan assets	1	-	4	-	7	-
Employer contributions	5	2	8	1	7	1
Business combination	-	-	28	-	-	-
Benefits paid	(5)	(2)	(4)	(1)	(3)	(1)
Exchange differences	(10)	-	(6)	-	(4)	-
Balance, end of year	\$ 103	\$ -	\$ 108	\$ -	\$ 74	\$ -

[Table of Contents](#)

The composition of plan assets as at December 31 is as follows:

	2015 (%)	2014 (%)
Asset category:		
Cash and cash equivalents	1	-
Equity securities	58	56
Debt securities	40	43
Real estate	1	1
	100	100

### 23. OTHER INCOME

Brookfield Renewable's other income for the year ended December 31 is comprised of the following:

(MILLIONS)	2015	2014	2013
Gain on disposal (Note 5)	\$ 53	\$ -	\$ -
Gains on settlement of foreign currency contracts	31	-	-
Compensation related to expired Brazilian concession agreements <sup>(1)</sup>	17	-	-
Interest income and other	21	10	11
	\$ 122	\$ 10	\$ 11

<sup>(1)</sup> In July 2015, concession agreements relating to two Brazilian hydroelectric facilities expired. Brookfield Renewable elected not to renew these concession agreements in exchange for compensation of \$17 million.

### 24. DIRECT OPERATING COSTS

Brookfield Renewable's direct operating costs for the year ended December 31 are comprised of the following:

(MILLIONS)	2015	2014	2013
Operations, maintenance and administration	\$ 396	\$ 353	\$ 331
Water royalties, property taxes and other	119	130	137
Fuel and power purchases	15	20	42
Energy marketing fees (Note 10)	22	21	20
Total direct operating costs	\$ 552	\$ 524	\$ 530

## 25. OTHER

Brookfield Renewable's other for the year ended December 31 is comprised of the following:

(MILLIONS)	2015	2014	2013
Change in fair value of property, plant and equipment (Note 12)	\$ (38)	\$ 9	\$ (41)
Unrealized loss on available-for-sale securities (Note 13)	(25)	-	-
Other	-	(6)	10
	\$ (63)	\$ 3	\$ (31)

## 26. FOREIGN CURRENCY TRANSLATION

Brookfield Renewable's foreign currency translation for the year ended December 31 shown in the consolidated statement of comprehensive income (loss) is comprised of the following:

(MILLIONS)	2015	2014	2013
Foreign currency translation on			
Property, plant and equipment, at fair value (Note 12)	\$ (1,975)	\$ (910)	\$ (789)
Long-term debt and credit facilities	697	352	263
Deferred income tax liabilities and assets	202	112	89
Other assets and liabilities	(62)	(21)	(64)
Unrealized gains on net investment hedges	55	69	-
	\$ (1,083)	\$ (398)	\$ (501)

## 27. SUPPLEMENTAL INFORMATION

The net change in working capital balances for the year ended December 31 shown in the consolidated statements of cash flows is comprised of the following:

(MILLIONS)	2015	2014	2013
Trade receivables and other current assets	\$ (72)	\$ 20	\$ 47
Accounts payable and accrued liabilities	2	(54)	(42)
Other assets and liabilities	8	14	(4)
	\$ (62)	\$ (20)	\$ 1

[Table of Contents](#)

**28. SUBSIDIARY PUBLIC ISSUERS**

The following tables provide consolidated summary financial information for Brookfield Renewable, BRP Equity, and BREP Finance:

(MILLIONS)	Brookfield Renewable	BRP Equity	BREP Finance	Holding Entities <sup>(1)</sup>	Other Subsidiaries <sup>(2)</sup>	Consolidating adjustments <sup>(3)</sup>	Brookfield Renewable consolidated
As at December 31, 2015:							
Current assets	\$ 24	\$ -	\$ 1,387	\$ 111	\$ 1,298	\$ (2,220)	\$ 600
Long-term assets	2,957	603	-	15,605	18,780	(19,038)	18,907
Current liabilities	26	8	231	2,233	967	(2,220)	1,245
Long-term liabilities	-	-	1,151	378	9,251	(1,281)	9,499
Participating non-controlling interests - in operating subsidiaries	-	-	-	-	2,587	-	2,587
Participating non-controlling interests -in a holding subsidiary - Redeemable/Exchangeable units held by Brookfield	-	-	-	2,559	-	-	2,559
Preferred equity	-	610	-	-	-	-	610
Preferred limited partners' equity	128	-	-	128	-	(128)	128
As at December 31, 2014:							
Current assets	\$ 21	\$ -	\$ 1,307	\$ 135	\$ 1,169	\$ (1,938)	\$ 694
Long-term assets	3,166	717	-	16,666	20,014	(21,408)	19,155
Current liabilities	20	9	16	1,935	645	(1,938)	687
Long-term liabilities	-	-	1,286	406	10,859	(2,270)	10,281
Participating non-controlling interests - in operating subsidiaries	-	-	-	-	2,062	-	2,062
Participating non-controlling interests -in a holding subsidiary - Redeemable/Exchangeable units held by Brookfield	-	-	-	2,865	-	-	2,865
Preferred equity	-	728	-	-	-	-	728

<sup>(1)</sup> Includes BRELP, BRP Bermuda Holdings I Limited ("Latam Holdco"), Brookfield BRP Holdings (Canada) Inc. ("NA Holdco") and Brookfield BRP Europe Holdings Limited ("Euro Holdco").

<sup>(2)</sup> Includes subsidiaries of Brookfield Renewable, other than BRP Equity, BREP Finance and other holding entities.

<sup>(3)</sup> Includes elimination of intercompany transactions and balances necessary to present Brookfield Renewable on a consolidated basis.

## [Table of Contents](#)

(MILLIONS)	Brookfield Renewable	BRP Equity	BREP Finance	Holding Entities <sup>(1)</sup>	Other Subsidiaries <sup>(2)</sup>	Consolidating adjustments <sup>(3)</sup>	Brookfield Renewable consolidated
For the year ended Dec 31, 2015							
Revenues	\$ -	\$ -	\$ -	\$ 8	\$ 1,620	\$ -	\$ 1,628
Net income (loss)	2	-	(1)	(42)	235	(91)	103
For the year ended Dec 31, 2014							
Revenues	\$ -	\$ -	\$ -	\$ -	\$ 1,704	\$ -	\$ 1,704
Net income (loss)	58	-	(1)	187	438	(479)	203
For the year ended Dec 31, 2013							
Revenues	\$ -	\$ -	\$ -	\$ -	\$ 1,706	\$ -	\$ 1,706
Net income (loss)	69	-	-	234	486	(574)	215

<sup>(1)</sup> Includes BRELP, Latam Holdco, NA Holdco and Euro Holdco.

<sup>(2)</sup> Includes subsidiaries of Brookfield Renewable, other than BRP Equity, BREP Finance, and other holding entities.

<sup>(3)</sup> Includes elimination of intercompany transactions and balances necessary to present Brookfield Renewable on a consolidated basis.

See Note 15 – Long-term debt and credit facilities for additional details regarding the mid-term corporate notes issued by BREP Finance. See Note 19 – Non-controlling interests for additional details regarding Class A Preference Shares issued by BRP Equity.

## 29. SEGMENTED INFORMATION

Brookfield Renewable operates renewable power generating assets, which include conventional hydroelectric facilities and wind facilities located in North America, Latin America and Europe. Brookfield Renewable also operates three biomass facilities and two Co-gen facilities. Brookfield Renewable's Chief Executive Officer and Chief Financial Officer (collectively, the chief operating decision maker or "CODM") review the results of the business, manage operations, and allocate resources based on the type of power generation (Hydroelectric, Wind, and Other, which includes Biomass and Co-gen).

Effective January 1, 2015, the geographies by which the Hydroelectric and Wind segments are further evaluated and for which information is disclosed have changed in order to allow the CODM to more effectively evaluate the business in a manner aligned with the continental operating platforms. Accordingly, while information regarding the United States and Canada will continue to be disclosed in a manner consistent with prior periods, these two segments have been further combined into the "North America" segment. The "Latin America" segment includes the former Brazil segment, while the "Europe" segment was not affected as a result of these changes.

In accordance with IFRS 8, *Operating Segments*, Brookfield Renewable discloses information about its reportable segments based upon the measures used by the CODM in assessing performance. The accounting policies of the reportable segments are the same as those described in Note 2 – Basis of presentation and significant accounting policies. Brookfield Renewable analyzes the performance of its operating segments based on revenues, Adjusted EBITDA, and Funds From Operations.

Adjusted EBITDA means revenues less direct costs (including energy marketing costs), plus Brookfield Renewable's share of cash earnings from equity-accounted investments and other income, before interest, income taxes, depreciation, management service costs and the cash portion of non-controlling interests.

Funds From Operations is defined as Adjusted EBITDA less interest, current income taxes and management service costs, which is then adjusted for the cash portion of non-controlling interests and distributions to preferred limited partners. For the year ended December 31, 2014, Funds From

## [Table of Contents](#)

Operations include the earnings received from the wind portfolio Brookfield Renewable acquired in Ireland, reflecting its economic interest from January 1, 2014 to June 30, 2014. This amount represents an acquisition price adjustment under IFRS 3, *Business combinations* but is included in Funds From Operations for purposes of reporting operating results to Brookfield Renewable's CODM.

Transactions between the reportable segments occur at fair value.

In August 2015, Brookfield Renewable announced the promotions of the President and Chief Operating Officer to the Chief Executive Officer, and the Chief Executive Officer to the role of Executive Group Chairman, Renewable Power for Brookfield Asset Management, which includes oversight of all of Brookfield's renewable investments. Accordingly, beginning on the date of the promotions, the CODM includes the Chief Executive Officer and Chief Financial Officer who will evaluate Brookfield Renewable's results, manage its operations and allocate its resources by segment.

In January 2016 Brookfield Renewable, with its institutional partners, acquired a 57.6% controlling interest in Isagen from the Colombian government. Beginning on the date of the acquisition, information regarding Isagen will be provided to the CODM and accordingly the acquired business in Colombia will be defined as a segment in the first quarter of 2016. For the year ended December 31, 2015, the "Latin America" Hydroelectric and Wind segments are comprised solely of information related to Brookfield Renewable's power generating assets in Brazil.

The following segmented information is regularly reported to our CODM.

[Table of Contents](#)

(MILLIONS)	Hydroelectric				Wind					Other <sup>(1)</sup>	Corporate	Total
	North America			Latin	North America			Latin	Europe			
	U.S.	Canada	Total	America	U.S.	Canada	Total	America	Europe			
For the year ended												
December 31, 2015:												
Revenues	\$ 698	\$ 305	\$ 1,003	\$ 225	\$ 101	\$ 105	\$ 206	\$ 22	\$ 138	\$ 34	\$ -	\$ 1,628
Adjusted EBITDA	453	255	708	188	76	86	162	21	103	14	(19)	1,177
Interest expense - borrowings	(160)	(62)	(222)	(24)	(33)	(30)	(63)	(9)	(29)	(2)	(80)	(429)
Funds From Operations prior to non-controlling interests	287	193	480	153	43	56	99	11	75	11	(148)	681
Cash portion of non-controlling interests	(87)	(3)	(90)	(17)	(23)	-	(23)	(6)	(43)	(5)	(30)	(214)
Funds From Operations	200	190	390	136	20	56	76	5	32	6	(178)	467
Depreciation	(200)	(82)	(282)	(125)	(53)	(58)	(111)	(9)	(80)	(9)	-	(616)
For the year ended												
December 31, 2014:												
Revenues	\$ 719	\$ 394	\$ 1,113	\$ 265	\$ 129	\$ 123	\$ 252	\$ -	\$ 45	\$ 29	\$ -	\$ 1,704
Adjusted EBITDA	493	315	808	198	86	105	191	-	29	11	(21)	1,216
Interest expense - borrowings	(153)	(70)	(223)	(19)	(39)	(38)	(77)	-	(9)	-	(87)	(415)
Funds From Operations prior to non-controlling interests	339	245	584	162	47	67	114	-	31	11	(159)	743
Cash portion of non-controlling interests	(83)	(2)	(85)	(13)	(34)	-	(34)	-	(13)	-	(38)	(183)
Funds From Operations	256	243	499	149	13	67	80	-	18	11	(197)	560
Depreciation	(159)	(82)	(241)	(143)	(63)	(72)	(135)	-	(25)	(4)	-	(548)
For the year ended												
December 31, 2013:												
Revenues	\$ 677	\$ 399	\$ 1,076	\$ 301	\$ 125	\$ 133	\$ 258	\$ -	\$ -	\$ 71	\$ -	\$ 1,706
Adjusted EBITDA	473	319	792	221	82	111	193	-	-	23	(21)	1,208
Interest expense - borrowings	(148)	(64)	(212)	(23)	(38)	(44)	(82)	-	-	-	(93)	(410)
Funds From Operations prior to non-controlling interests	322	255	577	181	44	67	111	-	-	23	(154)	738
Cash portion of non-controlling interests	(69)	-	(69)	(12)	(26)	-	(26)	-	-	-	(37)	(144)
Funds From Operations	253	255	508	169	18	67	85	-	-	23	(191)	594
Depreciation	(140)	(85)	(225)	(156)	(65)	(77)	(142)	-	-	(12)	-	(535)

<sup>(1)</sup> Includes biomass and Co-gen.

## [Table of Contents](#)

The following table reconciles Adjusted EBITDA and Funds From Operations, presented in the above tables, to net income as presented in the consolidated statements of income, for the year ended December 31:

(MILLIONS)	Notes	2015	2014	2013
Revenues	10	\$ 1,628	\$ 1,704	\$ 1,706
Other income <sup>(1)(2)(3)</sup>	23	122	10	11
Share of cash earnings from equity-accounted investments	11	20	26	21
Direct operating costs	24	(552)	(524)	(530)
Less: cash portion of non-controlling interests - other income <sup>(1)</sup>	5	(41)	-	-
Adjusted EBITDA		1,177	1,216	1,208
Fixed earnings adjustment <sup>(4)</sup>		-	11	-
Interest expense - borrowings	15	(429)	(415)	(410)
Management service costs	10	(48)	(51)	(41)
Current income tax expense	16	(18)	(18)	(19)
Less: distributions to preferred limited partners	20	(1)	-	-
Funds From Operations prior to non-controlling interests		681	743	738
Less: cash portion of non-controlling interests				
Participating non-controlling interests - in operating subsidiaries	19	(184)	(145)	(107)
Preferred equity	19	(30)	(38)	(37)
Funds From Operations		467	560	594
Add: cash portion of non-controlling interests <sup>(1)</sup>	19	255	183	144
Add: distributions to preferred limited partners	20	1	-	-
Less: fixed earnings adjustment		-	(11)	-
Depreciation	12	(616)	(548)	(535)
Unrealized financial instruments (loss) gain	9	(9)	10	37
Share of non-cash loss from equity-accounted investments	11	(10)	(23)	(12)
Deferred income tax recovery	16	78	29	18
Other	4	(63)	3	(31)
Net income		\$ 103	\$ 203	\$ 215

<sup>(1)</sup> In July 2015, Brookfield Renewable, along with its institutional partners, sold its interest in a 102 MW wind facility in California to a third party for gross cash consideration of \$143 million, resulting in a gain of \$53 million. See Note 5 - Disposal of assets and 23 - Other income. Brookfield Renewable's share of the gain was \$12 million, representing the 22% interest in the facility and is net of the cash portion of non-controlling interests.

<sup>(2)</sup> In July 2015, concession agreements relating to two Brazilian hydroelectric facilities expired. Brookfield Renewable elected not to renew these concession agreements in exchange for compensation of \$17 million.

<sup>(3)</sup> In 2015, Brookfield Renewable realized gains of \$31 million on the settlement of foreign currency contracts. See Note 23 - Other income.

<sup>(4)</sup> The fixed earnings adjustment relates to Brookfield Renewable's investment in the acquisition of the wind portfolio in Ireland. Pursuant to the terms of the purchase and sale agreement, Brookfield Renewable acquired an economic interest in the wind portfolio from January 1, 2014. The transaction closed on June 30, 2014, and accordingly under IFRS, the \$11 million net Funds From Operations contribution was recorded as part of the purchase price.

[Table of Contents](#)

The following table presents information about Brookfield Renewable's certain balance sheet items on a segmented basis:

(MILLIONS)	Hydroelectric				Wind energy					Other <sup>(1)</sup>	Corporate	Total
	North America			Latin America	North America			Latin America	Europe			
	U.S.	Canada	Total		U.S.	Canada	Total					
As at December 31, 2015:												
Property, plant and equipment, at fair value	\$ 8,240	\$ 4,879	\$ 13,119	\$ 1,728	\$ 894	\$ 893	\$ 1,787	\$ 245	\$ 1,201	\$ 278	\$ -	\$ 18,358
Total assets	8,645	5,095	13,740	1,954	975	920	1,895	267	1,312	315	24	19,507
Total borrowings	2,721	954	3,675	207	459	504	963	105	618	34	1,736	7,338
Total liabilities	4,238	1,988	6,226	311	576	708	1,284	108	838	76	1,901	10,744
For the year ended December 31, 2015:												
Additions to property, plant and equipment	68	49	117	373	7	3	10	318	347	284	-	1,449
As at December 31, 2014:												
Property, plant and equipment, at fair value	\$ 7,922	\$ 5,168	\$ 13,090	\$ 2,120	\$ 1,203	\$ 1,137	\$ 2,340	\$ -	\$ 975	\$ 41	\$ -	\$ 18,566
Total assets	8,463	5,286	13,749	2,287	1,292	1,164	2,456	-	1,108	43	206	19,849
Total borrowings	2,814	1,155	3,969	189	621	629	1,250	-	583	-	1,687	7,678
Total liabilities	4,345	2,214	6,559	300	706	865	1,571	-	747	1	1,790	10,968
For the year ended December 31, 2014:												
Additions to property, plant and equipment	1,415	40	1,455	19	10	17	27	-	1,129	-	-	2,630

<sup>(1)</sup> Includes biomass and Co-gen.

The following information is about Brookfield Renewable's equity accounted investments:

(MILLIONS)	Hydroelectric				Wind energy					Other	Corporate	Total
	North America			Latin America	North America			Latin America	Europe			
	U.S.	Canada	Total		U.S.	Canada	Total					
As at December 31, 2015	\$ 106	\$ 60	\$ 166	\$ 24	\$ -	\$ -	\$ -	\$ -	\$ 7	\$ -	\$ -	\$ 197
As at December 31, 2014	\$ 177	\$ 56	\$ 233	\$ 38	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ 273

### 30. COMMITMENTS, CONTINGENCIES AND GUARANTEES

#### Commitments

In the course of its operations, Brookfield Renewable and its subsidiaries have entered into agreements for the use of water, land and dams. Payment under those agreements varies with the amount of power generated. The various agreements are renewable and extend up to 2091.

In July 2015, Brookfield Renewable entered into an agreement to acquire two hydroelectric facilities in Brazil with an aggregate capacity of 51 MW and expected to generate 293 GWh. Brookfield Renewable completed this acquisition in January 2016; refer to Note 31 - Subsequent Events. Brookfield Renewable will retain a 100% interest in these facilities.

In October 2015, Brookfield Renewable entered into an agreement to acquire two hydroelectric facilities in Pennsylvania with an aggregate capacity of 292 MW. The facilities are expected to generate 1,109 GWh annually. Brookfield Renewable is pursuing this transaction with institutional partners, and is expected to retain an approximate 40% controlling interest in the facilities. The transaction is expected to close in the first quarter of 2016, subject to typical closing conditions.

In January 2016 Brookfield Renewable, with its institutional partners, acquired an approximate 57.6% controlling interest in Isagen S.A. ("Isagen") from the Colombian government; refer to Note 31 – Subsequent Events. Brookfield Renewable's initial economic interest in Isagen is 9% after accounting for the non-controlling interests of its institutional partners. Following the closing of the acquisition Brookfield Renewable and its institutional partners are required to conduct two tender offers with respect to the remaining Isagen shares. If our consortium is successful in acquiring the remaining outstanding Isagen shares, Brookfield Renewable's interest in Isagen would then increase to approximately 23%.

The remaining development project costs on three Brazilian hydroelectric projects totaling 72 MW, a 55 MW biomass facility in Brazil, and a 14 MW wind project in Northern Ireland are expected to be \$193 million. The biomass facility and the wind project are expected to be fully operational in 2016. Two hydroelectric projects with a combined capacity of 53 MW are expected to be fully operational in 2017, and the 19 MW hydroelectric project is expected to be fully operational in 2018. In the fourth quarter of 2015, Brookfield Renewable entered into a construction agreement in regards to a 15 MW wind development project in Northern Ireland. Costs associated with the project are expected to be \$30 million. Construction is expected to commence in the first quarter of 2016.

As at December 31, 2015, Brookfield Renewable had commitments for future minimum lease payments under non-cancellable leases which fall due as follows:

(MILLIONS)		
2016	\$	24
2017		22
2018		20
2019		20
2020		18
Thereafter		191
Total	\$	295

#### Contingencies

Brookfield Renewable and its subsidiaries are subject to various legal proceedings, arbitrations and actions arising in the normal course of business. While the final outcome of such legal proceedings and actions cannot be predicted with certainty, it is the opinion of management that the resolution of such

## [Table of Contents](#)

proceedings and actions will not have a material impact on Brookfield Renewable's consolidated financial position or results of operations.

Brookfield Renewable, on behalf of Brookfield Renewable's subsidiaries, and the subsidiaries themselves have provided letters of credit, which include, but are not limited to, guarantees for debt service reserves, capital reserves, construction completion and performance. The activity on the issued letters of credit by Brookfield Renewable can be found in Note 15 – Long-term debt and credit facilities.

Brookfield Renewable along with institutional investors have provided letters of credit, which include, but are not limited to, guarantees for debt service reserves, capital reserves, construction completion and performance as it relates to interests in the Brookfield Americas Infrastructure Fund and the Brookfield Infrastructure Fund II. As at December 31, 2015, letters of credit issued by Brookfield Renewable along with institutional investors were \$71 million (2014: \$125 million).

Brookfield Renewable's equity-accounted entities have similarly provided letters of credit, which include, but are not limited to, guarantees for debt service reserves, capital reserves, construction completion and performance. As at December 31, 2015, letters of credit issued by Brookfield Renewable's equity-accounted entities were \$16 million (2014: nil).

### **Guarantees**

In the normal course of operations, Brookfield Renewable and its subsidiaries execute agreements that provide for indemnification and guarantees to third parties of transactions such as business dispositions, capital project purchases, business acquisitions, and sales and purchases of assets and services. Brookfield Renewable has also agreed to indemnify its directors and certain of its officers and employees. The nature of substantially all of the indemnification undertakings prevents Brookfield Renewable from making a reasonable estimate of the maximum potential amount that Brookfield Renewable could be required to pay third parties as the agreements do not always specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, neither Brookfield Renewable nor its subsidiaries have made material payments under such indemnification agreements.

### 31. SUBSEQUENT EVENTS

#### *Acquisition of Isagen*

In January 2016 Brookfield Renewable, with its institutional partners, acquired a 57.6% controlling interest in Isagen from the Colombian government. Isagen is Colombia's third-largest power generation company and owns and operates a 3,032 MW portfolio, consisting predominantly of a portfolio of six, largely reservoir-based, hydroelectric facilities. Annual generation is expected to approximate 15,000 GWh. In addition, the portfolio includes approximately 3,800 MW of attractive medium to long-term development projects providing further growth opportunity.

Aggregate consideration was approximately \$2.0 billion (COP 6.7 trillion) for the initial 57.6% interest. Brookfield Renewable's initial investment is \$225 million for a 9% economic interest in Isagen after accounting for the non-controlling interests of its institutional partners. Brookfield Renewable is the general partner of and effectively controls the entity that acquired the 57.6% interest in Isagen.

Following the closing of the acquisition Brookfield Renewable and its institutional partners are required to conduct two mandatory tender offers (collectively, the "MTO") with respect to the remaining Isagen shares. If our consortium is successful in acquiring all of the remaining outstanding Isagen shares, a further approximately \$1.4 billion (COP 4.8 trillion) would be invested. Brookfield Renewable's interest in Isagen would then increase to approximately 23% and a further approximate \$400 million of equity would be invested.

The aggregate consideration for the initial 57.6% interest and the aggregate tender offer is or is anticipated to be financed as follows:

(MILLIONS)	Initial 57.6%	MTO 42.4%	100%
Non-recourse borrowings	\$ 510	\$ 240	\$ 750
Equity			
Non-controlling interests	1,244	806	2,050
Brookfield Renewable	225	400	625
	\$ 1,979	\$ 1,446	\$ 3,425

In association with the Isagen acquisition, Brookfield Renewable and its institutional partners secured financing in the amount of \$750 million of which \$510 million was drawn to partially fund the initial 57.6% interest. The loan bears interest at a floating interest rate of LIBOR plus a margin of 250 basis points and matures in January 2021. Brookfield Renewable also secured a one-year, \$500 million, non-revolving corporate credit facility. The terms of this credit facility are consistent with the terms of our corporate credit facilities and the applicable margin is 1.20%.

The estimated fair values of the assets acquired and liabilities assumed will be disclosed in the Q1 2016 interim report and financial statements with final figures expected within 12 months of the acquisition date.

#### *Acquisition of Brazil hydroelectric facilities*

In January 2016, Brookfield Renewable completed the acquisition of two hydroelectric facilities in Brazil. The aggregate capacity of the two facilities is 51 MW, and annual generation is expected to be 293 GWh. Brookfield Renewable will retain a 100% interest in the facilities.

## [Table of Contents](#)

### *Equity transactions*

In February 2016, Brookfield Renewable announced the completion of the Exchange Offer for the exchange of Series 5 Preference Shares for Series 5 Preferred LP Units. A total of 2,885,496 Series 5 Preference Shares were tendered and exchanged for an equal number of Series 5 Preferred LP Units.

### *Distribution increase*

In February 2016, Brookfield Renewable announced an increase in LP Unitholder distributions to \$1.78 per LP Unit on an annualized basis, an increase of 12 cents per LP Unit, to take effect with the first quarter distribution payable in March 2016.