

Brookfield Renewable Energy Partners L.P.
Q2 2012 INTERIM REPORT TO UNITHOLDERS

OUR OPERATIONS

We operate our facilities through three regional operating centers in the United States, Canada and Brazil which are designed to maintain and enhance the value of our assets, while cultivating positive relations with local stakeholders. We own and manage 170 hydroelectric generating stations, seven wind facilities, and two natural gas-fired plants. Overall, the assets we own or manage have 4,909 MW of generating capacity and annual generation of 18,115 GWh based on long-term averages. We also have three hydroelectric facilities under construction that are scheduled to be commissioned within the next 24 months, thereby increasing the total capacity of our portfolio by 93 MW to 5,002 MW. The table below outlines our portfolio as at June 30, 2012:

Markets	Rivers	Generating Stations	Generating Units	Capacity ⁽¹⁾ (MW)	LTA ⁽²⁾ (GWh)	Storage (GWh)
Operating Assets						
Hydroelectric generation ⁽³⁾						
United States	26	103	292	1,966	7,020	2,146
Canada	18	32	72	1,323	4,972	1,261
Brazil	23	35	79	626	3,453	N/A ⁽⁴⁾
	67	170	443	3,915	15,445	3,407
Wind energy						
Canada	—	3	220	406	1,197	—
United States	—	4	156	373	952	—
	—	7	376	779	2,149	—
Other	—	2	6	215	521	—
Total from operating assets	67	179	825	4,909	18,115	3,407
Assets under construction						
Hydroelectric generation						
Brazil ⁽⁵⁾	—	2	4	48	229	N/A ⁽⁴⁾
Canada	1	1	4	45	138	—
Total	68	182	833	5,002	18,482	3,407

⁽¹⁾ Total capacity including our share of equity-accounted investments is 4,498 MW.

⁽²⁾ Long-term average ("LTA") was calculated on an annualized basis to the beginning of the year, regardless of the acquisition or commercial operation date.

⁽³⁾ Long-term average 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. In Brazil assured generation levels are used as a proxy for long-term average.

⁽⁴⁾ Brazilian hydroelectric assets benefit from a market framework which levelizes generation risk across producers.

⁽⁵⁾ All assets under construction are on the same river systems as existing hydroelectric assets.

The following table presents the annualized long-term average generation of our operating portfolio on a quarterly basis:

LTA generation (GWh) ⁽¹⁾	Q1	Q2	Q3	Q4	Total
Operating Assets					
Hydroelectric generation ⁽²⁾					
United States	1,883	2,075	1,378	1,684	7,020
Canada	1,158	1,407	1,232	1,175	4,972
Brazil ⁽³⁾	875	811	862	905	3,453
	3,916	4,293	3,472	3,764	15,445
Wind energy					
Canada	324	292	238	343	1,197
United States	215	310	236	191	952
	539	602	474	534	2,149
Other	217	103	97	104	521
Total LTA generation	4,672	4,998	4,043	4,402	18,115

⁽¹⁾ Long-term average was calculated on an annualized basis to the beginning of the year, regardless of the acquisition or commercial operation date.

⁽²⁾ Long-term average 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. In Brazil, assured generation levels are used as a proxy for long-term average.

⁽³⁾ Brazilian hydroelectric assets benefit from a market framework which levelizes generation risk across producers.

Statement Regarding Forward-Looking Statements and Use of Non-IFRS Accounting Measures

This interim report to unitholders contains forward-looking information within the meaning of Canadian securities laws. We may make such statements in this interim report, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission or in other communications. See "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 36. We make use of non-IFRS measures in this interim report as disclosed further on page 37. This interim report and additional information, including our Annual Information Form, are available on our website at www.brookfieldrenewable.com and on SEDAR's website at www.sedar.com.

LETTER TO UNITHOLDERS

Our results for the second quarter of 2012 were impacted by very low precipitation levels across some of our North American markets. However, we continued to make significant progress on our growth initiatives and our capital markets and funding strategy.

One of the key features of our business which differentiates it from other independent renewable power producers is the scale of our hydroelectric platform, both in absolute terms and as a proportion of our overall portfolio. Our portfolio is centered on this core technology and is truly unique in the world. During the quarter, we built upon this leadership position in a meaningful way, through the continued advancement of our existing construction projects in Canada and Brazil, and importantly, the announcement of a large-scale acquisition of hydro assets in the southeastern United States.

U.S. Hydro Acquisition

As we announced just prior to quarter-end, we will acquire with our institutional partners, a portfolio of four hydroelectric generating stations in Tennessee and North Carolina for a total investment of approximately \$600 million. Located on two river systems in eastern Tennessee and western North Carolina, the portfolio is in the latter stages of an extensive asset modernization program which is expected to result in an installed capacity of 378 MW and average annual generation of approximately 1.4 million MWh.

All output from the facilities is currently contracted at a fixed price through June 2014 to the Tennessee Valley Authority ("TVA"), a U.S. government-owned entity providing electricity to nine million people. These facilities are proven generation assets in a market with favourable supply-demand dynamics including a growing population with increasing electricity usage, and significant planned coal retirements. The portfolio also benefits from direct and indirect access to multiple adjacent markets and industrial users, providing a number of additional potential customers.

These assets are an excellent fit with our long-term strategy and our existing platform. We see the current period as an exceptional time to be acquiring renewable power assets, particularly of the hydroelectric variety. Given current market conditions, with natural gas and electricity prices at temporarily depressed levels, we believe that there are significant opportunities to acquire high quality assets at very attractive valuations, particularly for those investors like us, who have the capital, requisite operating expertise and ability to engage in long-term value creation strategies

Progress on Construction Activities

We continue to make excellent progress on our existing construction projects. In Canada, we have begun construction of the 45 MW hydroelectric project on the Kokish River in British Columbia, in conjunction with our partner, the 'Namgis First Nation. Site preparation work is underway, with construction activity at the proposed powerhouse and intake sites, and along the penstock route. Construction of a key access bridge and other roads has been completed.

Our two hydroelectric construction projects in Brazil, Pezzi and Serra dos Cavalinhos, are proceeding on scope, schedule and budget and are expected to enter commercial operations by the first quarter of 2013.

Second Quarter Results

After strong generation in the first three months of the year, the second quarter saw lower levels of precipitation and therefore lower inflows in a number of our watersheds. While new assets helped to offset some of the impact, results were well below the quarterly average. Despite the shortfall, our reservoir levels across the portfolio are in line with their long-term average levels for this time of year. Factoring in the results from the first quarter, our Adjusted EBITDA and funds from operations were \$539 million and \$262 million, respectively, for the first six months of 2012.

Our long-term unitholders are well aware that variations from the long-term average are a very normal part of the hydrology cycle where periods with more favourable conditions are offset by those below the average. For this reason, we have always managed our operations based on long-term average generation. Combined with our financial strength and prudent payout ratio, this approach has allowed us to achieve our near and long-term growth and financial objectives, and to maintain stable and growing cash distributions to unitholders despite these variations.

Looking Ahead

We remain very well-positioned to achieve our objectives for the year. Our liquidity position is strong, and with a \$1 billion credit facility, in addition to our cash balances, we have ready access to funds to pursue our business objectives. Over the last several quarters, we have also strengthened our financial position by strategically reducing our borrowing costs.

From a capital markets perspective, we continue to enjoy the strong support of investors, which we would expect to be enhanced as we achieve a listing on the New York Stock Exchange, anticipated this fall. We expect that the listing will make our securities available to a much broader set of global investors which should enhance our liquidity and access to capital.

As we look ahead to the rest of the year, our priorities include the closing and integration of the U.S. hydro acquisition and the successful completion of our construction projects.

As always, we appreciate your continued support and look forward to reporting on our progress at the next opportunity.

Sincerely,



Richard Legault
President and Chief Executive Officer

Management's Discussion and Analysis

For the three months ended June 30, 2012

QUARTERLY HIGHLIGHTS

Portfolio growth

We announced an agreement to acquire, with our institutional partners, a portfolio of four hydroelectric generating stations located in Tennessee and North Carolina for a total enterprise value of \$600 million. We will own an approximate 25% interest, and will manage and integrate these assets into our North American operating platform. These assets will have an installed capacity of 378 MW and annual generation of 1.4 million MWh. The transaction is expected to close in the fourth quarter of 2012.

Following the receipt of provincial and federal permits, construction has commenced on a 45 MW hydroelectric project in British Columbia. This facility is expected to enter commercial operation in 2014, and will benefit from a 40-year power purchase agreement.

Construction on our two hydroelectric projects in Brazil, totalling 48 MW of installed capacity, is progressing on scope, schedule and budget and are expected to enter commercial operations in the first quarter of 2013.

Subsequent to quarter-end, we also completed the acquisition of a 6 MW hydroelectric facility in Brazil, with our institutional partners. The facility benefits from a power purchase agreement expiring in 2019.

Corporate and subsidiary borrowings

Since the beginning of the year, we have enhanced our financial position and our ability to fund growth by increasing liquidity and capital resources. We have increased our available liquidity to \$1 billion and reduced our borrowings costs, in an environment where interest rates are already at or near historical lows.

During the quarter, we refinanced indebtedness associated with our hydroelectric pumped storage facility in New England (in which we own a 50% interest), through a \$125 million loan for a term of five years at a rate of LIBOR plus 2.25%.

In May 2012, we increased our credit facilities by an additional \$90 million to \$990 million. The new credit facility has similar terms and conditions as the existing credit agreements and expires on October 31, 2016, subject to additional one-year extensions.

Capital markets initiatives

We are progressing with a registration statement filed with the Securities and Exchange Commission ("SEC") in connection with an anticipated listing on the New York Stock Exchange ("NYSE") in the fall of 2012.

Financial and operating results

Total generation for the three months ended June 30, 2012 was 4,101 GWh which was lower than the 4,491 GWh generated in the same quarter of the prior year and below long-term average of 4,998 GWh. The decrease in generation was primarily attributable to our hydroelectric portfolio. Lower levels of precipitation and therefore lower inflows experienced in eastern Canada and the United States resulted in lower generation that led to a decrease in revenues and funds from operations. Reservoir levels in all geographic regions were in line with the expected levels as at June 30, 2012.

Generation from our wind facilities was considerably higher than the prior year primarily due to the contributions from our recently acquired and commissioned facilities in California and northeastern United States and the addition of a facility in Ontario which was commissioned in the fourth quarter of 2011.

Revenues totalled \$337 million or \$82 per MWh for the three months ended June 30, 2012, representing a year-over-year increase of \$8 million from \$329 million. Funds from operations for the three months ended June 30, 2012 were \$87 million.

On a year-to-date basis, the second quarter's generation and financial results were mitigated by stronger first quarter results.

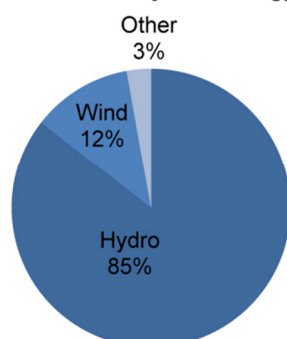
BUSINESS OVERVIEW

We are an owner and operator of a diversified portfolio of high quality assets that produce electricity from renewable resources and have evolved into one of the world's largest listed pure-play renewable power businesses.

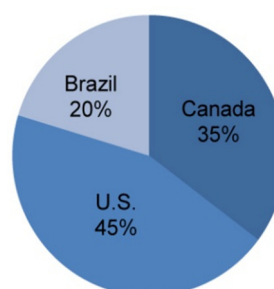
Our assets generate high quality, stable cash flows derived from a virtually fully contracted portfolio. Our business model is simple: utilize our global reach to identify and acquire high quality renewable power assets at favourable valuations, finance them on a long-term, low-risk basis, and enhance 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 shareholders.

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 \$15 billion in power assets, with approximately 5,000 MW of installed capacity, and long-term average generation of approximately 18,100 GWh annually. Our portfolio includes 170 hydroelectric generating stations on 67 river systems and seven wind facilities, diversified across ten power markets in the United States, Canada and Brazil.

Generation by Technology



Generation by Market



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 up to approximately 28% of our annual generation. Our assets in Brazil benefit from a framework that exists in the country to levelize generation risk across producers. This ability to store water and have 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. Over the last ten years we have acquired or developed over 130 hydroelectric assets totalling approximately 3,000 MW and seven wind generating assets totalling approximately 800 MW. We have strong organic growth potential with a 2,000 MW development pipeline spread across each of our operating jurisdictions. Our net asset value in renewable power has grown from approximately \$900 million in 1999 to \$8.4 billion today, representing a 19% compounded annualized growth rate. We are able to acquire and develop assets due to our established operating and project development teams, strategic relationship with Brookfield Asset Management, and our strong liquidity and capitalization profile.

Attractive distribution profile. We pursue a strategy which provides for highly stable, predictable cash flows sourced from predominantly long-life hydroelectric assets ensuring an attractive distribution yield. We target a distribution payout ratio in the range of approximately 60% to 70% of funds from operations and pursue a long-term distribution growth rate target in the range of 3% to 5% annually.

Stable, high quality cash flows with attractive long-term value for limited partnership 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 power assets that sell electricity under long-term, fixed price contracts with creditworthy counterparties. Virtually all of our generation output is sold pursuant to power purchase agreements, to public power authorities, load-serving utilities, industrial users or to affiliates of Brookfield Asset Management. The power purchase agreements for our assets have a weighted-average remaining duration of 23 years, providing long-term cash flow stability.

Strong financial profile. With \$15 billion of power generating assets and a conservative leverage profile, consolidated debt-to-capitalization is approximately 39%. Our liquidity position remains strong with \$1 billion of cash and unutilized portion of committed bank lines. Approximately 75% of our obligations are non-recourse to Brookfield Renewable and our corporate debt has a weighted-average term of approximately nine years.

SUCCESSFUL COMBINATION OF OUR POWER BUSINESS

On November 28, 2011, we completed the strategic combination (the “Combination”) of the renewable power assets of Brookfield Renewable Power Inc. (“BRPI”) and Brookfield Renewable Power Fund (the “Fund”) to launch Brookfield Renewable Energy Partners, L.P. (“Brookfield Renewable”), a publicly-traded limited partnership. Public unitholders of the Fund received one non-voting limited partnership unit of Brookfield Renewable in exchange for each trust unit of the Fund held, and the Fund was wound up.

The business activities of Brookfield Renewable consist of owning a portfolio of renewable power generating facilities in the United States, Brazil and Canada, which have historically been held as part of the power generating operations of BRPI and the Fund.

As at the date of this report, Brookfield Asset Management owned an approximate 68% limited partnership interest, on a fully-exchanged basis, and all general partnership units totalling a 0.01% general partnership interest in Brookfield Renewable while the remaining 32% was held by the public. Since November 30, 2011, Brookfield Renewable’s limited partnership units trade on the Toronto Stock Exchange (“TSX”) under the symbol “BEP.UN”.

BASIS OF PRESENTATION

This Management’s Discussion and Analysis for the three and six months ended June 30, 2012 is provided as of August 13, 2012. Unless the context indicates or requires otherwise, the terms “Brookfield Renewable”, “we”, “us”, and “our” mean Brookfield Renewable Energy Partners, L.P. and controlled entities.

Brookfield Renewable’s unaudited interim 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 period’s presentation.

Unless otherwise indicated, all dollar amounts are expressed in United States (“U.S”) dollars.

PERFORMANCE MEASUREMENT

Although we monitor and analyze our financial performance using a number of indicators, our primary business objective of generating reliable and growing cash flow is monitored and analyzed using adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”), funds from operations and net asset value. As a result of the Combination, we have also presented these same measurements on a *pro forma* basis. While net income is calculated in accordance with IFRS, Adjusted EBITDA, funds from operations, and net asset value do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other companies. See “Reconciliation of Funds From Operations to Net Income (Loss)” and “Reconciliation of *Pro forma* Results”.

Net Income

Net income is calculated in accordance with IFRS.

Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (Adjusted EBITDA)

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, current income taxes, depreciation, amortization and management service costs.

Funds From Operations

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.

Net Asset Value

Net asset value represents our capital at carrying value, on a pre-tax basis prepared in accordance with the procedures and assumptions utilized to prepare Brookfield Renewable’s IFRS financial statements.

SUMMARY FINANCIAL REVIEW ON A CONSOLIDATED BASIS

The Combination does not represent a business combination in accordance with IFRS 3 Business Combinations (“IFRS 3R”) as it represents a reorganization of entities under common control of Brookfield Asset Management. Accordingly, the consolidated financial statements of Brookfield Renewable are presented to reflect such continuing control and no adjustments were made to reflect fair values or to recognize any new assets or liabilities, as a result of the Combination. Brookfield Renewable’s consolidated balance sheets, statements of income (loss), and statements of cash flows are presented as if these arrangements had been in place from the time that the operations were originally acquired by Brookfield Asset Management. For periods prior to November 28, 2011, the financial information for Brookfield Renewable represents the combined financial information for the Brookfield Renewable Power Division (the “Division”) a division of Brookfield Asset Management. Transactions entered into as part of the Combination are accounted for effective November 28, 2011.

Effective December 2011, Brookfield Renewable entered into voting arrangements with various affiliates of Brookfield Asset Management, whereby Brookfield Renewable gained control of the entities that own certain United States and Brazil renewable power generating operations (the “Voting Arrangements”). The Voting Arrangements provide Brookfield Renewable with all of the voting rights to elect the Boards of Directors of the relevant entities and therefore provides Brookfield Renewable with control. Accordingly, Brookfield Renewable consolidates the accounts of these entities.

The Combination and Voting Arrangements do not represent business combinations in accordance with IFRS 3R, as all combining businesses are ultimately controlled by Brookfield Asset Management both before and after the transactions were completed. Brookfield Renewable accounts for these reorganizations of entities under common control in a manner similar to a pooling of interest which requires the presentation of pre-Combination and Voting Arrangement financial information as if the transactions had always been in place. Refer to Note 2(o)(ii) in our audited consolidated financial statements for the year ended December 31, 2011 for our policy on accounting for transactions under common control.

OVERVIEW OF PERFORMANCE FOR THE THREE MONTHS ENDED JUNE 30, 2012

The following table reflects the actual and long-term average generation for the three months ended June 30:

					Variance of Results		
Actual Generation			LTA Generation		Actual vs. LTA		Actual vs. Prior year
GENERATION (GWh) THREE MONTHS ENDED JUNE 30	2012	2011	2012	2011	2012	2011	2012
Hydroelectric generation							
United States	1,619	2,193	2,075	2,004	(456)	189	(574)
Canada	986	1,244	1,407	1,443	(421)	(199)	(258)
Brazil ⁽¹⁾	811	778	811	778	—	—	33
	3,416	4,215	4,293	4,225	(877)	(10)	(799)
Wind energy							
Canada	246	151	292	160	(46)	(9)	95
United States	221	—	310	—	(89)	—	221
	467	151	602	160	(135)	(9)	316
Other	218	125	103	103	115	22	93
Total generation ⁽²⁾	4,101	4,491	4,998	4,488	(897)	3	(390)

⁽¹⁾ In Brazil assured generation levels are used as a proxy for long-term average.

⁽²⁾ Includes 100% of generation from equity-accounted investments.

We compare actual generation levels against the expected long-term average to highlight the impact of one of the few but important factors that affect the variability of our business results. In the short-term, we recognize that hydrology 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. Accordingly, we present our generation and the corresponding Adjusted EBITDA and funds from operations results on both an actual generation and a long-term average basis.

Generation levels during the three months ended June 30, 2012 decreased by 390 GWh or 9% as compared to the same quarter of the prior year primarily due to lower inflows for our hydroelectric facilities. Generation from our hydroelectric portfolio decreased by 799 GWh as a result of the lower levels of precipitation, warmer than average temperatures and dry conditions across eastern Canada and the northeastern United States. The variance in our year-over-year results for the three months ended June 30, 2012 also reflect the above average precipitation and record rainfall levels that occurred in 2011 across the northeastern United States. Generation from our hydroelectric portfolio in Brazil was in line with plan and consistent with the framework that exists to levelize generation across power producers in that market. Generation in Brazil was also positively impacted by the contribution of a new hydroelectric asset which was acquired in the third quarter of 2011.

Generation from our wind portfolio increased by 316 GWh, as a result of the contributions from recently acquired facilities in California and New England, and from an Ontario facility commissioned in the fourth quarter of 2011. Results were below long-term average as a result of timing differences between commercial operation dates and full commissioning.

ADJUSTED EBITDA AND FUNDS FROM OPERATIONS ON A CONSOLIDATED BASIS

The following table reflects the Adjusted EBITDA and funds from operations for the three months ended June 30:

	Results under actual generation	
(MILLIONS, EXCEPT AS NOTED)	2012	2011
Generation (GWh) ⁽¹⁾	4,101	4,491
Revenues	\$ 337	\$ 329
Other income	5	6
Share of cash earnings from equity-accounted investments	4	6
Direct operating costs	(125)	(103)
Adjusted EBITDA ⁽²⁾	221	238
Interest expense – borrowings	(104)	(103)
Management service costs	(8)	—
Current income taxes	(7)	(2)
Cash portion of non-controlling interests	(15)	(17)
Funds from operations ⁽²⁾	\$ 87	\$ 116

⁽¹⁾ Variations in performance are described in “Overview of Performance.”

⁽²⁾ Non-IFRS measures. See “Reconciliation of Funds From Operations to Net Income (Loss)”.

Revenues totalled \$337 million or \$82 per MWh for the three months ended June 30, 2012, representing a year-over-year increase of \$8 million. Approximately \$39 million of the increase in revenues is attributable to generation from facilities acquired and commissioned in the last twelve months. These include new hydroelectric generation facilities in Brazil and the mid-western United States, an eastern Canadian wind facility integrated in the fourth quarter 2011, as well as the recently acquired and commissioned wind facilities in California and the northeastern United States. A further \$52 million of the increase in revenues is attributable to the amended power purchase agreement entered into at the time of the Combination. Offsetting these increases in revenues was \$65 million resulting from reduced generation levels at existing facilities and \$18 million attributable to the appreciation of the U.S. dollar relative to the Canadian dollar and Brazilian real.

Adjusted EBITDA totalled \$221 million for the three months ended June 30, 2012, representing a year-over-year decrease of \$17 million. The decrease is attributable to the increased direct operating costs associated with new facilities acquired and commissioned in the last twelve months. In addition, the 2011 direct operating costs reflect the temporary deferral of major maintenance expenditures to the third quarter of last year given the flood conditions experienced in the northeastern United States.

Interest expense on borrowings reflects the cost related to approximately \$4.4 billion of non-recourse asset-specific borrowings and \$1.5 billion of corporate borrowings. We have been proactively taking advantage of the current low interest rate environment to lower our cost of capital and increase the duration of our borrowings. During the first six months of 2012, long-term borrowings increased by \$354 million as a result of assets acquired or commissioned during this period. Interest expense in the quarter remained consistent with the same period of the prior year reflecting interest savings associated with the refinancing activity during the year.

Management service costs reflect a base fee of \$20 million annually plus 1.25% of the growth in our total capitalization. Management service costs came into effect as part of the Combination.

Funds from operations totalled \$87 million for the three months ended June 30, 2012, a decrease of \$29 million year-over-year.

HYDROELECTRIC GENERATION

The following table reflects the results of our hydroelectric operations for the three months ended June 30:

THREE MONTHS ENDED JUNE 30 (MILLIONS, EXCEPT AS NOTED)		2012			
		United States	Canada	Brazil	Total
Generation (GWh) – LTA ⁽¹⁾		2,075	1,407	811	4,293
Generation (GWh) – actual ⁽¹⁾		1,619	986	811	3,416
Revenues	\$	124	\$ 65	\$ 88	\$ 277
Other income		—	2	3	5
Share of cash earnings from equity-accounted investments		2	1	1	4
Direct operating costs		(40)	(16)	(30)	(86)
Adjusted EBITDA ⁽²⁾		86	52	62	200
Interest expense - borrowings		(34)	(16)	(12)	(62)
Current income taxes		(2)	—	(5)	(7)
Cash portion of non-controlling interests		(5)	—	(5)	(10)
Funds from operations ⁽²⁾	\$	45	\$ 36	\$ 40	\$ 121

⁽¹⁾ Actual and long-term average generation includes 100% of the generation from equity-accounted investments.

⁽²⁾ Non-IFRS measures. See "Reconciliation of Funds From Operations to Net Income (Loss)".

THREE MONTHS ENDED JUNE 30 (MILLIONS, EXCEPT AS NOTED)		2011			
		United States	Canada	Brazil	Total
Generation (GWh) – LTA ⁽¹⁾		2,004	1,443	778	4,225
Generation (GWh) – actual ⁽¹⁾		2,193	1,244	778	4,215
Revenues	\$	154	\$ 64	\$ 84	\$ 302
Other income		—	—	6	6
Share of cash earnings from equity-accounted investments		3	2	1	6
Direct operating costs		(36)	(16)	(29)	(81)
Adjusted EBITDA ⁽²⁾		121	50	62	233
Interest expense - borrowings		(36)	(17)	(24)	(77)
Current income taxes		—	4	(6)	(2)
Cash portion of non-controlling interests		(11)	—	(3)	(14)
Funds from operations ⁽²⁾	\$	74	\$ 37	\$ 29	\$ 140

⁽¹⁾ Actual and long-term average generation includes 100% generation from equity-accounted investments.

⁽²⁾ Non-IFRS measures. See "Reconciliation of Funds From Operations to Net Income (Loss)".

United States

Generation from our U.S. portfolio was 1,619 GWh for the three months ended June 30, 2012 compared to the long-term average of 2,075 GWh and compared to the prior year generation of 2,193 GWh. The decrease is attributable to lower inflows given the scarcity of rainfall and drier than usual conditions in the northeastern United States. Sustained dry conditions along the Mississippi River affected our facility in Louisiana. In the second quarter of 2011, generation was well above long-term average across most regions given the record levels of rainfall and flood conditions.

Revenues totalled \$124 million for the three months ended June 30, 2012, representing a year-over-year decrease of \$30 million. The decrease in generation affected assets in regions where power purchase agreement prices are higher than our average, which had a disproportionate impact on our financial results. The amended power purchase agreements, executed on the date of the Combination partly offset the decrease from below average generation.

Funds from operations totalled \$45 million for the three months ended June 30, 2012, representing a year-over-year decrease of \$29 million. The decrease in funds from operations is attributable to the decrease in revenues.

Canada

Generation from our Canadian portfolio was 986 GWh for the three months ended June 30, 2012 compared to the long-term average of 1,407 GWh and compared to the prior year generation of 1,244 GWh. The decrease in generation is primarily attributable to lower inflows and drier than usual conditions with the low levels of precipitation in eastern Canada.

Revenues totalled \$65 million for the three months ended June 30, 2012, representing a year-over-year increase of \$1 million. Although generation had decreased in the period, the amended power purchase agreements, executed on the date of the Combination minimized the impact of the decrease from below average generation.

Funds from operations totalled \$36 million for the three months ended June 30, 2012, representing a year-over-year decrease of \$1 million.

Brazil

Generation from our Brazilian portfolio was 811 GWh for the three months ended June 30, 2012 compared to the prior year generation of 778 GWh. Generation in the current period includes the addition of a new hydroelectric facility which was acquired and integrated during the third quarter of 2011.

Our risk of a generation shortfall in Brazil continues to be minimized by participation in a hydrological balancing pool administered by the government of Brazil. This program mitigates hydrology risk by assuring that all participants receive, at any particular point in time, a reference amount of electricity (assured energy), irrespective of the actual volume of energy generated. The program reallocates energy, transferring surplus energy from those who generated in excess of their assured energy to those who generated less than their assured energy, up to the total generation within the pool.

Revenues totalled \$88 million for the three months ended June 30, 2012, representing a year-over-year increase of \$4 million. The increase in revenues is primarily attributable to increased generation from the new facility acquired and integrated.

Funds from operations totalled \$40 million for the three months ended June 30, 2012, representing a year-over-year increase of \$11 million. The increase in funds from operations is attributable to the increase in revenues, and a reduction in interest expense resulting from the repayment of subsidiary borrowings during the first quarter of 2012.

WIND ENERGY

The following table reflects the results of our wind operations for the three months ended June 30:

THREE MONTHS ENDED JUNE 30 (MILLIONS, EXCEPT FOR AS NOTED)	United States		Canada		2012	2011 ⁽¹⁾
Generation (GWh) – LTA ⁽²⁾		310		292	602	160
Generation (GWh) – actual ⁽²⁾		221		246	467	151
Revenues	\$	18	\$	27	\$ 45	\$ 16
Direct operating costs		(7)		(4)	(11)	(3)
Adjusted EBITDA ⁽³⁾		11		23	34	13
Interest expense - borrowings		(10)		(11)	(21)	(7)
Cash portion of non-controlling interests		(1)		—	(1)	—
Funds from operations ⁽³⁾	\$	—	\$	12	\$ 12	\$ 6

⁽¹⁾ Results for 2011 are entirely from Canadian assets.

⁽²⁾ Actual and long-term average generation includes 100% of the generation from equity-accounted investments.

⁽³⁾ Non-IFRS measures. Refer to "Cautionary Statement Regarding the Use of non-IFRS Measures".

United States

Generation from our U.S. wind portfolio was 221 GWh for the three months ended June 30, 2012 compared to the long-term average of 310 GWh. In 2011, we held no U.S. wind assets in our portfolio and in the first quarter of 2012, we acquired and commissioned four wind facilities in California and the northeastern United States. Results were below long-term average given the process to commission these assets and other factors to reach full commercialization during the quarter.

Canada

Generation from our Canadian wind portfolio was 246 GWh for the three months ended June 30, 2012 compared to the long-term average of 292 GWh and compared to the prior year generation of 151 GWh. The increase in generation from prior year is primarily attributable to the contribution of 110 GWh from our eastern Canadian facility integrated in the fourth quarter of 2011.

Revenues totalled \$27 million for the three months ended June 30, 2012, representing a year-over-year increase of \$11 million. Approximately \$15 million of the increase is attributable to generation from the eastern Canadian facility integrated in the fourth quarter of 2011 and was somewhat offset by the appreciation of the U.S. dollar to the Canadian dollar and below average wind conditions.

Funds from operations totalled \$12 million for the three months ended June 30, 2012, representing a year-over-year increase of \$6 million. The increase is attributable to the growth of the business during the previous 12 months.

OVERVIEW OF PERFORMANCE FOR THE SIX MONTHS ENDED JUNE 30, 2012

The following table reflects the actual and long-term average generation for the six months ended June 30:

					Variance of Results		
SIX MONTHS ENDED JUNE 30		Actual Generation		LTA Generation		Actual vs. LTA	
Generation (GWh)		2012	2011	2012	2011	2012	2011
Hydroelectric generation							
United States		3,577	3,891	3,958	3,820	(381)	71
Canada		2,294	2,270	2,565	2,605	(271)	(335)
Brazil ⁽¹⁾		1,678	1,586	1,686	1,586	(8)	—
		7,549	7,747	8,209	8,011	(660)	(264)
Wind energy							
Canada		614	314	616	335	(2)	(21)
United States		311	—	410	—	(99)	—
		925	314	1,026	335	(101)	(21)
Other		444	354	320	204	124	150
Total generation ⁽²⁾		8,918	8,415	9,555	8,550	(637)	(135)

⁽¹⁾ In Brazil, assured generation levels are used as a proxy for long-term average.

⁽²⁾ Includes 100% of generation from equity-accounted investments.

ADJUSTED EBITDA AND FUNDS FROM OPERATIONS ON A CONSOLIDATED BASIS

The following table reflects the Adjusted EBITDA and funds from operations for the six months ended June 30:

(MILLIONS, EXCEPT AS NOTED)	Results under actual generation	
	2012	2011
Generation (GWh) ⁽¹⁾	8,918	8,415
Revenues	\$ 763	\$ 622
Other income	10	10
Share of cash earnings from equity-accounted investments	8	12
Direct operating costs	(242)	(191)
Adjusted EBITDA ⁽²⁾	539	453
Interest expense – borrowings	(214)	(200)
Management service costs	(15)	—
Current income taxes	(13)	(6)
Cash portion of non-controlling interests	(35)	(28)
Funds from operations ⁽²⁾	\$ 262	\$ 219

⁽¹⁾ Variations in performance are described in “Overview of Performance.”

⁽²⁾ Non-IFRS measures. See “Reconciliation of Funds From Operations to Net Income (Loss)”.

Total generation for the six months ended June 30, 2012 was 8,918 GWh which was higher than the 8,415 GWh generated in the same period of the prior year and below long-term average of 9,555 GWh. The increase in generation over the same period in the prior year was primarily due to the contributions from our recently acquired and commissioned wind facilities in California and New England and the addition of a facility in Ontario which was commissioned in the fourth quarter of 2011.

On a year-to-date basis, the impact of lower generation was mitigated by stronger first quarter results.

NET ASSET VALUE

The following table presents our net asset	Total		Per Share	
	Jun 30 2012	Dec 31 2011	Jun 30 2012	Dec 31 2011
(MILLIONS, EXCEPT AS NOTED)				
Property, plant and equipment, at fair value				
Hydroelectric ⁽¹⁾	\$ 12,211	\$ 12,463	\$ 46.51	\$ 47.47
Wind energy	2,337	1,480	8.90	5.64
Other	87	86	0.33	0.33
	14,635	14,029	55.74	53.44
Development assets	367	378	1.40	1.44
Working capital and other, net	202	380	0.77	1.45
Long-term debt and credit facilities	(5,873)	(5,519)	(22.37)	(21.02)
Participating non-controlling interests	(724)	(629)	(2.76)	(2.40)
Preferred equity	(242)	(241)	(0.92)	(0.92)
Net asset value ⁽²⁾	\$ 8,365	\$ 8,398	\$ 31.86	\$ 31.99

⁽¹⁾ Includes \$311 million of equity-accounted investments (2011: \$405 million) and \$52 million of intangible assets (2011: \$57 million).

⁽²⁾ Non-IFRS measure. Refer to "Cautionary Statement regarding use of non-IFRS measures".

The net asset value of Brookfield Renewable totalled approximately \$8.4 billion as at June 30, 2012, which is virtually unchanged from December 31, 2011. An increase in net asset value resulting from the growth of our portfolio and capitalization was offset by a decrease in working capital and the appreciation of the U.S. dollar relative to the Brazilian real.

The assets deployed in our renewable power operations are revalued on an annual basis, with the exception of foreign exchange impacts which are calculated quarterly.

We value our assets based on discounted cash flows over a 20-year period and key assumptions utilized in 2011 were as follows:

	United States	Canada	Brazil
	2011	2011	2011
Discount rate	5.6%	5.4%	9.9%
Terminal capitalization rate	7.2%	6.8%	N/A
Exit date	2031	2031	2029

A 50 bps change in discount rates would have approximately \$1 billion impact on our net asset value.

NET ASSET VALUE FOR HYDROELECTRIC FACILITIES

The following table presents our net asset value of the hydroelectric facilities:

(MILLIONS)	United States	Canada	Brazil	Jun 30 2012	Dec 31 2011
Hydroelectric power assets ⁽¹⁾	\$ 4,524	\$ 4,879	\$ 2,497	\$ 11,900	\$ 12,138
Development assets	59	132	160	351	147
Equity-accounted investments	166	69	76	311	325
	4,749	5,080	2,733	12,562	12,610
Working capital and other, net	137	28	171	336	300
Subsidiary borrowings	(1,822)	(929)	(360)	(3,111)	(3,411)
Participating non-controlling interests	(238)	(17)	(193)	(448)	(459)
Net asset value ⁽²⁾	\$ 2,826	\$ 4,162	\$ 2,351	\$ 9,339	\$ 9,040

(1) Includes intangibles for 2012: \$52 million and 2011: \$57 million.

(2) Non-IFRS measure. Refer to "Cautionary Statement Regarding the Use of non-IFRS measures".

The net asset value of our hydroelectric facilities was \$9.3 billion as at June 30, 2012, an increase of \$299 million from December 31, 2011. The increase in net asset value was primarily attributable to the decrease in subsidiary borrowings and the appreciation of the U.S. dollar relative to the Brazilian real.

NET ASSET VALUE FOR WIND FACILITIES

The following table presents the net asset value of our wind facilities:

(MILLIONS)	United States	Canada	Jun 30 2012	Dec 31 2011
Wind power assets	\$ 942	\$ 1,395	\$ 2,337	\$ 1,400
Development assets	1	13	14	231
Equity-accounted investments	—	—	—	80
	943	1,408	2,351	1,711
Working capital and other, net	36	(38)	(2)	(26)
Subsidiary borrowings	(593)	(643)	(1,236)	(785)
Participating non-controlling interests	(269)	(7)	(276)	(170)
Net asset value ⁽¹⁾	\$ 117	\$ 720	\$ 837	\$ 730

(1) Non-IFRS measures. Refer to "Cautionary Statement Regarding the Use of non-IFRS Measures".

The net asset value of our wind facilities was \$837 million as at June 30, 2012 as compared to \$730 million as at December 31, 2011. This increase is primarily due to recent acquisitions and capitalization.

LIQUIDITY AND CAPITAL RESOURCES

We operate with sufficient liquidity, which along with ongoing cash flow from operations enable us to fund growth initiatives, capital expenditures, distributions and to finance the business on an investment grade basis. As part of our financing strategy, we raise the majority of our debt capital in the form of asset-specific, non-recourse borrowings at our subsidiaries. As at June 30, 2012 subsidiary and corporate borrowings increased as a result of the acquisition and commissioning of assets in our United States wind portfolio and the consolidation of a subsidiary which was previously equity-accounted. Our debt to capitalization ratio was 39% as at June 30, 2012, which is consistent with December 31, 2011.

Capitalization

The following table summarizes our capitalization using book values:

(MILLIONS)	Jun 30 2012	Dec 31 2011
Credit facilities ⁽¹⁾	\$ 58	\$ 251
Corporate borrowings ⁽¹⁾	1,468	1,071
Subsidiary borrowings ⁽²⁾	4,347	4,197
Long-term indebtedness	5,873	5,519
Participating non-controlling interests	724	629
Preferred equity	242	241
Net asset value	8,365	8,398
Total capitalization	\$ 15,204	\$ 14,787
Debt to total capitalization	39%	37%

⁽¹⁾ Issued by a subsidiary of Brookfield Renewable and guaranteed by Brookfield Renewable. The amounts are unsecured.

⁽²⁾ Issued by a subsidiary of Brookfield Renewable and secured against its assets. The amounts are not guaranteed.

Available liquidity

Total liquidity is comprised of cash and the unutilized portion of committed bank lines. At June 30, 2012, we had \$1 billion of available liquidity (December 31, 2011: \$457 million) which provides us with a significant cushion to fund ongoing growth, capital requirements and to protect against short term fluctuations in generation. There has been no substantial change in our liquidity as of the date of this report.

In March 2012, we entered into credit agreements increasing our committed unsecured facilities from an aggregate of \$600 million to \$900 million. Each of the credit facilities contain similar terms and conditions and expire on October 31, 2016, subject to additional one-year extensions. In May 2012, we expanded our facilities by an additional \$90 million.

		Jun 30 2012	Dec 31 2011
(MILLIONS)			
Cash and cash equivalents	\$	235	\$ 267
Credit facilities			
Authorized credit facilities		990	601
Issued letters of credit		(162)	(160)
Draws on credit facilities		(58)	(251)
Available portion of credit facilities		770	190
	\$	1,005	\$ 457

Corporate and subsidiary borrowings

The following table summarizes our principal repayments and maturities over the next three years:

FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	Balance of	2012	2013	2014
Corporate borrowings	\$	—	\$ —	\$ —
Subsidiary borrowings - consolidated		651	508	328
Subsidiary borrowings – total ⁽¹⁾		652	509	329

⁽¹⁾ Includes borrowings from equity-accounted investments.

We have no corporate borrowings maturing before 2016.

Subsidiary borrowings maturing in the next twelve months include \$247 million related to our Ontario wind assets and \$200 million attributed to our hydroelectric facilities in New York. We expect to refinance all of the upcoming maturities in the normal course. In May 2012, we refinanced indebtedness associated with our hydroelectric pumped storage facility in New England (in which we own 50%), through a \$125 million loan for a term of five years at a rate of LIBOR plus 2.25%.

The overall maturity profile and average interest rates associated with corporate and subsidiary borrowings are as follows:

	Average term (years)		Average interest rate (%)	
	Jun 30 2012	Dec 31 2011	Jun 30 2012	Dec 31 2011
Corporate borrowings	9.2	9.6	5.3	5.5
Subsidiary borrowings	10.1	10.0	6.7	7.5

During the first six months of the year we issued C\$400 million of corporate notes which were used to repay higher yielding subsidiary borrowings. As a result, we have reduced the average interest rate of our consolidated debt and slightly extended the term of our subsidiary borrowings.

CONTRACT PROFILE

Our portfolio is virtually fully contracted with minimal expiries over the next two years. 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.

As at June 30, 2012, we had contracted virtually all of our 2012 generation at an average price of \$83 per MWh. The following table sets out our contracts over the next five years for generation from our existing facilities assuming long-term average hydrology and wind conditions:

FOR THE YEARS ENDED DECEMBER 31 (MILLIONS, EXCEPT AS NOTED)	Balance of 2012	2013	2014	2015	2016
Generation (GWh)					
Contracted ⁽¹⁾ :					
Hydroelectric ⁽²⁾	7,178	15,330	14,822	14,165	14,047
Wind energy	988	2,104	2,104	2,104	2,104
Other	201	398	134	—	—
	8,367	17,832	17,060	16,269	16,151
Uncontracted	78	342	940	1,645	1,763
LTA	8,445	18,174	18,000	17,914	17,914
Contracted generation – as at June 30, 2012					
% of total generation	99%	98%	95%	91%	90%
Price per MWh	\$ 83	\$ 85	\$ 84	\$ 85	\$ 86

⁽¹⁾ Assets under construction are included only if long-term average and pricing details are available and the commercial operations date is established in a definitive construction contract.

⁽²⁾ Long-term average for 2013 to 2016 includes generation from two facilities in Brazil and one in Canada that are currently under construction with estimated commercial operation dates commencing in 2013 and 2014, respectively.

We have a predictable pricing profile driven by both long-term power purchase agreements with a weighted-average remaining duration of 23 years, combined with a well-diversified portfolio that reduces variability in our generation volumes. The majority of our long-term power purchase agreements are with investment-grade rated or creditworthy counterparties such as Brookfield Asset Management and its subsidiaries (48%), government-owned utilities or power authorities (18%), industrial power users (25%) and distribution companies (9%).

Over the next three years we have on average approximately 728 GWh of energy annually which is uncontracted. All of this power can be sold into the current wholesale or bilateral market, however we intend to maintain flexibility in re-contracting to position ourselves to achieve the most optimal pricing.

ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

RECONCILIATION OF FUNDS FROM OPERATIONS TO NET INCOME (LOSS)

The following table presents the reconciliation of funds from operations to net income (loss) on a consolidated basis:

(MILLIONS, EXCEPT AS NOTED)	Three months ended Jun 30		Six months ended Jun 30	
	2012	2011	2012	2011
Funds from operations— consolidated basis	\$ 87	\$ 116	\$ 262	\$ 219
Cash portion of non-controlling interests included in funds from operations	15	17	35	28
Other items:				
Depreciation and amortization ⁽¹⁾	(117)	(114)	(243)	(224)
Unrealized financial instrument (loss) gain	(3)	(15)	(12)	3
Loss on Fund unit liability	—	(44)	—	(160)
Share of non-cash earnings (loss) from equity-accounted investments	(5)	4	(8)	(4)
Deferred income tax recovery	16	3	3	3
Other	4	3	(9)	12
Net income (loss)	\$ (3)	\$ (30)	\$ 28	\$ (123)
Net income (loss) attributable to Limited partners	8	(43)	37	(133)
Basic and diluted earnings (loss) per share ⁽²⁾	\$ 0.03	\$ (0.17)	\$ 0.14	\$ (0.51)

⁽¹⁾ See note 2(c) to the unaudited interim financial statements concerning changes in estimates related to depreciation expense.

⁽²⁾ Represents earnings (loss) attributed to limited partners.

We measure our results based on Adjusted EBITDA and funds from operations to provide readers with an assessment of the cash flow generated by our assets and the residual cash flow retained to fund shareholder distributions and growth initiatives. We recognize that net income is an important measure of profitability. However, the presentation of net income on an IFRS basis for our business often leads to the recognition of a loss even though the underlying cash flow generated by the assets is supported by high margins and stable, long-term contracts. This occurs largely for two reasons. First, in accordance with IFRS, we recognize a significantly higher level of depreciation than we are required to reinvest in the business as sustaining capital expenditures. Second, we are often required to recognize changes in the fair value of energy contracts which are serviced by our assets and interests held by others in assets we manage through income, where the corresponding change in the asset values are recognized through equity. Therefore, when factors which are positive to the long-term prospects of our business occur, such as rising energy prices or increased asset values, the outcome is the recognition of losses related to the revaluation of fixed price contracts or of our partners' share of assets.

The net loss was \$3 million for the three months ended June 30, 2012 (2011: \$30 million loss) and reflects the normal course depreciation and amortization expense of \$117 million (2011: \$114 million). The net income attributable to limited partners for the three months ended June 30, 2012 was \$8 million or \$0.03 per share (2011: \$43 million loss or \$(0.17) per share).

At the beginning of the year, an analysis was performed of the useful lives of certain components of property, plant and equipment and we have determined that changes in their estimated service lives will more accurately reflect the period over which they provide economic benefits. Brookfield Renewable applied this change in accounting estimate on a prospective basis beginning January 1, 2012. The effective dates of changes were either January 1, 2012 or April 1, 2012 based on timing of completion of the review. Depreciation expense for the three months ended June 30, 2012 was \$30 million lower as a result of this change in estimate. Assets acquired and commissioned within the past twelve months increased depreciation expense by \$25 million.

2011 results also include a revaluation amount on the Fund unit liability. In accordance with IFRS, Fund units held by the public that have a feature that allows the holder to redeem the units for cash, are presented as a liability and recorded at fair value, with the change in fair value recorded in net income. In 2011, the Fund unit price appreciated significantly resulting in a revaluation amount of \$160 million. As a result of the Combination, the Fund units were exchanged for partnership units and the Fund was dissolved.

SUMMARY CONSOLIDATED BALANCE SHEETS

The following table provides a summary of the key line items on the consolidated balance sheet:

	Jun 30 2012	Dec 31 2011
(MILLIONS)		
Property, plant and equipment, at fair value	\$ 14,400	\$ 13,945
Equity-accounted investments	311	405
Total assets	15,875	15,708
Long-term debt and credit facilities	5,873	5,519
Deferred income tax liabilities	2,315	2,374
Total liabilities	8,847	8,508
Participating non-controlling interests	724	629
Preferred equity	242	241
Limited partners' equity	6,062	6,330
Total liabilities and partners' equity	15,875	15,708

Contractual Obligations

There were no significant changes during the six months ended June 30, 2012.

Guarantees

Brookfield Renewable, on behalf of Brookfield Renewable's subsidiaries, and subsidiaries of Brookfield Renewable provided letters of credit, which include, but are not limited to, guarantees for debt service reserves, capital reserves, construction completion and performance. As at June 30, 2012, letters of credit issued by subsidiaries of Brookfield Renewable amounted to \$65 million as at June 30, 2012.

In the normal course of operations, we execute agreements that provide for indemnification and guarantees to third parties in transactions such as business dispositions and acquisitions, construction projects, capital projects, and sales and purchases of assets and services. We have also agreed to indemnify our directors and certain of our officers and employees. The nature of substantially all of the indemnification undertakings prevents us from making a reasonable estimate of the maximum potential amount that we 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 such 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, except for related party acquisitions. Brookfield Renewable's related party transactions are primarily with Brookfield Asset Management.

Brookfield Renewable sells electricity to subsidiaries of Brookfield Asset Management through long-term power purchase agreements to provide stable cash flow and reduce Brookfield Renewable's exposure to electricity prices in deregulated power markets.

In addition to these agreements, Brookfield Renewable and Brookfield Asset Management have executed other agreements that are fully described in Note 8 Related Party Transactions of the December 31, 2011 annual audited consolidated financial statements.

The decrease from \$253 million to \$121 million in the current portion due from related parties is attributed to the draws on demand deposits and the settlement of amounts related to the acquisition of a wind facility in California.

The following table reflects the related party agreements and transactions on the interim consolidated statements of income (loss) for the three and six months ended June 30:

	Three months ended Jun 30		Six months ended Jun 30	
(MILLIONS)	2012	2011	2012	2011
Revenues				
Purchase and revenue support agreements	\$ 96	\$ 72	\$ 235	\$ 135
Wind levelization agreement	2	1	—	2
	\$ 98	\$ 73	\$ 235	\$ 137
Direct operating costs				
Energy purchases	\$ (13)	\$ (7)	\$ (30)	\$ (18)
Operations, maintenance and administration services	(4)	(5)	(9)	(8)
Insurance services	(4)	(4)	(8)	(8)
	\$ 21	\$ 16	\$ 47	\$ 34
Interest expense	\$ —	\$ (6)	\$ —	\$ (13)
Management service costs	\$ (8)	\$ —	\$ (15)	\$ —

CONSOLIDATED STATEMENTS OF CASH FLOWS

The following summarizes the key items on the consolidated cash flow statements for the three and six months ended June 30:

	Three months ended Jun 30		Six months ended Jun 30	
(MILLIONS)	2012	2011	2012	2011
Cash flow provided by (used in):				
Operating activities	\$ 91	\$ 156	\$ 294	\$ 244
Financing activities	(132)	128	(198)	296
Investing activities	44	(245)	(3)	(427)
Foreign exchange gain on cash held in foreign currencies	(15)	5	(8)	7
Increase in cash and cash equivalents	\$ (12)	\$ 44	\$ 85	\$ 120

Cash and cash equivalents as at June 30, 2012 totalled \$352 million, representing an increase of \$85 million since December 31, 2011. Cash and cash equivalents include \$117 million of restricted cash (December 31, 2011: \$42 million).

Operating Activities

Cash flows provided from operating activities totalled \$91 million for the three months ended June 30, 2012, resulting in a decrease in year-over-year of \$65 million. The decrease is primarily attributed to net changes in working capital balances.

Financing Activities

Cash flows used in financing activities totalled \$132 million for the three months ended June 30, 2012 which was primarily attributable to the total distributions paid of \$116 million. There were net repayments related to our indebtedness of \$16 million.

For the three months ended June 30, 2012, cash distributions to unitholders and preferred shareholders were \$89 million and \$4 million respectively (2011: \$24 million and \$3 million, respectively). The remaining \$23 million in distributions related to participating non-controlling interests (2011: \$21 million). In January 2012, we announced an increase in unitholder distributions to \$1.38 per share, on an annualized basis, and took effect with the first quarter distribution paid in April 2012.

Investing Activities

Cash flows provided by investing activities totalled \$44 million for the three months ended June 30, 2012. During the quarter, we received \$115 million in investment tax credits pursuant to government incentives to build new renewable wind facilities.

The settlement of a portion of due from related party balances resulted in a receipt of \$56 million. The increase in cash provided by these activities was partly offset by the continued investment in sustaining capital expenditures and construction of renewable power generating assets which amounted to \$124 million.

PARTNERSHIP CAPITAL

Brookfield Renewable's capital structure is comprised of two classes of Partnership units: general partnership interests and limited partnership units. Income and distributions of Brookfield Renewable are allocated to the partners of record based on their respective interests in Brookfield Renewable. Distributions may be made to the general partner of Brookfield Renewable with the exception of instances where there is insufficient cash available, where payment renders Brookfield Renewable unable to pay its debts as and when they fall due, or when payment of which might leave Brookfield Renewable unable to meet any future or contingent obligations.

Brookfield Renewable Energy L.P. ("BRELP"), a subsidiary of Brookfield Renewable has issued redeemable partnership units held 100% by Brookfield Asset Management, which may, at the request of the holder, require BRELP to redeem the units for cash consideration after a mandatory two-year holding period from the date of issuance. 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 Brookfield Renewable units. As Brookfield Renewable, at its sole discretion has the right to settle the obligation with limited partnership units, the BRELP redeemable partnership units are classified as limited partnership units.

With the completion of the Combination in November 2011, the number of outstanding units increased from 104,718,976 to 262,485,747, on a fully-exchanged basis.

Brookfield Renewable maintains a Distribution Re-investment Plan ("DRIP"), which allows holders of Brookfield Renewable limited partnership units who are resident in Canada to acquire additional units by reinvesting all or a portion of their cash distributions without paying commissions. As a result of DRIP, the limited partnership units increased by 45,772 in the second quarter of 2012.

As of the date of this report, the total amount of our limited partnership units outstanding was comprised of 262,531,519 limited partnership units, assuming the exchange of all redeemable limited partnership units, and general partnership interests of 0.01%.

A secondary offering was completed during the first half of the year, where a wholly-owned subsidiary of Brookfield Asset Management sold 13,144,500 of its limited partnership units of Brookfield Renewable (11,430,000 limited partnership units plus 1,714,500 limited partnership units pursuant to an over-allotment option) at an offering price of C\$26.25 per limited partnership unit. Brookfield Asset Management had owned approximately 73% of Brookfield Renewable on a fully-exchanged basis. Upon the completion of the secondary offering, and giving effect to the over-allotment option, Brookfield Asset Management now owns, directly and indirectly, 177,750,609 limited partnership units, representing approximately 68% of Brookfield Renewable on a fully-exchanged basis.

CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The consolidated interim 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 to the June 30, 2012 consolidated interim financial statements are considered critical accounting estimates as defined in regulation 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 estimates are critical given the significance of the property, plant and equipment and the related deferred income tax liabilities, as well as the number of assumptions used in determining their fair values. 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 in Mississagi Power Trust and Great Lakes Power Limited. Estimates are based on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

FUTURE CHANGES IN ACCOUNTING POLICIES

(i) Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") was issued by the International Accounting Standards Board on October 28, 2010, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held for trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative hosts not within the scope of the standard. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. Management is currently evaluating the impact of IFRS 9 on the consolidated financial statements.

(ii) Consolidation

IFRS 10, Consolidation ("IFRS 10") was issued by the IASB on May 12, 2011, and replaces SIC-12, Consolidation – Special Purpose Entities and parts of IAS 27. IFRS 10 requires an entity to consolidate 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. Under IAS 27, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. Management is currently evaluating the impact of IFRS 10 on the consolidated financial statements.

(iii) Joint arrangements

IFRS 11, Joint Arrangements ("IFRS 11") was issued by the IASB on May 12, 2011, and replaces IAS 31, Interests in Joint Ventures ("IAS 31"), and SIC-13, Jointly Controlled Entities-Non-monetary Contributions by Venturers. IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of

the joint operation. Under IAS 31, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Management is currently evaluating the impact of IFRS 11 on the consolidated financial statements.

(iv) Disclosure of interests in other entities

IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12") was issued by the IASB on May 12, 2011. IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off-balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Management is currently evaluating the impact of IFRS 12 on the consolidated financial statements.

(v) Fair value measurement

IFRS 13, Fair Value Measurement ("IFRS 13") a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards, was issued by the IASB on May 12, 2011. The new standard clarifies that 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. It supersedes the fair value guidance that currently exists in IAS 16 concerning the use of the revaluation method. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Management is currently evaluating the impact of IFRS 13 on the consolidated financial statements.

(vi) Accounting for employee benefits and minimum funding requirements

In June 2011, the IASB issued significant amendments to IAS 19, Employee Benefits ("IAS 19"). These changes affect the recognition of actuarial gains and losses by removing the option to use the corridor approach and requiring immediate recognition in other comprehensive income ("OCI"). These OCI amounts cannot be recycled to the income statement. There are also changes to the recognition, measurement and presentation of past service costs, cost of benefits and finance expense or income relating to employee benefits. Further, termination benefits are recognized as a liability only when the entity can no longer withdraw the offer of the termination benefit or recognizes any related restructuring costs. There are additional disclosure requirements. The amendment is effective for periods beginning on or after January 1, 2013. Management is currently evaluating the impact of these amendments on the consolidated financial statements.

(vii) Presentation of items of OCI

In June 2011, IASB issued amendments to IAS 1, Presentation of Financial Statements. These amendments include a requirement for entities to group items presented in OCI on the basis of whether they are potentially re-classifiable to profit or loss subsequently (reclassification adjustments), and emphasize the importance of presenting profit or loss and OCI together and with equal prominence. The amendment is effective for annual periods starting on or after July 1, 2012. Management is currently evaluating the impact of these amendments on the consolidated financial statements.

(viii) Consolidation and Separate Financial Statements

In May 2011, IASB amended and reissued IAS 27. The amended standard is to be applied in accounting for investments in subsidiaries, jointly ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements. The amendment is effective for annual periods starting on or after January 1, 2013. Management is currently evaluating the impact of these amendments on the consolidated financial statements.

(ix) Investment in Associates

In May 2011, IASB amended and reissued IAS 28, Investment in Associates and Joint Ventures. The amended standard prescribes the accounting treatment for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amendment is effective for annual periods starting on or after January 1, 2013. Management is currently evaluating the impact of these amendments on the consolidated financial statements.

SUMMARY OF HISTORICAL QUARTERLY RESULTS ON A CONSOLIDATED BASIS

Funds from operations can vary with the amount of electricity generated in any given quarter and the realized prices of selling that electricity. The volume of electricity generated depends on available water inflows that rely upon precipitation and the management of storage capabilities. Realized prices are influenced by power purchase agreements, and changes in foreign exchange rates. The following is a summary of unaudited quarterly financial information for the last eight consecutive quarters:

	2012		2011				2010	
THREE MONTHS ENDED (MILLIONS, EXCEPT AS NOTED)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Generation (GWh) ⁽¹⁾	4,101	4,817	3,848	3,614	4,491	3,924	4,002	2,890
Revenues	\$ 337	\$ 426	\$ 267	\$ 280	\$ 329	\$ 293	\$ 281	\$ 222
Adjusted EBITDA	221	318	154	197	238	215	201	166
Funds from operations	87	175	34	79	116	103	68	39
Net Income (loss) ⁽²⁾⁽³⁾	8	29	(90)	(252)	(43)	(90)	414	(55)
Net income (loss) per share ⁽²⁾	0.03	0.11	(0.34)	(0.95)	(0.17)	(0.34)	1.57	(0.21)
Distributions	93	90	89	34	34	35	34	33

(1) Actual generation includes 100% of generation from equity-accounted investments.

(2) Represents net income (loss) attributable to limited partners and on a basic and diluted basis.

(3) See note 2(d) to the unaudited interim financial statements.

RISK FACTORS

Management believes that since the end of 2011 there have been no significant changes in the business environment and risks that could affect Brookfield Renewable's activities or results.

ANNUAL INFORMATION FORM

Brookfield Renewable prepares an Annual Information Form which can be accessed on SEDAR.

SUBSEQUENT EVENT

In July 2012, we completed the acquisition of a 6 MW hydroelectric facility in Brazil.

SUMMARY FINANCIAL REVIEW ON A *PRO FORMA* BASIS

We are providing *pro forma* financial results that include the impact of the Combination, new contracts and contract amendments, management and other service agreements along with the tax impacts resulting from the Combination, as if each had occurred as of January 1, 2011. The unaudited *pro forma* financial results have been prepared based upon currently available information and assumptions deemed appropriate by management. The *pro forma* financial results give effect to the following transactions:

Items affecting future cash flows:

- amendment and execution of power purchase agreements; and
- execution of management and other service agreements.

Items not affecting cash flows:

- changes in the fair value of property, plant and equipment due to the change in power purchase agreements and the resulting change in depreciation expense;
- change in the accounting policy for construction work-in-progress to include this asset type in the assets that are revalued when appropriate criteria are satisfied;
- settlement of intercompany balances as at the date of the transaction; and
- elimination of the Fund unit liability and related unrealized gain or loss on remeasurement.

For additional information on the *pro forma* adjustments see "Summary of *Pro Forma* Adjustments as They Relate to the Comparative Financial Results".

The unaudited *pro forma* financial results are provided for information purposes only and may not be indicative of the results that would have occurred had the above transaction been effected on the date indicated. The accounting for certain of the Combination transactions required the determination of fair value estimates as at the date of the transaction on November 28, 2011 rather than the date assumed in the determination of the *pro forma* results of January 1, 2011.

ADJUSTED EBITDA AND FUNDS FROM OPERATIONS ON A *PRO FORMA* BASIS

The following table reflects the Adjusted EBITDA and funds from operations for the three months ended June 30:

	Results under actual generation		Results under LTA generation	
	<i>Pro forma</i> Basis		<i>Pro forma</i> Basis	
THREE MONTHS ENDED JUNE 30 (MILLIONS, EXCEPT AS NOTED)	2012	2011 ⁽¹⁾	2012	2011 ⁽¹⁾
Generation (GWh)	4,101	4,491	4,998	4,488
Revenues	\$ 337	\$ 381	\$ 431	\$ 382
Other income	5	6	5	6
Share of cash earnings from equity-accounted investments	4	6	4	6
Direct operating costs	(125)	(107)	(131)	(106)
Adjusted EBITDA ⁽²⁾	221	286	309	288
Interest expense - borrowings	(104)	(103)	(104)	(103)
Management service costs	(8)	(6)	(8)	(6)
Current income taxes	(7)	(2)	(7)	(2)
Cash portion of non-controlling interests	(15)	(17)	(19)	(16)
Funds from operations ⁽²⁾	\$ 87	\$ 158	\$ 171	\$ 161

⁽¹⁾ *Pro forma* results reflect new contracts and contract amendments, along with the tax implications of the Combination, as if each had occurred as of January 1, 2011.

⁽²⁾ Non-IFRS measure. See "Reconciliation of Funds From Operations to Net Income (Loss)" and "Reconciliation of *Pro forma* Results".

The discussion below provides a comparison of results on a consolidated basis for the three months ended June 30, 2012 to results on a *pro forma* basis for the three months ended June 30, 2011. *Pro forma* results reflect new contracts and contract amendments, along with the tax implications of the Combination, as if each had occurred as of January 1, 2011. A discussion of our results on a consolidated basis is provided in the following section "Review of Operations".

Revenues totalled \$337 million or \$82 per MWh for the three months ended June 30, 2012, representing a year-over-year decrease of \$44 million. Of this amount, \$65 million was attributed to below average generation from our hydroelectric facilities given the scarcity of rainfall and dry conditions as well as above average precipitation in the prior year. Lower generation affected assets within markets where power purchase agreement prices are higher than our average price. The decrease in revenues was partially offset by wind facilities recently acquired and commissioned in California and New England, as well as an Ontario facility commissioned in the fourth quarter of 2011.

Adjusted EBITDA totalled \$221 million for the three months ended June 30, 2012, representing a year-over-year decrease of \$65 million. Adjusted EBITDA was impacted by lower revenues as well as an increase in direct operating costs associated with new facilities acquired and commissioned. In addition, the 2011 direct operating costs reflect the temporary deferral of major maintenance expenditures to the third quarter of last year given the flood conditions experienced in the northeastern United States.

Management service costs reflect a base fee of \$20 million annually plus 1.25% of the growth in our total capitalization. The \$2 million year-over-year change was due to higher capitalization resulting from an increase in the fair market value of our outstanding limited partnership units and the nominal value of our corporate borrowings and credit facilities.

Funds from operations totalled \$87 million for the three months ended June 30, 2012, representing a year-over-year decrease of \$71 million.

The following table reflects the Adjusted EBITDA and funds from operations for the six months ended June 30:

	Results under actual generation		Results under LTA generation	
	<i>Pro forma Basis</i>		<i>Pro forma Basis</i>	
SIX MONTHS ENDED JUNE 30 (MILLIONS, EXCEPT AS NOTED)	2012	2011 ⁽¹⁾	2012	2011
Generation (GWh)	8,918	8,415	9,555	8,550
Revenues	\$ 763	\$ 703	\$ 829	\$ 723
Other income	10	10	10	10
Share of cash earnings from equity-accounted investments	8	12	8	12
Direct operating costs	(242)	(200)	(245)	(199)
Adjusted EBITDA ⁽²⁾	539	525	602	546
Interest expense - borrowings	(214)	(200)	(214)	(200)
Management service costs	(15)	(11)	(15)	(11)
Current income taxes	(13)	(6)	(13)	(6)
Cash portion of non-controlling interests	(35)	(28)	(34)	(25)
Funds from operations ⁽²⁾	\$ 262	\$ 280	\$ 326	\$ 304

⁽¹⁾ *Pro forma* results reflect new contracts and contract amendments, along with the tax implications of the Combination, as if each had occurred as of January 1, 2011.

⁽²⁾ Non-IFRS measure. See "Reconciliation of Funds From Operations to Net Income (loss)" and "Reconciliation of *Pro forma* Results".

Total generation for the six months ended June 30, 2012 was 8,918 GWh which was higher than the 8,415 GWh generated in the same period of the prior year and below long-term average of 9,555 GWh. The increase in generation over the same period in the prior year was primarily due to the contributions from our recently acquired and commissioned wind facilities in California and New England and the addition of a facility in Ontario which was commissioned in the fourth quarter of 2011.

On a year-to-date basis, the impact of lower generation was mitigated by stronger first quarter results.

RECONCILIATION OF *PRO FORMA* RESULTS

The following table reconciles Adjusted EBITDA, funds from operations and net (loss) income on a consolidated basis to Adjusted EBITDA, funds from operations and net income (loss) on a *pro forma* basis, for the three and six months ended June 30:

	Notes	Results under actual generation		Results under LTA generation			
		Three months ended Jun 30 2011	Six months ended Jun 30 2011	Three months ended Jun 30 2012	Three months ended Jun 30 2011	Six months ended Jun 30 2012	Six months ended Jun 30 2011
(MILLIONS)							
Adjusted EBITDA on a consolidated basis		\$ 238	\$ 453	\$ 221	\$ 238	\$ 539	\$ 453
Change in revenues due to revised PPA	(i)	52	81	—	52	—	81
Change in revenues due to LTA generation	(ii)	—	—	94	1	66	20
Change in direct operating costs	(iii)	(4)	(9)	(6)	(3)	(3)	(8)
Adjusted EBITDA on a <i>pro forma</i> basis		\$ 286	\$ 525	\$ 309	\$ 288	\$ 602	\$ 546
Funds from operations on a consolidated basis		\$ 116	\$ 219	\$ 87	\$ 116	\$ 262	\$ 219
Change in revenues due to revised PPA	(i)	52	81	—	52	—	81
Change in revenues due to LTA generation	(ii)	—	—	94	1	66	20
Change in non-controlling interests	(v)	—	—	(4)	1	1	3
Change in direct operating costs	(iii)	(4)	(9)	(6)	(3)	(3)	(8)
Management service costs	(iii)	(6)	(11)	—	(6)	—	(11)
Funds from operations on a <i>pro forma</i> basis		\$ 158	\$ 280	\$ 171	\$ 161	\$ 326	\$ 304
Net (loss) income on a consolidated basis		\$ (30)	\$ (123)	\$ (3)	\$ (30)	\$ 28	\$ (123)
Change in revenues due to revised PPA	(i)	52	81	—	52	—	81
Change in revenues due to LTA generation	(ii)	—	—	94	1	66	20
Change in direct operating costs	(iii)	(4)	(9)	(6)	(3)	(3)	(8)
Management service costs	(iii)	(6)	(11)	—	(6)	—	(11)
Elimination of loss on Fund unit liability	(iv)	44	160	—	44	—	160
Transfer of revaluation to OCI	(v)	15	(3)	—	15	—	(3)
Intercompany settlements	(vi)	6	13	—	6	—	13
Change in depreciation expense	(vii)	1	2	—	1	—	2
Deferred income taxes	(viii)	(36)	(34)	(27)	(35)	(21)	(38)
Net income (loss) on a <i>pro forma</i> basis		\$ 42	\$ 76	\$ 58	\$ 45	\$ 70	\$ 93

SUMMARY OF *PRO FORMA* ADJUSTMENTS AS THEY RELATE TO THE COMPARATIVE FINANCIAL RESULTS:

(i) Power Purchase Agreements

Pro forma income (loss) reflects the following contract changes that took effect at the time of the Combination; pursuant an amendment to the power purchase agreement between Brookfield Asset Management and an indirect wholly-owned subsidiary of Brookfield Renewable (the “GLPL PPA”). Brookfield Asset Management guarantees the price of electricity generated by facilities owned by Great Lakes Power Limited, a subsidiary of Brookfield Renewable, at C\$82 per MWh. This price is to be increased annually on January 1 by an amount equal to forty percent (40%) of the increase in the consumer price index during the previous calendar year.

Brookfield Energy Marketing LP (“BEM LP”) and Mississagi Power Trust (“MPT”), an indirect wholly-owned subsidiary of Brookfield Renewable, entered into an amendment to the existing Master Power Purchase and Sale Agreement (the “Mississagi PPA”) to adjust the price of electricity purchased to C\$103 per MWh. This price is to be increased annually by an amount equal to twenty percent (20%) of the increase in the consumer price index during the previous calendar year.

Additionally, BEM LP and Brookfield Power U.S. Holding America Co. (“BPUSHA”), an indirect wholly-owned subsidiary of Brookfield Renewable, entered into an Energy Revenue Agreement under which BEM LP will guarantee the price for energy delivered by certain facilities in the United States at \$75 per MWh. This price is to be increased annually on January 1 by an amount equal to forty percent (40%) of the increase in the consumer price index during the previous calendar year, but not exceeding an increase of three percent (3%) in any calendar year.

The impacts of these contract price amendments and agreements are summarized as follows:

	Actual generation (GWh)		Incremental Revenue	
	Three months ended Jun 30	Six months ended Jun 30	Three months ended Jun 30	Six months ended Jun 30
(MILLIONS, EXCEPT AS NOTED)				
GLPL PPA	312	579	\$ 4	\$ 8
Mississagi PPA	161	289	6	11
Energy Revenue Agreement	1,206	2,096	42	62
	1,679	2,964	\$ 52	\$ 81

(ii) Long-term Average Generation

For the three months ended June 30, 2012 generation was 4,101 GWh or 897 GWh lower than long-term average representing a decrease in revenues of \$94 million. Generation in the same period of the previous year was 4,491 GWh or 3 GWh greater than long-term average with no effect on revenues.

(iii) Management and Other Service Agreements

An exclusive agreement with Brookfield Asset Management to provide operating, management and consulting services to Brookfield Renewable provides for a management service fee to be paid on a quarterly basis and will continue in perpetuity. The fee 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, as defined. For the three months ended June 30, 2011 *pro forma* results for management services costs reflect an expense of \$6 million.

Brookfield Renewable will also pay an annual marketing service fee of \$18 million to a subsidiary of Brookfield Asset Management to reflect an agreement to provide energy marketing services. The fee will be increased annually on January 1 by an amount equal to the increase in the U.S. consumer price index

during the previous calendar year. *Pro forma* results for the three months ended June 30, 2011 reflects an expense of \$4 million included in direct operating costs.

(iv) Transfer of Brookfield Renewable Power Fund Units

The transfer of the 66% of the Fund units not previously owned by Brookfield Asset Management was completed at fair value satisfied by the issuance of Partnership units. The result of this transaction is to reflect the settlement of the Fund unit liability and the issuance of Partnership units to satisfy the transfer as equity of Brookfield Renewable. As a result of this transaction, the loss on Fund unit liability of \$44 million, related to the change in fair value of the units and the distributions made for the three months ended June 30, 2011 was eliminated.

(v) Changes in Fair Value of Financial Instruments

During the three months ended June 30, 2011 certain power guarantee agreements between Brookfield Renewable and Brookfield Asset Management were accounted for as financial instruments with an unrealized loss of \$15 million.

As a result of new agreements and changes in existing agreements with Brookfield Asset Management and its subsidiaries arising from the Combination, the contracts are not accounted for as financial instruments by Brookfield Renewable. Thus the unrealized financial instrument gains (losses) described above have been eliminated.

(vi) Intercompany Settlements

Brookfield Renewable and its subsidiaries settled certain intercompany loans and transactions with Brookfield Asset Management upon completion of the Combination. During the three months ended June 30, 2011, \$6 million of interest income was recorded in the *pro forma* statement of income to reflect these transactions.

(vii) Change in Depreciation Expense

The reduction in fair value of the power generating assets from Brookfield Renewable's statement of income and loss results in a decrease in *pro forma* depreciation expense of \$1 million for the three months ended June 30, 2011.

(viii) Deferred Income Tax

Net income on a *pro forma* basis for the three months ended June 30, 2011, reflects an increase in deferred taxes of \$36 million.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENT

This Management's Discussion and Analysis contains forward-looking statements and information, within the meaning of Canadian securities laws, concerning the business and operations of Brookfield Renewable. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Forward-looking statements in this Management's Discussion and Analysis include statements regarding the quality of Brookfield Renewable's assets and the resiliency of the cash flow they will generate, Brookfield Renewable anticipated financial performance, future commissioning of assets, expected completion of acquisitions, listing on the NYSE, future energy prices and demand for electricity, the future growth prospects and distribution profile of Brookfield Renewable and Brookfield Renewable's access to capital. Forward-looking statements can be identified by the use of words such as "plans", "expects", "scheduled", "estimates", "intends", "anticipates", "believes", "potentially", "tends", "continue", "attempts", "likely", "primarily", "approximately", "endeavours", "pursues", "strives", "seeks", "targets" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information in this Management's Discussion and Analysis 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: changes to hydrology at our hydroelectric stations or in wind conditions at our wind energy facilities; the risk that counterparties to our contracts do not fulfill their obligations, and as our contracts expire, we may not be able to replace them with agreements on similar terms; increases in water rental costs (or similar fees) or changes to the regulation of water supply; our operations being highly regulated and exposed to increased regulation which could result in additional costs; the risk that our concessions and licenses will not be renewed; increases in the cost of operating our plants; our failure to comply with conditions in, or our inability to maintain, governmental permits; equipment failure; dam failures and the costs of repairing such failures; force majeure events; exposure to uninsurable losses; adverse changes in currency exchange rates; our inability to access interconnection facilities and transmission systems; occupational, health, safety and environmental risks; disputes and litigation; losses resulting from fraud, other illegal acts, inadequate or failed internal processes or systems, or from external events; general industry risks relating to the North American and Brazilian power market sectors; advances in technology that impair or eliminate the competitive advantage of our projects; newly developed technologies in which we invest not performing as anticipated; labour disruptions and economically unfavourable collective bargaining agreements; risks related to operating in Brazil; our inability to finance our operations; the operating and financial restrictions imposed on us by our loan, debt and security agreements; changes in our credit ratings; changes to government regulations that provide incentives for renewable energy; our inability to identify and complete sufficient investment opportunities; the growth of our portfolio; our inability to develop existing sites or find new sites suitable for the development of greenfield projects; risks associated with the development of our generating facilities and the various types of arrangements we enter into with communities and joint venture partners; Brookfield Asset Management's election not to source acquisition opportunities for us and our lack of access to all renewable power acquisitions that Brookfield Asset Management identifies; our lack of control over all our operations; our obligations to issue equity or debt for future acquisitions and developments; and foreign laws or regulation to which we become subject as a result of future acquisitions in new markets.

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 Management's Discussion and Analysis and should not be relied upon as representing our views as of any date subsequent to August 13, 2012, the date of this Management's Discussion and Analysis. While we anticipate that subsequent events and developments may cause our views to change, we disclaim any obligation to update the

forward-looking statements, other than as required by applicable law. For further information on these known and unknown risks, please see “Risk Factors” included in our Annual Information Form.

CAUTIONARY STATEMENT REGARDING USE OF NON-IFRS ACCOUNTING MEASURES

This Management’s Discussion and Analysis contains references to Adjusted EBITDA, funds from operations and net asset value which are not generally accepted accounting measures in accordance with IFRS and therefore may differ from definitions of Adjusted EBITDA, funds from operations and net asset value used by other entities. We believe that Adjusted EBITDA, funds from operations and net asset value are useful supplemental measures that may assist investors in assessing the financial performance and the cash anticipated to be generated by our operating portfolio. None of Adjusted EBITDA, funds from operations and net asset value should be considered as the sole measure of our performance and should not be considered in isolation from, or as a substitute for, analysis of our financial statements prepared in accordance with IFRS. As a result of the Combination, we have presented these measurements on a pro forma basis.

A reconciliation of Adjusted EBITDA and funds from operations to net income is presented in our Management’s Discussion and Analysis and in note 14 to our interim consolidated financial statements.

BROOKFIELD RENEWABLE ENERGY PARTNERS L.P.
CONSOLIDATED BALANCE SHEETS

UNAUDITED (\$ MILLIONS)	Notes	Jun 30 2012	Dec 31 2011
Assets			
Current assets			
Cash and cash equivalents		\$ 352	\$ 267
Trade receivables and other current assets		145	158
Due from related parties		121	253
Due from related parties		618	678
Equity-accounted investments	6	25	32
Property, plant and equipment, at fair value	7	311	405
Intangible assets		14,400	13,945
Deferred income tax assets	10	52	57
Other long-term assets		251	306
		218	285
		\$ 15,875	\$ 15,708
Liabilities and Partners' equity			
Current liabilities			
Accounts payable and accrued liabilities	8	\$ 180	\$ 190
Financial instrument liabilities	4	118	99
Due to related parties		138	139
Current portion of long-term debt	9	714	650
Financial instrument liabilities	4	1,150	1,078
Due to related parties		41	15
Long-term debt and credit facilities	9	25	8
Deferred income tax liabilities	10	5,159	4,869
Other long-term liabilities		2,315	2,374
		157	164
		8,847	8,508
Non-controlling interests			
Participating non-controlling interests		724	629
Preferred equity	12	242	241
Limited partners' equity	11	6,062	6,330
		7,028	7,200
		\$ 15,875	\$ 15,708

The accompanying notes are an integral part of these interim consolidated financial statements.

Approved on behalf of Brookfield Renewable Energy Partners L.P.:



Patricia Zuccotti
Director



David Mann
Director

BROOKFIELD RENEWABLE ENERGY PARTNERS L.P.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)

UNAUDITED (\$ MILLIONS, EXCEPT PER SHARE AMOUNTS)	Notes	Three months ended Jun 30		Six months ended Jun 30	
		2012	2011	2012	2011
Revenues	5	\$ 337	\$ 329	\$ 763	\$ 622
Other income		5	6	10	10
Direct operating costs		(125)	(103)	(242)	(191)
Management service costs	5	(8)	-	(15)	-
Interest expense – borrowings		(104)	(103)	(214)	(200)
Share of earnings (loss) from equity-accounted investments	6	(1)	10	—	8
Unrealized financial instrument (loss) gain	3,4	(3)	(15)	(12)	3
Loss on Fund unit liability	11	—	(44)	—	(160)
Depreciation and amortization	7	(117)	(114)	(243)	(224)
Other	3	4	3	(9)	12
Income (loss) before income taxes		(12)	(31)	38	(120)
Income tax (expense) recovery					
Current	10	(7)	(2)	(13)	(6)
Deferred	10	16	3	3	3
		9	1	(10)	(3)
Net income (loss)		\$ (3)	\$ (30)	\$ 28	\$ (123)
Net income (loss) attributable to:					
Non-controlling interests					
Participating non-controlling interests		\$ (14)	\$ 9	\$ (15)	\$ 3
Preferred equity		3	4	6	7
Limited partners		8	(43)	37	(133)
		\$ (3)	\$ (30)	\$ 28	\$ (123)
Basic and diluted earnings (loss) per share		\$ 0.03	\$ (0.17)	\$ 0.14	\$ (0.51)

The accompanying notes are an integral part of these interim consolidated financial statements.

BROOKFIELD RENEWABLE ENERGY PARTNERS L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

UNAUDITED (\$ MILLIONS)	Notes	Three months ended Jun 30		Six months ended Jun 30	
		2012	2011	2012	2011
Net income (loss)		\$ (3)	\$ (30)	\$ 28	\$ (123)
Other comprehensive income (loss)					
Revaluations of property, plant and equipment	6,7	70	—	53	—
Financial instruments designated as cash-flow hedges	4	(20)	23	8	36
Foreign currency translation		(310)	96	(180)	198
Deferred income taxes on above items, net	10	(9)	(5)	(4)	196
		(269)	114	(123)	430
Comprehensive income (loss)		\$ (272)	\$ 84	\$ (95)	\$ 307
Comprehensive income (loss) attributable to:					
Non-controlling interests					
Participating non-controlling interests		\$ (16)	\$ 12	\$ (16)	\$ 8
Preferred equity		(2)	6	7	16
Limited partners		(254)	66	(86)	283
		\$ (272)	\$ 84	\$ (95)	\$ 307

The accompanying notes are an integral part of these interim consolidated financial statements.

BROOKFIELD RENEWABLE ENERGY PARTNERS L.P.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

UNAUDITED (\$ MILLIONS)	Notes	Three months ended Jun 30		Six months ended Jun 30	
		2012	2011	2012	2011
Participating non-controlling interests					
Balance, beginning of period		\$ 760	\$ 202	\$ 629	\$ 206
Net income (loss)		(14)	9	(15)	3
Other comprehensive income (loss)		(2)	3	(1)	5
Contributions and other		(20)	78	111	78
Balance, end of period		724	292	724	292
Preferred equity	12				
Balance, beginning of period		247	257	241	252
Net income		3	4	6	7
Other comprehensive income (loss)		(5)	2	1	9
Distributions		(4)	(4)	(7)	(7)
Other		1	—	1	(2)
Balance, end of period		242	259	242	259
Limited partners' equity	11				
Balance, beginning of period		(70)	(1,711)	(14)	(1,569)
Net income (loss)		8	(43)	37	(133)
Distributions		(93)	2	(183)	—
Transfer from revaluations surplus	3	—	—	5	—
Contributions		1	148	1	148
Other		—	(115)	—	(165)
Balance, end of period		(154)	(1,719)	(154)	(1,719)
Accumulated other comprehensive income	13	6,216	5,357	6,216	5,357
		6,062	3,638	6,062	3,638
Fund unit liability		—	1,519	—	1,519
		\$ 7,028	\$ 5,708	\$ 7,028	\$ 5,708

The accompanying notes are an integral part of these interim consolidated financial statements.

BROOKFIELD RENEWABLE ENERGY PARTNERS L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS

		Three months ended Jun 30		Six months ended Jun 30	
UNAUDITED (\$ MILLIONS)	Notes	2012	2011	2012	2011
Operating activities					
Net income (loss)		\$ (3)	\$ (30)	\$ 28	\$ (123)
Adjustments for the following non-cash items:					
Depreciation and amortization	7	117	114	243	224
Unrealized financial instrument loss (gain)	4	3	15	12	(3)
Loss on Fund unit liability	11	—	44	—	160
Share of (earnings) loss from equity accounted investments	6	1	(10)	—	(8)
Deferred income taxes	10	(16)	(3)	(3)	(3)
Other non-cash items		20	(29)	29	(31)
Dividends received from equity-accounted investments		7	4	7	6
		129	105	316	222
Net change in working capital balances		(38)	51	(22)	22
		91	156	294	244
Financing activities					
Long-term debt – borrowings	9	272	128	846	259
Long-term debt – repayments	9	(288)	(60)	(952)	(82)
Capital provided by participating non-controlling interests and preferred equity		—	48	117	84
Contributions from common parent		—	60	—	110
Distributions:					
To participating non-controlling interests and preferred equity	12	(27)	(24)	(30)	(27)
To unitholders of Brookfield Renewable or the Fund	11	(89)	(24)	(179)	(48)
		(132)	128	(198)	296
Investing activities					
Due to (from) related parties		56	5	138	5
Acquisitions	3	—	(120)	(131)	(174)
Investment tax credits related to wind facilities	7	115	—	115	—
Investment in:					
Sustaining capital expenditures		(13)	(11)	(25)	(24)
Development and construction of renewable power generating assets		(111)	(151)	(174)	(253)
Restricted cash and other		(3)	32	74	19
		44	(245)	(3)	(427)
Foreign exchange gain on cash held in foreign currencies		(15)	5	(8)	7
Cash and cash equivalents					
Increase (decrease)		(12)	44	85	120
Balance, beginning of period		364	264	267	188
Balance, end of period		\$ 352	\$ 308	\$ 352	\$ 308
Supplemental cash flow information:					
Interest paid		\$ 143	\$ 172	\$ 183	\$ 213
Interest received		\$ 4	\$ 6	\$ 10	\$ 11
Income taxes paid		\$ 5	\$ 21	\$ 11	\$ 30

The accompanying notes are an integral part of these interim 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 Canada, the United States and Brazil, which prior to November 28, 2011 were held as part of the power generating operations of Brookfield Renewable Power Inc. (“BRPI”) and Brookfield Renewable Power Fund (the “Fund”).

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.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The unaudited interim consolidated financial statements have been prepared in accordance with IAS 34-Interim Financial Reporting on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2011, with the exception of the changes in accounting policies as disclosed below. Certain information and footnote disclosure normally included in annual audited financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) have been omitted or condensed. These interim consolidated financial statements should be read in conjunction with the audited 2011 annual consolidated financial statements.

The interim consolidated financial statements are unaudited and reflect any adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary to a fair statement of results for the interim periods in accordance with IFRS.

The results reported in these interim consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. Certain comparative figures have been reclassified to conform to the current year’s presentation.

These interim consolidated financial statements have been authorized for issuance by the Board of Directors of its general partner, Brookfield Renewable Partners Limited, on August 6, 2012.

All figures are presented in millions of United States (“U.S.”) dollars unless otherwise noted.

(b) Basis of presentation

(i) Consolidation

These interim consolidated financial statements include the accounts of Brookfield Renewable and its subsidiaries, which are the entities over which Brookfield Renewable has control. Control exists when Brookfield Renewable has the power, directly or indirectly, to govern the financial and operating policies of an entity, so as to obtain benefits from its activities. Non-controlling interests in the equity of Brookfield Renewable’s subsidiaries are shown separately in partners’ equity in the consolidated balance sheets.

(ii) Strategic combination of the renewable power generating operations

On November 28, 2011, upon completion of the strategic combination (the “Combination”) of the renewable power assets of BRPI and the Fund, the public unitholders of the Fund received one non-voting limited partnership unit of Brookfield Renewable in exchange for each trust unit of the Fund held and the Fund was wound up.

Also as part of the Combination, Brookfield Renewable entered into a voting agreement with Brookfield Asset Management Inc. ("Brookfield Asset Management"), which provides Brookfield Renewable with control of the general partner of Brookfield Renewable Energy L.P. ("BRELP"). Accordingly, Brookfield Renewable consolidates the accounts of BRELP and its subsidiaries. In addition, BRELP issued redeemable partnership units, to a subsidiary of Brookfield Asset Management, pursuant to which the holder may at its request require BRELP to redeem the units for cash consideration after a mandatory two-year holding period from the date of issuance. 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 units so presented to BRELP that are tendered for redemption in exchange for Brookfield Renewable limited partnership units. As Brookfield Renewable, at its sole discretion, has the right to settle the obligation with limited partnership units, the BRELP redeemable partnership units are classified as limited partnership units.

Effective December 2011, Brookfield Renewable entered into voting arrangements with various affiliates of Brookfield Asset Management, whereby Brookfield Renewable gained control of the entities that own U.S. and Brazil renewable power generating operations (the "Voting Arrangements"). The Voting Arrangements provide Brookfield Renewable with all of the voting rights to elect the Boards of Directors of the relevant entities and therefore provides Brookfield Renewable with control. Accordingly, Brookfield Renewable consolidates the accounts of these entities.

Financial information for the periods prior to November 28, 2011 is presented based on the historical combined financial information for the contributed operations as previously reported by Brookfield Asset Management. For the period since completion of the Combination, the results are based on the actual results of the new entity, Brookfield Renewable.

(c) Change in accounting policies and estimates

(i) Income Taxes

In December 2010, the IASB issued amendments to IAS 12, Income Taxes ("IAS 12"). Under these amendments, an entity is required to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment is effective for annual periods starting on or after January 1, 2012. Implementation of IAS 12 did not have a significant impact on the interim consolidated financial statements.

(ii) Change in accounting estimates

Brookfield Renewable retained third party engineers to review the estimated useful lives of certain assets. As a result, Brookfield Renewable revised the estimated remaining useful life of certain assets to more accurately reflect the period over which they provide economic benefits. Brookfield Renewable accounted for these changes in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, which requires a change in accounting estimate to be applied prospectively from the date of the change. The effective dates of changes were either January 1, 2012 or April 1, 2012 based on timing of completion of the review. The interim consolidated statement of income (loss) reflects a decrease in depreciation of \$30 million and \$50 million for the three and six months ended June 30, 2012 as a result of the changes in accounting estimate.

(iii) Future changes

There are no future changes to IFRS with potential impact on Brookfield Renewable in addition to the changes disclosed in the 2011 annual consolidated financial statements.

(d) Revisions to previously reported comparative figures

Brookfield Renewable has revised its comparative consolidated financial statements as at and for the six months ended June 30, 2011 to reflect adjustments, primarily related to deferred income tax and foreign currency translation, that were identified through the completion of the Combination. As a result of the revisions to the previous reported comparative figures, the following adjustments were made to the financial statements as at and for the six months ended June 30, 2011:

(MILLIONS)	Previously reported	Adjustment	As revised
Deferred income tax (expense) recovery	\$ (31)	\$ 34	\$ 3
Net loss	\$ (161)	\$ 38	\$ (123)
Comprehensive income	\$ 212	\$ 95	\$ 307
Partners' equity	\$ 5,695	\$ 13	\$ 5,708

The adjustments do not impact the comparative annual consolidated financial statements as at and for the year ended December 31, 2011.

3. ACQUISITIONS

California Wind Generation Assets

During the first half of the year, the following investments were made by Brookfield Renewable and certain institutional partners through the Brookfield Americas Infrastructure Fund ("BAIF"), in which Brookfield Renewable holds a 22% controlling interest. The investments were accounted for using the acquisition method, and the results of operations have been included in the interim consolidated financial statements since the respective dates of acquisition.

BAIF acquired 100% interests in two wind generation facilities in California. BAIF also acquired the remaining 50% interest in a wind generation facility, bringing Brookfield Renewable's total investment to 100% (the "Step Acquisition"). Total consideration paid of \$206 million for these interests included \$180 million in cash and the settlement of certain liabilities.

The Step Acquisition required Brookfield Renewable to re-measure its previously held 50% interest to fair value of \$63 million and to reverse any amounts previously recorded in other comprehensive income ("OCI") related to the initial 50% interest. Net income for the six months ended June 30, 2012 reflects an expense of \$11 million related to the reclassification from OCI on financial instruments designated as cash flow hedges prior to the Step Acquisition. In addition, \$5 million related to revaluation surplus on the initial 50% interest was reclassified to limited partners' equity.

Acquisition costs of \$2 million related to the above acquisitions were expensed at the acquisition dates.

These wind generating facilities are now all in commercial operation.

The preliminary estimated fair value of the assets acquired and liabilities assumed for the investments were as follows:

(MILLIONS)	
Current assets ⁽¹⁾	\$ 50
Property, plant and equipment	748
Other long-term assets	9
Current liabilities	(102)
Long-term debt	(436)
Net assets acquired	\$ 269

⁽¹⁾ Includes \$49 million of cash and cash equivalents.

Any changes from the preliminary amounts will be directly attributable to both the finalization of valuations and revisions to current calculations. The estimated fair values of the assets acquired and liabilities assumed are expected to be finalized during the year.

4. 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 currency risk), credit risk and liquidity risk. Brookfield Renewable and its subsidiaries use financial instruments primarily to manage these risks.

There have been no material changes in exposure to these risks since the December 31, 2011 audited annual consolidated financial statements.

Financial instrument disclosures

The aggregate amount of Brookfield Renewable's net financial instrument positions are as follows:

(MILLIONS)		Jun 30 2012	Dec 31 2011
Energy derivative contracts	\$	(21)	\$ (26)
Interest rate swaps		(138)	(88)
	\$	(159)	\$ (114)

Energy derivative contracts

Brookfield Renewable has entered into long-term energy derivative contracts primarily to eliminate the price risk on the sale of future power generation. All energy contracts are recorded in Brookfield Renewable's interim 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 three and six months ended June 30, 2012, unrealized gains of \$8 million and \$7 million, respectively, were recognized in the statement of income (loss) (2011: unrealized losses of \$15 million and unrealized gains of \$3 million, respectively). For both the three and six months ended June 30, 2012, there were unrealized losses of \$1 million recognized in OCI (2011: unrealized gains for both the three and six months were \$37 million).

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 interim consolidated financial statements at an amount equal to fair value.

For the three and six months ended June 30, 2012, unrealized losses of \$11 million and \$19 million, respectively, were recognized in the statement of income (loss) (2011: there were no amounts recognized for both the three and six months). For the three and six months ended June 30, 2012, an unrealized loss of \$19 million and an unrealized gain of \$9 million, respectively, were recognized in OCI (2011: unrealized losses of \$14 million and \$1 million, respectively).

5. 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.

The following table reflects the related party agreements and transactions on the interim consolidated statements of income (loss):

	Three months ended Jun 30		Six months ended Jun 30	
(MILLIONS)	2012	2011	2012	2011
Revenues				
Purchase and revenue support agreements	\$ 96	\$ 72	\$ 235	\$ 135
Wind levelization agreement	2	1	—	2
	\$ 98	\$ 73	\$ 235	\$ 137
Direct operating costs				
Energy purchases	\$ (13)	\$ (7)	\$ (30)	\$ (18)
Operations, maintenance and administration services	(4)	(5)	(9)	(8)
Insurance services	(4)	(4)	(8)	(8)
	\$ (21)	\$ (16)	\$ (47)	\$ (34)
Interest expense	\$ —	\$ (6)	\$ —	\$ (13)
Management service costs	\$ (8)	\$ —	\$ (15)	\$ —

6. EQUITY-ACCOUNTED INVESTMENTS

The following table presents the changes in Brookfield Renewable's equity-accounted investments:

(MILLIONS)	Three months ended Jun 30, 2012	Six months ended Jun 30, 2012	Year ended Dec 31, 2011
Balance, beginning of period	\$ 329	\$ 405	\$ 269
Share of net income (loss)	(1)	—	10
Share of OCI	—	(4)	(7)
Revaluation recognized through OCI	—	(17)	136
Acquisitions	—	(63)	—
Other	(17)	(10)	(3)
Balance, end of period	\$ 311	\$ 311	\$ 405

In May 2012, Brookfield Renewable refinanced indebtedness associated with its hydroelectric pumped storage facility in New England (in which it owns 50%), through a \$125 million loan for a term of five years at a rate of LIBOR plus 2.25%.

The following table presents the breakdown of the share of earnings (loss) from equity accounted investments:

(MILLIONS)	Three months ended Jun 30		Six months ended Jun 30	
	2012	2011	2012	2011
Share of cash earnings	4	6	8	12
Share of non-cash earnings (loss)	(5)	4	(8)	(4)
	(1)	10	—	8

7. PROPERTY, PLANT AND EQUIPMENT, AT FAIR VALUE

The change to the net book value of property, plant and equipment, is presented in the following table:

(MILLIONS)	Hydroelectric	Wind energy	Other ⁽¹⁾	Total
As at December 31, 2011	\$ 11,876	\$ 1,395	\$ 674	\$ 13,945
Foreign exchange	(138)	7	(32)	(163)
Additions/transfers ⁽²⁾	38	917	(168)	787
Revaluation recognized through OCI	—	3	67	70
Depreciation ⁽³⁾	(166)	(54)	(19)	(239)
As at June 30, 2012	\$ 11,610	\$ 2,268	\$ 522	\$ 14,400

⁽¹⁾ Included in "Other" is land, roads, decommissioning assets, leasehold improvements, gas-fired generating ("co-gen") units and construction work-in-progress ("CWIP").

⁽²⁾ Includes acquisitions of \$748 million (Note 3).

⁽³⁾ Assets not subject to depreciation include CWIP and land.

Brookfield Renewable has pledged a significant amount of its property, plant and equipment as collateral for its subsidiary borrowings.

Certain of Brookfield Renewable's property, plant and equipment, comprised of hydroelectric, wind, and gas-fired generating units are carried at revalued amounts as opposed to historical cost. During the three

months ended June 30, 2012, certain of Brookfield Renewable's development assets were revalued resulting in an increase of \$70 million.

The additions/transfers to the property, plant and equipment also reflect the deduction of \$115 million of investment tax credits pursuant to government incentives to build new renewable wind facilities.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The composition of accounts payable and accrued liabilities are as follows:

(MILLIONS)	Jun 30 2012	Dec 31 2011
Accounts payable and accrued liabilities	\$ 109	\$ 128
Interest payable	39	36
Unitholders' distribution and preferred dividends payable	32	26
	\$ 180	\$ 190

9. DEBT OBLIGATIONS

The composition of debt obligations is presented in the following table:

(MILLIONS)	Jun 30 2012	Dec 31 2011
Corporate borrowings	\$ 1,475	\$ 1,077
Unamortized financing fees, net ⁽¹⁾	(7)	(6)
	1,468	1,071
Subsidiary borrowings	4,385	4,246
Unamortized financing fees, net ⁽¹⁾	(38)	(49)
Current maturities	(714)	(650)
	3,633	3,547
Revolving credit facilities		
Unsecured corporate facilities	58	251
	\$ 5,159	\$ 4,869

⁽¹⁾ Unamortized financing fees are amortized to interest expense over the term of the borrowing.

Corporate borrowings

Through a wholly-owned subsidiary, Brookfield Renewable successfully completed a C\$400 million offering of medium-term corporate notes bearing interest at an annual rate of 4.79% that are due February 2022. Proceeds of the offerings were used to repay existing indebtedness and for general business purposes.

Subsidiary borrowings

At the date of the investment in wind development and generation assets in California, Brookfield Renewable acquired \$436 million of subsidiary borrowings.

Net repayments of \$311 million made during the six months ended June 30, 2012 were primarily funded from the proceeds of the C\$400 million medium-term corporate notes offering and cash generated from operating activities.

Revolving credit facilities

(MILLIONS)	Jun 30 2012	Dec 31 2011
Available revolving credit facilities	\$ 990	\$ 601
Drawings	(58)	(251)
Issued letters of credit	(162)	(160)
Unutilized revolving credit facilities	\$ 770	\$ 190

Brookfield Renewable expanded its revolving credit facilities from \$600 million to \$900 million in March 2012, and extended the maturity for the new facilities to October 2016. In May 2012, Brookfield Renewable entered into an additional credit agreement for \$90 million on similar terms and conditions as the other lenders and with an expiry of October 31, 2016, subject to additional one-year extensions.

Net draws of \$30 million and net repayments of \$193 million were made during the three and six months ended June 30, 2012, respectively. The repayments were primarily funded from the proceeds of the C\$400 million medium-term corporate notes offering and cash generated from operating activities.

Brookfield Renewable and its subsidiaries issue letters of credit under the credit facilities for general corporate purposes, which include, but are not limited to, security deposits, performance bonds and guarantees for debt service reserve accounts.

10. INCOME TAXES

Brookfield Renewable's effective income tax rate was 22% for the six months ended, June 30, 2012 (2011: 2.5%). The effective tax rate for the six months ended, June 30, 2012 is less than the statutory rate primarily due to lower tax rates in foreign jurisdictions. The loss on the Fund unit liability for the six months ended, June 30, 2011 represents an amount for which Brookfield Renewable does not receive a tax benefit. This loss decreased accounting income before income taxes, therefore creating a lower effective income tax rate for the six months ended, June 30, 2011. Subsequent to the Combination the terms of the newly-issued partnership units do not contain a redemption feature that requires a Fund unit liability to be calculated.

11. PARTNERSHIP EQUITY

Brookfield Renewable's capital structure is comprised of two classes: general partnership interests and limited partnership units.

BRELP, a subsidiary of Brookfield Renewable has issued redeemable partnership units held 100% by Brookfield Asset Management, which may, at the request of the holder, require BRELP to redeem the units for cash consideration after a mandatory two-year holding period from the date of issuance. 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 so tendered for redemption to BRELP in exchange for Brookfield Renewable units. As Brookfield Renewable, at its sole discretion, has the right to settle the obligation with limited partnership units, the BRELP redeemable partnership units are classified as limited partnership units of Brookfield Renewable.

As at June 30, 2012, limited partnership units outstanding were 262,531,519 (December 31, 2011: 262,485,747), assuming the exchange of all redeemable limited partnership units discussed above, and general partnership interests of 0.01%.

During the first half of the year, unitholder distributions were increased to \$1.38 per unit from \$1.35 per unit, on an annualized basis. The first distribution was paid in April 2012.

For the three and six months ended June 30, 2012, Brookfield Renewable declared distributions of \$93 million and \$183 million or \$0.345 and \$0.69 per limited partnership unit and distributions for general partnership interests. For the three and six months ended, June 30, 2011 the Fund declared distributions of \$34 million and \$69 million, consisting of \$10 million and \$21 million to BRPI and \$24 million and \$48 million, respectively to public unitholders of the Fund and Brookfield Renewable recorded a mark-to-market loss of \$20 million and \$112 million, respectively on the Fund unit liability.

A Distribution Re-investment Plan ("DRIP") was also implemented during the six months ended June 30, 2012, allowing holders of limited partnership units who are resident in Canada to acquire additional units by reinvesting all or a portion of their cash distributions without paying commissions. During the six months ended June 30, 2012, 45,772 limited partnership units were issued under the DRIP.

12. SUBSIDIARY PUBLIC ISSUERS

In March 2010, Brookfield Renewable Power Preferred Equity Inc. ("BRP Equity") issued 10 million Series 1 preferred shares at a price of C\$25 per share. The holders of the Series 1 preferred shares are entitled to receive fixed cumulative dividends at an annual rate of C\$1.3125 per share, a yield of 5.25% for the initial five-year period ending April 30, 2015. The dividend rate will reset on April 30, 2015 and every five years thereafter at a rate equal to the then five-year Government of Canada Bond yield plus 2.62%. Brookfield Renewable, BRELP and certain key holding company subsidiaries fully and unconditionally guarantee the payment of dividends on the preferred shares, the amounts due on redemption, and the amounts due on the liquidation, dissolution or winding-up of BRP Equity. For the three and six months ended June 30, 2012, dividends declared on the Series 1 preferred shares were \$4 million and \$7 million, respectively (2011: \$4 million and \$7 million).

As a result of the Combination, Brookfield Renewable created BRP Finance ULC ("BRP Finance") to contractually assume BRPI's term notes with maturities ranging from 2016 and 2036 with a principal value of approximately C\$1.1 billion. BRP Finance assumed these term notes, including accrued interest, in exchange for an interest-bearing demand promissory note issued by another wholly-owned subsidiary of Brookfield Renewable. The term notes payable by BRP Finance are unconditionally guaranteed by Brookfield Renewable, BRELP and certain other subsidiaries. During the first six months, BRP Finance issued C\$400 million of 10-year term notes bearing interest at a rate of 4.79% per annum.

The following tables set forth certain consolidated summary financial information for Brookfield Renewable, BRP Equity, and BRP Finance:

(MILLIONS)	Brookfield Renewable ⁽¹⁾	BRP Equity	BRP Finance	Consolidating adjustments ⁽²⁾	Brookfield Renewable consolidated
For the three months ended June 30, 2012:					
Revenues	\$ 337	\$ —	\$ —	\$ —	\$ 337
Net income (loss)	(3)	1	(1)	—	(3)
For the three months ended June 30, 2011:					
Revenues	\$ 329	\$ —	\$ —	\$ —	\$ 329
Net loss	(30)	—	—	—	(30)
For the six months ended June 30, 2012:					
Revenues	\$ 763	\$ —	\$ —	\$ —	\$ 763
Net income (loss)	29	1	(2)	—	28
For the six months ended June 30, 2011:					
Revenues	\$ 622	\$ —	\$ —	\$ —	\$ 622
Net loss	(123)	—	—	—	(123)

(MILLIONS)	Brookfield Renewable ⁽¹⁾	BRP Equity	BRP Finance	Consolidating adjustments ⁽²⁾	Brookfield Renewable consolidated
As at June 30, 2012:					
Current assets	\$ 618	\$ —	\$ 1,493	\$ (1,493)	\$ 618
Long-term assets	15,252	244	—	(239)	15,257
Current liabilities	2,619	6	18	(1,493)	1,150
Long-term liabilities	6,467	—	1,469	(239)	7,697
Participating non-controlling interests	724	—	—	—	724
Preferred equity	—	242	—	—	242
As at December 31, 2011:					
Current assets	\$ 678	\$ —	\$ 1,087	\$ (1,087)	\$ 678
Long-term assets	15,024	244	—	(238)	15,030
Current liabilities	2,148	8	9	(1,087)	1,078
Long-term liabilities	6,597	—	1,071	(238)	7,430
Participating non-controlling interests	629	—	—	—	629
Preferred equity	—	241	—	—	241

⁽¹⁾ Includes subsidiaries of Brookfield Renewable other than BRP Equity and BRP Finance.

⁽²⁾ Includes elimination of intercompany transactions and balances necessary to present Brookfield Renewable on a consolidated basis.

13. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following is a reconciliation of Brookfield Renewable's accumulated other comprehensive income ("AOCI") attributable to the limited partners' equity:

(MILLIONS)	Foreign Currency translation	Revaluation surplus	Cash flow hedges	Total
Balance, December 31, 2011	\$ 387	\$ 6,019	\$ (62)	\$ 6,344
OCI	(165)	47	(1)	(119)
Transfer to limited partners' equity (note 3)	—	(5)	—	(5)
Income taxes	—	(1)	(3)	(4)
Balance, June 30, 2012	\$ 222	\$ 6,060	\$ (66)	\$ 6,216

During the three and six months ended June 30, 2012, gains of \$1 million and \$1 million relating to cash flow hedges were realized and reclassified from OCI to net income (loss), respectively (2011: losses of \$5 million and \$4 million, respectively).

14. SEGMENTED INFORMATION

Brookfield Renewable operates mostly renewable power assets, which include conventional hydroelectric generating assets located in the United States, Canada and Brazil, a pumped storage hydroelectric facility located in the United States and wind farms located in Canada and the United States. Brookfield Renewable also operates two co-gen facilities, one in Canada and one in the United States. Management evaluates the business based on the type of power generation (Hydroelectric, Wind and Other). Hydroelectric and wind are further evaluated by major region (United States, Canada and Brazil). "Equity-accounted investments" includes Brookfield Renewable's interest in hydroelectric facilities. The "Other" segment includes co-gen facilities, CWIP and corporate costs.

In accordance with IFRS 8, Operating Segments, Brookfield Renewable discloses information about its reportable segments based upon the measures used by management in assessing performance. The accounting policies of the reportable segments are the same as those described in Note 2 of the audited 2011 consolidated financial statements. Brookfield Renewable analyzes the performance of its operating segments based on revenues, earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA"), and funds from operations. Adjusted EBITDA consists of 100% of revenues less direct costs (including energy marketing costs), plus Brookfield Renewable's share of cash earnings from equity-accounted investments, before interest, current income taxes, depreciation, amortization and management service costs. Funds from operations is defined as Adjusted EBITDA less interest, current income taxes and management service cost, which is then adjusted for the cash portion of non-controlling interests included in funds from operations. Transactions between the reportable segments occur at fair value.

	Hydroelectric			Wind energy			
(MILLIONS)	U.S.	Canada	Brazil	U.S.	Canada	Other	Total
For the three months ended June 30, 2012:							
Revenues	\$ 124	\$ 65	\$ 88	\$ 18	\$ 27	\$ 15	\$ 337
Adjusted EBITDA	86	52	62	11	23	(13)	221
Interest expense – borrowings	(34)	(16)	(12)	(10)	(11)	(21)	(104)
Funds from operations prior to non-controlling interests	50	36	45	1	12	(42)	102
Cash portion of non-controlling interests	(5)	—	(5)	(1)	—	(4)	(15)
Funds from operations	45	36	40	-	12	(46)	87
Depreciation and amortization	(27)	(18)	(36)	(13)	(18)	(5)	(117)
For the three months ended June 30, 2011:							
Revenues	\$ 154	\$ 64	\$ 84	\$ —	\$ 16	\$ 11	\$ 329
Adjusted EBITDA	121	50	62	—	13	(8)	238
Interest expense – borrowings	(36)	(17)	(24)	—	(7)	(19)	(103)
Funds from operations prior to non-controlling interests	85	37	32	—	6	(27)	133
Cash portion of non-controlling interests	(11)	—	(3)	—	—	(3)	(17)
Funds from operations	74	37	29	—	6	(30)	116
Depreciation and amortization	(32)	(37)	(35)	—	(8)	(2)	(114)

	Hydroelectric			Wind energy			
(MILLIONS)	U.S.	Canada	Brazil	U.S.	Canada	Other	Total
For the six months ended June 30, 2012:							
Revenues	\$ 288	\$ 165	\$ 179	\$ 25	\$ 71	\$ 35	\$ 763
Adjusted EBITDA	216	135	130	16	62	(20)	539
Interest expense - borrowings	(68)	(33)	(43)	(10)	(21)	(39)	(214)
Funds from operations prior to non-controlling interests	144	102	78	6	41	(74)	297
Cash portion of non-controlling interests	(16)	—	(8)	(4)	—	(7)	(35)
Funds from operations	128	102	70	2	41	(81)	262
Depreciation and amortization	(59)	(42)	(78)	(17)	(37)	(10)	(243)
For the six months ended June 30, 2011:							
Revenues	\$ 277	\$ 118	\$ 163	\$ —	\$ 32	\$ 32	\$ 622
Adjusted EBITDA	216	90	123	—	27	(3)	453
Interest expense – borrowings	(73)	(34)	(45)	—	(13)	(35)	(200)
Funds from operations prior to non-controlling interests	142	60	69	—	14	(38)	247
Cash portion on non-controlling interests	(15)	—	(7)	—	—	(6)	(28)
Funds from operations	127	60	62	—	14	(44)	219
Depreciation and amortization	(63)	(72)	(67)	—	(16)	(6)	(224)

The following table reconciles Adjusted EBITDA and funds from operations, presented in the above tables, to net income (loss) as presented in the interim consolidated statements of income (loss)

(MILLIONS)	Notes	Three months ended Jun 30		Six months ended Jun 30	
		2012	2011	2012	2011
Revenues	5	\$ 337	\$ 329	\$ 763	\$ 622
Other income		5	6	10	10
Share of cash earnings from equity-accounted investments	6	4	6	8	12
Direct operating costs		(125)	(103)	(242)	(191)
Adjusted EBITDA		221	238	539	453
Interest expense - borrowings		(104)	(103)	(214)	(200)
Management service costs	5	(8)	—	(15)	—
Current income taxes	10	(7)	(2)	(13)	(6)
Funds from operations prior to non-controlling interests		102	133	297	247
Less: cash portion of non-controlling interests		(15)	(17)	(35)	(28)
Funds from operations		87	116	262	219
Add: cash portion of non-controlling interests		15	17	35	28
Depreciation and amortization	7	(117)	(114)	(243)	(224)
Unrealized financial instruments (loss) gain	3,4	(3)	(15)	(12)	3
Loss on Fund unit liability	11	—	(44)	—	(160)
Share of non-cash earnings (loss) from equity-accounted investments	6	(5)	4	(8)	(4)
Deferred income taxes	10	16	3	3	3
Other		4	3	(9)	12
Net income (loss)		\$ (3)	\$ (30)	\$ 28	\$ (123)

The following table presents our consolidated results on a segmented basis for the period ended June 30:

(MILLIONS)	Hydroelectric			Wind energy		Equity-accounted investments	Other	Total
	U.S.	Canada	Brazil	U.S.	Canada			
As at June 30, 2012:								
Property, plant and equipment	\$ 4,463	\$ 4,837	\$ 2,373	\$ 925	\$ 1,358	\$ —	\$ 444	\$ 14,400
Additions to property, plant and equipment	16	30	54	783	19	—	—	902
Total assets	4,807	5,025	2,735	1,061	1,417	311	519	15,875
Total borrowings	1,822	929	360	593	643	—	1,526	5,873
Total liabilities	3,020	1,962	559	694	971	—	1,641	8,847
As at December 31, 2011:								
Property, plant and equipment	\$ 4,547	\$ 4,908	\$ 2,626	\$ 57	\$ 1,343	\$ —	\$ 464	\$ 13,945
Additions to property, plant and equipment	136	46	210	397	2	—	238	1,029
Total assets	5,064	5,139	2,963	97	1,218	405	822	15,708
Total borrowings	1,838	928	645	164	621	—	1,323	5,519
Total liabilities	3,008	2,098	869	176	894	—	1,463	8,508

15. COMMITMENT, CONTINGENCIES AND GUARANTEES

Commitments

In the course of its operations, Brookfield Renewable and its subsidiaries has 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 2054.

Brookfield Renewable and certain institutional partners entered into an agreement to acquire a portfolio of four hydroelectric generating stations located in Tennessee and North Carolina for a total enterprise value of \$600 million. Brookfield Renewable will own an approximate 25% interest. These assets will have an installed capacity of 378 MW and annual generation of 1.4 million MWh. The transaction is expected to close in the fourth quarter of 2012.

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 proceedings and actions will not have a material impact on Brookfield Renewable's consolidated financial position or results of operations.

Guarantees

Brookfield Renewable, on behalf of Brookfield Renewable's subsidiaries, and subsidiaries of Brookfield Renewable 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 9: Debt Obligations. As at June 30, 2012, letters of credit issued by subsidiaries of Brookfield Renewable amounted to \$65 million as at June 30, 2012.

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 significant payments under such indemnification agreements.

16. SUBSEQUENT EVENT

In July 2012, Brookfield Renewable completed the acquisition of a 6 MW hydroelectric facility in Brazil.

LP UNITHOLDERS' INFORMATION

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Exchange Listing

TSX: BEP.UN (L.P. units)
TSX: BRF.PR.A (Preferred shares)

Investor Information

Visit Brookfield Renewable online at www.brookfieldrenewable.com for more information. The 2011 Annual Report is also available online. For detailed and up-to-date news and information, please visit the News Press Release section.

Additional financial information is filed electronically with various securities regulators in Canada through SEDAR at www.sedar.com.

Unitholder enquiries should be directed to the Investor Relations Department at (416) 359-1955 or unitholderenquiries@brookfieldrenewable.com

TSX:

BEP.UN

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