No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws. Accordingly, subject to certain exceptions, these securities may not be offered or sold in the United States of America or to, or for the benefit of, U.S. persons. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Great Lakes Hydro Income Fund at 480 de la Cité Boulevard, Gatineau, Québec, J8T 8R3, (819) 561-2722, and are also available electronically at www.sedar.com.*

SHORT FORM PROSPECTUS

New Issue July 16, 2009

GREAT LAKES HYDRO INCOME FUND

GREAT LAKES HYDRO INCOME FUND
$184,861,750
12,242,500 Subscription Receipts
each representing the right to receive one Trust Unit

Great Lakes Hydro Income Fund (the "**Fund**") is hereby qualifying for distribution (the "**Offering**") a total of 12,242,500 subscription receipts (the "**Subscription Receipts**") at a price of $15.10 per Subscription Receipt, each of which will entitle the holder to receive, upon closing of the Transaction (as defined below) and without payment of additional consideration, one trust unit (a "**Trust Unit**") of the Fund. The Trust Units issuable upon exchange of the Subscription Receipts are also qualified hereby. The proceeds from the sale of the Subscription Receipts (the "**Escrowed Funds**") will be held by CIBC Mellon Trust Company as escrow agent (the "**Escrow Agent**"), and invested in short-term interest bearing or discount debt obligations issued or guaranteed by the Government of Canada (and other approved investments) until the date of closing of the Transaction (as defined below) or the Termination Time (as defined below).

On July 6, 2009, the Fund and Brookfield Renewable Power Inc. (together with its affiliates, "**Brookfield Renewable**"), among others, entered into agreements pursuant to which, subject to the terms and conditions contained therein: (i) the Fund agreed to indirectly acquire Brookfield Renewable's direct and indirect interests in entities that own 15 hydroelectric stations located in Northern Ontario and Québec and the soon-to-be-constructed Gosfield wind power project located in Southern Ontario (collectively, the "**Projects**"); and (ii) Brookfield Renewable agreed to increase the price that it pays to the Fund for power generated at the Fund's Lièvre and Mississagi hydroelectric facilities (the "**Transaction**") for total consideration of $945 million, subject to certain adjustments, which will be funded in part from the net proceeds of the Offering.

Concurrent with the closing of the Offering, certain investors (the "**Private Placement Investors**") have agreed to purchase an aggregate of 13,320,000 Subscription Receipts (the "**Private Placement Subscription Receipts**") on a private placement basis at a price of $14.65 per Subscription Receipt for aggregate proceeds of $195,138,000 pursuant to subscription agreements with the Fund dated July 6, 2009 (the "**Concurrent Private Placement**"). The net proceeds of the Concurrent Private Placement will also be used to partially fund the Transaction. The balance of the consideration for the Transaction will be satisfied by the issuance to Brookfield Renewable of 25,562,500 Trust Units at a price of approximately $14.87 per Trust Unit, representing the weighted-average price of the Subscription Receipts issued under the Concurrent Private Placement and the Offering (for an aggregate of approximately $380 million) and a $200 million senior unsecured note of the Fund (the "**Note**"). Brookfield Renewable currently holds approximately 50.01% of the issued and outstanding Trust Units, assuming the exchange of all of its Class B voting exchangeable shares ("**Exchangeable Shares**") of Great Lakes Power Holding Corporation for Trust Units. Following closing of the Transaction, Brookfield Renewable will continue to hold its approximate 50.01% ownership interest in the Fund, on a fully-exchanged basis, and the Fund will indirectly own 100% of the Projects. See "The Proposed Transaction".

As a result of the Transaction, the Fund will indirectly acquire substantially all of Brookfield Renewable's Canadian power assets. On the closing of the Transaction, the Fund and Brookfield Asset Management Inc. ("**Brookfield Asset Management**") will enter into an agreement pursuant to which the Fund will be appointed Brookfield Asset Management's exclusive vehicle for the acquisition of operating or construction-ready hydro and wind power generation facilities located in Canada, provided such acquisition opportunities meet the Fund's investment criteria and subject to certain other limited exceptions. In addition, if Brookfield Asset Management or entities controlled by Brookfield Asset Management wish to sell any operating or construction-ready hydro or wind power assets in Canada following the closing of the Transaction, Brookfield Asset Management will, where circumstances permit, provide the Fund with a right of first offer in respect of such assets, provided they meet the Fund's investment criteria. See "The Proposed Transaction – Ancillary Agreements – Relationship Agreement". Concurrent with the closing of the Transaction, the Fund intends to change its name to "Brookfield Renewable Power Fund".

After the Fund announced the Offering, the Concurrent Private Placement and the Transaction, Standard & Poor's ("**S&P**") affirmed a stability rating of SR-2 (stable) for the Fund and DBRS Limited ("**DBRS**") affirmed a stability rating of STA-2 (high) for the Fund. See "Ratings".

It is anticipated that the closing of the Offering (the "**Closing**") will be on or about July 24, 2009. The Transaction is expected to close, subject to the satisfaction of all closing conditions, in the third quarter of 2009 (the date of such closing being the "**Transaction Closing Date**"), in which case the Subscription Receipts will be exchanged for Trust Units, on a one-for-one basis, on the Transaction Closing Date. Following closing of the Transaction, former holders of Subscription Receipts will be entitled to receive a cash distribution per Subscription Receipt (the "**Distribution Equivalent**") equal to the amount per Trust Unit of any cash distributions to which such holders would have been entitled had they been holders of Trust Units ("**Unitholders**") during the period from the date of Closing to the date immediately preceding the date on which the Subscription Receipts are exchanged for Trust Units. If the Closing occurs on July 24, 2009 and the Transaction is completed in the third quarter of 2009, as expected, holders of Subscription Receipts will be entitled to receive a cash distribution per Subscription Receipt equal to the distributions per Trust Unit commencing with the distribution expected to be paid on or about August 31, 2009 to Unitholders of record on July 31, 2009.

If the Transaction fails to close before 5:00 p.m. (Toronto time) on September 30, 2009 or if the purchase agreement dated July 6, 2009 between the Fund and Brookfield Renewable, among others, (the "**Purchase Agreement**") is terminated at any earlier time (any such time being the "**Termination Time**"), the Escrow Agent and the Fund will return to the holders of Subscription Receipts, commencing on the third business day following the Termination Time, an amount equal to the subscription price for their Subscription Receipts and their *pro rata* entitlement to interest earned on the Escrowed Funds.

The registered and head office of the Fund is located at 480 de la Cité Boulevard, Gatineau, Québec, J8T 8R3.

Price: $15.10 per Subscription Receipt

	Price to the Public(1)	Underwriters' Fee(2)	Net Proceeds to the Fund(3)
Per Subscription Receipt	$ 15.10	$ 0.755	$ 14.345
Total Offering	$ 184,861,750	$ 9,243,087.50	$ 175,618,662.50

(1) The offering price was determined by negotiation among the Fund and the Underwriters.
(2) One-half of the Underwriters' Fee is payable on Closing. The other half of the Underwriters' Fee is payable only upon release of the Escrowed Funds to the Fund. If the Transaction is not completed, the Underwriters' Fee in respect of the Offering will be reduced to the amount paid upon Closing. The Underwriters' Fee is payable by the Fund and its subsidiary entities.
(3) After deducting the Underwriters' Fee but before deducting expenses of the Offering estimated to be $2 million. Other expenses of the Transaction payable by the Fund and its subsidiary entities are estimated to be $3 million.

There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts and the extent of issuer regulation. See "Risk Factors". The outstanding Trust Units are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol GLH.UN. The TSX has conditionally approved the listing of the Subscription Receipts and the Trust Units issuable upon the exchange of the Subscription Receipts on the TSX. Listing is subject to the Fund fulfilling all of the listing requirements of the TSX on or before October 6, 2009. **The offering price of the Subscription Receipts has been established by negotiation among the Fund and the Underwriters with reference to the prevailing market price of the Trust Units. In connection with this Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Subscription Receipts or the Trust Units at levels other than those that might otherwise prevail in the open market. In certain circumstances, the Underwriters may offer the Subscription Receipts at a price lower than the price stated above. See "Plan of Distribution".** On July 3, 2009, the last trading day prior to the announcement of the Offering, the Concurrent Private Placement and the Transaction, the closing price of the Trust Units on the TSX was $15.93 per Trust Unit.

Scotia Capital Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., HSBC Securities (Canada) Inc., Canaccord Capital Corporation and FirstEnergy Capital Corp. (collectively, the "**Underwriters**"), as principals, conditionally offer the Subscription Receipts, subject to prior sale, if, as and when issued by the Fund and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Fund by Torys LLP and on behalf of the Underwriters by Goodmans LLP.

Subscription Receipts will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Closing is expected to take place on July 24, 2009 or on any other date which may be agreed upon, but no later than August 7, 2009. Subscription Receipts will be available for delivery in book-entry form only through the facilities of CDS Clearing and Depository Services Inc. ("**CDS**") on or about Closing. The Trust Units issuable upon the exchange of the Subscription Receipts will be available for delivery in book-entry form only through the facilities of CDS in accordance with the terms of the Subscription Receipt Agreement (as defined below). Holders of Subscription Receipts and Trust Units will not be entitled to receive physical certificates representing their ownership. See "Details of the Offering".

There are certain risks inherent in an investment in Subscription Receipts and Trust Units and in the Fund's activities. Prospective investors should carefully consider these risk factors before purchasing Subscription Receipts. See "Risk Factors". Prospective investors should also be aware that the acquisition of Subscription Receipts and Trust Units may have tax consequences in Canada. For a summary of certain income tax considerations for holders of Subscription Receipts and for Unitholders, see "Certain Canadian Federal Income Tax Considerations".

A return on an investment in Trust Units issuable upon the exchange of Subscription Receipts is not comparable to the return on investment in a fixed income security. The recovery of your investment in these securities is at risk, and the anticipated return on your investment in these securities is based on many performance assumptions. **Although the Fund intends to make distributions from its available cash to Unitholders, these cash distributions may be reduced or suspended.** The actual amount distributed will depend on numerous factors disclosed in the Fund's continuous disclosure documents. In addition, the market value of the Subscription Receipts and Trust Units may decline if, among other reasons, the Fund is unable to meet its cash distribution targets in the future and that decline may be significant.

The Fund and its subsidiaries own and operate power-generating facilities in Canada and the United States. It is important for you to consider the particular risk factors that may affect the industry in which you are investing, and therefore the stability of the distributions that Unitholders receive. See, for example, "Risk Factors – Risks Relating to the Business of the Fund" in this short form prospectus. That section also describes the Fund's assessment of certain of those risk factors, as well as the potential consequences to you if a risk should occur.

The after-tax return from an investment in Trust Units to Unitholders subject to Canadian federal income tax will depend, in part, on the composition for income tax purposes of distributions paid by the Fund, portions of which may be fully or partially taxable or may constitute non-taxable returns of capital. That composition may change over time, thus affecting an investor's after-tax return. Returns on capital are generally taxed as ordinary income or as dividends in the hands of a Unitholder. Returns of capital are generally tax-deferred (and reduce the Unitholder's cost base in the Trust Unit for tax purposes). On June 22, 2007, new rules under the *Income Tax Act* (Canada) (the "**Tax Act**") that significantly change the income tax treatment of most publicly-traded trusts and partnerships (other than certain real estate investment trusts) and the distributions and allocations, as the case may be, from these entities to their investors were enacted (the "**SIFT Rules**"). The SIFT Rules apply a tax on certain income (other than taxable dividends) earned by a "specified investment flow-through" ("**SIFT**") trust or partnership, and treat the taxable distributions of such income received by investors in such entities as taxable dividends from taxable Canadian corporations. The SIFT Rules do not change the tax treatment of distributions that are in excess of the taxable income of a SIFT trust. The SIFT Rules generally do not apply to income trusts, the units of which were publicly traded as of October 31, 2006, such as the Fund, until January 1, 2011, subject to compliance with the guidelines concerning "normal growth" initially released by the Department of Finance on December 15, 2006, as subsequently revised, that provide guidance as to the amount of Trust Units or instruments convertible into Trust Units that may be issued without the Fund becoming subject to the SIFT Rules prior to 2011 (the "**Normal Growth Guidelines**"). See "Certain Canadian Federal Income Tax Considerations – SIFT Rules" and "Risk Factors – Risks Related to the Fund – Income Tax Matters".

Historically, the Fund has not been liable for material amounts of income tax under the Tax Act because it generally is entitled to deduct (and has fully deducted) distributions to Unitholders in computing its income that would otherwise be subject to tax. Commencing in 2011 (or earlier if the Fund fails to comply with the Normal Growth Guidelines), the Fund will be liable, under the SIFT Rules, to pay income tax under the Tax Act at a rate comparable to the combined federal and provincial corporate tax rates. Distributions from the Fund received by Unitholders and paid from the Fund's after-tax income will generally be taxed as dividends from a taxable Canadian corporation. The deemed dividend will be treated as an "eligible dividend" if paid to a resident of Canada. The Fund intends to convert into a corporation prior to the date on which the SIFT Rules are expected to take effect for the Fund once it has finalized its plans for the conversion in 2010 and subject to obtaining Unitholder approval as required by applicable law. See "The Fund – Conversion to a Corporation".

The Fund is not a trust company and, accordingly, is not registered under the *Trust and Loan Companies Act* (Canada) or the trust company legislation of any province as it does not carry on, nor intend to carry on, the business of a trust company. Trust Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation.

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ELIGIBILITY FOR INVESTMENT

In the opinion of Torys LLP, counsel to the Fund, and Goodmans LLP, counsel to the Underwriters, provided that the Trust Units are listed on the TSX (or other designated stock exchange), the Trust Units will be, at the Transaction Closing Date, qualified investments under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, deferred profit sharing plans and tax-free savings accounts (collectively, "**Registered Plans**"). The Subscription Receipts will be, at the Closing, qualified investments for Registered Plans provided that the Subscription Receipts are listed on the TSX (or other designated stock exchange). Notwithstanding the foregoing, if the Trust Units or Subscription Receipts are "prohibited investments" for the purposes of a tax-free savings account, a holder will be subject to a penalty tax as set out in the Tax Act. Holders are advised to consult their own tax advisors in this regard.

Securities of the Fund's subsidiaries received as a result of a redemption of Trust Units may not be qualified investments for a Registered Plan which could result in adverse consequences to the Registered Plan or the annuitant under the Registered Plan. Accordingly, Registered Plans that own Trust Units should consult their own tax advisors before deciding to exercise the redemption rights attached to the Trust Units.

NON-GAAP FINANCIAL MEASURES

Income Before Non-Cash and Unusual Items

This short form prospectus and the documents incorporated by reference herein contain references to "income before non-cash and unusual items". Income before non-cash and unusual items is a term that does not have a standardized meaning prescribed by Canadian generally accepted accounting principles ("**GAAP**") and is therefore unlikely to be comparable to similar measures used by other companies. The key success factor for an income fund is its ability to generate stable and sustainable cash flows to meet unitholder distribution expectations. As such, management focuses on income before non-cash and unusual items as the measure of the Fund's success since it best reflects the Fund's ability to generate stable and sustainable cash flows. The Fund analyzes the performance of its operating segments based on their income before non-cash and unusual items, which is defined as net income before depreciation and amortization, gains or losses on disposal of power generating assets, non-controlling interests, future taxes and unusual items. Income before non-cash and unusual items should not be considered as the sole measure of the Fund's performance and should not be considered in isolation from, or a substitute for, analysis of the Fund's results as reported under GAAP. For a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure, which is net income, see "Prospectus Summary – Summary Historical and Pro Forma Financial and Operating Data".

Distributable Cash

This short form prospectus and the documents incorporated by reference herein contain references to "distributable cash". Distributable cash does not have a standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures used by other companies. Management believes that distributable cash is a useful supplemental measure that may assist investors in assessing the financial performance and the cash generated by the Fund that is available to Unitholders for distribution. Distributable cash is based on income before non-cash and unusual items, adjusted for levelized sustaining capital expenditures, amortization of debt and distributions to non-controlling interests. References to "payout ratio" generally refer to cash distributions as a percentage of distributable cash. Distributable cash should not be considered as the sole measure of the Fund's performance and should not be considered in isolation from, or a substitute for, analysis of the Fund's financial statements prepared in accordance with GAAP. For a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure, which is net income, see "Prospectus Summary – Summary Historical and Pro Forma Financial and Operating Data".

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This short form prospectus and the documents incorporated by reference herein may contain forward-looking statements and information concerning the business and operations of the Fund, the Offering, the Concurrent Private Placement and the Transaction and their impact on the business, operations, financial condition and distribution policy, tax position and prospects of the Fund, and the intention of the Fund to seek further acquisitions. Forward-looking statements can be identified by the use of words such as "plans", "expects", "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "does not anticipate", "believes" 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 the Fund believes that the Fund's anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based on reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Fund to differ materially from anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements and information include, but are not limited to: the risk that the Transaction does not close and other risks associated with the Transaction achieving the benefits expected; the absence of an active market for the Subscription Receipts; risks associated with the Fund's proposed conversion to a corporation; changes in hydrology and wind conditions; equipment failure; failure by counterparties to fulfill contractual obligations and failure by the Fund to replace contracts; the Fund's dependence on Brookfield Renewable and potential conflicts of interest between Brookfield Renewable and the Fund; failure by the Fund to discover liabilities associated with, and inability of the Fund to successfully integrate, acquisitions, including the Transaction; failure of transmission systems or adequate transmission capacity; water rights; changes in the Canadian/U.S. dollar exchange rate; changes to regulations and increases in regulatory costs; failure by the Fund to renew, maintain or obtain necessary governmental permits; the risk that the Fund will decrease distributions to fund capital expenditures; inability to generate or sell electricity; failure by the Fund to maintain equipment or dam safety; inadequate insurance; failure by the Fund to comply with health, safety and environmental regulations; labour disruptions; threat of legal action and claims against the Fund; changes in the general economy; changes in technology; the application of tax shelter investment rules to the Fund's subsidiary entities; energy price fluctuations; inability of the Fund to access and refinance capital on desirable terms and changes in interest rates; inability of the Fund to withdraw cash from subsidiaries; risks related to the nature of the Trust Units, tax matters and investment eligibility, the market for Subscription Receipts and Trust Units and the prices of Subscription Receipts and Trust Units; failure of the Fund to maintain its current credit ratings; potential Unitholder liability; and other risks and factors detailed from time to time in documents filed by the Fund with securities regulatory authorities in Canada, including in the Fund's annual information form under the heading "Risk Factors" and in the Fund's management discussion and analysis under the heading "Business Environment and Risks".

These factors and other risk factors, as described under "Risk Factors" and in documents filed by the Fund with securities regulatory authorities in Canada, represent risks that the Fund believes are material. Other factors not presently known to the Fund or that the Fund presently believes are not material, could also cause actual results to differ materially from those expressed in the forward-looking statements and information contained and incorporated by reference herein. The Fund disclaims any obligation to update publicly or to revise any of the forward-looking statements or information contained or incorporated by reference in this short form prospectus, whether as a result of new information, future events or otherwise, except as required by applicable law.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, filed with the securities commission or similar authority in each of the provinces of Canada, are specifically incorporated by reference in this short form prospectus:

1. the annual information form of the Fund dated March 20, 2009;
2. the management information circular of the Fund dated March 20, 2009;
3. the audited comparative consolidated financial statements of the Fund and the notes thereto as at and for the year ended December 31, 2008, together with the report of the auditors thereon;
4. management's discussion and analysis of financial results as at and for the financial year ended December 31, 2008;
5. the unaudited comparative consolidated financial statements of the Fund and the notes thereto as at and for the three months ended March 31, 2009;
6. management's discussion and analysis of financial results as at and for the three months ended March 31, 2009;
7. the business acquisition report of the Fund dated May 5, 2009 relating to the acquisition of the Prince wind farm located in Ontario and a 50% joint venture interest in the Pingston hydro facility located in British Columbia; and
8. the material change report of the Fund dated July 14, 2009 relating to the Offering, the Concurrent Private Placement and the Transaction.

Any documents of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by the Fund with the provincial securities commissions or similar authorities in Canada after the date of this short form prospectus and prior to the termination of this Offering shall be deemed to be incorporated by reference in this short form prospectus. **Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document that also is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall be deemed, except as so modified or superseded, not to constitute a part of this short form prospectus.**

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information appearing or incorporated by reference elsewhere in this short form prospectus. Capitalized terms used but not defined in this summary are defined elsewhere in this short form prospectus.

Great Lakes Hydro Income Fund

The Fund is an unincorporated open-ended trust established in 1999 under the laws of the Province of Québec. The Fund indirectly owns and operates a diversified portfolio of high-quality, long-life power generating assets that produce electricity exclusively from environmentally friendly and renewable resources with a predominant focus on hydroelectric plants. The Fund's portfolio currently consists of 27 hydroelectric generating stations located in Ontario, Québec, British Columbia and New England and one wind farm located in Ontario. The Fund is one of the largest power income funds in North America with 1,260 megawatts ("**MW**") of installed capacity and long-term average annual generation of 4,539 gigawatt hours ("**GWh**"), before giving effect to the Transaction. The Fund is a publicly-traded reporting issuer on the TSX under the symbol GLH.UN. See "The Fund".

Fund Objective and Strategy

The Fund seeks to provide investors with an opportunity to invest in a large, diversified portfolio of renewable power generating facilities in Canada, consisting predominantly of low-cost, long-life hydroelectric assets and a growing wind power platform that produce predictable cash flows. The Fund intends to provide its Unitholders with stable and sustainable distributions and to grow its distributable cash over time by reinvesting its surplus cash flow in attractive and accretive opportunities in the Canadian renewable power sector.

The Fund sells substantially all of its power generation under long-term power purchase agreements ("**PPAs**") to either industrial users, public utilities or Brookfield Renewable (including its subsidiaries). All PPAs with industrial users and subsidiaries of Brookfield Renewable are guaranteed by Brookfield Renewable. The Fund views these PPAs as critical in providing predictable cash flows and financial stability which support the Fund's ability to pay distributions and its stability ratings (of SR-2 (stable) from S&P and STA-2 (high) from DBRS). The Fund's stable performance is enhanced by its significant water storage capabilities, its geographically diversified operations, its low cost of operations, and the benefits of its strategic relationship with Brookfield Renewable. The Fund intends to capitalize on the experience of Brookfield Renewable in the renewable power sector to increase the amount of distributable cash per Trust Unit over time, primarily through the acquisition of operating or construction-ready renewable power generating facilities in Canada, while continuing to improve the profitability of its existing assets. Since its inception in 1999, the Fund has completed and successfully integrated eight strategic acquisitions of renewable power assets which have increased its installed capacity by more than 1,000 MW and its long-term average annual generation by more than 3,100 GWh.

The Transaction

On July 6, 2009, the Fund and Brookfield Renewable, among others, entered into agreements pursuant to which, subject to the terms and conditions contained therein: (i) the Fund agreed to indirectly acquire Brookfield Renewable's direct and indirect interests in entities that own 15 hydroelectric stations located in Northern Ontario and Québec and the soon-to-be-constructed Gosfield wind power project located in Southern Ontario; and (ii) Brookfield Renewable agreed to increase the price that it pays to the Fund for power generated at the Fund's Lièvre and Mississagi hydroelectric facilities. The Transaction is consistent with the Fund's growth strategy and focus on acquiring high-quality, renewable power generating assets with predictable cash flows. As a result of the Transaction, the Fund's portfolio will increase from 27 to 42 hydroelectric generating stations and, once the Gosfield wind power project commences commercial operation, from one to two wind farms.

The total consideration payable by the Fund to Brookfield Renewable in connection with the Transaction is $945 million, subject to certain adjustments, which will be satisfied by: (i) $365 million payable in cash, payable out of the net proceeds of the Offering and the net proceeds of the Concurrent Private Placement; (ii) the issuance of the Note to Brookfield Renewable; and (iii) the issuance to Brookfield Renewable of 25,562,500 Trust Units at a price of approximately $14.87 per Trust Unit, representing the weighted-average price of the Subscription Receipts issued under the Concurrent Private Placement and the Offering (for an aggregate of approximately $380 million). In connection with the Transaction, the Fund will assume approximately $459 million of non-recourse project debt financing and as such, the enterprise value of the Transaction is equal to approximately $1.4 billion. In addition, as a result of the Transaction, the Fund's market capitalization will increase from approximately $850 million to more than $1.7 billion (based on a closing price of $15.93 per Trust Unit on the TSX on July 3, 2009).

The Transaction is a "related party transaction" within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). As such, the Transaction is subject to approval by a majority of votes cast by Unitholders, other than Brookfield Renewable and those persons who are promoters, directors, officers or other insiders of the Fund or Brookfield Renewable and associates and affiliates of such persons (the "**Minority Unitholders**"), and must be the subject of an independent valuation. A special committee of the board of trustees (the "**Board**") of Great Lakes Power Trust ("**GLPT**"), all of whom are independent of Brookfield Renewable (the "**Independent Committee**"), has unanimously determined that the Transaction is in the best interests of the Fund and Minority Unitholders and recommended, among other things, that the Fund and GLPT enter into the Purchase Agreement and related Transaction agreements, as the case may be. PricewaterhouseCoopers LLP was formally engaged by the Independent Committee to provide an independent valuation (the "**Formal Valuation**") in accordance with the requirements of MI 61-101 for use by the Independent Committee. The Formal Valuation was one factor, among others, that the Independent Committee considered in assessing the merits of the Transaction. Based upon and subject to the scope of review, major assumptions and restrictions and qualifications contained in the Formal Valuation, PricewaterhouseCoopers LLP gave its opinion dated July 6, 2009 that, as of June 19, 2009, (i) the fair market value of the shares of the various entities that own the Projects and the increase in the price that Brookfield Renewable pays to the Fund for power it purchases from the Fund's Lièvre and Mississagi hydroelectric facilities (the "**Subject Assets**") was in the range of $905 million to $1.0 billion, with a calculated mid-point of $952.5 million, and (ii) the fair market value of the Note was equal to its face amount of $200 million. The Formal Valuation was provided for the use and purpose of the Independent Committee only and should not be construed as a recommendation to invest in, hold or divest of Trust Units. See "The Proposed Transaction – Formal Valuation".

The Fund intends to seek approval of the Transaction from Minority Unitholders at a special meeting of Unitholders to be held on or about August 19, 2009. The Transaction is expected to close in the third quarter of 2009. The closing of the Transaction is subject to certain conditions precedent, including the receipt of Minority Unitholder approval and the receipt of material third party consents and required regulatory approvals (including approval of the Ontario Energy Board (the "**OEB**")). For a description of the Transaction and the material terms of the agreements related to the Transaction, see "The Proposed Transaction – The Transaction" and "The Proposed Transaction – Transaction Agreements".

Description of the Projects

Hydroelectric Stations

On closing of the Transaction, the Fund will indirectly acquire Brookfield Renewable's direct and indirect interests in entities that own 15 hydroelectric stations, consisting of: (i) 12 stations located in Northern Ontario held by Great Lakes Power Limited ("**GLPL**"); (ii) the Waltham and Coulonge stations located in Québec held by Hydro Pontiac Inc. ("**Hydro-Pontiac**"); and (iii) the Valerie Falls station located in Ontario held by Valerie Falls Limited Partnership ("**Valerie Falls**"). The following table provides a summary of these 15 stations.

Project	Location	Number of Generating Stations	Total Installed Capacity (MW)	Long-Term Average Annual Generation (GWh)	Contracted Power Purchaser	Term of Power Purchase Contract/ Guarantee
GLPL	Ontario	12	349	1,593	Brookfield Renewable	2029(1)
Hydro-Pontiac	Québec	2	28	192	Hydro-Québec	2029(2)
Valerie Falls	Ontario	1	10	47	Ontario Electricity Financial Corporation	2044
TOTAL		**15**	**387**	**1,832**		

(1) Subject to automatic renewal for successive 20-year periods, unless both parties agree in writing not to renew.

(2) Following the expiry of the Hydro-Québec PPAs in 2019 and 2020, Brookfield Renewable will guarantee the price that the Fund receives for the energy Hydro-Pontiac produces and delivers until at least 2029. The Hydro-Pontiac guarantee agreement is subject to automatic renewal for successive 20-year periods, unless both parties agree in writing not to renew. See "Description of the Projects – Hydroelectric Stations – Hydro-Pontiac – Guarantee Agreement".

GLPL

GLPL generates electricity from its 12 wholly-owned hydroelectric generating stations located on the Magpie, Michipicoten, Montreal and St. Mary's Rivers in the Algoma region of Northern Ontario. The GLPL facilities have a total installed capacity of approximately 349 MW and long-term average annual generation of 1,593 GWh. All but one of the GLPL facilities have access to large water storage reservoirs that in total can store approximately 466 GWh of energy, representing approximately 30% of their long-term average annual generation. All of GLPL's generating facilities have been recently constructed or modernized and, as a result, have low operating costs, high-reliability and long-expected asset life, giving them a sustainable competitive advantage and the ability to generate long-term, stable cash flows. Effective on closing of the Transaction, Brookfield Renewable will guarantee to the Fund an initial fixed price of $68 for each megawatt hour ("**MWh**") of energy produced and delivered by the GLPL facilities until at least 2029. The guaranteed price will be escalated annually at 40% of the increase in the consumer price index (the "**CPI**") during the previous year. Brookfield Renewable will be entitled to revenues generated by GLPL from sales of electricity and all ancillary services, capacity and green credits in excess of the guaranteed price. See "Description of the Projects – Hydroelectric Stations – GLPL – Guarantee Agreement".

Hydro-Pontiac

Hydro-Pontiac indirectly owns and operates the Waltham and Coulonge hydroelectric stations located in Québec on the Noire and Coulonge Rivers, respectively, with a combined installed capacity of 28 MW and long-term average annual generation of 192 GWh. Hydro-Pontiac benefits from significant water storage capabilities of approximately 66 GWh, representing approximately 34% of its long-term average annual generation. All of the power produced at these facilities is sold under two PPAs with Hydro-Québec, expiring in 2019 and 2020, respectively. Effective on closing of the Transaction, Brookfield Renewable will guarantee to the Fund the price of each MWh of energy produced and delivered by the Hydro-Pontiac facilities following the expiry of the PPAs with Hydro-Québec until at least 2029 at the prevailing rate applicable to the GLPL facilities at that time, escalated annually by 40% of the increase in the CPI during the previous year. Brookfield Renewable will be entitled to revenues generated by Hydro-Pontiac from sales of electricity and all ancillary services, capacity and green credits in excess of the guaranteed price. See "The Proposed Transaction – Hydroelectric Stations – Hydro-Pontiac – Guarantee Agreement".

Valerie Falls

The Valerie Falls generating station, located near Atikokan, Ontario, was built in 1994 on a diversion of the Seine River. It has an installed capacity of 10 MW and long-term average annual generation of 47 GWh. Valerie Falls is party to a PPA with the Ontario Electricity Financial Corporation ("**OEFC**") expiring in 2044.

Amendments to Lièvre and Mississagi Power Purchase Agreements

Effective on closing of the Transaction, the Power Agency and Guarantee Agreement dated September 30, 1999, as amended, (the "**Lièvre PAGA**") between Brookfield Renewable and Lièvre Power L.P., a subsidiary of the Fund, will be amended to increase the price (from a guaranteed price that in 2008 was $40/MWh for 1,065,000 MWh of generation and $32/MWh for generation in excess of that amount) to $68/MWh for all power generated and delivered by the Fund's Lièvre facilities pursuant to the Lièvre PAGA until the term of the Lièvre PAGA expires on December 31, 2019.

Effective on closing of the Transaction, the amended and restated Master Power Purchase and Sale Agreement dated November 27, 2003 (the "**Mississagi MPPSA**") between Brookfield Energy Marketing Inc. ("**BEMI**"), a subsidiary of Brookfield Renewable, and Mississagi Power Trust, a subsidiary of the Fund, will be amended to increase the price (from a price that in 2008 was $59/MWh) to $68/MWh for all power purchased by BEMI from the Fund's Mississagi facilities until the term of the Mississagi MPPSA expires on December 31, 2022.

Each of the Lièvre PAGA and Mississagi MPPSA will maintain existing inflation-linked price escalation provisions.

Gosfield Wind Power Project

The Gosfield wind power project ("**Gosfield Wind**") is a 50 MW soon-to-be-constructed project expected to be built on long-term leased land in Essex County in Southern Ontario with a target commercial operation date in late 2010. Gosfield Wind is expected to generate 149 GWh of energy annually. All power produced by Gosfield Wind will be sold at a fixed price to the Ontario Power Authority (the "**OPA**") under a PPA that expires 20 years following the commercial operation date of the project. Gosfield Wind is expected to benefit from a $10/MWh incentive from the Canadian Federal Government's ecoEnergy Program for Renewable Energy for the first ten years of its operation. In addition, once in commercial operation, Gosfield Wind is expected to provide the Fund with a significant amount of accelerated capital cost allowance.

Gosfield Wind has an estimated construction cost of $147 million, the substantial majority of which is expected to be represented by fixed-price equipment supply and construction services contracts. Pursuant to a turbine supply contract, Siemens Canada Limited ("**Siemens**") has agreed to supply twenty-two 2.3MW turbines. Mortenson Canada Corporation ("**Mortenson**"), an experienced contractor of wind farms, is expected to lead the construction of the balance of plant infrastructure and installation of the turbines.

Under the terms of the Purchase Agreement, if financing is not available and other conditions relating to construction readiness have not been satisfied at the Transaction Closing Date, then for the period commencing on the Transaction Closing Date and ending on the earlier of: (i) December 31, 2009; and (ii) the date on which financing is available and those other conditions have been satisfied, the Fund will have the option to sell Gosfield Wind to Brookfield Renewable for a purchase price equal to the sum of $10 million and the amount of costs incurred or accrued by the Fund and GLPT relating to the construction of Gosfield Wind. The Purchase Agreement also provides that the consideration payable by the Fund will be decreased for every dollar that the construction costs for Gosfield Wind are more than $147 million, subject to a maximum of $10 million, and the consideration will be increased for every dollar that the construction costs for Gosfield Wind are less than $147 million, subject to a maximum of $10 million.

Rationale for the Transaction

The Transaction is consistent with the Fund's objectives and growth strategy and represents an opportunity to enhance the value of the Fund and its assets over time for the following reasons:

Positioning the Fund for Growth

- On closing of the Transaction, the Fund's market capitalization will increase from approximately $850 million to more than $1.7 billion (based on a closing price of $15.93 per Trust Unit on the TSX on July 3, 2009) and its enterprise value will total more than $3.0 billion, making the Fund one of Canada's largest publicly-traded, pure-play renewable power businesses. With a strong balance sheet, increased cash flows and high stability ratings, the Fund expects to be well-positioned to provide investors with a stable distribution supported by an improved payout ratio and the opportunity to participate in distribution growth over time as the Fund invests its surplus cash flow in the Canadian renewable power industry.
- Over time, the Fund intends to increase the amount of distributable cash per Trust Unit primarily through the acquisition of operating or construction-ready renewable power generating facilities in Canada, while continuing to improve the profitability of its existing assets. The renewable power sector is the fastest growing segment of the power and utilities sector and with the growing acceptance of climate change, combined with the need for new electricity supply, governments and policymakers are increasingly turning to renewables as the preferred source. The Fund intends to target the acquisition of high-quality renewable power generating assets in Canada that use proven technologies, with long-term PPAs with highly creditworthy counterparties and that offer stable and accretive cash flow, while maintaining a focus on hydroelectric assets. See "The Fund – Fund Objective and Strategy".

High-Quality Renewable Power Assets

- The 15 hydroelectric generating stations to be acquired pursuant to the Transaction meet the Fund's strategic investment criteria for high-quality, long-life renewable assets, using proven technology, that have predictable cash flows and low operating and capital cost requirements. The operating and performance characteristics of the GLPL, Hydro-Pontiac and Valerie Falls facilities are well known to the Fund's manager, Brookfield Renewable, which will continue to operate the facilities after the Transaction.

Growth and Diversification of the Fund's Generation Portfolio

- The Transaction will broaden the Fund's asset portfolio from 27 to 42 hydroelectric generating stations and, once Gosfield Wind commences commercial operation, from one to two wind farms, increase the generating capacity of the Fund's portfolio by approximately 35% from 1,260 MW to 1,697 MW, increase the Fund's long-term average annual generation by approximately 44% from 4,539 GWh to 6,519 GWh and diversify the Fund's operations across a total of 16 river systems.

Long-term Power Purchase Agreements with Creditworthy Counterparties

- The Transaction is consistent with the Fund's strategy of acquiring assets that are subject to long-term PPAs with highly creditworthy counterparties, that provide fixed prices on a "take-or-pay" basis, with defined price escalation linked to inflation. The following table is a summary of the PPAs for each of the Projects that the Fund will indirectly acquire:

Project	Contracted Power Purchaser	Rating Agency / Rating of Contracted Power Purchaser	Term of Power Purchase Contract/Guarantee
GLPL	Brookfield Renewable	DBRS / BBB (high) Fitch / BBB S&P / BBB-	2029(1)
Hydro-Pontiac	Hydro-Québec	DBRS / A (high) S&P / A+	2029(2)
Valerie Falls	OEFC	DBRS / AA	2044
Gosfield Wind	Ontario Power Authority	DBRS / AA (low) S&P / AA(3)	2030(4)

(1) Subject to automatic renewal for successive 20-year periods, unless both parties agree in writing not to renew.
(2) Following the expiry of the Hydro-Québec PPAs in 2019 and 2020, Brookfield Renewable will guarantee the price that the Fund receives for the energy Hydro-Pontiac produces and delivers until at least 2029. The Hydro-Pontiac guarantee agreement is subject to automatic renewal for successive 20-year periods, unless both parties agree in writing not to renew. See "Description of the Projects – Hydroelectric Stations – Hydro-Pontiac – Guarantee Agreement".
(3) S&P does not rate the OPA separately. The rating shown is for the Province of Ontario.
(4) Assuming commencement of commercial operation by December 2010.

Enhancement of the Fund's Financial and Distribution Profile

- The Transaction is expected to increase distributable cash per Trust Unit, enhancing the Fund's ability to maintain and grow after-tax cash distributions. Following the closing of the Transaction, the Fund expects to be well-positioned to maintain its annual distribution of $1.25 per Trust Unit and expects to benefit from an improved payout ratio of approximately 80% of distributable cash initially following the closing of the Transaction (compared to the Fund's current payout ratio of approximately 95%). The Transaction is also expected to increase the proportion of distributable cash derived from Canadian-denominated cash flows from approximately 81% to 91%. Each of the GLPL, Hydro-Pontiac and Valerie Falls facilities benefits from long-term, fixed-interest rate, Canadian dollar financings, which are non-recourse to the Fund. The Note to be issued to Brookfield Renewable in connection with the Transaction will be supported by the increased cash flows and stronger diversification of the Fund's asset base resulting from the Transaction. Following the announcement of the Offering, the Concurrent Private Placement and the Transaction, both DBRS and S&P affirmed the Fund's stability ratings of STA-2 (high) and SR-2 (stable), respectively.

Strategic Relationship with Brookfield Renewable

- In business for more than 100 years, Brookfield Renewable is a highly experienced and proven owner, manager, operator and developer of renewable energy facilities. Brookfield Renewable owns and manages power generating and related assets in Canada, the United States and Brazil. Its portfolio, including the Fund's assets, consists of 163 hydroelectric generating facilities on 63 river systems and one of the largest wind farms in Canada, totaling more than 4,157 MW of installed capacity and producing an average of 15,859 GWh of energy annually, 95% of which is generated from renewable resources. Brookfield Renewable has a proven track record of successfully acquiring and integrating hydroelectric facilities into its portfolio. Since 2002, Brookfield Renewable has completed and successfully integrated more than 20 acquisitions of renewable power assets which have added approximately 2,600 MW of installed capacity to Brookfield Renewable's portfolio, with a total value of approximately $2.7 billion.

- As a result of the Transaction, the Fund will indirectly acquire substantially all of Brookfield Renewable's Canadian power assets. Following the completion of the Transaction, Brookfield Renewable will hold 1,647 MW through the Fund and will continue to manage the Fund's facilities. Brookfield Renewable will continue to hold an approximate 50.01% ownership interest in the Fund, on a fully-exchanged basis, which serves to align its interests with the interests of the Minority Unitholders. On the closing of the Transaction, the Fund and Brookfield Asset Management will enter into an agreement pursuant to which the Fund will be appointed Brookfield Asset Management's exclusive vehicle for the acquisition of operating or construction-ready hydro and wind power generation facilities located in Canada, provided such acquisition opportunities meet the Fund's investment criteria and subject to certain other limited exceptions. In addition, if Brookfield Asset Management or entities controlled by Brookfield Asset Management wish to sell any operating or construction-ready hydro or wind power assets in Canada following the closing of the Transaction, Brookfield Asset Management will, where circumstances permit, provide the Fund with a right of first offer in respect of such assets, provided they meet the Fund's investment criteria. See "The Proposed Transaction – Ancillary Agreements – Relationship Agreement". Concurrent with the closing of the Transaction, the Fund intends to change its name to "Brookfield Renewable Power Fund".

Conversion to a Corporation

Historically, the Fund has not been liable for material amounts of income tax under the Tax Act because it generally is entitled to deduct (and has fully deducted) distributions to Unitholders in computing its income that would otherwise be subject to tax. Commencing in 2011 (or earlier if the Fund fails to comply with the Normal Growth Guidelines), the Fund will be liable, under the SIFT Rules, to pay income tax under the Tax Act at a rate comparable to the combined federal and provincial corporate tax rates. Distributions from the Fund received by Unitholders and paid from the Fund's after-tax income will generally be taxed as dividends from a taxable Canadian corporation. The deemed dividend will be treated as an "eligible dividend" if paid to a resident of Canada. In anticipation of the SIFT Rules, Brookfield Renewable, as manager of the Fund and under the direction of the Board, concluded that there is diminishing value associated with the trust structure and that the best opportunity for creating value for Unitholders is to proceed forward as a corporate entity. As such, the Fund intends to convert into a corporation on or before January 1, 2011, the date on which the SIFT Rules are expected to take effect for the Fund. By converting into a dividend-paying corporation, management believes that the Fund will benefit from increased tax planning certainty, better access to capital markets to fund its future growth and improved liquidity for its equity investors. Dividends paid by a corporation that are "eligible dividends" under the Tax Act will be eligible for the enhanced dividend gross-up and tax credit as set out in the Tax Act. Following the closing of the conversion, the Fund expects to be well-positioned to sustain its current cash distributions per Trust Unit given the benefits of the Transaction in improving the Fund's payout ratio, even after the impact of taxation is considered. Once it has finalized plans for the conversion in 2010, the Fund intends to seek Unitholder approval for the conversion, as required by applicable law.

Details of the Offering

Offering Size:	12,242,500 Subscription Receipts. See "Details of the Offering" and "Plan of Distribution".
Offering Price:	$15.10 per Subscription Receipt. See "Plan of Distribution".
Total Amount of the Offering:	$184,861,750.
Expected Closing Date of the Offering:	On or about July 24, 2009. See "Details of the Offering".
Use of Proceeds:	On July 6, 2009, the Fund and Brookfield Renewable, among others, entered into agreements pursuant to which, subject to the terms and conditions contained therein: (i) the Fund agreed to indirectly acquire Brookfield Renewable's direct and indirect interests in entities that own 15 hydroelectric stations located in Northern Ontario and Québec and the soon-to-be-constructed Gosfield wind power project located in Southern Ontario; and (ii) Brookfield Renewable agreed to increase the price that it pays to the Fund for power generated at the Fund's Lièvre and Mississagi hydroelectric facilities for total consideration of $945 million, subject to certain adjustments, which will be funded in part from the net proceeds of the Offering. See "Use of Proceeds".
Subscription Receipts:	Each Subscription Receipt entitles the holder to receive one Trust Unit on the Transaction Closing Date without payment of additional consideration (other than, in certain limited circumstances, amounts out of the Escrowed Funds). At that time, the former holders of Subscription Receipts will be entitled to receive the Distribution Equivalent, which is a cash distribution per Subscription Receipt equal to the amount per Trust Unit of any cash distributions to which such holders would have been entitled had they been Unitholders during the period from the date of Closing to the date immediately preceding the date on which the Subscription Receipts are exchanged for Trust Units. Based on a Closing of July 24, 2009 and if the Transaction is completed in the third quarter of 2009, prior to the Termination Time, holders of Subscription Receipts will be entitled to receive a cash distribution per Subscription Receipt equal to the distributions per Trust Unit commencing with the distribution expected to be paid on or about August 31, 2009 to Unitholders of record on July 31, 2009. If the Transaction fails to close before 5:00 p.m. (Toronto time) on September 30, 2009 or if the Purchase Agreement is terminated at any earlier time, the Escrow Agent and the Fund will return to the holders of Subscription Receipts, commencing on the third business day following the Termination Time, an amount equal to the subscription price for their Subscription Receipts and their *pro rata* entitlement to interest earned on the Escrowed Funds. See "Details of the Offering".
Escrowed Funds:	The Escrowed Funds will be delivered to and held by the Escrow Agent and invested in short-term interest bearing or discount debt obligations issued or guaranteed by the Government of Canada (and other approved investments) until the Transaction Closing Date or the Termination Time. All interest earned on the Escrowed Funds will accrue to the benefit of the holders of Subscription Receipts (and will be distributed as provided below). If the Transaction closes on or before the Termination Time, the Escrow Agent will release the Escrowed Funds to the Fund, together with interest earned thereon, less the Distribution Equivalent which the Escrow Agent will distribute to former holders of Subscription Receipts. If the Transaction does not close by the Termination Time, the Escrow Agent will release the Escrowed Funds to repay an amount equal to the

	subscription price to holders of Subscription Receipts together with their *pro rata* entitlement to interest earned on the Escrowed Funds. See "Details of the Offering".
Concurrent Private Placement:	Concurrent with the Closing, certain investors have agreed to purchase an aggregate of 13,320,000 Subscription Receipts on a private placement basis at a price of $14.65 per Subscription Receipt for aggregate proceeds of $195,138,000 pursuant to subscription agreements with the Fund dated July 6, 2009. The Fund intends use the net proceeds of the Concurrent Private Placement to partially fund the Transaction. The Fund has agreed to pay an agency fee to a syndicate of agents, co-led by Scotia Capital Inc. and CIBC World Markets Inc., in connection with the Concurrent Private Placement in an amount equal to 2.0% of the aggregate amount subscribed for under the Concurrent Private Placement. The Private Placement Subscription Receipts, and the Trust Units issuable upon the exchange of the Private Placement Subscription Receipts, will be subject to resale restrictions for a four-month period from the closing of the Concurrent Private Placement, in accordance with applicable Canadian securities laws. See "Concurrent Private Placement".
Securities Issuable to Brookfield Renewable:	On the Transaction Closing Date, the Fund will issue to Brookfield Renewable, as partial consideration for the Transaction, 25,562,500 Trust Units at a price of approximately $14.87 per Trust Unit, representing the weighted-average price of the Subscription Receipts issued under the Concurrent Private Placement and the Offering (for an aggregate of approximately $380 million) and the Note. On closing of the Transaction, Brookfield Renewable will continue to hold its approximate 50.01% ownership interest in the Fund, on a fully-exchanged basis.
Unitholder Approval:	At a special meeting of Unitholders to be held on or about August 19, 2009 in Toronto, Ontario, Unitholders will be asked to consider and vote upon a resolution to approve the Transaction. It is a condition to the completion of the Transaction that the Transaction be approved at the Unitholder meeting by a majority of the votes cast by Minority Unitholders. See "The Proposed Transaction – Background".
Formal Valuation:	The Independent Committee retained PricewaterhouseCoopers LLP to provide a formal valuation of: (i) the Subject Assets; and (ii) the Note to be issued by the Fund under the Transaction, pursuant to MI 61-101. Based upon and subject to the matters described in the Formal Valuation, PricewaterhouseCoopers LLP determined that, as of June 19, 2009, (i) the fair market value of the Subject Assets was in the range of $905 million to $1.0 billion with a calculated mid-point of $952.5 million, and (ii) the fair market value of the Note was equal to its face amount of $200 million. See "The Proposed Transaction – Formal Valuation".
Stability Ratings:	After the Fund announced the Offering, the Concurrent Private Placement and the Transaction, S&P affirmed a stability rating of SR-2 (stable) for the Fund and DBRS affirmed a stability rating of STA-2 (high) for the Fund. See "Ratings".
Certain Canadian Federal Income Tax Considerations:	No gain or loss will be realized by a holder of Subscription Receipts on the exchange of a Subscription Receipt for a Trust Unit. Holders of Subscription Receipts will be required to include in computing income for tax purposes their *pro rata* share of any interest on the Escrowed Funds received or receivable (including any such amounts paid to the Fund) in connection with the Subscription Receipts. Each Unitholder will be required to include in computing income for tax purposes for a particular taxation year the Unitholder's *pro rata* share of the Fund's income that was paid or payable in that year by the Fund to the Unitholder and that was deducted by the Fund in computing its income. Generally, all other amounts received by Unitholders will not be included in a Unitholder's income for income tax purposes, but will reduce the adjusted cost base of

	the Unitholder's Trust Units. The SIFT Rules significantly change the taxation of income funds, such as the Fund, and their unitholders. However, these new rules are not expected to apply to the Fund or Unitholders until 2011 unless, before that time, the Fund fails to comply with the Normal Growth Guidelines issued by the Department of Finance.
	Prospective purchasers of Subscription Receipts who are not resident in Canada should consult their tax advisors regarding the Canadian tax implications of an investment in Subscription Receipts and the Trust Units issuable upon the exchange of Subscription Receipts. See "Certain Canadian Federal Income Tax Considerations".
Risk Factors:	An investment in Subscription Receipts and Trust Units is subject to a number of risks that prospective investors should carefully consider before making an investment decision. These risks include risks related to the Offering, the Transaction and the business of the Fund. See "Risk Factors" and the risk factors described in the Fund's annual information form and management's discussion and analysis, which are available on SEDAR at www.sedar.com and are incorporated by reference in this short form prospectus.

Summary Historical And Pro Forma Financial And Operating Data

The following summary historical consolidated financial data as at and for the year ended December 31, 2008 has been derived from the audited comparative consolidated financial statements of the Fund as at and for the year ended December 31, 2008, which are incorporated by reference in this short form prospectus. The following summary historical consolidated financial data as at and for the three months ended March 31, 2009 has been derived from the Fund's unaudited comparative consolidated financial statements, which are incorporated by reference in this short form prospectus. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the interim period have been included. Historical results from any prior period are not necessarily indicative of results to be expected for any future period, and the results for the three months ended March 31, 2009 are not necessarily indicative of results to be expected for the full year. This information is only a summary and should be read together with the Fund's management's discussion and analysis of financial condition and results of operations and the Fund's comparative consolidated financial statements and the notes thereto, which are incorporated by reference in this short form prospectus and are publicly available at www.sedar.com.

The following summary unaudited pro forma consolidated financial data gives effect to the acquisition of Prince Wind and Pingston Hydro, the Offering, the Concurrent Private Placement and the Transaction, and is based on the Fund's historical comparative consolidated financial statements, which are incorporated by reference in this short form prospectus, the historical financial statements of the Projects, which are included elsewhere in this short form prospectus, and the historical financial statements of Prince Wind and Pingston Hydro, which are included in the business acquisition report of the Fund dated May 5, 2009, which is incorporated by reference in this short form prospectus. The unaudited pro forma consolidated balance sheet data as at March 31, 2009 has been prepared using the Fund's consolidated balance sheet as at March 31, 2009 and the balance sheets for each of the Projects as at March 31, 2009, and gives effect to the Offering, the Concurrent Private Placement and the Transaction as if they had occurred on March 31, 2009. The unaudited pro forma consolidated income statement data for the year ended December 31, 2008 has been prepared using the Fund's consolidated statement of income for the year ended December 31, 2008 and the statements of income for each of the Projects, Prince Wind and Pingston Hydro for the year ended December 31, 2008, and gives effect to the Offering, the Concurrent Private Placement and the Transaction as if they had occurred on January 1, 2008. The unaudited pro forma consolidated income statement data for the three months ended March 31, 2009 has been prepared using the Fund's consolidated statement of income for the three months ended March 31, 2009 and the statements of income for each of the Projects for the three months ended March 31, 2009, and gives effect to the Offering, the Concurrent Private Placement and the Transaction as if they had occurred on January 1, 2009.

The summary unaudited pro forma consolidated financial data has been prepared based upon currently available information and assumptions that management deems appropriate, including the assumption that the Transaction will be financed through the Offering and the Concurrent Private Placement, as described in the Fund's unaudited pro forma consolidated financial statements included elsewhere in this short form prospectus. The summary unaudited pro forma consolidated financial data is for informational purposes only and is not necessarily indicative of either the financial position or the results of operations that would have been achieved had the transactions for which the Fund is giving pro forma effect actually occurred on the dates referred to above, nor is such pro forma data necessarily indicative of the results of future operations, because such unaudited pro forma consolidated financial data is based on estimates of financial effects that may prove to be inaccurate.

	Historical		Pro Forma[7]	
	(in thousands of dollars, except per Trust Unit amounts, or as otherwise indicated)			
	Year Ended December 31, 2008	Three Months Ended March 31, 2009	Year Ended December 31, 2008	Three Months Ended March 31, 2009
Operational information (annualized):				
Capacity (MW)	1,021	1,260	1,647	1,647
Long-term average (GWh)	3,912	4,539	6,371	6,371
Selected financial information:				
Revenues	195,734	57,981	440,914	108,922
Income before non-cash and unusual items[1]	100,072	29,791	236,149	58,751
Net income	59,346	17,275	(100,191)	35,868
Distributable cash[2]:				
Income before non-cash and unusual items[1]	100,072	29,791	236,149	58,751
Add: Major maintenance	3,500	475	6,681	504
Less:				
Levelized capital reserve[3]	(18,700)	(4,675)	(27,000)	(6,750)
Debt repayment	(3,600)	(3,651)	(14,421)	(7,017)
Distribution to non controlling interest	(619)	(183)	(619)	(183)
Distributable cash[2]	80,653	21,757	200,790	45,305
Distribution to Unitholders (including to non controlling interest)	60,348	17,041	135,981	33,995
Payout ratio[2]	75%	78%	68%	75%
Distributable cash[2] per Trust Unit				
Basic	1.67	0.41	1.92	0.43
Diluted[4]	1.67	0.38	1.85	0.42
Weighted average number of Trust Units outstanding (000s)				
Basic	48,276	53,594	104,719	104,719
Diluted[4]	48,276	57,656	104,719	108,781

The following table reconciles distributable cash and income before non-cash and unusual items with net income for the periods indicated:

Distributable cash[2]	80,653	21,757	200,790	45,305
Add:				
Levelized capital reserve[3]	18,700	4,675	27,000	6,750
Debt repayment	3,600	3,651	14,421	7,017
Distribution to non controlling interest	619	183	619	183
Less: Major maintenance	(3,500)	(475)	(6,681)	(504)
Income before non-cash and unusual items[1]	100,072	29,791	236,149	58,751
Less:				
Unusual item – contract amendment payment[5]	–	–	349,000	–
Depreciation and amortization	33,123	13,109	79,913	20,229
Non-controlling interests	820	(160)	(5,020)	(1,244)
Future taxes (recovery)	6,575	(433)	(88,381)	3,856
Other	208	–	828	42
Net income	59,346	17,275	(100,191)	35,868
Net income (loss) per Trust Unit				
Basic	1.23	0.31	(1.01)	0.33
Diluted[4]	1.23	0.29	(1.01)	0.32

	Historical	Pro Forma
	(in thousands of dollars, except per Trust Unit amounts, or as otherwise indicated)	
	Three Months Ended March 31, 2009	Three Months Ended March 31, 2009
Balance sheet data:		
Power generating assets[6]	1,457,408	2,605,149
Long-term debt and unsecured note	945,851	1,602,691
Non controlling interest	46,788	46,788
Unitholders' equity	440,641	924,406

(1) For a discussion of non-GAAP financial measures, see "Non-GAAP Financial Measures". Management defines income before non-cash and unusual items as net income before depreciation and amortization, gains or losses on disposal of power generating assets, non-controlling interests, future taxes and unusual items.

(2) For a discussion of non-GAAP financial measures, see "Non-GAAP Financial Measures". Distributable cash is based on income before non-cash and unusual items adjusted for levelized sustaining capital expenditures, amortization of debt and distributions to non-controlling interests. References to "payout ratio" generally refer to cash distributions as a percentage of distributable cash. The payout ratio presented is based on actual generation for the periods presented. The expected payout ratio of approximately 80% initially following the completion of the Transaction is based on long-term average annual generation, which may differ from actual generation.

(3) Levelized capital reserve represents twenty-year average capital spending plus major maintenance.

(4) Diluted assumes the exchange of all of Brookfield Renewable's Exchangeable Shares for Trust Units.

(5) Represents the portion of the purchase price payable by the Fund in connection with the Transaction allocated to the amendments to the Lièvre PAGA and Mississagi MPPSA.

(6) Net of liabilities relating to the GLPL Guarantee Agreement and the Hydro-Pontiac Guarantee Agreement and future income taxes.

(7) Based on 2008 results and giving effect to the acquisition of Prince Wind and Pingston Hydro, the Offering, the Concurrent Private Placement and the Transaction.

THE FUND

Formation and Administration

The Fund was established as an unincorporated open-ended trust under the laws of the Province of Québec pursuant to a Trust Indenture (the "**Trust Indenture**") dated September 14, 1999 and restated October 27, 1999, as amended from time to time. The Fund is a publicly-traded reporting issuer on the TSX under the symbol GLH.UN. Brookfield Renewable holds approximately 50.01% of the issued and outstanding Trust Units, on a fully-exchanged basis, and the remaining Trust Units are held by the public. Following closing of the Transaction, Brookfield Renewable will continue to hold its approximate 50.01% interest in the Fund, on a fully-exchanged basis.

The Fund has no employees and is currently administered by BEMI, a wholly-owned subsidiary of Brookfield Renewable, pursuant to the terms of an administration agreement dated September 14, 1999 (the "**Administration Agreement**"). BEMI also provides management services for GLPT pursuant to the terms of a management agreement dated October 6, 2005 (the "**Management Agreement**"). Summaries of the material terms of the Administration Agreement and the Management Agreement are included on pages 10 and 11 of the Fund's current annual information form and copies of these agreements are available on SEDAR at www.sedar.com.

As at July 6, 2009, the Fund had 53,593,976 Trust Units outstanding (57,656,476 Trust Units assuming the exchange of all of Brookfield Renewable's Exchangeable Shares). The Fund's market capitalization totaled approximately $918 million (on a fully-exchanged basis), based on the closing price of $15.93 per Trust Unit on the TSX on July 3, 2009.

The Fund currently pays monthly distributions of $0.1042 per Trust Unit. From 1999 to the announcement of the SIFT Rules in 2006, the annual distribution per Trust Unit increased from $1.05 to $1.25, a compound average growth rate of 2.5%. Since 2006, the Fund has maintained its annual distribution of $1.25 per Trust Unit.

CIBC Mellon Trust Company (the "**Trustee**") acts as the Fund's sole trustee. The Fund's corporate office is located at 480 de la Cité Boulevard, in the City of Gatineau, in the Province of Québec, J8T 8R3.

Stability Rating

After the Fund announced the Offering, the Concurrent Private Placement and the Transaction, S&P affirmed a stability rating of SR-2 (stable) for the Fund and DBRS affirmed a stability rating of STA-2 (high) for the Fund.

Summary Description of the Business

The Fund indirectly owns and operates a diversified portfolio of high-quality, long-life power generating assets that produce electricity exclusively from environmentally friendly and renewable resources with a predominant focus on hydroelectric plants. The Fund's portfolio currently consists of 27 hydroelectric generating stations located in Ontario, Québec, British Columbia and New England and one wind farm located in Ontario. The Fund is one of the largest power income funds in North America with 1,260 MW of installed capacity and long-term average annual generation of 4,539 GWh, before giving effect to the Transaction. As described in more detail in the Fund's annual information form, the Fund sells substantially all of its power generation under long-term PPAs at fixed prices to either industrial users, public utilities or the Fund's manager, Brookfield Renewable (including its subsidiaries).

Following closing of the Transaction, the Fund will indirectly own an additional 15 hydroelectric stations located in Northern Ontario and Québec and the soon-to-be-constructed Gosfield wind power project located in Southern Ontario. A detailed description of the Projects is provided below under the heading "Description of the Projects".

The following table sets forth the Fund's operating profile on closing of the Transaction (excluding Gosfield Wind, which is expected to commence operation in December 2010).

Project	Location	Number of Rivers	Generating Stations	Installed Capacity (MW)(1)	Long-term Average (GWh)(2)	PPA Term
Hydroelectric						
Lièvre Power	Québec	1	4	258	1,510	2019
Mississagi Power	Ontario	1	4	489	750	2022
Carmichael Power	Ontario	1	1	20	86	2042
Powell River Energy	British Columbia	2	2	83	555	2021
Pingston Hydro	British Columbia	1	1	45	89	2023
Great Lakes Hydro America	New England	3	15	176	1,043	2022
Wind						
Prince Wind	Ontario	–	1	189	506	2026-8
Total as at June 30, 2009		**9**	**28**	**1,260**	**4,539**	
Great Lakes Power Limited	Ontario	4	12	349	1,593	2029(3)
Hydro-Pontiac	Québec	2	2	28	192	2029(3)
Valerie Falls	Ontario	1	1	10	47	2044
Total at Transaction Closing		**16**	**43**	**1,647**	**6,371**	
Gosfield Wind	Ontario		1	50	149	2030(4)
Total after completion of Gosfield Wind			**44**	**1,697**	**6,520**	

(1) Installed capacity refers to the total capacity measured at the output terminals of a hydroelectric station calculated on the basis of the anticipated maximum load or simultaneous maximum demand which the generating station is expected to meet. Before giving effect to the Transaction, installed capacity is 1,196 MW after accounting for the 50% interests of the Fund's partners in Pingston Hydro and Powell River Energy.

(2) Long-term Average is the annual energy generation potential of a facility considering its long-term hydro or wind resource availability, measured in GWh, except in the case of Prince Wind where annual generation is determined in accordance with the wind levelization agreement between GLPT and Brookfield Renewable dated February 4, 2009.

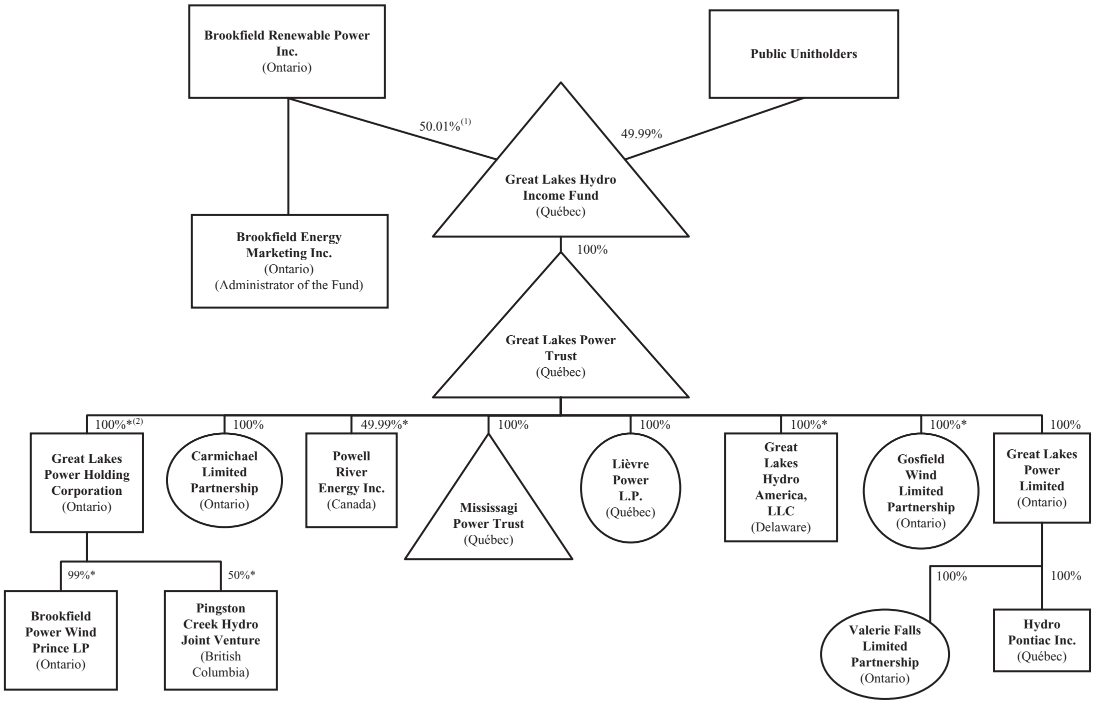
(3) Initial term. Subject to automatic renewal for successive 20-year periods, unless both parties agree in writing not to renew.

(4) Assuming Gosfield Wind commences commercial operation in 2010.

The weighted average rate for power sold by the Fund and its subsidiaries under PPAs for the Fund's current portfolio is equal to $51/MWh. Following closing of the Transaction, the weighted-average rate for power sold by the Fund and its subsidiaries under PPAs for the Fund's portfolio (excluding Gosfield Wind) is expected to be equal to $64/MWh. Following the completion of Gosfield Wind, the weighted-average rate is expected to increase to $66/MWh.

Ownership and Structure of the Fund

The following chart illustrates the primary ownership and structural relationships among the Fund, GLPT and Brookfield Renewable, assuming closing of the Transaction.



* indirect ownership

(1) Assuming the exchange of all Exchangeable Shares held by Brookfield Renewable.

(2) Currently, GLPT owns 49.9% of Great Lakes Power Holding Corporation and Brookfield Renewable owns 50.1% through 4,062,500 shares exchangeable for Trust Units. On a fully-exchanged basis, GLPT owns 100% of Great Lakes Power Holding Corporation.

Fund Objective and Strategy

The Fund seeks to provide investors with an opportunity to invest in a large, diversified portfolio of renewable power generating facilities in Canada, consisting predominantly of low-cost, long-life hydroelectric assets and a growing wind power platform that produce predictable cash flows. The Fund intends to provide its Unitholders with stable and sustainable distributions and to grow its distributable cash over time by reinvesting its surplus cash flow in attractive and accretive opportunities in the Canadian renewable power sector.

The Fund sells substantially all of its power generation under long-term PPAs to either industrial users, public utilities or Brookfield Renewable (including its subsidiaries). All PPAs with industrial users and subsidiaries of Brookfield Renewable are guaranteed by Brookfield Renewable. The Fund views these PPAs as critical in providing predictable cash flows and financial stability which support the Fund's ability to pay distributions and its stability ratings (of SR-2 (stable) from S&P and STA-2 (high) from DBRS). The Fund's stable performance is enhanced by its significant water storage capabilities, its geographically diversified operations, its low cost of operations, and the benefits of its strategic relationship with Brookfield Renewable. The Fund intends to capitalize on the experience of Brookfield Renewable in the renewable power sector to increase the amount of distributable cash per Trust Unit over time, primarily through the acquisition of operating or construction-ready renewable power generating facilities in Canada, while continuing to improve the profitability of its existing assets.

Following closing of the Transaction, the Fund expects to continue to be well-positioned to provide its Unitholders with stable and sustainable distributions backed by low-cost, long-life assets and long-term PPAs with highly creditworthy counterparties. The Fund expects to benefit from an improved payout ratio of approximately 80% of distributable cash, initially following closing of the Transaction (compared to the Fund's current payout ratio of approximately 95%). The Fund intends to invest its surplus cash flow in high-quality renewable power investment opportunities. The Fund's strategic focus will remain the acquisition of operating or construction-ready renewable power assets, with a predominant focus on long-life hydroelectric and wind power assets that are located in Canada and which benefit from utilizing proven technology, predictable cash flows derived from long-term fixed-price PPAs and sound contractual frameworks.

As such, the Fund expects to offer investors an opportunity to participate in the growth of the renewable power industry without exposure to development-stage investments. The Fund believes that its focus on long-term contracted assets is particularly relevant in the context of today's economic and energy policy environment, which is causing most North American jurisdictions to not only promote renewable power projects through targeted procurement policies, but to do so by offering private sector developers long-term, often government-backed, PPAs. These PPAs provide strong revenue assurance and enhance the ability to finance growth.

Since its inception in 1999, the Fund has completed and successfully integrated eight strategic acquisitions of renewable power assets which have increased its installed capacity by more than 1,000 MW and its average annual generation by more than 3,100 GWh. This enabled the Fund to increase its annual distribution per Trust Unit from $1.05 in 1999 to the current level of $1.25. Following closing of the Transaction, the Fund will own more than 1,450 MW of hydroelectric capacity, making it one of Canada's largest publicly-traded portfolios of hydroelectric facilities, and will be well-positioned for continued growth.

The Fund plans to focus its growth opportunity in acquisitions in the following key areas:

- ***Long-term Contracted Operating Facilities***. The Fund expects to continue pursuing the acquisition of high-quality, long-life hydro and wind power generation operating facilities that: (i) use proven technology; (ii) have attractive long-term fixed price PPAs with highly creditworthy counterparties; and (iii) generate cash flows accretive to the Fund's distribution targets. The Fund's acquisition strategy will remain predominantly focused on hydroelectric assets and future growth will be targeted to renewable power facilities located in Canada.
- ***Construction-Ready Projects***. The Fund believes that with multiple jurisdictions in Canada awarding long-term PPAs to numerous private sector developers, the Fund's strong balance sheet and available cash for re-investment will allow it to consider the acquisition of advanced, construction-ready projects. The Fund will only proceed with the acquisition of such development projects that: (i) use proven hydroelectric or wind power technology; (ii) have secured an attractive long-term fixed price PPA from a highly creditworthy counterparty; (iii) benefit from a solid contractual framework including construction costs defined by existing fixed price construction agreements with reputable contractors and equipment suppliers; (iv) can secure, or have secured prior to commencing construction, commitments from third-party lenders for construction financing, where applicable, providing the Fund certainty as to its investment size; and (v) generate cash flows accretive to the Fund's distribution targets. Gosfield Wind is an example of the type of development project meeting the above requirements.

Renewable Power Opportunity

Management believes that renewable power is the fastest growing segment of the power and utilities sector. The Fund believes that there are a number of key trends that will support the continued strong growth of renewable power generation.

- ***Widespread Acceptance of Climate Change***. The contribution of greenhouse gases to global warming and the resulting environmental consequences are now widely accepted. In Canada and the United States, climate change legislation is at varying degrees of development and implementation. For example, in April 2009 the Canadian government announced its intention to plan new climate change regulations aimed at reducing coal-fired power station emissions. It is also expected that the Canadian and U.S. governments will co-operate on a carbon cap-and-trade regime. The new U.S. administration has promised an economy-wide cap and trade regime system in place by 2012 and the Canadian federal government has recently indicated that Canada will attempt to align its climate change plans with those of the United States.
- ***Rising Prices of Fossil Fuels***. Over the long-term, the prices of oil and gas are rising and are increasingly volatile due to the diminishing productivity of existing wells, increased reliance on higher-cost and unconventional resources, and the rising infrastructure costs of developing new supply.

- ***Increased Cost Competitiveness of New Build Renewables***. The construction of renewable technologies, particularly hydro and wind, has become more cost-competitive. Due to their low operating costs, hydro and wind facilities are able to offer stable long-term electricity rates to their power purchasers, unaffected by rising fossil fuel prices, compared to the uncertainty in the long-term costs of conventional fossil fuel-fired facilities.

The above factors have resulted in most Canadian provinces embracing the development of renewable power and adopting renewable portfolio standards and other incentives for awarding PPAs to new renewable facilities built by the private sector. Examples of policies and initiatives in provinces in which the Fund currently owns assets include:

- ***Ontario:*** In February 2009, Ontario's Minister of Energy and Infrastructure introduced the *Green Energy Act*, which proposed a "feed-in-tariff" ("**FIT**") for the procurement of renewable energy projects, such as hydro and wind. Details of the FIT program are still being developed but the current proposal is that newly-built hydro projects would be offered long-term PPAs with a price of $129/MWh and newly-built on-shore wind projects would be offered a price of $135/MWh. The Ontario Government has stated its intention to double generation from renewable resources to 15,000 MW by 2025 and to date, approximately 1,715 MW of hydro and wind capacity have been procured under PPAs with the OPA, including the Fund's 189 MW Prince Wind project and the 50 MW Gosfield Wind project that the Fund proposes to acquire pursuant to the Transaction.

- ***Québec:*** Québec has a stated goal of 4,000 MW of electricity derived from operating wind power by 2015. To date, the province of Québec, through Hydro-Québec, has signed 20-year PPAs for wind-power projects in 2004 and 2008. There is currently 320 MW of wind capacity operating in Québec pursuant to recent PPAs with an additional 3,000 MW scheduled to come on-line between 2011 and 2015.

- ***British Columbia:*** As a result of growing supply shortages and increased dependence on imported power, in 2007 the British Columbia provincial government announced the B.C. Energy Plan, which stipulates that 90% of British Columbia's energy must come from renewable sources and that the province must be energy self-sufficient by 2016. As a result, BC Hydro issued "open calls" for electricity supply in 2003 and 2005 and the "Clean Power Call" for 5,000 GWh of renewable supply, which closed for proposals in late November 2008 and is expected to have BC Hydro PPAs awarded to successful proponents in August 2009. As British Columbia features numerous rivers with undeveloped hydro resources, many of the proposed projects are hydroelectric.

As an increasing number of new facilities are built in response to the growing demand for renewable power, the Fund believes that its opportunities to pursue acquisitions of long-term contracted or construction-ready plants will increase as smaller renewable energy operators or developers sell or are consolidated. Additionally, the sale of assets by resource companies and the potential privatization of government-owned facilities may provide future opportunities for the Fund.

In Canada, while the vast majority of total installed hydroelectric resources are owned by provincial governments (70,000 MW), there remains a significant number of plants owned by the private sector. It is estimated that an additional 7,000 MW has been or is expected to be awarded PPAs in connection with the above-mentioned procurement processes.

Management believes that the wind industry is Canada's fastest growing renewables industry. Canada has the seventh largest wind resource potential globally and its installed capacity has grown from 937 MW in 2000 to approximately 2,775 MW today with more than an approximate additional 5,700 MW having secured PPAs as a result of various procurement processes in Canada. Industry estimates forecast that installed wind capacity in Canada could keep growing to more than 15,000 MW over the next ten years. Due to the local nature of wind resources, its fairly low development cost and low construction risk, a number of wind power assets have been built by smaller developers. Over time, the Fund expects operation of wind facilities to be consolidated with larger operators and that growth in the wind sector will offer a growing set of attractive investment opportunities.

The Fund's manager, Brookfield Renewable, is active as a developer of wind and hydro projects which may eventually be built and could represent future acquisition opportunities for the Fund. See "Positioning the Fund for Growth – Relationship with Brookfield Renewable Provides Strategic Access to Growth Opportunities".

Positioning the Fund for Growth

Following completion of the Transaction, the Fund anticipates that it will be better positioned to pursue growth opportunities that meet its investment objectives as a result of the following competitive advantages:

Enhanced Scale and Capitalization: On the closing of the Transaction, the Fund will indirectly acquire substantially all of Brookfield Renewable's Canadian power assets. Following closing of the Transaction and before the construction of Gosfield Wind, the Fund's asset base will consist of 1,647 MW with a total market capitalization of approximately \$1.7 billion (based on the closing price of \$15.93 per Trust Unit on the TSX on July 3, 2009). As a result, the Fund will be one of Canada's largest publicly-traded, pure-play renewable power businesses. The Fund expects that its increased size, together with the maintenance of its financial position and stability ratings, will enable it to remain well-positioned to access the capital markets to finance future growth.

Predictable Cash Flow for Re-investment: The Fund expects to benefit from an improved payout ratio of approximately 80% of distributable cash, initially following closing of the Transaction (compared to the Fund's current payout ratio of approximately 95%), which is expected to increase cash available to the Fund to pursue new investments. The Fund expects to reinvest such cash flow, which should contribute to the Fund's ability to maintain and grow per Trust Unit distributions.

Established Operating Platforms: The Fund has operating platforms in Québec, Ontario and British Columbia, the three largest renewable power markets in Canada. Once a regional operating platform is established, it will typically be scaleable. This enables the Fund to pursue follow-on acquisitions that generally can be acquired and integrated into the existing operational platform with lower incremental cost, thereby enhancing returns.

Relationship with Brookfield Renewable Provides Strategic Access to Growth Opportunities: On the closing of the Transaction, the Fund and Brookfield Asset Management will enter into an agreement pursuant to which the Fund will be appointed Brookfield Asset Management's exclusive vehicle for the acquisition of operating or construction-ready hydro and wind power generation facilities located in Canada, provided such acquisition opportunities meet the Fund's investment criteria and subject to certain other limited exceptions. In addition, if Brookfield Asset Management or entities controlled by Brookfield Asset Management wish to sell any operating or construction-ready hydro or wind power assets in Canada following the closing of the Transaction, Brookfield Asset Management will, where circumstances permit, provide the Fund with a right of first offer in respect of such assets, provided they meet the Fund's investment criteria. Brookfield Renewable, the Fund's manager, is one of North America's leading acquirors of hydroelectric assets. As a result, Brookfield Renewable benefits from significant insights into the North American electricity industry, a sound understanding of potential transaction opportunities and strong relationships with potential sellers. In addition, Brookfield Renewable is an active developer of new renewable capacity in Canada where Brookfield Renewable has a diversified portfolio of early and late-stage wind and hydro projects.

Significant Experience in Integrating Acquisition Growth: Since its inception in 1999, the Fund has completed and successfully integrated eight strategic acquisitions of renewable power assets which have increased its installed capacity by more than 1,000 MW. Since 2002, Brookfield Renewable has completed and successfully integrated more than 20 acquisitions of renewable power assets which have added approximately 2,600 MW of installed capacity to Brookfield Renewable's portfolio, with a total value of approximately \$2.7 billion. As a result, Brookfield Renewable and the Fund have developed expertise in the evaluation, acquisition and integration of new facilities.

Conversion to a Corporation

Historically, the Fund has not been liable for material amounts of income tax under the Tax Act because it generally is entitled to deduct (and has fully deducted) distributions to Unitholders in computing its income that would otherwise be subject to tax. Commencing in 2011 (or earlier if the Fund fails to comply with the Normal Growth Guidelines), the Fund will be liable, under the SIFT Rules, to pay income tax under the Tax Act at a rate comparable to the combined federal and provincial corporate tax rates. Distributions from the Fund received by Unitholders and paid from the Fund's after-tax income will generally be taxed as dividends from a taxable Canadian corporation. The deemed dividend will be treated as an "eligible dividend" if paid to a resident of Canada. In anticipation of the SIFT Rules, Brookfield Renewable, as manager of the Fund and under the direction of the Board, concluded that there is diminishing value associated with the trust structure and that the best opportunity for creating value for Unitholders is to proceed forward as a corporate entity. As such, the Fund intends to convert into a corporation on or before January 1, 2011, the date on which the SIFT Rules are expected to take effect for the Fund. By converting into a dividend-paying corporation, management believes that the Fund will benefit from increased tax planning certainty, better access to capital markets to fund its future growth and improved liquidity for its equity investors. Dividends paid by a corporation that are "eligible dividends" under the Tax Act will be eligible for the enhanced dividend gross-up and tax credit as set out in the Tax Act. Following the closing of the conversion, the Fund expects to be well-positioned to sustain its current cash distributions per Trust Unit given the benefits of the Transaction in improving the Fund's payout ratio, even after the impact of taxation is considered.

The Board and management of the Fund believe that converting the Fund into a corporation provides a number of compelling and strategic benefits, including, without limitation, the following:

- it is anticipated that the reorganization of the Fund as a common share corporation will attract new investors, including non-resident and institutional investors, and provide a more liquid market for the Fund's securities than currently exists; and
- the Fund expects that a conversion to a corporation will provide investors greater transparency with respect to the Fund's tax position and taxation of its distributions, simplifying the comparison of financial metrics such as the Fund's dividend yield and dividend yield growth potential relative to other publicly-traded corporations in the power and utilities sector. The Fund expects the risk-adjusted total return potential that it offers to investors to compare favourably with other income-oriented securities, which may allow the Fund to more efficiently raise equity capital for growth.

Once it has finalized plans for the conversion in 2010, the Fund intends to seek Unitholder approval for the conversion, as required by applicable law.

DESCRIPTION OF THE PROJECTS

Hydroelectric Stations

On closing of the Transaction, the Fund will indirectly acquire Brookfield Renewable's direct and indirect interests in entities that own 15 hydroelectric stations, consisting of: (i) 12 stations located in Northern Ontario held by GLPL; (ii) the Waltham and Coulonge stations located in Québec comprising Hydro-Pontiac; and (iii) the Valerie Falls station located in Ontario. The following table provides a summary of these 15 stations.

Project	Location	Number of Generating Stations	Total Installed Capacity (MW)	Long-Term Average Annual Generation (GWh)	Contracted Power Purchaser	Term of Power Purchase Contract/Guarantee
GLPL	Ontario	12	349	1,593	Brookfield Renewable	2029(1)
Hydro-Pontiac	Québec	2	28	192	Hydro-Québec	2029(2)
Valerie Falls	Ontario	1	10	47	OEFC	2044
TOTAL		**15**	**387**	**1,832**		

(1) Subject to automatic renewal for successive 20-year periods, unless both parties agree in writing not to renew.
(2) Following the expiry of the Hydro-Québec PPAs in 2019 and 2020, Brookfield Renewable will guarantee the price that the Fund receives for the energy Hydro-Pontiac produces and delivers until at least 2029. The Hydro-Pontiac guarantee agreement is subject to automatic renewal for successive 20-year periods, unless both parties agree in writing not to renew. See "Description of the Projects – Hydroelectric Stations – Hydro-Pontiac – Guarantee Agreement".

GLPL

Overview

GLPL generates electricity from its 12 wholly-owned hydroelectric generating stations located on the Magpie, Michipicoten, Montreal and St. Mary's Rivers in the Algoma region of Northern Ontario. The GLPL facilities have a total installed capacity of approximately 349 MW and long-term average annual generation of 1,593 GWh. GLPL's 12 generating stations benefit from the diversification of 4 rivers and 21 operating units. All of GLPL's generating facilities have been recently constructed or modernized. The modernization process generally includes the replacement or overhaul of turbine and generator equipment. As a result, the GLPL facilities have low operating costs, high-reliability and long-expected asset life, giving them a sustainable competitive advantage and the ability to generate long-term, stable cash flows. All of GLPL's facilities, except the Clergue generating station, have access to large water storage reservoirs that in total can store approximately 466 GWh of energy, representing approximately 30% of their long-term average annual generation. GLPL's generation assets are operated by local operating and maintenance staff and by remote control through fibre-optic cable and microwave from a control centre in Gatineau, Québec. GLPL also has the benefit of long-dated water license terms.

The following table provides a summary of GLPL's power generating stations:

River Systems	Generating Station	Installed Capacity (MW)	Commercial Operation Date (Overhaul Date)
Magpie River	Steephill Falls	15.0	1990
	Harris	12.5	1990
	Mission	15.5	1990
Michipicoten River	Hollingsworth	23.2	1959 (1992)
	McPhail	12.8	1954 (2001)
	Dunford	45.0	2003
	Scott Falls	22.4	1952 (1998)
Montreal River	MacKay	62.0	1937 - 1957 (1998)
	Gartshore	23.0	1958 (1991)
	Hogg	18.5	1965 (2000)
	Andrews	46.9	1938 - 1975 (1996)
St. Mary's River	Clergue	52.2	1982 - 1983
TOTAL		**349**	

GLPL Guarantee Agreement

Pursuant to the Guarantee Agreement between GLPT and Brookfield Renewable (the "**GLPL Guarantee Agreement**"), effective on closing of the Transaction, Brookfield Renewable will guarantee to the Fund the price (the "**GLPL Guaranteed Price**") of each MWh of energy produced and delivered by the GLPL facilities. The GLPL Guaranteed Price will be $68/MWh initially and is subject to an annual adjustment, beginning January 1, 2010, equal to 40% of the increase in the CPI during the previous year.

Should the total revenues of the GLPL facilities received from sales of electricity and all ancillary services, capacity and green credits for any month be less than those realizable at the GLPL Guaranteed Price for energy at the end of such month, Brookfield Renewable will pay to the Fund an amount equal to such deficiency. Should the total revenues of the GLPL facilities received from sales of electricity and all ancillary services, capacity and green credits for any month be more than those realizable at the GLPL Guaranteed Price for energy at the end of such month, Brookfield Renewable will receive from the Fund an amount equal to such excess.

The GLPL Guarantee Agreement will have an initial term of 20 years from the Transaction Closing Date and will automatically renew for successive 20-year periods unless both parties agree in writing not to renew. The GLPL Guarantee Agreement is subject to customary termination provisions in the event of a failure to pay or an insolvency event of GLPT or Brookfield Renewable.

Water Power Leases

Water power leases are granted by the Government of Ontario, through the Ministry of Natural Resources (the "**MNR**"), for use of water for power generation in Ontario. GLPL has entered into 12 water power lease agreements with the MNR (the "**Water Power Leases**") providing water rights for GLPL's generation assets. The Water Power Leases allow GLPL to use water flow in the river systems to generate power. GLPL is currently in compliance in all material respects with the terms of these lease agreements. The Water Power Leases with respect to the Magpie river system will expire on December 31, 2009 and GLPL's other Water Power Leases expire in 2022 and 2023. GLPL has provided notice to the MNR that it wishes to renew the Magpie river system Water Power Leases and expects that these leases will be renewed in the ordinary course. The Water Power Leases are generally terminable if the MNR deems it to be in the public interest. Certain of the Water Power Leases have conditions such as (i) environmental conditions relating to maximum water levels permitted during flood events, restrictions in the rates of flow changes out of the generating stations and minimum flow releases, and (ii) requirements to operate the particular facility in accordance with a water management plan approved by local stakeholders and the MNR. GLPL expects that each of the Water Power Leases will be renewed upon its expiry in the normal course. GLPL also holds a number of permits from the Ministry of the Environment to take water from certain of the river systems. Three of such permits will expire on December 31, 2009 and are expected to be renewed in the normal course.

Power Generation License

GLPL is licensed as an electricity generator by the OEB. GLPL's generator license expires on October 9, 2023, with renewal expected in the ordinary course.

Debt Financing

GLPL entered into an amended and restated Deed of Trust with CIBC Mellon Trust Company on March 12, 2008 for the issuance of senior secured bonds and subordinated secured bonds maturing June 16, 2023. GLPL has issued $264 million principal amount of series 2 6.6% senior secured bonds. GLPL has also issued $115 million principal amount of series 2 7.8% subordinated secured bonds. The senior secured bonds start amortizing in 2013 based on a 20-year amortization schedule.

Labour Relations

As of July 6, 2009, GLPL had approximately 63 employees at its operations. Approximately 31, or 49%, of GLPL's employees are covered by a collective agreement expiring in December 2009. Brookfield Renewable has made representations to the Fund in the Purchase Agreement that there are no labour disputes occurring or, to Brookfield Renewable's knowledge, threatened at the GLPL facilities.

Hydro-Pontiac

Overview

Hydro-Pontiac indirectly owns and operates the Coulonge and Waltham hydroelectric stations. The Coulonge generating station was built in 1994 on the Coulonge River, near the town of Fort Coulonge, Québec. It has an installed capacity of 17 MW, long-term average annual generation of 117 GWh and operates as a run-of-river station. Water for the station is stored primarily in nine small reservoirs, which are located on upstream tributaries of the Coulonge River. The station is fully automated, allowing remote control of its units, and is connected to the Québec power grid by a 25 kV line owned by Hydro-Québec.

The Waltham generating station is located on the Noire River, near the town of Waltham, Québec. It has an installed capacity of 11 MW, long-term average annual generation of 75 GWh and was first developed for electricity in 1906 and underwent a major rehabilitation and upgrade in 1994-1995. Waltham is a run-of-river station. Water for the station is stored primarily in 14 small reservoirs, which are located on upstream tributaries of the Noire River. Waltham has interconnections with both the Ontario and Québec power grids. The station is fully automated, allowing remote control of its units.

Power Purchase Agreements

Hydro-Pontiac has entered into two PPAs with Hydro-Québec, one for each hydroelectric station. The rates under the Coulonge generating station PPA currently provide an average realized rate of approximately $82 per MWh and the PPA expires in 2020. The rates under the Waltham generating station PPA currently provide an average realized rate of approximately $84 per MWh and the PPA expires in 2019. Both PPAs provide for the sale of all power produced by the stations and provide that the rates increase annually according to a defined inflation index with a minimum of 3% and maximum of 6% annual increase.

Pursuant to the terms of the PPAs, no change in control of the share capital of Hydro-Pontiac may be carried out without the prior written consent of Hydro-Québec, which consent must be given except where the transaction is of the nature that would compromise the ability of Coulonge and Waltham to satisfy their obligations towards Hydro-Québec. Brookfield Renewable and the Fund intend to seek the consent of Hydro-Québec to, and as a condition to completion of, the Transaction.

Hydro-Pontiac Guarantee Agreement

Pursuant to the Guarantee Agreement between Hydro Pontiac Inc. and Brookfield Renewable (the "**Hydro-Pontiac Guarantee Agreement**"), effective on closing of the Transaction, Brookfield Renewable will guarantee to the Fund the price (the "**HP Guaranteed Price**") of each MWh of energy produced and delivered by the Hydro-Pontiac facilities following, in each case, the expiry of the applicable PPA with Hydro-Québec in 2019 and 2020, respectively. The HP Guaranteed Price will be $68/MWh initially and is subject to an annual adjustment, beginning January 1, 2010, equal to 40% of the increase in the CPI during the previous year.

After expiry of the Waltham PPA in 2019 and the Coulonge PPA in 2020, should the total revenues of the Hydro-Pontiac facilities received from sales of electricity and all ancillary services, capacity and green credits for any month be less than those realizable at the HP Guaranteed Price for energy at the end of such month, Brookfield Renewable will pay Hydro Pontiac Inc. an amount equal to such deficiency. After 2019 and 2020, respectively, should the total revenues of the Hydro-Pontiac facilities received from sales of electricity and all ancillary services, capacity and green credits for any month be more than those realizable at the HP Guaranteed Price for energy at the end of such month, Brookfield Renewable will receive from Hydro Pontiac Inc. an amount equal to such excess.

The Hydro-Pontiac Guarantee Agreement will have an initial term of 20 years from the Transaction Closing Date and will automatically renew for successive 20-year periods unless both parties agree in writing not to renew. The Hydro-Pontiac Guarantee Agreement is subject to customary termination provisions in the event of a failure to pay or an insolvency event of Hydro Pontiac Inc. or Brookfield Renewable.

Debt Financing

Coulonge has approximately $31.1 million of senior secured term notes outstanding. These notes are repayable over the period to December 2018, bear interest at a rate of 10.256% per annum and are repayable in blended monthly payments of principal and interest of $416,000.

Waltham has approximately $19.5 million of senior secured term notes outstanding. These notes are repayable over the period to December 2020, bear interest at a rate of 10.985% per annum and are repayable in blended monthly payments of principal and interest of $244,000.

Labour Relations

As of July 6, 2009, Hydro Pontiac had 6 employees at its operations. Five of Hydro-Pontiac's employees are covered by a collective agreement expiring in January 2010. Brookfield Renewable has made representations to the Fund in the Purchase Agreement that there are no labour disputes occurring or, to Brookfield Renewable's knowledge, threatened at the Hydro-Pontiac facilities.

Valerie Falls

Overview

The Valerie Falls generating station, located near Atikokan, Ontario, was built in 1994 on a diversion of the Seine River. It has an installed capacity of 10 MW and long-term average annual generation of 47 GWh.

Power Purchase Agreement

Valerie Falls is party to a PPA dated August 13, 2002 with the OEFC which expires on October 9, 2044. Under the terms of the PPA, the OEFC has agreed to purchase all of the power produced by the facility according to a fixed-price schedule indexed to the Ontario CPI. In 2009, the price under the contract averages approximately $79.04/MWh. In 2015, the rate under the Valerie Falls PPA decreases to 75% of the rate applicable during 2014. In 2025, the rate under the Valerie Falls PPA increases to 140% of the rate applicable during 2024.

Water Power Lease

Valerie Falls has entered into water power lease agreements with the MNR (the "**VF Water Power Lease**") providing water rights for Valerie Falls' generation asset. The VF Water Power Lease allows Valerie Falls to use water flow in the river system to generate power. The VF Water Power Lease expires on December 31, 2043 and Valerie Falls is currently in compliance in all material respects with the terms of the lease agreement. The VF Water Power Lease is terminable if the MNR deems it to be in the public interest. Valerie Falls expects that the VF Water Power Lease will be renewed upon its expiry in the normal course. Valerie Falls also holds a permit from the Ontario Ministry of the Environment to take water from the Seine River, expiring on January 1, 2015, with renewal expected in the ordinary course.

Power Generation License

Valerie Falls is licensed as an electricity generator by the OEB. Valerie Falls' generator license expires on October 27, 2023, with renewal expected in the normal course.

Debt Financing

Valerie Falls and Computershare Trust Company of Canada are parties to a first mortgage bond indenture dated December 11, 2002 which provides for the issuance of first mortgage bonds – series 2002A due December 19, 2042 with a principal amount of $31.4 million and an interest rate of 6.841% per annum. The first mortgage bonds will be fully amortized over their term. Under the terms of the indenture, Valerie Falls is relieved from making payments of principal on the bonds during years in which the power purchased by the OEFC under the Valerie Falls PPA is decreased in accordance with the PPA fixed-price schedule.

Amendments to Lièvre and Mississagi Power Purchase Agreements

Amendment to Lièvre PAGA

Effective on closing of the Transaction, the Lièvre PAGA will be amended to increase the price (from a guaranteed price that in 2008 was $40/MWh for 1,065,000 MWh of generation and $32/MWh for generation in excess of that amount) to $68/MWh (increased in each year based on the escalation provisions currently applicable in the Lièvre PAGA, which is the lesser of 40% of the increase in the CPI or 3%) for all power generated and delivered by the Fund's Lièvre facilities pursuant to the Lièvre PAGA until the term of the Lièvre PAGA expires on December 31, 2019. Based on the current long-term average annual generation at the Lièvre facilities (excluding the Cedar Dam facility, as its power is sold to Hydro-Québec), the increased price would apply to an annual average generation level of approximately 1,457 GWh, increasing the Fund's revenues by $44 million per annum.

Amendment to Mississagi MPPSA

Effective on closing of the Transaction, the Mississagi MPPSA will be amended to increase the price (from a price that in 2008 was approximately $59/MWh) to $68/MWh (increased in each year based on the escalation provisions currently applicable in the Mississagi MPPSA, which is 20% of the increase in CPI) for all power purchased by BEMI from the Fund's Mississagi facilities until the term of the Mississagi MPPSA expires on December 31, 2022. Based on the current long-term average annual generation at the Mississagi facilities, the increased price would apply to an annual average generation level of approximately 750 GWh, increasing the Fund's revenues by approximately $6.5 million per annum.

Gosfield Wind

Overview

Gosfield Wind is a 50 MW soon-to-be-constructed project expected to be built on long-term leased land in Essex County in Southern Ontario with a target completion date in late 2010. Gosfield Wind is expected to generate 149 GWh of energy annually. Once constructed, Gosfield Wind is expected to provide the Fund with a significant amount of accelerated capital cost allowance.

Power Purchase Agreement

All power produced by Gosfield Wind will be sold at a fixed price to the OPA under a PPA, which is structured as a "take-or-pay" arrangement (the "**OPA PPA**"). Deliveries under the OPA PPA will commence upon commercial operation of the project and continue for a 20-year period. Pursuant to the OPA PPA, the project is required to achieve commercial operation by December 2012 failing which Gosfield Wind will be subject to a financial penalty. Fifteen percent of the price under the OPA PPA is indexed annually to the Canadian CPI. The OPA is rated AA (low) by DBRS and the Ontario government is rated "AA" by S&P. It is expected that Gosfield Wind will also receive an additional $10/MWh incentive from the Canadian Federal Government's ecoEnergy Program for Renewable Energy for the first ten years of its operation. This additional payment is subject to a maximum capacity factor (as defined under the ecoEnergy Program) of 35%.

The contract capacity for the OPA PPA is 50.4 MW, with no minimum delivery requirements. The price paid by the OPA for electricity includes all emissions credits, clean-power allowances or similar credits or allowances related to the production of electricity. The OPA PPA is subject to customary termination provisions in the event of a material breach of the agreement.

Summary of Wind Study

In 2004, Gosfield Wind retained a wind resource evaluation firm to evaluate Gosfield Wind's long-term wind resource and energy potential. Wind monitoring began in June 2002 using an 80 metre tower and was expanded to include two additional towers, one 80 metres and the other 50 metres, in 2005. Sodars, mobile devices that observe vertical wind speed profiles, were also used to collect short-term wind data at various points in the project area. According to the evaluation, the net annual energy production estimate for Gosfield Wind is 150.7 GWh. Gosfield Wind's expected long-term average annual generation of 149 GWh is based on the GH Report (as defined below). See "The Proposed Transaction – Independent Engineering Assessments – Garrad Hassan Independent Engineer's Report".

Construction of Gosfield Wind

Gosfield Wind is expected to have a total capital cost of $147 million, the substantial majority of which is expected to be incurred under fixed price agreements represented by the wind turbine supply agreement ("**TSA**") entered into with Siemens and a fixed price construction services agreement ("**CSA**") to be entered into with Mortenson who will act as the balance of plant contractor. The Fund expects that prior to commencing construction, nearly 90% of Gosfield Wind's capital cost will be defined by fixed price agreements. Under the terms of the Purchase Agreement, if financing is not available and other conditions relating to construction readiness have not been satisfied at the Transaction Closing Date, then for the period commencing on the Transaction Closing Date and ending on the earlier of: (i) December 31, 2009; and (ii) the date on which financing is available and those other conditions have been satisfied, the Fund will have the option to sell Gosfield Wind to Brookfield Renewable for a purchase price equal to the sum of $10 million and the amount of costs incurred or accrued by the Fund and GLPT relating to the construction of Gosfield Wind. The Purchase Agreement also provides that the consideration payable by the Fund will be decreased for every dollar that the construction costs for Gosfield Wind are more than $147 million, subject to a maximum of $10 million, and the consideration will be increased for every dollar that the construction costs for Gosfield Wind are less than $147 million, subject to a maximum of $10 million.

Pursuant to the TSA, Siemens has agreed to supply and commission twenty-two Model SWT 2.3 MW-101 wind turbine generators ("**WTGs**"). The TSA includes a two-year warranty for each WTG. The warranty terms include an availability warranty and a power curve warranty. Concurrent with the execution of the TSA, Gosfield Wind and Siemens entered into a service and maintenance agreement ("**SMA**") pursuant to which Siemens has agreed to carry out certain service and maintenance activities to support the day-to-day operations of Gosfield Wind. The SMA is for a term commencing on the date the first of the WTGs is commissioned and ending two years from the date the last of the WTGs is commissioned. Each of the TSA and SMA is subject to Gosfield Wind issuing a notice to proceed to Siemens on or before September 30, 2009, failing which the TSA and SMA will each terminate and be of no further effect.

Pursuant to the CSA, Mortenson will be responsible for the design, supply and installation of civil infrastructure works, turbine foundations, electrical collection systems and the substation. Mortenson will also be responsible for receiving and installing the 22 WTGs delivered to the site pursuant to the TSA. The CSA provides for delay damages and a defects warranty.

Gosfield Wind has entered into over 100 leases with separate land owners comprising the wind farm. The leases have terms between 47 and 50 years.

Proposed Legislation

The Ontario government recently announced proposed changes in the setback requirements for wind power projects, which may impact Gosfield Wind's ability to secure the required permits for the proposed project. The changes would require that wind projects be set back a minimum of 550 metres from any "receptor", such as a house, to ensure that noise levels do not exceed a certain threshold at any receptor. Setback requirements are currently set by municipalities so there is no standard minimum setback requirement across the province. The proposed legislation would also require noise studies to be conducted for any project involving wind turbines exceeding a certain sound level and for any project involving more than 26 turbines within 1.5 kilometres of any receptor. Gosfield Wind is seeking to obtain all required permits based on current regulations in advance of the new setback regulations taking effect. Under the terms of the Purchase Agreement, if financing is not available and other conditions relating to construction readiness have not been satisfied at the Transaction Closing Date, then for the period commencing on the Transaction Closing Date and ending on the earlier of (i) December 31, 2009 and (ii) the date on which financing is available and those other conditions have been satisfied, the Fund will have the option to sell Gosfield Wind to Brookfield Renewable for a purchase price equal to the sum of $10 million and the amount of costs incurred or accrued by the Fund and GLPT relating to the construction of Gosfield Wind.

Siemens Wind Turbine Technology

Siemens is one of the world's largest manufacturers of wind turbines, with close to 9,000 MW of installed capacity worldwide. The SWT 2.3 MW-101 model to be employed by Gosfield Wind is Siemens' newly available variant of the proven SWT 2.3 MW-93 series, with the main difference being the blades, hub and turbulence ratings. There are approximately 2,000 units of Siemens' 2.3 MW class turbines installed worldwide and these turbines are installed at two other projects in Southern Ontario.

Debt Financing

Gosfield Wind is in the final stages of obtaining firm commitments from lenders to project finance the construction of Gosfield Wind on a non-recourse basis. The financing is expected to consist of a senior secured non-revolving term credit facility equal to the lesser of $105 million and 75% of the total capital cost of the project. It is expected that the credit facility will be available until the commercial operation date of Gosfield Wind, at which point it will become a term loan repayable within three years.

The Manager

Brookfield Renewable

In business for more than 100 years, Brookfield Renewable is a highly experienced and proven owner, manager, operator and developer of renewable energy facilities. Brookfield Renewable owns and manages power generating and related assets in Canada, the United States and Brazil. Its portfolio, including the Fund's assets, consists of 163 hydroelectric generating facilities on 63 river systems and one of the largest wind farms in Canada. Combined, Brookfield Renewable manages more than 4,157 MW of installed capacity, over 1,640 MW of which will be held through the Fund on closing of the Transaction, producing an average of 15,859 GWh of energy annually, 95% of which is generated from renewable resources.

Brookfield Renewable has a proven track record of successfully acquiring and integrating hydroelectric facilities into its portfolio. Since 2002, Brookfield Renewable has completed and successfully integrated more than 20 acquisitions of renewable power assets which have added approximately 2,600 MW of installed capacity to Brookfield Renewable's portfolio, with a total value of approximately $2.7 billion. It currently has a diversified pipeline of development projects, including more than 800 MW of projects that are either in construction or in the advanced stages of development in North America and Brazil.

Brookfield Renewable maintains a strong balance sheet and currently holds investment grade unsecured debt ratings from DBRS of BBB (high), Fitch Ratings Limited of BBB and S&P of BBB, each of which was confirmed following the announcement of the Transaction.

Brookfield Renewable is wholly-owned by Brookfield Asset Management, a global asset management company focused on property, power and infrastructure assets, with approximately $80 billion of assets under management.

Brookfield Asset Management is rated A– by S&P, A (low) by DBRS and Baa2 by Moody's Investor Service. Brookfield Renewable holds all of the power generation assets of Brookfield Asset Management.

Brookfield Energy Marketing Inc.

BEMI is Brookfield Renewable's centralized power marketing and sales platform, which actively manages Brookfield Renewable's generation portfolio to optimize value and enhance returns from the generation assets. BEMI provides valuable market intelligence regarding pricing dynamics, regulatory systems and market participants.

BEMI also provides sales, scheduling, dispatch and transmission services to certain of the Fund's facilities, including Lièvre and Mississagi and, effective on closing of the Transaction, GLPL and Hydro-Pontiac. By entering into fixed price guarantee agreements for this portfolio of assets, BEMI is able to optimize the output and revenue profile of these facilities on a portfolio basis while providing the Fund the benefit of a stable, fixed price for all energy produced.

This has historically allowed BEMI to combine the flexibility of hydroelectric assets with power marketing strategies to realize, on average, a higher electricity price than prevailing annual average wholesale electricity market price conditions might allow, or the price an individual generating station may realize if operated independently.

Hydro assets that Brookfield Renewable operates, including in many cases those operated on behalf of the Fund, have substantial physical water storage capacity, allowing operators to generally avoid water spillage and optimize the use of available water, particularly during periods of lower hydrology, resulting in capture of higher market prices during peak periods.

In addition, BEMI operates in the interconnected electricity markets of Ontario, Québec, New York and New England. This allows BEMI, in cases where price differentials between markets exist, to sell output from one market into an adjacent market.

Included in the rate guaranteed under each of the Lièvre PAGA, Mississagi MPPSA and following the Transaction Closing Date, the GLPL Guarantee Agreement and the Hydro-Pontiac Guarantee Agreement, is revenue realized in connection with the sale of ancillary services and capacity-related products. Ancillary services include operating reserves, voltage support, black start and regulation. In certain wholesale markets, generators are able to sell capacity, which means that they may be required to deliver energy if there is a shortage of supply in any given hour. Storage hydroelectric assets are uniquely positioned to generate additional revenue from the sale of ancillary services and capacity.

THE PROPOSED TRANSACTION

The Transaction

On July 6, 2009, the Fund and Brookfield Renewable, among others, entered into agreements pursuant to which, subject to the terms and conditions contained therein: (i) the Fund agreed to indirectly acquire Brookfield Renewable's direct and indirect interests in entities that own 15 hydroelectric stations located in Northern Ontario and Québec and the soon-to-be-constructed Gosfield wind power project located in Southern Ontario; and (ii) Brookfield Renewable agreed to increase the price that it pays to the Fund for power generated at the Fund's Lièvre and Mississagi hydroelectric facilities. The Transaction is consistent with the Fund's growth strategy and focus on acquiring high-quality, renewable power generating assets with predictable cash flows. As a result of the Transaction, the Fund's portfolio will increase from 27 to 42 hydroelectric generating stations and, once Gosfield Wind commences commercial operation, from one to two wind farms.

The total consideration payable by the Fund to Brookfield Renewable in connection with the Transaction is $945 million, subject to certain adjustments, which will be satisfied by: (i) $365 million payable in cash, payable out of the net proceeds of the Offering and the net proceeds of the Concurrent Private Placement; (ii) the issuance of the Note to Brookfield Renewable; and (iii) the issuance to Brookfield Renewable of 25,562,500 Trust Units at a price of approximately $14.87 per Trust Unit, representing the weighted-average price of the Subscription Receipts issued under the Concurrent Private Placement and the Offering (for an aggregate of approximately $380 million). In connection with the Transaction, the Fund will assume approximately $459 million of non-recourse project debt financing and as such, the enterprise value of the Transaction is equal to approximately $1.4 billion. In addition, as a result of the Transaction, the Fund's market capitalization will increase from approximately $850 million to more than $1.7 billion (based on a closing price of $15.93 per Trust Unit on the TSX on July 3, 2009).

For a more detailed description of GLPL, Hydro-Pontiac, Valerie Falls and Gosfield Wind, see "Description of the Projects". Historical annual and interim financial statements of each of GLPL, Hydro-Pontiac, Valerie Falls and Gosfield Wind and pro forma financial statements of the Fund giving effect to the Transaction are included elsewhere in this short form prospectus.

The Transaction is expected to close in the third quarter of 2009. The closing of the Transaction is subject to certain conditions precedent, including the receipt of Minority Unitholder approval and the receipt of material third party consents and required regulatory approvals (including approval of the OEB). For a description of the material terms of the agreements related to the Transaction, see "– Transaction Agreements" below.

Background

In May 2009, the Board formed the Independent Committee to review the Transaction on behalf of GLPT and the Minority Unitholders. The members of the Independent Committee are André Bureau (Chairman), Dian Cohen, Pierre Dupuis, Kenneth W. Harrigan and Saul Shulman, each of whom is independent of Brookfield Renewable. Shortly thereafter, Heenan Blaikie LLP was engaged by the Independent Committee as its legal counsel with respect to the Transaction.

On May 20, 2009, the Independent Committee, together with representatives of Heenan Blaikie LLP, met with members of management of the Fund and Brookfield Renewable's counsel on the Transaction, Torys LLP, to discuss the Transaction, the Concurrent Private Placement and the Offering. After a presentation by and discussions with management, the Independent Committee continued the meeting with its legal counsel without members of management present. The Independent Committee discussed the engagement of an independent valuator and technical advisers. Shortly thereafter, Heenan Blaikie LLP, counsel to the Independent Committee, began its due diligence review with respect to the Transaction.

At a meeting held on May 22, 2009, the Independent Committee reviewed a draft engagement letter from PricewaterhouseCoopers LLP and authorized the engagement of PricewaterhouseCoopers LLP to prepare the Formal Valuation pursuant to MI 61-101 with respect to the Transaction. On May 27, 2009, the Independent Committee signed the engagement letter with PricewaterhouseCoopers LLP. A summary of the Formal Valuation is provided below. Subsequently, the Independent Committee engaged SNC-Lavalin Inc. ("**SLI**") and Garrad Hassan Canada Inc. ("**GH**") to prepare independent engineering reports, the first with respect to the hydroelectric assets of GLPL, Hydro-Pontiac and Valerie Falls, and the second with respect to Gosfield Wind. SLI was also engaged to review and opine upon long-term average annual generation estimates for the Fund's Lièvre and Mississagi hydroelectric facilities. These reports were considered by PricewaterhouseCoopers LLP for purposes of its Formal Valuation.

The Independent Committee held further meetings on May 29, 2009, June 5, 2009, June 11, 2009, June 12, 2009, June 17, 2009, June 19, 2009, June 20, 2009, June 25, 2009 and July 6, 2009. At each of these meetings, representatives of Heenan Blaikie LLP were present and representatives of PricewaterhouseCoopers LLP participated in most of the meetings. During these meetings, the Independent Committee discussed, among other matters, its due diligence review of the Transaction and the legal and business aspects of the Transaction.

At the meeting of the Independent Committee held on June 12, 2009, PricewaterhouseCoopers LLP presented to the Independent Committee the preliminary results of its Formal Valuation, and at subsequent meetings, provided updates with respect to the Formal Valuation. At the meeting of the Independent Committee held on June 25, 2009, PricewaterhouseCoopers LLP presented a draft of its Formal Valuation and, at the meeting of the Independent Committee held on July 6, 2009, presented its Formal Valuation in final form. At the meeting held on July 6, 2009, the Independent Committee unanimously adopted a resolution determining that the Transaction is in the best interests of the Fund and the Minority Unitholders and recommending, among other things, that the Fund and GLPT enter into the Purchase Agreement and related Transaction agreements, as the case may be. At a meeting of the Board held on July 6, 2009, with Messrs. Harry A. Goldgut, Edward C. Kress and Richard Legault declaring their interest and abstaining from voting, the Board unanimously adopted a resolution approving, among other things, the Purchase Agreement and related Transaction agreements.

The Transaction is a "related party transaction" within the meaning of MI 61-101. MI 61-101 provides that, unless exempted, an issuer proposing to take part in a related party transaction is required to prepare a formal valuation of the non-cash assets involved in the related party transaction and to provide holders of the class of affected securities with a summary of such valuation (see "– Formal Valuation"). MI 61-101 also requires that, unless exempted, the issuer seek the approval of the transaction by a majority of the votes cast by the "minority" holders of the affected securities. Accordingly, a special meeting of the Unitholders will be held on or about August 19, 2009 in Toronto, Ontario for Unitholders to consider and vote upon a resolution to approve the Transaction. It is expected that a management information circular in respect of the special meeting of Unitholders will be mailed to Unitholders in late July. It is a condition to the completion of the Transaction that the Transaction be approved at the Unitholder meeting by a majority of the votes cast by Minority Unitholders.

Formal Valuation

Pursuant to an engagement letter (the "**Engagement Letter**") dated May 26, 2009, PricewaterhouseCoopers LLP was formally engaged by the Independent Committee to provide advice and assistance to the Independent Committee in connection with the Transaction, including the preparation and delivery to the Independent Committee of the Formal Valuation in accordance with the requirements of MI 61-101. The Formal Valuation was one factor, among others, that the Independent Committee considered in assessing the Transaction.

PricewaterhouseCoopers LLP was engaged to prepare the Formal Valuation of the Subject Assets and the non-cash consideration (as defined by MI 61-101) issuable pursuant to the Transaction (being the issuance of the Note).

The Engagement Letter provides that PricewaterhouseCoopers LLP will be paid a set fee based on its hourly rates for the time spent on the engagement. In addition, PricewaterhouseCoopers LLP is to be reimbursed for its reasonable out-of-pocket expenses and has been indemnified by GLPT under certain circumstances arising in connection with the Formal Valuation. PricewaterhouseCoopers LLP has been determined to be independent within the meaning of MI 61-101.

PricewaterhouseCoopers LLP provides industry-focused assurance, financial advisory and tax services to companies. Having advised on a significant number of North American and international public transactions in various industries, PricewaterhouseCoopers LLP is highly experienced and qualified in the preparation of valuations and fairness opinions.

For the purposes of the Formal Valuation and in respect of MI 61-101, "fair market value" is defined as the highest price available in an open and unrestricted market between informed, prudent parties acting at arm's length and under no compulsion to act, expressed in terms of money or money's worth. This definition is consistent with the definition of fair market value in MI 61-101.

Based upon and subject to the scope of review, major assumptions and restrictions and qualifications contained in the Formal Valuation, PricewaterhouseCoopers LLP gave its opinion dated July 6, 2009 that, as at June 19, 2009: (i) the fair market value of the Subject Assets was in the range of $905 million to $1.0 billion, with a calculated mid-point of $952.5 million; and (ii) the fair market value of the Note at June 19, 2009 was equal to its face amount of $200 million.

The Formal Valuation was provided to the Independent Committee solely for the purpose of its consideration of the Transaction. Under the terms of the engagement of PricewaterhouseCoopers LLP to provide the Formal Valuation, such opinion may not be used for any other purpose or be relied upon by any other person, including any holder of Trust Units (existing or prospective). The Formal Valuation was provided for the use of the Independent Committee and should not be construed as a recommendation to invest in or divest of Trust Units.

The Formal Valuation is subject to the scope of review, major assumptions and restrictions and qualifications contained therein and must be considered in its entirety by the reader, as selecting and relying on only specific portions of the analyses or factors considered, without considering all factors and analyses together, could create a misleading view of the processes underlying the Formal Valuation. In particular, the preparation of a valuation is a complex process and it is not appropriate to extract partial analyses or make summary descriptions. Any attempt to do so could lead to undue emphasis on a particular factor or analysis. The full text of the Formal Valuation, which sets forth the assumptions, qualifications and considerations in connection with the Formal Valuation, is available for review on SEDAR at www.sedar.com.

Independent Engineering Assessments

SNC-Lavalin Independent Engineer's Report

The Independent Committee retained SLI to prepare an independent engineer's report (the "**SLI Report**") with respect to the 15 hydroelectric stations (twelve GLPL stations, two Hydro-Pontiac stations and the Valerie Falls station) to be acquired by the Fund pursuant to the Transaction. SLI is one of the leading engineering and construction groups in the world, providing engineering project and construction management and operating and maintenance expertise through its network of offices located across Canada and in over 35 other countries.

SLI's scope of services was, for these 15 stations, to review and opine upon assessments, done by others of: (i) the general condition and performance of the stations; (ii) the historical production of the stations; (iii) the hydrology resources for the stations and their estimates for the long-term annual average power and energy production potential; (iv) their environmental and regulatory matters and compliance; (v) the operating costs of the stations; and (vi) the existing long-term capital expenditure and major maintenance programs and the adequacy of such expenditures.

In addition, the Independent Committee mandated SLI to review the assessment of long-term average annual generation, done by others, of the Mississagi and Lièvre facilities. In connection with its review, SLI was provided with the opportunity to hold discussions with site operating and management staff without restriction.

As detailed in the SLI Report, SLI concluded that, for the 15 hydroelectric stations (twelve GLPL stations, two Hydro-Pontiac stations and the Valerie Falls station):

(a) Each station appears to be in generally good condition and well managed.

(b) Brookfield Renewable's capital expenditure plans seem appropriate and the planned level of expenditures appears to be sufficient to maintain the longevity and power production potential of the stations. The SLI Report found that the key issues that had been identified and that in SLI's opinion need to be addressed in the next ten years to ensure the longevity of the structures and equipment, have been addressed and are monitored closely by Brookfield Renewable and appear to be appropriately reflected in Brookfield Renewable's capital expenditure plans, within the appropriate time-frame and with appropriate funds.

(c) No critical issues were identified that would shorten the normal expected longevity of any of the 15 hydroelectric stations reviewed.

(d) The overall average operating costs for the 15 facilities is in line with industry benchmarks for similar facilities.

(e) Provided that the stations continue to be operated, upkept and maintained according to current and past practice, and provided the planned sustaining expenditure plans are followed, SLI is of the opinion that the following values appear to be reasonable estimates for the long-term average energy production: 1,593 GWh for the 12 GLPL hydroelectric stations; 75 GWh for the Waltham generating station; 117 GWh for the Coulonge generating station; and 47 GWh for the Valerie Falls generating station; for a total of 1,832 GWh.

(f) Brookfield Renewable's Environmental Management System appears complete, well adapted to the nature and the age of the different facilities and well maintained over the years. The SLI Report did not identify any significant environmental issues related to the 15 hydroelectric stations.

SLI also concluded that, for the Lièvre and Mississagi facilities, provided that the Lièvre and Mississagi facilities are in good condition and that they continue to be operated, maintained and upkept according to industry standards, the following values appear to be reasonable estimates for the average annual energy production: 1,522 GWh for the Lièvre hydroelectric facilities; and 769 GWh for the Mississagi hydroelectric facilities.

The foregoing is only a summary of the SLI Report and is qualified in its entirety by the full text of the SLI Report, a copy of which is available for review on SEDAR at www. sedar.com.

Garrad Hassan Independent Engineer's Report

The Independent Committee retained GH to prepare an independent engineer's report (the "**GH Report**") with respect to Gosfield Wind. GH, a renewable energy consulting firm serving the wind, marine and solar sectors worldwide, provides a broad range of technical and engineering services and has been at the forefront of the wind energy sector for two decades, advising on more wind farm development than any other company globally.

The scope of GH's review of the proposed Gosfield Wind included: (i) a wind energy assessment to provide an opinion as to long-term power production potential; (ii) comments on the site suitability of the proposed turbine model; (iii) a review of the proposed wind turbine technology to be employed; (iv) a review of Gosfield Wind's material contracts including the TSA, the CSA, the SMA and grid interconnection arrangements; (v) a review of Gosfield Wind's projected capital cost, contingencies and construction schedule; and (vi) a review of the Gosfield Wind financial model. In connection with its review, GH was provided with the opportunity to visit the project site and hold discussions with project development and management staff without restriction. As contemplated in the engagement letter, GH relied on field work and conclusions reached in prior studies conducted by GH for Brookfield Renewable and Gosfield Wind Limited Partnership completed in 2009. As detailed in the GH Report, GH concluded that:

(a) The 20-year P50 production level of Gosfield Wind is estimated to be 149.1 GWh per year. The P50 value of 149.1 GWh per year represents a central estimate having a 50% chance of over or under production when averaged over a 20-year period.

(b) The climatic conditions, with the exception of wind shear values, fall within the Siemens SWT-2.3-101 technical specifications. Siemens has confirmed acceptance of the predicted wind shear values at the site.

(c) The Siemens SWT-2.3-101 turbine model to be used by Gosfield Wind is a newly available variant within the Siemens SWT 2.3 MW series. The SWT-2.3-101 is similar to the SWT-2.3-93 with the main differences being the blades, hub and turbulence ratings. As the 93 metre version can be considered proven technology and capable of operating at or above typical warranted availability levels of 95%, it is reasonable to assume that in due course the 101 metre version is potentially capable of similar levels of performance.

(d) The TSA is appropriate for the supply of commercial turbines and generally has terms that minimize risks to the project.

(e) The proposed Gosfield Wind contractor, Mortenson, is experienced in the construction of wind farms and construction of Gosfield Wind is relatively straight-forward because the project is located on flat, open fields. The draft CSA with Mortenson is on industry-standard terms and contains provisions that minimize risks to Gosfield Wind.

(f) The projected capital cost of approximately $147 million appears reasonable based on the TSA and draft CSA and on comparable North American projects and contains appropriate budget contingencies.

(g) The preliminary key construction milestone timeline for the project appears reasonable from a technical standpoint.

(h) The projected operational and maintenance costs included in the financial model appear to be reasonable.

The foregoing is only a summary of the GH Report and is qualified in its entirety by the full text of the GH Report, a copy of which is available for review on SEDAR at www. sedar.com.

Rationale for the Transaction and Transaction Highlights

The Transaction is consistent with the Fund's objectives and growth strategy and represents an opportunity to enhance the value of the Fund and its assets over time for the following reasons:

Positioning the Fund for Growth

- On closing of the Transaction, the Fund's market capitalization will increase from approximately $918 million to more than $1.7 billion (based on a closing price of $15.93 per Trust Unit on the TSX on July 3, 2009) and its enterprise value will total more than $3.0 billion, making the Fund one of Canada's largest publicly-traded, pure-play renewable power businesses. With a strong balance sheet, increased cash flows and high stability ratings, the Fund expects to be well-positioned to provide investors with a stable distribution supported by an improved payout ratio and the opportunity to participate in distribution growth over time as the Fund invests its surplus cash flow in the Canadian renewable power industry.
- Over time, the Fund intends to increase the amount of distributable cash per Trust Unit primarily through the acquisition of operating or construction-ready renewable power generating facilities in Canada, while continuing to improve the profitability of its existing assets. The renewable power sector is the fastest growing segment of the power and utilities sector and with the growing acceptance of climate change, combined with the need for new electricity supply, governments and policymakers are increasingly turning to renewables as the preferred source. The Fund intends to target the acquisition of high-quality renewable power generating assets in Canada that use proven technologies, with long-term PPAs with highly creditworthy counterparties and that offer stable and accretive cash flow, while maintaining a focus on hydroelectric assets. See "The Fund – Fund Objective and Strategy".

High-Quality Renewable Power Assets

- The 15 hydroelectric generating stations to be acquired pursuant to the Transaction meet the Fund's strategic investment criteria for high-quality, long-life renewable assets, using proven technology, that have predictable cash flows and low operating and capital cost requirements. The operating and performance characteristics of the GLPL, Hydro-Pontiac and Valerie Falls facilities are well known to the Fund's manager, Brookfield Renewable, which will continue to operate the facilities after the Transaction.

Growth and Diversification of the Fund's Generation Portfolio

- The Transaction will broaden the Fund's asset portfolio from 27 to 42 hydroelectric generating stations and, once Gosfield Wind commences commercial operation, from one to two wind farms, increase the generating capacity of the Fund's portfolio by approximately 35% from 1,260 MW to 1,697 MW, increase the Fund's long-term average annual generation by approximately 44% from 4,539 GWh to 6,519 GWh and diversify the Fund's operations across a total of 16 river systems.

Long-term Power Purchase Agreements with Creditworthy Counterparties

- The Transaction is consistent with the Fund's strategy of acquiring assets that are subject to long-term PPAs with highly creditworthy counterparties, that provide fixed prices on a "take-or-pay" basis, with defined price escalation linked to inflation. The following table is a summary of the PPAs for each of the Projects that the Fund will indirectly acquire:

Project	Contracted Power Purchaser	Rating Agency / Rating of Contracted Power Purchaser	Term of Power Purchase Contract/Guarantee
GLPL	Brookfield Renewable	DBRS / BBB (high) Fitch / BBB S&P / BBB-	2029(1)
Hydro-Pontiac	Hydro-Québec	DBRS / A (high) S&P / A+	2029(2)
Valerie Falls	OEFC	DBRS / AA	2044
Gosfield Wind	Ontario Power Authority	DBRS / AA (low) S&P / AA(3)	2030(4)

(1) Subject to automatic renewal for successive 20-year periods, unless both parties agree in writing not to renew.

(2) Following the expiry of the Hydro-Québec PPAs in 2019 and 2020, Brookfield Renewable will guarantee the price that the Fund receives for the energy Hydro-Pontiac produces and delivers until at least 2029. The Hydro-Pontiac guarantee agreement is subject to automatic renewal for successive 20-year periods, unless both parties agree in writing not to renew. See "Description of the Projects – Hydroelectric Stations – Hydro-Pontiac – Guarantee Agreement".

(3) S&P does not rate the OPA separately. The rating shown is for the Province of Ontario.

(4) Assuming commencement of commercial operation by December 2010.

Enhancement of the Fund's Financial and Distribution Profile

- The Transaction is expected to increase distributable cash per Trust Unit, enhancing the Fund's ability to maintain and grow after-tax cash distributions. Following the closing of the Transaction, the Fund expects to be well-positioned to maintain its annual distribution of $1.25 per Trust Unit and expects to benefit from an improved payout ratio of approximately 80% of distributable cash initially following the closing of the Transaction (compared to the Fund's current payout ratio of approximately 95%). The Transaction is also expected to increase the proportion of distributable cash derived from Canadian-denominated cash flows from approximately 81% to 91%. Each of the GLPL, Hydro-Pontiac and Valerie Falls facilities benefits from long-term, fixed-interest rate, Canadian dollar financings, which are non-recourse to the Fund. The Note to be issued to Brookfield Renewable in connection with the Transaction will be supported by the increased cash flows and stronger diversification of the Fund's asset base resulting from the Transaction. Following the announcement of the Offering, the Concurrent Private Placement and the Transaction, both DBRS and S&P affirmed the Fund's stability ratings of STA-2 (high) and SR-2 (stable), respectively.

Strategic Relationship with Brookfield Renewable

- In business for more than 100 years, Brookfield Renewable is a highly experienced and proven owner, manager, operator and developer of renewable energy facilities. Brookfield Renewable owns and manages power generating and related assets in Canada, the United States and Brazil. Its portfolio, including the Fund's assets, consists of 163 hydroelectric generating facilities on 63 river systems and one of the largest wind farms in Canada, totaling more than 4,157 MW of installed capacity and producing an average of 15,859 GWh of energy annually, 95% of which is generated from renewable resources. Brookfield Renewable has a proven track record of successfully acquiring and integrating hydroelectric facilities into its portfolio. Since 2002, Brookfield Renewable has completed and successfully integrated more than 20 acquisitions of renewable power assets which have added approximately 2,600 MW of installed capacity to Brookfield Renewable's portfolio, with a total value of approximately $2.7 billion.
- As a result of the Transaction, the Fund will indirectly acquire substantially all of Brookfield Renewable's Canadian power assets. Following the completion of the Transaction, Brookfield Renewable will hold 1,647 MW of operating assets through the Fund and will continue to manage the Fund's facilities. Brookfield

Renewable will continue to hold an approximate 50.01% ownership interest in the Fund, on a fully-exchanged basis, which serves to align its interests with the interests of the Minority Unitholders. On the closing of the Transaction, the Fund and Brookfield Asset Management will enter into an agreement pursuant to which the Fund will be appointed Brookfield Asset Management's exclusive vehicle for the acquisition of operating or construction-ready hydro and wind power generation facilities located in Canada, provided such acquisition opportunities meet the Fund's investment criteria and subject to certain other limited exceptions. In addition, if Brookfield Asset Management or entities controlled by Brookfield Asset Management wish to sell any operating or construction-ready hydro or wind power assets in Canada following the closing of the Transaction, Brookfield Asset Management will, where circumstances permit, provide the Fund with a right of first offer in respect of such assets, provided they meet the Fund's investment criteria. See "The Proposed Transaction – Ancillary Agreements – Relationship Agreement". Concurrent with the closing of the Transaction, the Fund intends to change its name to "Brookfield Renewable Power Fund".

Transaction Agreements

On July 6, 2009, the Fund and Brookfield Renewable, among others, entered into the Purchase Agreement pursuant to which, subject to the terms and conditions contained therein, the Fund agreed to indirectly acquire Brookfield Renewable's direct and indirect interest in the entities that own the Projects. At the same time, the parties executed amendments to the Lièvre PAGA and the Mississagi MPPSA pursuant to which, on closing of the Transaction, Brookfield Renewable has agreed to increase the price that it pays to the Fund for power generated at the Fund's Lièvre and Mississagi hydroelectric facilities.

The total consideration payable by the Fund to Brookfield Renewable in connection with the Transaction is $945 million, subject to certain adjustments (including for working capital, pension liabilities and the construction costs of Gosfield Wind described below), which will be funded, in part, by the net proceeds of the Offering and the Concurrent Private Placement. The balance of the consideration will be satisfied by the issuance to Brookfield Renewable of 25,562,500 Trust Units at a price of approximately $14.87 per Trust Unit, representing the weighted-average price of the Subscription Receipts issued under the Concurrent Private Placement and the Offering (for an aggregate of approximately $380 million) and the Note. A description of the material terms of the Note is provided below.

The Purchase Agreement provides that the consideration payable by the Fund will be decreased for every dollar that the construction costs for Gosfield Wind are more than $147 million, subject to a maximum of $10 million, and the consideration will be increased for every dollar that the construction costs for Gosfield Wind are less than $147 million, subject to a maximum of $10 million. If financing is not available and other conditions relating to construction readiness have not been satisfied at the Transaction Closing Date, then for the period commencing on the Transaction Closing Date and ending on the earlier of: (i) December 31, 2009; and (ii) the date of which financing is available and those other conditions have been satisfied, the Fund will have the option to sell Gosfield Wind to Brookfield Renewable for a purchase price equal to the sum of $10 million and the amount of costs incurred or accrued by the Fund and GLPT relating to the construction and development of Gosfield Wind.

The Purchase Agreement includes representations, warranties and covenants which are customary in a transaction of this nature. The representations and warranties will survive for a period of three years following the Transaction Closing Date, subject to certain exceptions. Brookfield Renewable has agreed to indemnify the Fund and GLPT with respect to claims or losses relating to the breach of any representation, warranty or covenant, up to a maximum amount equal to the purchase price, provided that such indemnification claims exceed $1 million (subject to certain limited exceptions).

The obligations of the parties to the Purchase Agreement to complete the Transaction are subject to customary closing conditions, including the receipt of Minority Unitholder approval, the completion of the Offering and the receipt of material third party consents and regulatory approvals (including approval of the OEB). Certain ancillary agreements described below will be entered into at or prior to the Transaction Closing Date.

Brookfield Renewable has agreed not to transfer any of its Trust Units if doing so would result in a termination or event of default under certain agreements relating to the Projects without the prior written consent of the Fund or the counterparty to the applicable agreement.

The Purchase Agreement is terminable by any party if the conditions of closing for the benefit of such party are not satisfied or if the closing of the Transaction has not occurred by September 30, 2009, unless extended by the parties.

A copy of the Purchase Agreement is available on SEDAR at www.sedar.com.

The Note

The Note will mature two years following the Transaction Closing Date and may be extended for an additional one-year term at the option of the Fund for a fee of $1,250,000. The Note will bear interest at a rate fixed on Closing equivalent to the two-year Canada bond rate on the Transaction Closing Date plus a margin of 350 basis points for the first six months of the Note, increasing by an additional 75 basis points every six months until maturity in two years and an additional increase in the margin of 75 basis points if the Note is extended. The Note will be repayable at the option of the Fund at any time prior to its maturity without penalty. The Note will contain customary covenants including, maintenance of its existence (other than in connection with permitted reorganizations), limitations on the sale by the Fund of substantially all of its assets or of any its equity interest in any of its material subsidiaries, and a covenant to maintain a ratio of consolidated indebtedness to total consolidated capitalization of no greater than 0.75 to 1.00.

Ancillary Agreements

The following agreements will take effect on the Transaction Closing Date:

Relationship Agreement

On the closing of the Transaction, the Fund and Brookfield Asset Management will enter into an agreement (the "**Relationship Agreement**") pursuant to which the Fund will be appointed Brookfield Asset Management's exclusive vehicle for the acquisition of operating or construction-ready hydro and wind power generation facilities located in Canada, provided such acquisition opportunities meet the Fund's investment criteria and subject to certain other limited exceptions. In addition, if Brookfield Asset Management or entities controlled by Brookfield Asset Management wish to sell any operating or construction-ready hydro or wind power assets in Canada following the closing of the Transaction, Brookfield Asset Management will, where circumstances permit, provide the Fund with a right of first offer in respect of such assets, provided they meet the Fund's investment criteria. The Relationship Agreement will terminate automatically upon termination of the Management Agreement.

GLPL Agency Agreement

Under the Agency Agreement between GLPL and BEMI (the "**GLPL Agency Agreement**"), effective on closing of the Transaction, BEMI is appointed as the exclusive agent of GLPL in respect of sales of electricity, transmission and other additional services. BEMI also schedules, dispatches and arranges for transmission of the power produced and the power supplied to third parties in accordance with prudent industry practice. Pursuant to the GLPL Agency Agreement, BEMI is entitled to be reimbursed for its costs, but receives no additional fee, for its services in connection with the sale of power and for providing sales, scheduling, dispatch and transmission services.

The GLPL Agency Agreement has an initial term of 20 years from the Transaction Closing Date, which automatically renews for successive 20-year periods unless BEMI elects to terminate 180 days prior to the end of the term. The GLPL Agency Agreement is subject to customary termination provisions in the event of a failure to pay or an insolvency event of GLPL or BEMI.

Hydro-Pontiac Agency Agreements

Under the Power Agency Agreements between BEMI and Coulonge Power and Company, Limited Partnership and Waltham Power and Company, Limited Partnership, respectively, (together, the "**Hydro-Pontiac Agency Agreements**"), effective on closing of the Transaction and commencing on expiry of the Hydro-Québec PPAs in 2020 and 2019, respectively, BEMI is appointed as the exclusive agent of such entities in respect of sales of electricity, transmission and other additional services, and provides sales services, including the negotiation of PPAs between such entities and their respective customers. BEMI also schedules, dispatches and arranges for the transmission of the power produced and the power supplied to third parties in accordance with prudent industry practice. BEMI is entitled to be reimbursed for its costs but receives no additional fee for its services pursuant to the Hydro-Pontiac Agency Agreements in connection with the sale of power and for providing sales, scheduling, dispatch and transmission services.

The Hydro-Pontiac Agency Agreements have initial terms of 20 years commencing on expiry of the Hydro-Québec PPAs in 2019 and 2020, respectively, which automatically renew for successive 20-year periods unless BEMI elects to terminate 180 days prior to the end of the term. The Hydro-Pontiac Agency Agreements are subject to customary termination provisions in the event of a failure to pay or an insolvency event of such entities or BEMI.

Management of Hydroelectric Projects

Each of GLPL, Hydro-Pontiac and Valerie Falls will enter into administration agreements with Brookfield Power Services Inc. ("**BPSI**"), a subsidiary of Brookfield Renewable. Under these administration agreements, effective on closing of the Transaction, BPSI will provide administration and other services for the GLPL, Hydro-Pontiac and Valerie Falls facilities in accordance with prudent industry practice and will prepare their annual operating and capital plans. All such services will be provided on a cost recovery basis (estimated initially to be $6.7 million) with no additional fee. The agreements each have an initial term of 20 years from the Transaction Closing Date, which is automatically renewed for successive 5-year periods unless BPSI elects to terminate 180 days prior to the end of the term (and, in the case of Valerie Falls, provided that Valerie Falls General Partner Limited has not resolved more than 200 days prior to the end of the term to sell Valerie Falls at the end of the term).

Management of Gosfield Wind

Gosfield Wind is party to a management, operations and maintenance agreement with, among others, Brookfield Power Wind Operations LP ("**BPWO**"), an entity related to Brookfield Renewable. Pursuant to the terms of this agreement, BPWO generally provides all services required for the Gosfield Wind operations for an initial term of 20 years from the Transaction Closing Date, which is automatically renewed for successive 20-year periods unless BPWO elects to terminate 180 days prior to the end of the term. BPWO will be reimbursed for its direct operating costs under the agreement.

In addition, the following agreements will also take effect on the Transaction Closing Date:

- Amendment to Lièvre PAGA (See "Description of the Projects – Amendments to Lièvre and Mississagi Power Purchase Agreements – Amendment to Lièvre PAGA");
- Amendment to Mississagi MPPSA (See "Description of the Projects – Amendments to Lièvre and Mississagi Power Purchase Agreements – Amendment to Mississagi MPPSA");
- GLPL Guarantee Agreement (See "Description of the Projects – Hydroelectric Stations – GLPL – Guarantee Agreement"); and
- Hydro-Pontiac Guarantee Agreement (See "Description of the Projects – Hydroelectric Stations – Hydro-Pontiac – Guarantee Agreement").

CONCURRENT PRIVATE PLACEMENT

Concurrent with the Closing, the Private Placement Investors have agreed to purchase an aggregate of 13,320,000 Private Placement Subscription Receipts on a private placement basis pursuant to subscription agreements with the Fund dated July 6, 2009.

The Fund has agreed to issue the Private Placement Subscription Receipts to the Private Placement Investors at a price of $14.65 per Private Placement Subscription Receipt. The Fund has agreed to pay an agency fee to a syndicate of agents, co-led by Scotia Capital Inc. and CIBC World Markets Inc., in connection with the Concurrent Private Placement in an amount equal to 2.0% of the aggregate amount subscribed for under the Concurrent Private Placement. The Private Placement Subscription Receipts, and the Trust Units issuable upon the exchange of the Private Placement Subscription Receipts, will be subject to resale restrictions for a four-month period from the closing of the Concurrent Private Placement, in accordance with applicable Canadian securities laws.

Purchasers of the Subscription Receipts offered under this short form prospectus should not rely on the fact that the Private Placement Investors have decided to participate in the Concurrent Private Placement.

The Fund intends to use the net proceeds of the Concurrent Private Placement to partially fund the Transaction. The subscription price for the Private Placement Subscription Receipts was negotiated between the Fund and each of the Private Placement Investors.

USE OF PROCEEDS

The net proceeds from the sale of Subscription Receipts offered hereby are estimated to be $175,618,663, after deducting the Underwriters' Fee and estimated expenses of the Offering. The Underwriters' Fee and the expenses of the Offering will be paid out of the net proceeds of the Offering. The Fund intends to use the net proceeds of this Offering as partial consideration for the Transaction. The Fund intends to satisfy the balance of the consideration for the Transaction using the net proceeds of the Concurrent Private Placement, by issuing to Brookfield Renewable 25,562,500 Trust Units at a price of approximately $14.87 per Trust Unit, representing the weighted-average price of the Subscription Receipts issued under the Concurrent Private Placement and the Offering (for an aggregate of approximately $380 million) and the Note. See "The Proposed Transaction – Transaction Agreements".

If the Transaction fails to close before 5:00 p.m. (Toronto time) on September 30, 2009 or if the Purchase Agreement is terminated at any earlier time, the Escrow Agent and the Fund will return to the holders of Subscription Receipts, commencing on the third business day following such Termination Time, an amount equal to the subscription price for their Subscription Receipts and their *pro rata* entitlement to interest earned on the Escrowed Funds.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the capitalization of the Fund since March 31, 2009.

The following table sets forth the capitalization of the Fund as at March 31, 2009, before and after giving effect to this Offering, the Concurrent Private Placement and the Transaction. This table should be read in conjunction with the pro forma combined financial statements included elsewhere in this short form prospectus and the consolidated financial statements of the Fund incorporated by reference in this short form prospectus.

	As at March 31, 2009(1) (before giving effect to the Offering, the Concurrent Private Placement and the Transaction)	**Pro Forma as at March 31, 2009 (after giving effect to the Offering, the Concurrent Private Placement and the Transaction)**
	(in thousands)	
Indebtedness:		
Long-term debt (including current portion)	$945,851	$1,402,691
Unsecured notes	–	$ 200,000
Due to holder of non-controlling interest	$ 21,501	$ 21,501
Other long-term liabilities	$ 14,491	$ 14,491
Future income tax	$141,444	$ 440,922
Derivative liabilities and power purchase agreements	$ 31,113	$1,269,270
Unitholders' equity:		
Non-controlling interest	$ 46,788	$ 46,788
Unitholders' equity	$440,641	$ 924,406
Trust Units	57,656(2)	108,781(2)

(1) The amounts have been derived from the unaudited interim financial statements of the Fund as at March 31, 2009.

(2) Assuming that the Exchangeable Shares are exchanged for Trust Units.

DETAILS OF THE OFFERING

The Offering consists of 12,242,500 Subscription Receipts at a price of $15.10 per Subscription Receipt. The following is a summary of the material attributes and characteristics of the Subscription Receipts. **This summary does not purport to be complete and is subject to, and qualified in its entirety by, the terms of the Subscription Receipt Agreement.**

The Subscription Receipts will be issued at Closing in accordance with a subscription receipt agreement between the Fund and the Escrow Agent (the "**Subscription Receipt Agreement**"). Subscription Receipts will be issued as one or more book-entry only certificates issued in registered form to CDS or its nominee and will be deposited with CDS on Closing. The Escrowed Funds will be delivered to and held by the Escrow Agent and invested in short-term interest bearing or discount debt obligations issued or guaranteed by the Government of Canada, a Canadian province or a Canadian chartered bank as directed by the Fund, provided that any such obligation is rated at least R1 (middle) by DBRS or an equivalent rating service, until the Transaction Closing Date or the Termination Time.

If the Fund determines that the closing of the Transaction will occur on or before 5:00 p.m. (Toronto time) on September 30, 2009, the Fund will forthwith (and in any event no later than the date of such closing) execute and deliver to the Escrow Agent a notice of such closing, and will issue and deliver the Trust Units to the registered holders of the Subscription Receipts. Contemporaneously with the delivery of such notice, the Fund will issue a press release specifying that the Trust Units will be issued on the Transaction Closing Date. Holders of Subscription Receipts will receive, without payment of additional consideration (other than, in certain limited circumstances, amounts out of the Escrowed Funds) or further action, one Trust Unit for each Subscription Receipt held and will become Unitholders as of the Transaction Closing Date. Upon closing of the Transaction, the Escrow Agent will release the Escrowed Funds to the Fund (together with the interest earned thereon, subject to the Fund's obligation to pay the Distribution Equivalent, as defined below).

It is anticipated that Closing will be on or about July 24, 2009, and the Transaction is expected to close in the third quarter of 2009, in which case Subscription Receipts will be exchanged for Trust Units on the Transaction Closing Date. If the Transaction takes place prior to the Termination Time and holders of Subscription Receipts become entitled to receive Trust Units, such holders will be entitled to receive the Distribution Equivalent, which is a cash distribution per Subscription Receipt out of the Escrowed Funds equal to the amount per Trust Unit of any cash distributions to which such holders would have been entitled had they been Unitholders during the period from the date of Closing to the date immediately preceding the date on which the Subscription Receipts are exchanged for Trust Units. The Distribution Equivalent will be satisfied out of the holder's *pro rata* share of interest on the Escrowed Funds and, to the extent the Distribution Equivalent exceeds the holder's *pro rata* share of interest on the Escrowed Funds, by a partial repayment of the subscription price. Based on a Closing of July 24, 2009 and if the Transaction is completed in the third quarter of 2009 prior to the Termination Time, holders of Subscription Receipts will be entitled to receive a cash distribution out of the Escrowed Funds per Subscription Receipt equal to the distributions per Trust Unit commencing with the distribution expected to be paid on or about August 31, 2009 to Unitholders of record on July 31, 2009. A payment of a holder's *pro rata* share of interest earned on the Escrowed Funds shall be considered to be a distribution in full or partial satisfaction of the Distribution Equivalent to which the holder is entitled. If a Subscription Receipt holder's *pro rata* share of the interest earned on the Escrowed Funds is less than the Distribution Equivalent, the Fund will pay the amount of the shortfall to the holder. The shortfall will be distributed from the Escrowed Funds as a return of the holder's subscription price. The Fund will reduce the purchase price of the holder's Trust Units by the amount of such shortfall. If a holder's *pro rata* share of the interest earned on the Escrowed Funds is greater than the Distribution Equivalent, the excess shall be paid to the Fund and will be added to the cost of the holder's Trust Units. Any such excess will be included in the holder's income as interest for tax purposes.

In the event that the Transaction does not close by the Termination Time, registered holders of Subscription Receipts will, on the third business day following the Termination Time, be entitled to receive an amount equal to the subscription price for their Subscription Receipts and their *pro rata* entitlement to interest earned on the Escrowed Funds. The Escrowed Funds, plus all interest earned thereon, will be applied toward payment of such amount.

No stability rating for the Subscription Receipts has been applied for or obtained from any rating agency. After the Fund announced the Transaction and the Offering, S&P affirmed a stability rating of SR-2 (stable) for the Fund and DBRS affirmed a stability rating of STA-2 (high) for the Fund. See "Ratings".

The Subscription Receipts will be issued in "book-entry only" form and must be purchased or transferred through a participant in CDS. The Fund will cause a global certificate or certificates representing any newly issued Subscription Receipts to be delivered to and registered in the name of CDS or its nominee. Each person who acquires Subscription Receipts will receive only a customer confirmation of purchase from the registered dealer from or through which the Subscription Receipts are acquired in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book entry accounts for its participants having interests in the Subscription Receipts.

The holders of Subscription Receipts are not Unitholders. Holders of record of the Subscription Receipts will only receive Trust Units upon the closing of the Transaction.

In the event that, prior to the date that the Trust Units become issuable upon the exchange of the Subscription Receipts, there is a subdivision or consolidation of Trust Units, then the number of Trust Units to be issued upon the exchange of each Subscription Receipt will be adjusted accordingly. In addition, if there is a reclassification or other change of the Trust Units or any amalgamation, arrangement, merger or sale of all or substantially all of the assets of the Fund, the Subscription Receipts will thereafter evidence the right of the holder to receive the aggregate numbers of shares, other securities, or other property to which the holder of Subscription Receipts would have been entitled immediately after such event if such holder had exchanged such holder's Subscription Receipts for Trust Units immediately prior to such event. Similarly, if the Fund issues or distributes to all or substantially all of the holders of Trust Units any cash or securities of the Fund, including rights, options, warrants, evidences of indebtedness or assets, the holders of Subscription Receipts will be entitled to receive upon their exchange, in addition to the Trust Units to which they are entitled, the kind and amount of securities or other property that they would have been entitled to receive had they exchanged their Subscription Receipts for Trust Units immediately prior to the record date for such issuance or distribution.

The Subscription Receipt Agreement will provide for modifications thereto and to the Subscription Receipts issued thereunder by way of a resolution passed by the affirmative votes of one or more holders of more than 66⅔% of the number of outstanding Subscription Receipts of the Fund represented and voted at a meeting of holders or an instrument or instruments in writing signed by one or more holders of more than 66⅔% of the number of outstanding Subscription Receipts of the Fund. Any modification to the Subscription Receipt Agreement or the Subscription Receipts issued thereunder will also require the prior written consent of the Underwriters, which consent shall not be unreasonably withheld.

Unless the book-entry only system is terminated as described below, a purchaser acquiring a beneficial interest in the Subscription Receipts (a "**Beneficial Owner**") will not be entitled to receive a certificate for Subscription Receipts. Purchasers of Subscription Receipts will not be shown on the records maintained by CDS, except through a participant in CDS.

As indirect holders of Subscription Receipts, investors should be aware that they (subject to the situations described below): (a) may not have Subscription Receipts registered in their name; (b) may not have physical certificates representing their interest in the Subscription Receipts; (c) may not be able to sell the Subscription Receipts to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Subscription Receipts as security.

Fully registered certificates for the Subscription Receipts ("**Subscription Receipt Certificates**") will be issued to beneficial owners thereof only if: (a) the Fund is required to do so by applicable law; (b) the book-entry only system ceases to exist; (c) the Fund or CDS advises the Escrow Agent that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Subscription Receipts and the Fund is unable to locate a qualified successor; or (d) the Fund, at its option, decides to terminate the book-entry only system through CDS.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Escrow Agent will notify CDS, for and on behalf of participants in CDS and Beneficial Owners of Subscription Receipts of the availability through CDS of Subscription Receipt Certificates. Upon surrender by CDS of the global certificates representing the Subscription Receipts and receipt of instructions from CDS for the new registrations, the Escrow Agent will deliver the Subscription Receipt Certificates and thereafter the Fund will recognize the holders of such Subscription Receipt Certificates as Subscription Receipt holders under the Subscription Receipt Agreement.

Neither the Fund nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Subscription Receipts held by CDS or any payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Subscription Receipts; or (c) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of a participant in CDS. The rules governing CDS provide that it acts as the agent and depository for the participants in CDS. As a result, participants in CDS must look solely to CDS and Beneficial Owners must look solely to the participants in CDS for any payments relating to the Subscription Receipts paid by or on behalf of the Fund to CDS.

PLAN OF DISTRIBUTION

Under an agreement dated July 6, 2009 (the "**Underwriting Agreement**") between the Fund and the Underwriters, as underwriters, the Fund has agreed to sell and the Underwriters have agreed to purchase on July 24, 2009, or on such other date as may be agreed upon, but in any event not later than August 7, 2009, subject to the terms and conditions contained therein, and the approval of certain legal matters, 12,242,500 Subscription Receipts for a total consideration of $184,861,750 payable to the Fund in cash against delivery of such Subscription Receipts. In consideration for their services under the Underwriting Agreement, the Fund has agreed to pay the Underwriters' Fee in the aggregate amount of $9,243,087.50 ($0.755 per Subscription Receipt offered to the public). One-half of the Underwriters' Fee is payable on Closing. The other half of the Underwriters' Fee is payable only upon release of the Escrowed Funds to the Fund. If the Transaction is not completed, the Underwriters' Fee in respect of the Offering will be reduced to the amount paid upon Closing.

Pursuant to the Underwriting Agreement, the obligations of the Underwriters may be terminated at their option on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all the Subscription Receipts if any of the Subscription Receipts are purchased under the Underwriting Agreement. Pursuant to the Underwriting Agreement, the Fund has agreed to indemnify the Underwriters and their agents, advisers, shareholders, directors, officers and employees against certain liabilities.

The Underwriters propose to offer the Subscription Receipts to the public at the price of $15.10 per Subscription Receipt. After the Underwriters have made a reasonable effort to sell all of the Subscription Receipts at that price, the price to the public may be decreased and may be further changed from time to time to an amount not greater than $15.10, and the compensation realized by the Underwriters will be effectively decreased by the amount that the aggregate price paid by the purchasers for the Subscription Receipts is less than the gross proceeds paid by the Underwriters to the Fund.

The Fund has agreed with the Underwriters not to issue or agree to issue (except pursuant to: (i) the issuance of Trust Units to Brookfield Renewable as described herein; (ii) the issuance of Subscription Receipts and Trust Units to the Private Placement Investors pursuant to the Concurrent Private Placement; and (iii) its option plans, employee purchase plans, and any outstanding convertible securities) any equity securities or other securities convertible into equity securities for a period of 90 days following Closing, without the prior consent of Scotia Capital Inc. and CIBC World Markets Inc., on behalf of the Underwriters, such consent not to be unreasonably withheld. Brookfield Renewable has agreed not to offer, sell, contract to sell or otherwise dispose of any Trust Units, agree to become bound to do so, or disclose to the public any intention to do so for a period of 90 days following Closing, without the prior written consent of Scotia Capital Inc. and CIBC World Markets Inc., on behalf of the Underwriters, which consent shall not be unreasonably withheld.

Pursuant to applicable policy statements of the Autorité des marchés financiers and the Ontario Securities Commission (the "**OSC**"), the Underwriters may not, throughout the period of distribution, bid for or purchase Subscription Receipts or Trust Units. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Subscription Receipts or the Trust Units. These exceptions include bids or purchases permitted under the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities and bids or purchases made for and on behalf of a customer where the order was not solicited during the period of distribution.

The TSX has conditionally approved the listing of the Subscription Receipts and the Trust Units issuable upon the exchange of the Subscription Receipts on the TSX. Listing is subject to the Fund fulfilling all of the listing requirements of the TSX on or before October 6, 2009.

The offering price of the Subscription Receipts has been established by negotiation among the Fund and the Underwriters with reference to the prevailing market price of the Trust Units. In connection with this Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Subscription Receipts or the Trust Units at levels other than those that might otherwise prevail in the open market. In certain circumstances, the Underwriters may offer the Subscription Receipts at a price lower than the price stated above.

The Subscription Receipts and Trust Units have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the "**U.S. Act**") or any state securities law, and, subject to certain exemptions, may not be offered or sold within the United States. The Underwriters have agreed that they will not offer, sell, or deliver Subscription Receipts offered hereby within the United States or to U.S. Persons (as defined in the U.S. Act), except for sales pursuant to an exemption from registration under the U.S. Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of Subscription Receipts within the United States by any dealer (whether or not participating in this Offering) may violate the registration requirements of the U.S. Act if such offer is made otherwise than pursuant to an exemption from registration under the said U.S. Act.

DESCRIPTION OF THE TRUST UNITS AND THE TRUST INDENTURE

The Fund is an unincorporated open-ended trust created pursuant to the Trust Indenture and is governed by the laws of Québec. The Fund is a limited purpose trust whose powers are restricted to: (i) issuing Trust Units for consideration in order to (a) acquire securities issued by GLPT including, without limitation, trust units of GLPT ("**GLPT Units**") and secured GLPT notes ("**GLPT Notes**") issued by GLPT from time to time, either Series 1 or Series 2, pursuant to a secured note indenture dated October 27, 1999, as amended on October 27, 2003, between GLPT and CIBC Mellon Trust Company, and (b) acquire securities or ownership interests in or from other corporations, partnerships, trusts, or other persons or entities involved in the same business as GLPT or in a similar business; (ii) making investments in securities and borrowing funds for such purpose and entering into the transactions described in the short form prospectus dated May 23, 2002, a copy of which is available on SEDAR at www.sedar.com; and (iii) temporarily holding cash and other short-term investments.

Trustee

The Trustee acts as the Fund's trustee, transfer agent, and registrar for the Trust Units under the Trust Indenture. Subject to certain limitations, the Trustee shall have full, absolute, and exclusive power, control, and authority over the Fund's property and affairs. The Trustee has delegated many of its powers to BEMI, as the Fund's administrator pursuant to the Administration Agreement, and may delegate powers to such other persons as the Trustee may deem necessary or desirable.

The Trustee may resign its trust under the Trust Indenture by giving to BEMI, in its capacity as administrator of the Fund, not less than 90 days prior notice. The Trustee may be removed at any time with or without cause by Ordinary Resolution (as defined in the Trust Indenture). The Trustee may also be removed at any time by BEMI, in its capacity as administrator of the Fund, by notice in writing to the Trustee, in the event that the Trustee is declared bankrupt or insolvent or no longer satisfies other similar requirements provided for in the Trust Indenture, or if the Trustee, at any time, ceases (i) to be incorporated under the laws of Canada or a province thereof, (ii) to be resident in Canada, (iii) to be authorized under the laws of Québec to carry on the business of a trust company, or (iv) to have reported on its most recent audited consolidated financial statements shareholders' equity of at least $100 million or to be at least 50% owned by a Schedule I Canadian chartered bank. Any such resignation or removal shall take effect on the earlier of 90 days after the date notice of such resignation is duly given, such Ordinary Resolution is approved, or such notice by BEMI is given, as the case may be, and the date a successor Trustee is appointed or elected. If no successor Trustee has been appointed or elected within 60 days of such notice of resignation, Ordinary Resolution, or notice by BEMI, as the case may be, BEMI, any Unitholder, or any other interested party may apply to a court of competent jurisdiction for the appointment of a successor Trustee.

The Trust Indenture provides that the Trustee will be entitled to indemnification from the Fund in respect of the performance of its duties thereunder, in the absence of its gross or wilful fault or fraudulent acts.

Certain Restrictions on Trustee's Powers

The Trust Indenture provides that the Trustee may not, without the approval of the Unitholders by Ordinary Resolution (i) exercise the voting rights attached to the GLPT Units with respect to any matter which, under the trust indenture of GLPT (the "**GLPT Indenture**"), requires or permits the approval of the GLPT unitholders by Ordinary Resolution, and (ii) subject to certain exceptions, appoint or change the Fund's auditors. Additionally, the Trust Indenture provides that the Trustee may not, without the approval of the Unitholders by Special Resolution (as defined in the Trust Indenture) (i) exercise the voting rights attached to the GLPT Units with respect to any matter which under the GLPT Indenture requires or permits approval by the GLPT unitholders by Special Resolution (ii) amend the Trust Indenture (except in certain limited circumstances described under "Amendments" below), (iii) sell, lease, or exchange all or substantially all of the Fund's property, other than in the ordinary course of business, (iv) authorize the termination, liquidation or winding-up of the Fund, other than at the end of the term of the Fund (as described under "Term of the Fund" below), or (v) authorize the combination, amalgamation or merger of the Fund, nor the Fund's involvement in other similar transactions, with any other person or entity.

Trust Units

All of the ownership interests in the Fund, including the Trust Units, constitute a single class of trust units. A Trust Unit represents a Unitholder's proportionate, undivided ownership interest in the Fund. The aggregate number of Trust Units which the Fund may issue is unlimited.

No Trust Unit has any preference or priority over another. No Unitholder has, nor is deemed to have, any right of ownership in any of the Fund's assets. Each Trust Unit carries the right to one vote at any meeting of Unitholders and to participate equally and rateably in any distributions by the Fund and, in the event of any required distribution of all of the Fund's property, in the net assets of the Fund remaining after satisfaction of all liabilities.

Trust Units are redeemable at any time on demand by the holders thereof, upon delivery to the Fund of a duly completed and properly executed notice requesting redemption, in a form reasonably acceptable to the Trustee, together with any certificate representing the Trust Units to be redeemed and written instructions as to the number of Trust Units to be redeemed.

Subject to the approval of the trustees of GLPT (the "**GLPT Trustees**") and for the sole purposes established for the Fund, the Trustee may issue Trust Units at such times, in such manner, for such consideration, and to such persons as the Trustee, in its sole discretion, shall determine. The Trustee shall use commercially reasonable efforts to issue Trust Units to such persons as the GLPT Trustees may determine for the purpose of facilitating any acquisition by, or other transaction of GLPT. Any funds received by the Fund pursuant to such issuance of Trust Units shall be promptly invested in GLPT Units, GLPT Notes, or a combination thereof, or in such other manner as the GLPT Trustees shall direct.

The Trustee may also issue Trust Units pursuant to a purchase or option plan approved by the Trustee upon the recommendation of the GLPT Trustees and, in compliance with applicable securities laws and stock exchange rules, to the GLPT Trustees or the employees of GLPT or other specified persons.

Trust Indenture Binds All Unitholders

The Trust Indenture is binding upon all holders of Trust Units and, upon receipt of a customer confirmation of purchase from a registered dealer which is a CDS Participant (defined below) through which the Trust Units are purchased or, upon termination of the Book-Entry System (defined below), upon receipt of a certificate for a Trust Unit, the Unitholder shall be deemed to have agreed to be bound by the Trust Indenture.

Repurchase of Trust Units

The Fund may, from time to time, purchase Trust Units for cancellation in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. Any such purchases will constitute an "issuer bid" under applicable securities legislation and must be conducted in accordance with the applicable requirements provided thereunder.

Redemption Right at the Option of the Unitholders

Trust Units are redeemable at any time on demand by the holders thereof upon delivery to the Fund of a duly completed and properly executed notice requesting redemption in a form reasonably acceptable to the Trustee, together with any certificates representing Trust Units to be redeemed and written instructions as to the number of Trust Units to be redeemed. Upon tender of Trust Units of a Unitholder for redemption, all rights to and under the Trust Units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per Trust Unit ("**Redemption Price**") equal to the lesser of: (i) 90% of the weighted average price per Trust Unit at which the Trust Units have traded on the principal exchange on which Trust Units are listed (or, if the Trust Units are not listed on any stock exchange, on the principal market on which the Trust Units are quoted for trading) during the period of the last 10 days during which Trust Units traded on such exchange or market immediately prior to the date on which the Trust Units were tendered for redemption; and (ii) an amount equal to (a) the closing price of the Trust Units on the principal stock exchange on which Trust Units are listed (or, if the Trust Units are not listed on any stock exchange, on the principal market on which the Trust Units are quoted for trading) if there was a trade on the date on which the Trust Units were tendered for redemption and the stock exchange or market provides a closing price; (b) the average of the highest and lowest prices of Trust Units on the principal exchange on which Trust Units are listed (or, if the Trust Units are not listed on any exchange, on the principal market on which the Trust Units are quoted for trading) if there was trading on the date on which the Trust Units were tendered for redemption and the exchange or other market provides only the highest and lowest trading prices of Trust Units traded on a particular day; or (c) the average of the last bid and ask prices on the principal exchange on which Trust Units are listed (or, if the Trust Units are not listed on any exchange, on the principal market on which the Trust Units are quoted for trading) if there was no trading on the date on which the Trust Units were tendered for redemption.

The aggregate Redemption Price payable by the Fund in respect of any Trust Units surrendered for redemption during any month shall be satisfied by way of a cash payment five days after the end of the calendar month in which the Trust Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Trust Units is subject to the limitations that (i) the total amount payable by the Fund in respect of such Trust Units and all other Trust Units tendered for redemption in the same calendar month shall not exceed $250,000 (provided that such limitation may be waived at the discretion of the Trustee); (ii) at the time such Trust Units are tendered for redemption, the outstanding Trust Units shall be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the Trustee considers, in its sole opinion, provides representative fair market value prices for the Trust Units; or (iii) the normal trading of Trust Units is not suspended or halted on any stock exchange on which the Trust Units are listed (or, if not listed on a stock exchange, on any market on which the Trust Units are quoted for trading) on the date that the Trust Units are tendered for redemption or for more than five trading days during the 10 day trading period commencing immediately after the date on which the Trust Units are tendered for redemption.

If a Unitholder is not entitled to receive cash upon the redemption of Trust Units as a result of the foregoing limitations, then the Redemption Price for such Trust Units shall be the fair market value thereof as determined by the Trustee and shall, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution in specie of a pro rata number of GLPT Units and GLPT Notes (each GLPT Note being in the principal amount of $100), to the extent that the GLPT Notes have not been repaid in full. No fractional GLPT Units or GLPT Notes will be distributed and where the number of GLPT Units and GLPT Notes to be received by a Unitholder includes a fraction, such number shall be rounded to the next lowest whole number. Notwithstanding the foregoing, if the Unitholder is a trust or a plan governed by a registered retirement savings plan, registered pension plan, registered education savings plan or registered retirement income fund (a "**Plan**"), upon the election of such Plan, the Trustee shall cause GLPT to redeem the proportionate share of GLPT Units that such Plan would otherwise be entitled to receive in consideration for the receipt of GLPT Series 2 Notes and then would distribute to such Plan GLPT Series 2 Notes in lieu of GLPT Units.

It is anticipated that this redemption right will not be the primary mechanism for holders of Trust Units to dispose of their Trust Units. GLPT Units and the GLPT Notes which may be distributed in specie to Unitholders in connection with redemption will not be listed on any stock exchange and no market is expected to develop in such GLPT Units and GLPT Notes. GLPT Notes may be subject to resale restrictions under applicable securities laws. GLPT Notes so distributed may be qualified investments for trusts governed by Registered Plans but GLPT Units will not be qualified investments for Registered Plans. Registered Plans that own Trust Units should consult their own tax advisor before deciding to exercise the redemption rights thereunder. See "Certain Canadian Federal Income Tax Considerations".

Distributions

Monthly distributions are paid out to Unitholders of record on the last day of each calendar month, no later than the last business day of the month following each record date.

If the Trustee determines that the Fund does not have sufficient cash to fully pay any distributions, the distribution may include the issuance of freely tradable Trust Units at a price per Trust Unit based upon a weighted average price per Trust Unit at which the Trust Units have traded during the period of the last 10 days prior to the record date.

Book-Entry System

Registration of interests in and transfers of Trust Units are usually made only through the book-entry system (the "**Book Entry System**") administered by the CDS. Any purchase or sale of a Trust Unit must be made through a participant in the CDS Depository Service (a "**CDS Participant**"), which includes securities brokers and dealers, banks and trust companies. All rights of an owner of Trust Units must be exercised through CDS and the CDS Participant through which the owner owns such Trust Units. All distributions on Trust Units will be made by the Fund to CDS and distributions to CDS will be forwarded by CDS to the CDS Participant, and thereafter to the beneficial owner of the Trust Units. Each purchaser of a Trust Unit will receive a customer confirmation of purchase from the registered dealer from whom such Trust Unit is purchased in accordance with the practices and procedures of that registered dealer.

The ability of a beneficial owner of Trust Units to pledge the Trust Units or otherwise take action with respect to such owner's interest therein (other than through a CDS Participant) may be limited due to the lack of physical certificates.

If CDS or its nominee notifies the Fund that it is unwilling or unable to continue as depository, or if at any time, CDS or its nominee ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Fund is unable or does not wish to locate a qualified successor, or if the Fund elects to terminate the Book-Entry System, certificates will be issued to the beneficial owners of Trust Units.

Take-Over Bids

The Trust Indenture contains provisions to the effect that if, within 120 days after the date of a take-over bid within the meaning of the *Securities Act* (Québec), the bid is accepted by the holders of not less than 90% of the Trust Units (other than Trust Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror), then the offeror will be entitled to acquire the Trust Units held by Unitholders who did not accept the offer on the same terms that the offeror acquired the Trust Units from the offerees who accepted the take-over bid.

Meeting of Unitholders

The Trust Indenture provides that there shall be an annual meeting of the Unitholders immediately prior to, and at the same place as, each annual meeting of holders of GLPT Units for the purpose of: (i) directing and instructing the Trustee as to the manner in which the Trustee shall vote the GLPT Units in respect of (a) the election of trustees of GLPT at the corresponding annual meeting of GLPT unitholders; (b) the appointment of the auditors of GLPT for the ensuing year; and (c) generally, any other matter which requires a resolution of GLPT unitholders; (ii) appointing the auditors of the Fund for the ensuing year; and (iii) transacting such other business as the Trustee may determine or as may be properly brought before the meeting.

A meeting of Unitholders may be convened at any time and for any purpose by the Trustee and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 15% of the Trust Units then outstanding by a written requisition.

Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy and a proxy need not be a Unitholder.

Limitation on Non-Resident Ownership

At no time may non-residents of Canada (within the meaning of the Tax Act) be the beneficial owners of more than 49% of the Trust Units. The transfer agent and registrar may require declarations as to the jurisdictions in which beneficial owners of Trust Units are resident. If the transfer agent and registrar becomes aware that the beneficial owners of 49% of the Trust Units outstanding are, or may be, non-residents or that such a situation is imminent, the transfer agent and registrar may make a public announcement thereof and shall not accept a subscription for Trust Units from or issue or register a transfer of Trust Units to a person unless the person provides a declaration that the person is not a non-resident of Canada. If, notwithstanding the foregoing, the transfer agent and registrar determines that more than 49% of the Trust Units are held by non-residents, the transfer agent and registrar may send a notice to non-resident holders of Trust Units, chosen in inverse order to the order of acquisition or registration or in such manner as the transfer agent and registrar may consider equitable and practicable, requiring them to sell their Trust Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Trust Units or provided the transfer agent and registrar with satisfactory evidence that they are not non-residents of Canada within such period, the transfer agent and registrar may on behalf of such Unitholders sell such Trust Units and, in the interim, shall suspend the voting and distribution rights attached to such Trust Units. Upon such sale the affected holders shall cease to be holders of Trust Units and their rights shall be limited to receiving the net proceeds of sale of such Trust Units.

Information and Reports

The Fund will provide Unitholders with such financial information (including quarterly and annual financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholders' tax returns under the Tax Act or equivalent provincial legislation.

Term of the Fund

The Fund has been established for a term to continue until no property of the Fund is held by the Trustee. The termination, liquidation or winding-up of the Fund may be required by Special Resolution.

Amendments

The Trust Indenture provides that it may be amended by Special Resolution. The Trust Indenture may also be amended by the Trustee for the purpose of: (i) ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustee or the Fund; (ii) providing additional protection for the Unitholders; (iii) removing any conflicts or inconsistencies in the Trust Indenture or making minor corrections which are, in the opinion of counsel to the Fund, necessary or desirable and not prejudicial to the Unitholders; or (iv) making amendments which, in the opinion of counsel to the Fund, are necessary or desirable in the interests of the Unitholders as a result of changes in taxation laws.

However, no such amendment may modify the right to one vote per Trust Unit or reduce the fractional undivided interest in the property of the Fund represented by any Trust Unit without the consent of the holder of such Trust Unit, and no amendment shall reduce the percentage of votes required to be cast at a meeting of the Unitholders for the purpose of amending the provisions of the Trust Indenture without the consent of the holders of all of the Trust Units then outstanding.

Unitholder Protections, Rights and Remedies

The protections, rights and remedies available to a Unitholder are contained in the Trust Indenture, which is available on SEDAR at www.sedar.com. For a summary of the terms of the Trust Indenture, see "Description of the Trust Units and the Trust Indenture".

A Unitholder has all of the material protections, rights and remedies that a shareholder would have under the *Canada Business Corporations Act*, except as follows:

(a) Unitholders cannot bring oppression or derivative actions;

(b) Unitholders may not be able to benefit from or utilize insolvency or restructuring legislation to the same extent as if the Fund were a corporation due to the fact that an "income trust" is currently not a legally recognized entity within the definitions of statutes such as the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and in some cases the *Winding Up and Restructuring Act* (Canada);

(c) the unavailability of the statutory rights referenced in (a) and (b) above, may reduce the ability of Unitholders to seek legal remedies against other parties on the Fund's behalf;

(d) Unitholders do not have the ability to dissent to certain fundamental transactions and be paid by the Fund the fair value of the Trust Units held by such Unitholder;

(e) Unitholders may not be protected from liabilities of the Fund to the same extent that a shareholder is protected from liabilities of a corporation; and

(f) although Unitholders holding in the aggregate not less than 15% of the Trust Units may requisition the Trustees to call a special meeting of Unitholders, Unitholders cannot generally submit proposals on any matter related to the business or affairs of the Fund for discussion at a meeting of Unitholders.

PRIOR SALES

On January 6, 2009, the Fund closed a public offering of 4,690,000 Trust Units at a price of $16.00 per Trust Unit to raise gross proceeds of approximately $75 million on a bought deal basis. Concurrent with the closing, the Fund also sold to Brookfield Renewable, on a private placement basis, 627,500 Trust Units at the offering price of $16.00 per Trust Unit. The Fund used the net proceeds of that offering, together with the issuance to Brookfield Renewable of 4,062,500 Exchangeable Shares at a price of $16.00 per exchangeable share, to fund the acquisition of the Prince wind farm located in Ontario and a 50% joint venture interest in the Pingston hydro facility from Brookfield Renewable. The Exchangeable Shares are exchangeable for Trust Units on a one-for-one basis and were issued on the closing of the acquisition, which was February 4, 2009.

On March 17, 2009, the Fund announced its intention to commence a normal course issuer bid, pursuant to which the Fund may, during the twelve-month period commencing March 19, 2009 and ending March 18, 2010, purchase on the TSX up to 1 million Trust Units, representing less than 2% of its total issued and outstanding Trust Units. Under the normal course issuer bid, the Fund may purchase up to 12,912 Trust Units on the TSX during any trading day, which represents 25% of the average daily trading volume of the Trust Units on the TSX for the most recently completed six calendar months prior to the TSX's acceptance of the notice of the normal course issuer bid. The only exception to this limitation is purchases made pursuant to block purchase exemptions. The price to be paid for the Trust Units under the normal course issuer bid will be the market price at the time of purchase. All Trust Units purchased by the Fund under this bid will be promptly cancelled. The Fund has not made any purchases of Trust Units since the announcement of its normal course issuer bid.

PRICE RANGE AND TRADING VOLUME OF THE TRUST UNITS

The Trust Units are listed on the TSX and are quoted under the symbol "GLH.UN". The following table sets forth, for the periods indicated, the market price ranges and trading volumes of the Trust Units on the TSX.

	High ($)	Low ($)	Volume
2008			
July	19.05	17.62	614,762
August	20.64	18.49	643,054
September	19.96	18.17	768,123
October	18.30	15.85	911,082
November	17.87	16.11	886,761
December	18.37	15.82	1,270,244
2009			
January	16.00	15.37	1,219,040
February	15.95	15.00	1,349,355
March	16.10	14.70	1,221,637
April	15.99	15.00	1,050,949
May	15.95	15.20	1,596,069
June	16.51	15.36	1,654,389
July 1-15	16.65	15.21	2,404,197

On July 3, 2009, being the last trading day on which the Trust Units traded prior to the public announcement of the Offering, the Concurrent Private Placement and the Transaction, the closing price of the Trust Units on the TSX was $15.93 per Trust Unit.

RATINGS

The Fund's stability and debt are rated by two rating agencies. Before giving effect to the Offering, the Concurrent Private Placement and the Transaction, the stability ratings of the Fund were as follows:

S&P	SR-2	Stable
DBRS	STA-2	High

After the Fund announced the Offering, the Concurrent Private Placement and the Transaction, S&P affirmed a stability rating of SR-2 (stable) for the Fund and DBRS affirmed a stability rating of STA-2 (high) for the Fund.

The S&P stability rating provides an assessment of the Fund's overall sustainability and variability of cash flow, and a measurement of relative risk of cash flow generation across all income fund sectors. Ratings range from "SR-1" for the highest level of distributable cash stability, to "SR-7" for the lowest. Specifically, an entity rated "SR-2" has a very high level of distributable cash flow generation stability. A stability rating incorporates analyses of three aspects of the Fund: structure and governance; business risk profile; and financial risk profile, which includes distributable cash flow. Stability ratings on Canadian income funds use the distribution profile assessment, which considers an entity's distribution policy in the context of cash flow dynamics, and comments on the ability of the organization to maintain a given level of distributions.

The DBRS stability rating measures the long-term stability and sustainability of the Fund's distributions using a scale ranging from STA-1 to STA-7, highest to lowest credit respectively, with subcategories of high, middle and low. Ratings take into consideration the seven main factors of: (1) operating and industry characteristics; (2) asset quality; (3) financial flexibility; (4) diversification; (5) size and market position; (6) sponsorship/governance; and (7) growth. In addition, consideration is given to specific structural or contractual elements that may eliminate or mitigate risks or other potentially negative factors. Income funds rated STA-2 have very good distributions per unit stability and sustainability. The Fund exhibits performance that is only slightly below the STA-1 category, typically shows above-average strength in areas of consideration, and possesses levels of distributable income per unit that are not likely to be significantly negatively affected by foreseeable events. The Fund is above average in many, if not most, areas of consideration.

Some of the Fund's long-term debt is also rated by DBRS. As of the date of this short form prospectus, the ratings were as follows:

Lièvre Power	A (Low)	DBRS
Mississagi Power Trust	A (Low)	DBRS
Powell River Energy	A (Low)	DBRS

The DBRS long-term debt rating scale is meant to give an indication of the risk that a borrower will not fulfill its full obligations in a timely manner, with respect to both interest and principal commitments. Every DBRS rating is based on quantitative and qualitative considerations relevant to the borrowing entity.

Credit ratings are intended to provide investors with an independent measure of an issue of securities. DBRS rates debt instruments with ratings ranging from "AAA", which represents the highest quality of securities, to "D" which represents securities that are in payment default. Debt instruments that are rated in the "A" category by DBRS are of satisfactory credit quality. Protection of interest and principal is considered substantial but with a degree of strength that is less than that of "AA" rated entities. Entities in this category are more susceptible to adverse economic conditions and have greater cyclical tendencies than those rated "AA" and "AAA". A DBRS rating may be modified by the addition of a "(high)" or "(low)" to indicate the relative standing of a credit within a particular rating category.

The ratings herein mentioned are not a recommendation to purchase, sell or hold the Subscription Receipts or Trust Units and do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period of time or that the ratings will not be revised or withdrawn entirely by either or both of S&P and DBRS in the future if, in their judgment, circumstances so warrant.

RISK FACTORS

An investment in Subscription Receipts and Trust Units is subject to certain risks. The risks and uncertainties below represent the risks that the Fund believes are material. If any of the events or developments discussed below actually occurs, the Fund's assets, liabilities, business, financial condition, results of operations and distributable cash could be adversely affected. Other factors not presently known to the Fund or that the Fund presently believes are not material could also affect the Transaction or the future business and operations of the Fund.

Risks and uncertainties relating to the business and operations of the Fund are also discussed in the materials that the Fund files with securities regulatory authorities in Canada from time to time, including its annual information form and the other documents of the Fund incorporated by reference herein. Prospective investors should also be aware that the acquisition of Subscription Receipts and Trust Units may have tax consequences in Canada. For a summary of certain income tax considerations for certain holders of Trust Units, see "Certain Canadian Federal Income Tax Considerations".

Risks Relating to the Offering, the Transaction and the Conversion

Risks Associated with the Transaction

Completion of the Transaction is subject to the satisfaction of certain closing conditions, including the receipt of Unitholder and regulatory approvals to be obtained prior to the Termination Time. As such, there is no assurance that the Transaction will be completed. If the Transaction is not completed, the Fund will not realize the benefits described in this short form prospectus, including as described under "The Proposed Transaction – Rationale for the Transaction and Transaction Highlights". If the Transaction is completed, there is no assurance that the Fund will achieve the anticipated benefits at all or within the time periods contemplated by the Fund.

The Transaction involves risks that could materially and adversely affect the Fund's business, including the failure of the Projects to achieve the results the Fund expects. In addition, liabilities may exist that the Fund does not discover in its due diligence prior to the consummation of the Transaction or circumstances may exist with respect to the entities or assets acquired that could lead to future liabilities and, in each case, the Fund may only be entitled to limited recourse against the counterparties to the transaction agreements or indemnities in the Purchase Agreement. The discovery of any material liabilities subsequent to the Transaction could have a material adverse effect on the Fund's assets, liabilities, business, financial condition, results of operations and distributable cash.

Risks Associated with Subscription Receipts

There is currently no market through which the Subscription Receipts may be sold and purchasers of Subscription Receipts may not be able to resell Subscription Receipts purchased under this short form prospectus. There can be no assurance that an active trading market will develop for the Subscription Receipts after this Offering or, if developed, that such market will be sustained. The public offering price of the Subscription Receipts has been determined by negotiation among the Fund and the Underwriters based on several factors and may bear no relationship to the price at which the Subscription Receipts or Trust Units will trade in the public market subsequent to this Offering and the completion of the Transaction, as applicable.

Risks Associated with the Fund's Conversion to a Corporation

Although the Fund has indicated its intention to convert into a corporation on or before January 1, 2011, the date on which the SIFT Rules are expected to take effect for the Fund, the Fund may decide to convert before January 1, 2011 and such conversion will have a material effect on the tax position of the Fund and may have material tax consequences to Unitholders. In addition, the conversion will be subject to various conditions, some of which are outside the control of the Fund, including, without limitation, obtaining the requisite approval of Unitholders. There can be no assurance that these conditions will be satisfied or, if satisfied, when they will be satisfied. Failure to satisfy the conditions of the conversion on terms acceptable to the Fund would likely result in the decision being made not to proceed with the conversion. If any of the required approvals cannot be obtained on terms satisfactory to the Fund, or at all, the benefits available to Unitholders resulting from the conversion may be reduced or the conversion may not proceed at all. If the Fund is not able to realize all of the benefits it expects to realize from the conversion, or if the conversion is not completed, the market price of the Trust Units may be adversely affected.

Risks Relating to the Business of the Fund

Changes in Hydrology and Wind Conditions

The revenues generated by the Fund's facilities are proportional to the amount of electricity generated which in turn is dependent upon available water flows and wind conditions. Hydrology and wind conditions have natural variation from year to year and may also change permanently because of climate change or other factors. A sustained decline in water flow of the Fund's hydroelectric stations or wind conditions at the Fund's wind energy facilities could lead to a material adverse change in the volume of electricity generated and revenues and distributable cash.

Equipment Failure

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

Performance of Counterparties and Contract Expiry

A significant portion of the power the Fund generates is sold under long-term PPAs with either Brookfield Renewable, public utilities or industrial end-users (in the latter case, Brookfield Renewable guarantees the obligation of the Purchaser). If for any reason any of the purchasers of power under such PPAs or the guarantor are unable or unwilling to fulfill their contractual obligations under the relevant PPA or if they refuse to accept delivery of power pursuant to the relevant PPA, the Fund's assets, liabilities, business, financial condition, results of operations and distributable cash could be materially and adversely affected as the Fund may not be able to replace the agreement with an agreement on equivalent terms and conditions. In addition, certain of the PPAs provide for terms that are above market and as such PPAs expire, the Fund may not be able to replace the agreement with an agreement on equivalent terms and conditions.

Dependence on Brookfield Renewable and Potential Conflicts of Interest

The Fund is dependent on Brookfield Renewable, as guarantor of the price for certain electricity produced and delivered, as manager and/or operator of the power systems, as purchaser of power and as sales and marketing agent. Accordingly, distributions to Unitholders will be dependent upon the ability of Brookfield Renewable to satisfy its obligations under certain agreements relating to the power systems.

Certain conflicts of interest may arise as a result of Brookfield Renewable pursuing its own business interests, which may render Brookfield Renewable in competition with the Fund. As well, there may be conflicts which arise due to market conditions as Brookfield Renewable is the guarantor of electricity prices for some power systems as well as the dispatcher and operator of the power systems.

Until the exchange of all of the Exchangeable Shares, Brookfield Renewable owns more than 50% of the votes of Great Lakes Power Holding Corporation, and, therefore, the Fund is dependent in part on Brookfield Renewable to make shareholder decisions regarding Prince Wind and Pingston Hydro, subject to its obligations in the exchange and voting agreement dated February 4, 2009 between, among others, the Fund and Brookfield Renewable (the "**Exchange and Voting Agreement**").

Risks Associated with Acquisitions

Acquisitions involve risks that could materially and adversely affect the Fund's business, including the failure of the new acquisitions to achieve the results the Fund expects. In addition, liabilities may exist that the Fund does not discover in its due diligence prior to the consummation of an acquisition or circumstances may exist with respect to the entities or assets acquired that could lead to future liabilities and, in each case, the Fund may only be entitled to limited recourse against the counterparties to the acquisition agreement. The discovery of any material liabilities subsequent to an acquisition could have a material adverse effect on the Fund's assets, liabilities, business, financial condition, results of operations and distributable cash.

Availability of Transmission Systems

The Fund's ability to sell electricity is impacted by the availability of the various transmission systems to deliver power to its contractual delivery point. The failure of existing transmission facilities, the lack of adequate transmission capacity or transmission congestion may have a material adverse effect on the Fund's ability to deliver electricity to its various counterparties or the requirement of counterparties to accept and pay for energy delivery, which could materially and adversely affect the Fund's assets, liabilities, business, financial condition, results of operations and distributable cash.

Water Rights

Water rights are generally owned or controlled by governments that reserve the right to control water levels or may impose water-use requirements as a condition of license renewal that differ from those arrangements in place today.

The Fund is required to make rental payments for water rights or pay similar fees for use of water once its hydroelectric projects are in commercial operation. Significant increases in water rental costs or similar fees in the future or changes in the way that governments regulate water supply could have a material adverse effect on the Fund's assets, liabilities, business, financial condition, results of operations and distributable cash.

Foreign Exchange

Distributable cash generated by the Fund's New England operations is denominated in U.S. dollars and, therefore, distributions by the Fund may be affected by the fluctuations of the Canadian/U.S. dollar exchange rate over time. A material increase in the value of the Canadian dollar may negatively impact the Fund's distributions. The Fund may manage the risk associated with foreign exchange rate fluctuations by, from time to time, entering into forward foreign exchange contracts and engaging in other hedging strategies. To the extent that the Fund engages in risk management activities related to foreign exchange rates, the Fund will be subject to credit risks associated with the counterparties that it contracts with. Defaults by counterparties to these contracts may have a material adverse effect on the Fund's results of operations.

Regulatory Regime

The operation of the Fund's generation assets is subject to extensive regulation by various government agencies at the municipal, provincial, state and federal level. As legal requirements frequently change and are subject to interpretation and discretion, the Fund is unable to predict the ultimate cost of compliance with these requirements or their effect on its operations. Any new law or regulation could require additional expenditure to achieve or maintain compliance. Also, operations that are not currently regulated may become subject to regulation which could result in additional cost to the Fund's business.

The Ontario government recently announced proposed changes in the setback requirements for wind power projects, which may impact Gosfield Wind's ability to secure the required permits for the proposed project. The changes would require that wind projects be set back a minimum of 550 metres from any "receptor", such as a house, to ensure that noise levels do not exceed a certain threshold at any receptor. Setback requirements are currently set by municipalities so there is no standard minimum setback requirement across the province. The proposed legislation would also require noise studies to be conducted for any project involving wind turbines exceeding a certain sound level and for any project involving more than 26 turbines within 1.5 kilometres of any receptor. Gosfield Wind is seeking to obtain all required permits based on current regulations in advance of the new setback regulations taking effect. Under the terms of the Purchase Agreement, if financing is not available and other conditions relating to construction readiness have not been satisfied at the Transaction Closing Date, then for the period commencing on the Transaction Closing Date and ending on the earlier of (i) December 31, 2009 and (ii) the date on which financing is available and those other conditions have been satisfied, the Fund will have the option to sell Gosfield Wind to Brookfield Renewable for a purchase price equal to the sum of $10 million and the amount of costs incurred or accrued by the Fund and GLPT relating to the construction of Gosfield Wind.

Governmental Permits

The Fund's projects are required to comply with numerous domestic and foreign federal, regional, state and local statutory and regulatory standards and to maintain numerous licenses, permits and governmental approvals required for operation. Some of the licenses, permits and governmental approvals that have been issued to the Fund's projects contain conditions and restrictions, or may have limited terms. If the Fund fails to satisfy the conditions or comply with the restrictions imposed by its licenses, permits and governmental approvals, or the restrictions imposed by any statutory or regulatory requirements, it may become subject to regulatory enforcement action and the operation of the projects could be adversely affected or be subject to fines, penalties or additional costs. In addition, the Fund may not be able to renew, maintain or obtain all necessary licenses, permits and governmental approvals required for the continued operation of its projects, as a result of which the operation of the Fund's projects may be limited or suspended. The Fund's failure to renew, maintain or obtain all necessary licenses, permits or governmental approvals may have a material adverse effect on its assets, liabilities, business, financial condition, results of operations and distributable cash.

Availability of Capital to Meet Obligations

Distributable cash will be dependent upon the ability of GLPT or any of its affiliates to fund a portion of its capital program with committed credit facilities and refinance or renew its existing loan arrangements, including the Note issued to Brookfield Renewable in connection with Transaction. The Fund may be required to reduce distributions or sell additional Trust Units in order to accommodate these items. Although the Fund has calculated a levelized annual amount to fund the various 20-year capital programs, there can be no assurance that sufficient capital will be available on acceptable terms to the Fund for such expenditures or that the amount required would be the same as currently estimated.

Force Majeure

The Fund's operations are exposed to potential damage, including partial or full loss, resulting from disasters (e.g., floods, high winds, fires and earthquakes) and the like. The Fund's generation assets could be exposed to effects of severe weather conditions, natural disasters and potentially catastrophic events such as a major accident or incident at the Fund's generation assets. An assault or an action of malicious destruction, sabotage or terrorism committed on the Fund's generation assets could also disrupt its ability to generate or sell power. In certain cases, there is the potential that some events may not excuse the Fund from performing its obligations pursuant to agreements with third parties. The Fund may be liable for damages or suffer further losses as a result. The occurrence of a significant event that disrupts the ability of the Fund's generation assets to produce or sell power for an extended period, including events which preclude existing customers from purchasing electricity, could have a material adverse effect on the Fund's assets, liabilities, business, financial condition, results of operations and distributable cash.

Dam Failure

The occurrence of dam failures at any of the Fund's hydroelectric generating stations or the occurrence of dam failures at other generating stations or dams operated by third parties whether upstream or downstream of the Fund's hydroelectric generating stations could result in a loss of generating capacity and repairing such failures could require the Fund to expend significant amounts of capital and other resources. Such failures could result in the Fund being exposed to significant liability for damages.

Insurance Limits

While the Fund maintains insurance coverage, such insurance may not continue to be offered on an economically feasible basis and may not cover all events that could give rise to a loss or claim involving the Fund's assets or operations. If the Fund's insurance coverage is not adequate and it is forced to bear such losses or claims, its financial position could be materially and adversely affected.

Health, Safety and Environmental Risks

The ownership and operation of the Fund's generation assets carry an inherent risk of liability related to public safety and worker health and safety and the environment, including the risk of government imposed orders to remedy unsafe conditions and/or to remediate or otherwise address environmental contamination, potential penalties for contravention of health, safety and environmental laws and potential civil liability. The Fund may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters as a result of which its operations may be limited or suspended. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of, health, safety and environmental laws could have a material and adverse impact on operations and result in additional material expenditures. Additional environmental and workers' health and safety issues relating to presently known or unknown matters may require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) that may be material and adverse to the Fund's business and results of operations.

Labour Relations

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

Litigation

In the normal course of the Fund's operations, it may become involved in various legal actions, typically involving claims relating to personal injuries, property damage, property taxes, land rights and contract disputes. The outcome with respect to outstanding, pending or future actions cannot be predicted with certainty and may be adverse to the Fund and as a result could have a material adverse effect on the Fund's assets, liabilities, business, financial condition, results of operations and distributable cash.

Industry Risk

The Fund operates in the North American power sector, which is affected by competition, price, supply of and demand for power, the location of import/export transmission lines and overall economic conditions. A general and extended decline in the North American economy or sustained conservation efforts to reduce electricity consumption could have the effect of reducing demand for electric energy over time.

Changes in Technology

There are other alternative technologies that can produce renewable power, such as fuel cells, micro turbines, wind turbines and photovoltaic (solar) cells. These alternative technologies currently produce electricity at a higher average price than the Fund's generation facilities; however, research and development activities are ongoing to seek improvements in such alternative technologies and their cost of producing electricity is gradually declining. It is possible that advances will further reduce the cost of alternative methods of power generation. If this were to happen, the competitive advantage of the Fund's projects may be significantly impaired or eliminated and the Fund's assets, liabilities, business, financial condition, results of operations and distributable cash could be materially and adversely affected as a result.

Risks Associated with Tax Matters

The Fund's investment in Prince Wind and Pingston Hydro is made through an investment in Great Lakes Power Holding Corporation, which owns certain partnerships that may be considered to be "tax shelters" under the Tax Act, and therefore may be subject to the rules under the Tax Act relating to "tax shelter investments" (the "**tax shelter investment rules**"). The application of the tax shelter investment rules to the partnerships could result in a substantial reduction in capital cost allowance for those projects, which could cause Great Lakes Power Holding Corporation to become subject to tax as a result of reduced deductions to it, including indirectly for capital cost allowance. The investment in these partnerships is intended not to be a tax shelter; however, the Canada Revenue Agency (the "**CRA**") may assert that such investment is a tax shelter. Under the Investment Agreement between the Fund and Brookfield Renewable, among others, dated February 4, 2009 in connection with the Fund's acquisition of its interest in Prince Wind and Pingston Hydro, Brookfield Renewable agreed to indemnify GLPT with respect to claims or losses relating to the breach of any representation or warranty of Brookfield Renewable contained in that Investment Agreement, including representations with respect to the application of the tax shelter investment rules, up to a maximum of $130 million.

Energy Price Fluctuations

It is possible that in the future a portion of the Fund's revenues may be tied, either directly or indirectly, to the wholesale market price for electricity in the markets in which the Fund operates. Wholesale market electricity prices are impacted by a number of factors including: the price of fuel (for example, natural gas) that is used to generate other sources of electricity; the management of generation and the amount of excess generating capacity relative to load in a particular market; the cost of controlling emissions of pollution, including potentially the cost of carbon; the structure of the market; and weather conditions that impact electrical load. In addition, there can be no assurance that the wholesale electricity market will exist in the future. As a result, the Fund cannot accurately predict future electricity prices and electricity price volatility could have a material adverse effect on the Fund's assets, liabilities, business, financial condition, results of operations and distributable cash.

Risks Related to the Fund's Financing

Capital Markets and Refinancing Risk

Future acquisitions and development, construction of new facilities and other capital expenditures will be financed out of cash generated from the Fund's operations, borrowings and possible future sales of equity. As such, in order to finance the Fund's growth, it may depend on raising additional equity and debt capital. The Fund's ability to do so is dependent on, among other factors, the overall state of capital markets and investor appetite for investments in renewable energy assets in general and the Fund's securities in particular. The Fund is also subject to constraints on the amount of new equity it can issue prior to 2011 under the SIFT Rules. See "Risks Related to the Fund – Income Tax Matters" for more detail.

In addition, many of the Fund's project financings consist of interest-only or limited amortization financings. As such, a significant portion of outstanding indebtedness must be refinanced at maturity.

To the extent that external sources of capital become limited or unavailable or available on onerous terms, the Fund's ability to complete acquisitions and make necessary capital investments to construct new or maintain existing facilities may be impaired, and its assets, liabilities, business, financial condition, results of operations and distributable cash may be materially and adversely affected as a result. In addition, the Fund's future financings may be exposed to interest rate risk. If interest rates increase, an increased proportion of the Fund's distributable cash may be required to service indebtedness.

Project Financing

The Fund relies on limited-recourse project financing structures to finance a significant portion of its operations. Such financings generally require the Fund to grant a first-priority security interest in underlying project assets in favor of third party lenders. In addition, the Fund's ability to withdraw distributable cash from its subsidiaries financed on a limited-recourse basis is usually dependent on the achieving of minimum distributable cash or interest coverage ratios as well as the maintenance of certain collateral accounts. If the Fund cannot withdraw cash flow from its subsidiaries, its financial position and distributable cash could be materially and adversely affected.

Risks Related to the Fund

Nature of Trust Units

Securities like the Trust Units do not necessarily provide investors with attributes common to other equity securities or debt instruments. The Trust Units are dissimilar to debt instruments as there is no principal amounts owing to Unitholders. The Trust Units do not represent a traditional investment and should not be viewed by investors as a direct investment in the business or as direct investments in securities of GLPT or other subsidiaries of the Fund. The Trust Units represent a fractional interest in the Fund. The Fund's primary assets are GLPT Units and GLPT Notes.

The Trust Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation. As holders of Trust Units issued by an unincorporated trust, Unitholders do not have the statutory rights associated with ownership of shares of a corporation, for example, the right to bring "oppression" or "derivative actions".

Income Tax Matters

On June 22, 2007, the SIFT Rules that significantly change the income tax treatment of most publicly-traded trusts and partnerships (other than certain real estate investment trusts) and the distributions and allocations, as the case may be, from these entities to their investors were enacted. Amendments to the SIFT Rules were enacted as part of Bill C-10 – Budget Implementation Act, 2009, which received royal assent on March 12, 2009. Under the SIFT Rules, certain income (other than taxable dividends) earned by these entities is taxed in a manner similar to income earned by a corporation and distributions or allocations, as the case may be, of such income made by these entities to investors is taxed in a manner similar to dividends from taxable Canadian corporations. The deemed dividend will be eligible for the enhanced dividend tax credit if paid or allocated to a resident of Canada. The SIFT Rules are generally effective for the 2007 taxation year for trusts and partnerships that commenced public trading after October 31, 2006, but are generally delayed until the 2011 taxation year for trusts and partnerships that were publicly traded prior to November 1, 2006, such as the Fund. However, the SIFT Rules will apply immediately in any taxation year ending after 2006 if the affected entity does not comply with the Normal Growth Guidelines, unless the excess growth arose as a result of a prescribed transaction. The Normal Growth Guidelines indicate that the deferral until 2011 will not be rescinded in respect of a SIFT trust whose equity capital grows as a result of issuances of new equity before 2011 by an annual amount that does not exceed the greater of $50 million and an objective "safe harbour" amount that is based on a percentage of the SIFT trust's market capitalization on October 31, 2006. Market capitalization, for these purposes, is to be measured in terms of the value of the SIFT trust's issued and outstanding publicly-traded units. The Normal Growth Guidelines provide that a SIFT trust's "safe harbour" will be 40% of the October 31, 2006 market capitalization for the period from November 1, 2006 until the end of 2007, 20% of that benchmark for the period from January 1, 2008 to December 3, 2008 and 40% of that benchmark for the remaining period until the end of 2010. These safe harbor growth limits are cumulative such that any unused limit for a given period is carried over to the next period until the end of 2010 (the $50 million annual growth limit is not cumulative). As a result, the Fund has the entire amount of its remaining safe harbour amount currently available to it. For these purposes, new equity will include units and debt that is convertible into units and potentially other substitutes for such equity, including the Exchangeable Shares, but will generally not include new non-convertible debt or the replacement of debt outstanding on October 31, 2006 with equity. Also excluded from new equity are units that are issued on the exercise of exchangeable interests that were outstanding on October 31, 2006. The Normal Growth Guidelines may be amended from time to time. Following this Offering, the Concurrent Private Placement and the issuance of Trust Units to Brookfield Renewable pursuant to the Transaction, the Fund will have utilized approximately $760 million of its estimated currently available safe harbour amount of $784 million. As a result, the Fund will face constraints in raising equity financing and the Fund may effectively be precluded from pursuing certain acquisition opportunities or otherwise taking advantage of certain growth opportunities without becoming subject to the SIFT Rules prior to 2011 unless the Fund converts to a corporation. The SIFT Rules are not expected to have an immediate impact on the Fund's tax treatment or the tax treatment of distributions to Unitholders. There can be no assurance that Canadian federal income tax law respecting the taxation of income trusts and other flow-through entities will not be further changed in a manner that adversely effects the Fund and its Unitholders.

There can be no assurance that Canadian federal income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the Unitholders. If the Fund ceases to qualify as a "mutual fund trust" under the Tax Act, the income tax considerations described under "Certain Canadian Federal Income Tax Considerations" would be materially and adversely different in certain respects.

On October 31, 2003, the Department of Finance released, for public comment, proposed amendments to the Tax Act (the "**REOP Amendments**") that related to the deductibility of interest and other expenses for income tax purposes for taxation years commencing after 2004. In general, the REOP Amendments may deny the realization of losses in respect of a business or property in a year if in the year it is not reasonable to expect that the taxpayer will realize a cumulative profit from that business or property for the period in which the taxpayer has carried on, and can reasonably be expected to carry on, that business, or has held, and can reasonably be expected to hold, that property. Management believes it is reasonable to expect that the Fund and its subsidiaries will realize a cumulative profit from their respective properties and businesses as the case may be. As part of the 2005 Federal Budget, the Minister announced that an alternative proposal to replace the REOP Amendments would be released for comment at an early opportunity. No such alternative proposal has been released to date.

Interest on the GLPT Notes and interest bearing debt owed to GLPT accrues at the Fund level and at the GLPT level, respectively for income tax purposes whether or not actually paid. As a result, the income of GLPT allocated to the Fund, in respect of a particular fiscal year may exceed the cash distributable by the Fund in such year. The Trust Indenture provides that an amount equal to the taxable income of the Fund (except capital gains realized on a redemption of Trust Units that is required to maximize the Fund's capital gains refund) will be distributed each year to Unitholders in order that the Fund will not have any liability for tax under the Tax Act in any year (except any liability which could result from any capital gains realized by the Fund as a result of redemptions of Trust Units). Where, in a particular year, the Fund does not have sufficient available cash to distribute such an amount to Unitholders, the Trust Indenture provides that additional Trust Units may be distributed to Unitholders in lieu of cash distributions. Unitholders will generally be required to include an amount equal to the fair market value of those Trust Units into their taxable income, in circumstances when they do not directly receive a cash distribution. The Fund's ability to reduce its taxable income through distributions will be affected by the SIFT Rules once these rules apply to the Fund.

Currently, a trust will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of non-resident persons or partnerships that are not Canadian partnerships unless all or substantially all of its property is property other than taxable Canadian property. On September 16, 2004, the Minister released proposed amendments to the Tax Act (the "**MFT Amendments**") under which a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-resident persons or partnerships that are not Canadian partnerships is more than 50% of the aggregate fair market value of all the units issued by the trust where more than 10% (based on fair market value) of the trust's property is taxable Canadian property or certain other types of property. If the MFT Amendments are enacted as proposed, and if, at any time, more than 50% of the aggregate fair market value of the Trust Units were held by non-residents and partnerships other than Canadian partnerships, the Fund would thereafter cease to qualify as a mutual fund trust. If the Fund ceases to qualify as a mutual fund trust under the Tax Act, then the income tax considerations described above would be materially and adversely different in certain respects. The MFT Amendments do not currently provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, the Department of Finance tabled a Notice of Ways and Means Motion which did not include these proposed changes. The Department of Finance has suspended implementation of the MFT Amendments pending further consultation with interested parties.

In addition, the agreements under which certain assets will be transferred indirectly to the Fund provide that elections would be made under the Tax Act to transfer the transferred assets to the relevant entities to be acquired by the Fund on a fully tax-deferred basis prior to their purchase by the Fund. The adjusted cost base to the relevant entity of the assets so acquired will be less than the fair market value of those assets at the time of purchase, such that if the relevant entity were to dispose of those assets directly (other than on a tax-deferred basis), the relevant entity may realize income or gain thereon.

Investment Eligibility

There can be no assurance that the Subscription Receipts and the Trust Units will continue to be qualified investments for Registered Plans. The Tax Act imposes penalties for the acquisition or holding of non-qualified or ineligible investments by Registered Plans.

Market for Trust Units and Trust Unit Prices

As with any other publicly-traded security, the value of Subscription Receipts and the Trust Units depends on various market conditions that will change from time to time. The market value of the Subscription Receipts and the Trust Units is influenced by investors' perceptions of the Fund's risks, growth potential and current and potential earnings and cash distributions. Consequently, Subscription Receipts and the Trust Units may trade at prices that are greater or less than their net asset value. Factors that may affect the market price of Trust Units include, but are not limited to, the following:

- the market demand for Subscription Receipts and the Trust Units;
- general reputation of income funds;
- the underlying net asset value of the Fund's portfolio;
- investor confidence in equity investments generally;

- changes in tax laws;
- general economic conditions; and
- the Fund's financial performance.

Credit Ratings

There is no assurance that any credit rating, if any, assigned to the Fund or to its or any of its subsidiaries debt securities will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such ratings may have an adverse effect on the Fund's financial position and ability to raise capital.

Unitholder Liability

The Trust Indenture provides that no Unitholder will be subject to any liability to any person in connection with a holding of Trust Units. However, there remains a risk, which is considered by the Fund to be remote in the circumstances, that a Unitholder could be held personally liable, despite such statement in the Trust Indenture, for the obligations of the Fund to the extent that claims are not satisfied out of the assets of the Fund. It is intended that the affairs of the Fund will be conducted to minimize such risk wherever possible.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP, counsel to the Fund, and Goodmans LLP, counsel to the Underwriters, the following summary describes the principal Canadian federal income tax considerations pursuant to the Tax Act and the regulations thereunder generally applicable to a prospective purchaser of Subscription Receipts and the Trust Units issued pursuant to the Subscription Receipts (together, the "**Fund Securities**") who, for purposes of the Tax Act and at all relevant times, is resident in Canada, holds the Fund Securities as capital property and deals at arm's length, and is not affiliated with the Fund, GLPT, and Brookfield Renewable. Generally, Fund Securities will be considered to be capital property to an investor, provided the investor does not hold the Fund Securities in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain investors who might not otherwise be considered to hold their Fund Securities as capital property may, in certain circumstances, be entitled to have their Fund Securities and all other "Canadian securities" as defined in the Tax Act that are held by the Unitholder treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to an investor that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules, to an investor an interest in which is a "tax shelter investment", to any investor that is a "specified financial institution" as defined in the Tax Act or to any investor who has elected to have the "functional currency" reporting rules under the Tax Act apply. Any such investor should consult its own tax advisor with respect to an investment in Fund Securities.

This summary is based upon the facts set out in this short form prospectus, the provisions of the Tax Act and the regulations thereunder (the "**Regulations**") in force as of the date hereof, all specific proposals to amend the Tax Act or the Regulations that have been publicly announced by or on behalf of the Minister prior to the date hereof (the "**Proposed Amendments**"), certificates of certain of the Underwriters, the Fund, and GLPT as to certain factual matters and counsel's understanding of the current published administrative and assessing policies of the CRA. This summary assumes that the Proposed Amendments will be enacted substantially in the form proposed but no assurance can be given in this regard. This summary is also based on the assumption that the Fund will at all times comply with the Trust Indenture.

This summary is not exhaustive of all possible Canadian federal income tax consequences and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law or in the administrative or assessing policies of the CRA, whether by legislative, governmental or judicial action or decision, nor does it take into account provincial, territorial or foreign income tax considerations, which may differ significantly from those discussed herein. No assurance can be given that the Proposed Amendments will be enacted as proposed or at all.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular prospective purchaser of Fund Securities or any Unitholder. Consequently, prospective investors should consult their own tax advisors for advice with respect to the tax consequences to them of an investment in Fund Securities based on their particular circumstances.

This summary does not address any Canadian federal income tax considerations applicable to non-residents of Canada, and non-residents should consult their own tax advisors regarding the tax consequences of acquiring, holding and disposing of Fund Securities. Distributions on Fund Securities or amounts paid in respect thereof and all payments to non-residents of interest (or amounts deemed to be interest under the Tax Act), whether paid in cash or Trust Units, will be paid net of any applicable withholding taxes.

Status of the Fund

Mutual Fund Trust

This summary is based on the assumption that the Fund qualifies as a "mutual fund trust", as defined in the Tax Act, at the time of the Offering and will continuously qualify as a mutual fund trust at all relevant times. This assumption is based on certificates of the Fund and of the Underwriters as to certain factual matters. If the Fund does not qualify as a mutual fund trust, the income tax considerations described below would, in some respects, be materially and adversely different.

SIFT Rules

On June 22, 2007, the SIFT Rules that significantly change the income tax treatment of most publicly-traded trusts and partnerships (other than certain real estate investment trusts) and the distributions and allocations, as the case may be, from these entities to their investors were enacted. Amendments to the SIFT Rules were enacted as part of Bill C-10 – *Budget Implementation Act*, 2009 which received royal assent on March 12, 2009. The SIFT Rules apply a tax on certain income (other than taxable dividends) earned by a SIFT trust, and treat the taxable distributions of such income received by Unitholders of a SIFT trust as taxable dividends from a taxable Canadian corporation. Pursuant to the SIFT Rules, the Fund will constitute a SIFT trust and, as a result, the Fund and its Unitholders will be subject to the SIFT Rules. The SIFT Rules generally do not apply until the 2011 taxation year for income trusts, the units of which were publicly traded prior to November 1, 2006, such as the Fund. However, the SIFT Rules will apply immediately in any taxation year ending after 2006 if the affected entity does not comply with the Normal Growth Guidelines, unless the excess growth arose as a result of a prescribed transaction. The Normal Growth Guidelines indicate that the deferral until 2011 will not be rescinded in respect of a SIFT trust whose equity capital grows as a result of issuances of new equity before 2011 by an annual amount that does not exceed the greater of $50 million and an objective "safe harbour" amount that is based on a percentage of the SIFT trust's market capitalization on October 31, 2006. Market capitalization, for these purposes, is to be measured in terms of the value of the SIFT trust's issued and outstanding publicly-traded units. The Normal Growth Guidelines provide that a SIFT trust's "safe harbour" will be 40% of the October 31, 2006 market capitalization for the period from November 1, 2006 until the end of 2007, 20% of that benchmark for the period from January 1, 2008 until December 3, 2008 and 40% of that benchmark for the remaining period until the end of 2010. These safe harbor growth limits are cumulative such that any unused limit for a given period is carried over to the next period until the end of 2010 (the $50 million annual growth limit is not cumulative). As a result, the Fund has the entire amount of its remaining safe harbour amount currently available to it. For these purposes, new equity will include units and debt that is convertible into units and potentially other substitutes for such equity, including the Exchangeable Shares, but will generally not include new non-convertible debt or the replacement of debt outstanding on October 31, 2006 with equity. Also excluded from new equity are units that are issued on the exercise of exchangeable interests that were outstanding on October 31, 2006. The Normal Growth Guidelines may be amended from time to time. No assurance can be given that Canadian federal income tax law respecting the taxation of income trusts and other flow-through entities will not be further changed in a manner that adversely affects the Fund and its Unitholders.

Counsel has been advised that the Fund's October 31, 2006 market capitalization determined in accordance with the Normal Growth Guidelines was approximately $933 million and that the only issuances of new equity since then was the issuance of approximately $149 million in Trust Units and Exchangeable Shares convertible into Trust Units on January 6, 2009. Therefore, the Fund's currently available safe harbour amount is approximately $784 million. Counsel has further been advised that the total amount of the Offering together with the Concurrent Private Placement and the subscription for Trust Units by Brookfield Renewable pursuant to the Transaction should not, by itself, cause the Fund to exceed the Fund's currently available "safe harbour" amount under the Normal Growth Guidelines. It is assumed, for the purposes of this summary, that the Fund is not currently subject to the SIFT Rules and will not be subject to the SIFT Rules as a result of the Offering, the Concurrent Private Placement or the Transaction. However, in the event that the Fund issues additional Trust Units or convertible debentures (or other equity substitutes) on or before 2011, the Fund may become subject to the SIFT Rules prior to its 2011 taxation year. No assurance can be given that the SIFT Rules will not apply to the Fund prior to its 2011 taxation year.

The remainder of this summary is subject to the SIFT Rules as discussed above.

Taxation of the Fund

The taxation year of the Fund is a calendar year. Subject to the SIFT Rules, in each taxation year, the Fund will be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amounts paid or payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the Fund or if the Unitholder is entitled in that year to enforce payment of the amount. Counsel has been advised that the Fund intends to make sufficient distributions in each year of its net income for tax purposes and net realized taxable capital gains so that, subject to the SIFT Rules, the Fund will generally not be liable in that year for income tax under Part I of the Tax Act. However, counsel can express no opinion in this regard.

The Fund will include in its income for each taxation year all income allocated to it in respect of the GLPT Units and all interest on the GLPT Notes that accrues to the Fund to the end of the year, or that becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. The Fund will not be subject to tax on any payments of principal on the GLPT Notes. The Fund will, generally, also not be subject to tax on any amounts received as distributions on the GLPT Units that are in excess of the income of GLPT that is paid or payable or deemed to be paid or payable by GLPT to the Fund in a year, which amounts will generally reduce the adjusted cost base of the GLPT Units to the Fund. Where the adjusted cost base of the GLPT Units would otherwise be a negative amount, the Fund will be deemed to realize a capital gain in such amount at that time and its adjusted cost base of the GLPT Units will then be nil.

A distribution by the Fund of GLPT Units or GLPT Notes upon a redemption of Trust Units will be treated as a disposition by the Fund of the securities so distributed for proceeds of disposition equal to their fair market value. The Fund's proceeds from the disposition of GLPT Notes will be reduced by any accrued but unpaid interest in respect of those notes, which interest will generally be included in the Fund's income in the year of disposition to the extent it was not included in the Fund's income in a previous year. The Fund will realize a capital gain (or a capital loss) to the extent that the proceeds from the disposition exceed (or are less than) the adjusted cost base of the relevant property and any reasonable costs of disposition. Any such income or capital gain may at the discretion of the Trustees be treated as having been designated and paid to the redeeming Unitholder so that, subject to the SIFT Rules, the Fund will not be taxable on such income or capital gain.

In computing its income, the Fund may deduct reasonable administrative costs, interest and other expenses incurred by it for the purpose of earning income. The Fund may also deduct from its income for the year a portion of the reasonable expenses, if any, incurred by the Fund to issue Trust Units pursuant to this Offering. The portion of such issue expenses deductible by the Fund in a taxation year is 20% of such issue expenses, pro-rated where the Fund's taxation year is less than 365 days.

Under the Trust Indenture, an amount equal to all of the income of the Fund (determined without reference to paragraph 82(1)(b) and subsection 104(6) of the Tax Act), together with the taxable and non-taxable portion of any net capital gain realized by the Fund in the year (but excluding income or capital gains arising on a distribution in specie of GLPT Units or GLPT Notes on redemption of Trust Units which are designated by the Fund to redeeming Unitholders and excluding any taxable capital gains for the year required to be retained to maximize the Fund's capital gains refund (as described below)), net of the Fund's deductions and expenses, computed in accordance with the Tax Act will be paid or made payable in the year to Unitholders by way of cash distributions, subject to the exceptions described below. Where cash of the Fund is applied to Fund redemptions of Trust Units or is otherwise unavailable for cash distributions, distributions will be paid to Unitholders in the form of additional Trust Units. Income of the Fund paid or made payable to Unitholders, whether in cash, additional Trust Units or otherwise, will generally be deductible by the

Fund in computing its income, subject to the SIFT Rules. Losses incurred by the Fund cannot be allocated to Unitholders, but may be deducted by the Fund in future years in accordance with the Tax Act.

The Fund will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Trust Units during the year (the "**capital gains refund**"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the Fund's tax liability for that taxation year arising as a result of the redemption of Trust Units in consideration for GLPT Units or GLPT Notes distributed on the redemption of Trust Units. The Trust Indenture provides that all or a portion of any capital gain realized by the Fund as a result of that redemption may, at the discretion of the Trustees, be treated as a capital gain paid or made payable to the redeeming Unitholder. The taxable portion of any such capital gain will, subject to the SIFT Rules, be deductible by the Fund. In addition, certain accrued interest on the GLPT Notes distributed to a redeeming Unitholder may be treated as an amount paid or payable to that Unitholder and will, subject to the SIFT Rules, be deductible by the Fund.

Once the Fund becomes subject to the SIFT Rules (which is anticipated to be, subject to any "undue expansion", deferred until January 1, 2011), the Fund will no longer be able to deduct any part of the amounts payable to Unitholders in respect of its "non-portfolio earnings", which will include: (i) income (other than income that is a taxable dividend received by the Fund) from its "non-portfolio properties" (exceeding any losses for the taxation year from non-portfolio properties); and (ii) taxable capital gains from dispositions of non-portfolio properties (exceeding allowable capital losses from the disposition of such properties). For this purpose, "non-portfolio property" includes: (i) certain Canadian real and resource properties; (ii) a property that the SIFT trust (or a non-arm's length person or partnership) uses in the course of carrying on a business in Canada; and (iii) "securities" of a "subject entity" (other than a "portfolio investment entity") if the SIFT trust holds securities of the subject entity that have a total fair market value that is greater than 10% of the subject entity's equity value or if the SIFT trust holds securities of the subject entity which, together with all securities held of affiliates of the subject entity, have a total fair market value that is greater than 50% of the SIFT trust's equity value. A "subject entity" includes corporations resident in Canada, trusts resident in Canada, and "Canadian resident partnerships" and a "portfolio investment entity" is an entity that does not hold any non-portfolio property. Under the SIFT Rules, "securities" of a subject entity which is a trust include liabilities of and income and capital interests in such trust. It is expected that the securities of GLPT will be non-portfolio properties for this purpose. Income which a SIFT trust is unable to deduct will be taxed in the SIFT trust at rates of tax similar to the combined federal and provincial corporate tax rate. The SIFT Rules do not change the tax treatment of distributions that are in excess of the Fund's taxable income.

Taxation of GLPT

The taxation year of GLPT is the calendar year. In each taxation year, GLPT will be subject to tax under Part I of the Tax Act on its taxable income for the year, including net realized taxable capital gains, except to the extent such income is paid or payable or deemed to be paid or made payable in such year to its Unitholders and is deducted by GLPT in computing its income for tax purposes.

In computing its income for tax purposes, GLPT will generally be entitled to deduct its expenses incurred to earn such income, provided such expenses are reasonable and otherwise deductible, subject to the relevant provisions of the Tax Act. Payments made by GLPT to Brookfield Renewable pursuant to the Exchange and Voting Agreement, if any, will not be deductible by GLPT, however, any taxes imposed on GLPT as a result will reduce the amount of such payments under the Exchange and Voting Agreement. Counsel has been advised that GLPT intends to make distributions in each year to the Fund in an amount sufficient to ensure that GLPT will generally not be liable for tax under Part I of the Tax Act. However, counsel can express no opinion in this regard.

Taxation of Holders of Subscription Receipts

Exchange of Subscription Receipts

No gain or loss will be realized by a holder on the exchange of a Subscription Receipt for a Trust Unit evidenced thereby. This opinion is based upon the interpretation of counsel that a Subscription Receipt is an agreement to acquire a Trust Unit on the satisfaction of certain conditions. No advance income tax ruling from the CRA in respect of the Offering have been sought, and counsel is not aware of any judicial consideration of this interpretation.

The cost to a holder of a Trust Unit acquired on the exchange of a Subscription Receipt will be the amount paid by that holder for the Subscription Receipt, less any amount paid to the holder by the Fund as a reduction in the purchase price of the Trust Unit or plus any additional amount paid to the Fund by the holder, as discussed below. For the purposes of determining the adjusted cost base of a holder's Trust Units, the cost of Trust Units acquired on the exchange of a Subscription Receipt will be determined by averaging the cost of such Trust Units with the adjusted cost base of other Trust Units, if any, held by the holder as capital property at the time of the exchange.

Dispositions of Subscription Receipts

A disposition or deemed disposition by a holder of a Subscription Receipt (for greater certainty, other than on the exchange thereof for a Trust Unit) will generally result in the holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition are greater (or less) than the aggregate of the holder's adjusted cost base thereof and any reasonable costs of disposition. A holder's cost of a Subscription Receipt will generally be the amount paid therefor plus any reasonable costs of acquisition. A holder's adjusted cost base of a Subscription Receipt will reflect the average cost of the holder's Subscription Receipts. The taxation of capital gains and capital losses is described below under "Taxation of Unitholders – Capital Gains and Capital Losses".

Amounts Received by Holders of Subscription Receipts

It is anticipated that the Subscription Receipts will be exchanged for Trust Units in the third quarter of 2009 and thereafter the former holders of the Subscription Receipts will be entitled as Unitholders to receive distributions from the Fund. Holders of the former Subscription Receipts will be entitled to receive a cash distribution per Subscription Receipt, if any, equal to the Distribution Equivalent. To the extent this amount includes the holder's share of interest earned on the Escrowed Funds, which has been included in computing the holder's income as described below, no additional taxation will apply. If the amount of this interest is less than the amount to which the holder is entitled and the Distribution Equivalent includes a repayment of the subscription price arising due to the Fund having reduced the purchase price of the holder's Trust Units by the amount of such shortfall, a holder will not be required to include in income the amount of any such distribution that is a repayment of the holder's subscription price; however, any such amount will reduce the cost to the holder of the holder's Trust Units acquired on the exchange of the Subscription Receipts.

Repayment of Issue Price and Interest

If the Transaction does not close before 5:00 p.m. (Toronto time) on September 30, 2009 (or if the Purchase Agreement is terminated at any earlier time), a holder will receive the subscription price paid for the Subscription Receipt and the holder's share of any interest earned on the Escrowed Funds. The holder will not generally realize any income, gain, or loss on the repayment to the holder of the issue price.

Interest Earned on Escrowed Funds

A holder that is a corporation, partnership, trust unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing income for a taxation year any interest accrued or deemed to have accrued to the holder on the Escrowed Funds to the end of the holder's taxation year, or that is receivable or received by the holder before the end of that taxation year, except to the extent that such interest was included in computing the holder's income for a preceding taxation year. Any other holder will be required to include in income for a taxation year such interest as is received or receivable by the holder in that taxation year, depending on the method regularly followed by the holder in computing income, to the extent such interest was not included in computing the holder's income for a preceding taxation year. To the extent that the holder's *pro rata* entitlement to interest earned on the Escrowed Funds is greater than the Distribution Equivalent, the excess will be paid to the Fund and will be added to the cost of the holder's Trust Units acquired on the exchange of the Subscription Receipts. Any such excess is included in holder's income as interest as described above.

Taxation of Unitholders

Fund Distributions

Subject to the SIFT Rules, a Unitholder will generally be required to include in income for a particular taxation year the portion of the net income of the Fund for a taxation year, including net realized taxable capital gains, that is paid or payable to the Unitholder in the particular taxation year, whether that amount is received in cash, additional Trust Units or otherwise. Provided that appropriate designations are made by the Fund, that portion of its taxable dividends received (or deemed to be received) from taxable Canadian corporations, net realized taxable capital gains and foreign source income earned (or deemed to have been earned) by the Fund, as is paid or payable to a Unitholder, will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated in respect of foreign source income earned (or deemed to have been earned) by the Fund, Unitholders may be entitled to claim a foreign tax credit for foreign taxes paid by, or deemed to have been paid by, the Fund. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit provisions will be applicable in respect of Unitholders who are individuals, the refundable tax under Part IV of the Tax Act will be payable by Unitholders that are private corporations and certain other corporations controlled directly or indirectly by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts), and the deduction in computing taxable income will be available to Unitholders that are corporations. An additional refundable 6⅔% tax will be payable by Unitholders that are throughout a taxation year Canadian-controlled private corporations (as defined in the Tax Act) in certain circumstances.

The non-taxable portion of any net realized capital gains of the Fund that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year. Any other amount in excess of the net income of the Fund that is paid or payable to a Unitholder in that year will not generally be included in the Unitholder's income for the year. However, where such an amount is paid or payable to a Unitholder (other than as proceeds in respect of the redemption of Trust Units), the Unitholder will be required to reduce the adjusted cost base of the Trust Units by that amount. To the extent that the adjusted cost base of a Trust Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Trust Unit to the Unitholder will immediately thereafter be nil. The taxation of capital gains is described below.

Once the Fund becomes subject to the SIFT Rules (which is anticipated to be, subject to any "undue expansion", deferred until January 1, 2011), taxable distributions from the Fund received by investors and paid from the Fund's after-tax income will generally be deemed to be received as a taxable dividend from a taxable Canadian corporation. Such dividend will be subject to the gross-up and dividend tax credit provisions in respect of Unitholders who are individuals. Under the SIFT Rules, such dividend will be an "eligible dividend" and should therefore benefit from the enhanced gross-up and dividend tax credit rules of the Tax Act.

Dispositions of Units

On the disposition or deemed disposition of a Trust Unit, whether on a redemption or otherwise, the Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Trust Unit and any reasonable costs of disposition. Proceeds of disposition on a redemption will not include an amount payable by the Fund that is otherwise required to be included in the Unitholder's income, including any income or capital gain realized by the Fund as a result of a redemption which has been designated by the Fund to the redeeming Unitholder.

The adjusted cost base of a Trust Unit to a Unitholder will include all amounts paid or payable by the Unitholder for the Trust Unit, with certain adjustments. The cost to a Unitholder of additional Trust Units received in lieu of a cash distribution of income will be the amount of income distributed by the issue of those Trust Units. For the purpose of determining the adjusted cost base to a Unitholder of Trust Units, when a Trust Unit is acquired, the cost of the newly-acquired Trust Unit will be averaged with the adjusted cost base of all of the Trust Units owned by Unitholder as capital property immediately before that acquisition.

Where Trust Units are redeemed by the distribution of GLPT Units or GLPT Notes to the redeeming Unitholder, the proceeds of disposition to the Unitholder of the Trust Units will be equal to the fair market value of the GLPT Units or GLPT Notes so distributed less any income or capital gain realized by the Fund as a result of the redemption of those Trust Units (which income or capital gain may in the discretion of the Trustees be designated by the Fund to the

Unitholder). Where income or capital gain realized by the Fund as a result of the distribution of GLPT Units or GLPT Notes on the redemption of Trust Units has been designated by the Fund to a redeeming Unitholder, the Unitholder will be required to include in income such income or the taxable portion of the capital gain so designated. The cost of GLPT Units or GLPT Notes distributed by the Fund to a Unitholder upon a redemption of the Trust Units will be equal to the fair market value of such notes at the time of the distribution less any accrued interest on the note. The Unitholder will thereafter be required to include in income interest on any such note so distributed in accordance with the provisions of the Tax Act.

Capital Gains and Capital Losses

One-half of any capital gain realized by a Unitholder and the amount of any net taxable capital gains designated by the Fund in respect of a Unitholder will be included in the Unitholder's income as a taxable capital gain. One-half of any capital loss realized by a Unitholder on a disposition or deemed disposition of Trust Units may generally be deducted only from taxable capital gains of the Unitholder in accordance with the provisions of the Tax Act.

A Unitholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 ⅔% on its "aggregate investment income" for the year, which will include an amount in respect of taxable capital gains.

Where a Unitholder that is a corporation or trust (other than a mutual fund trust) disposes of a Trust Unit, the Unitholder's capital loss from the disposition will generally be reduced by the amount of dividends previously designated by the Fund to the Unitholder except to the extent that a loss on a previous disposition of a Trust Unit has been reduced by those dividends. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Trust Units.

Alternative Minimum Tax

In general terms, net income of the Fund paid or payable to a Unitholder who is an individual that is designated as taxable dividends or as net taxable capital gains and capital gains realized on the disposition of Trust Units may increase the Unitholder's liability for alternative minimum tax.

Other Legislative Proposals

On October 31, 2003, the Department of Finance released, for public comment, the REOP Amendments that relate to the deductibility of interest and other expenses for income tax purposes for taxation years commencing after 2004. In general, the REOP Amendments may deny the realization of losses in respect of a business or property in a year if, in that year, it is not reasonable to expect that the taxpayer will realize a cumulative profit from that business or property for the period in which the taxpayer has carried on, and can reasonably be expected to carry on, that business, or has held, and can reasonably be expected to hold, that property. As part of the 2005 federal budget, the Minister announced that an alternative proposal to reflect the REOP Amendments would be released for comment at an early opportunity. No such proposal has been released to date.

On September 16, 2004, the Minister released the MFT Amendments under which a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-resident persons or partnerships that are not "Canadian partnerships" (as defined in the Tax Act) is more than 50% of the aggregate fair market value of all the units issued by the trust where more than 10% (based on fair market value) of the trust's property is "taxable Canadian property" (as defined in the Tax Act) or certain other types of property. If the MFT Amendments are enacted as proposed, and if, at any time, more than 50% of the aggregate fair market value of the Trust Units were held by non-residents and partnerships other than Canadian partnerships, the Fund would thereafter cease to qualify as a mutual fund trust. If the Fund ceases to qualify as a mutual fund trust under the Tax Act, then the income tax considerations described above would be materially and adversely different in certain respects. The MFT Amendments do not currently provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, the Department of Finance tabled a Notice of Ways and Means Motion which did not include these proposed changes. The Department of Finance has suspended implementation of the proposed changes pending further consultation with interested parties.

EXPERTS

The matters referred to under "Eligibility for Investment" and certain other legal matters relating to the Subscription Receipts offered under this short form prospectus will be passed upon at the Closing by Torys LLP, on behalf of the Fund, and by Goodmans LLP, on behalf of the Underwriters.

As of July 15, 2009, the partners and associates of Torys LLP and Goodmans LLP beneficially owned, directly or indirectly, less than 1% of the outstanding Trust Units.

PricewaterhouseCoopers LLP is named in this short form prospectus as having prepared the Formal Valuation. PricewaterhouseCoopers LLP prepared the Formal Valuation in connection with the Transaction as described in "The Proposed Transaction – Formal Valuation". To the Fund's knowledge, no registered or beneficial interest, direct or indirect, in any property of the Fund or of one of its associates or affiliates: (i) was held by PricewaterhouseCoopers LLP or a "designated professional" (as such term is defined in item 16.2 of Form 51-102F2 – Annual Information Form) of PricewaterhouseCoopers LLP when PricewaterhouseCoopers LLP prepared the Formal Valuation; (ii) was received by PricewaterhouseCoopers LLP or a "designated professional" of PricewaterhouseCoopers LLP after PricewaterhouseCoopers LLP prepared the Formal Valuation; or (iii) is to be received by PricewaterhouseCoopers LLP. To the knowledge of the Fund, the interest of PricewaterhouseCoopers LLP and each "designated professional" of PricewaterhouseCoopers LLP in Trust Units represents less than 1% of the outstanding Trust Units.

SNC-Lavalin Inc. and Garrad Hassan Canada Inc. are named in this short form prospectus as having prepared the independent engineer's reports described in "The Proposed Transaction – Independent Engineering Assessments – SNC-Lavalin Independent Engineer's Report" and "The Proposed Transaction – Independent Engineering Assessments – Garrad Hassan Independent Engineer's Report", respectively. SNC-Lavalin Inc. and Garrad Hassan Canada Inc. prepared their respective independent engineer's reports in connection with the Transaction. To the Fund's knowledge, no registered or beneficial interest, direct or indirect, in any property of the Fund or of one of its associates or affiliates: (i) was held by SNC-Lavalin Inc. or Garrad Hassan Canada Inc. or a "designated professional" (as such term is defined in item 16.2 of Form 51-102F2 – Annual Information Form) of SNC-Lavalin Inc. or Garrad Hassan Canada Inc. when SNC-Lavalin Inc. or Garrad Hassan Canada Inc. prepared their respective independent engineer's reports; (ii) was received by SNC-Lavalin Inc. or Garrad Hassan Canada Inc. or a "designated professional" of SNC-Lavalin Inc. or Garrad Hassan Canada Inc. after SNC-Lavalin Inc. or Garrad Hassan Canada Inc. prepared their respective independent engineer's reports; or (iii) is to be received by SNC-Lavalin Inc. or Garrad Hassan Canada Inc. To the knowledge of the Fund, the interest of SNC-Lavalin Inc. and Garrad Hassan Canada Inc. and each "designated professional" of SNC-Lavalin Inc. and Garrad Hassan Canada Inc. in Trust Units represents less than 1% of the outstanding Trust Units.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Fund are Deloitte & Touche LLP, Chartered Accountants, Ottawa, Ontario. To the knowledge of the Fund, Deloitte & Touche LLP is independent in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

The transfer agent and registrar for the Subscription Receipts and Trust Units is CIBC Mellon Trust Company in Montréal, Québec.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the short form prospectus of Great Lakes Hydro Income Fund (the "**Fund**") dated July 16, 2009 qualifying the distribution of 12,242,500 subscription receipts of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the unitholders of the Fund on the consolidated balance sheets of the Fund as at December 31, 2008 and 2007; and the consolidated statements of unitholders' equity, income, comprehensive income (loss) and cash flows for the years then ended. Our report is dated February 5, 2009, except as to Note 22 which is as of March 20, 2009.

We also consent to the use of our report to the Directors of Great Lakes Power Limited on the balance sheet of Great Lakes Power Limited Generation and Investment as at December 31, 2008 and the statements of deficit, (loss) income and comprehensive (loss) income and cash flows for the year then ended. Our report is dated June 10, 2009.

We also consent to the use of our report to the Shareholder of Hydro-Pontiac Inc. on the consolidated balance sheet of Hydro-Pontiac Inc. as at December 31, 2008 and the consolidated statements of income (loss) and comprehensive income (loss), retained earnings and cash flows for the year then ended. Our report is dated February 25, 2009.

We also consent to the use of our report to the Partners of Valerie Falls Limited Partnership on the balance sheet of Valerie Falls Limited Partnership as at December 31, 2008 and the statements of partners' equity, income and comprehensive income, and cash flows for the year then ended. Our report is dated March 11, 2009.

We also consent to the use of our report to the Directors of Gosfield Wind on the combined balance sheet of Gosfield Wind as at December 31, 2008. Our report is dated June 10, 2009.

We also consent to the incorporation by reference in the above-mentioned prospectus of our report to the Directors of Prince Wind on the combined balance sheet of Prince Wind as at December 31, 2008 and the combined statements of loss and comprehensive loss, accumulated other comprehensive loss, equity and cash flows for the year then ended. Our report is dated May 5, 2009.

We also consent to the incorporation by reference in the above-mentioned prospectus of our report to the Directors of Pingston Hydro on the combined balance sheet of Pingston Hydro as at December 31, 2008 and the combined statements of income and comprehensive income, owners' equity and cash flows for the year then ended. Our report is dated May 5, 2009.

We also consent to the incorporation by reference in the above-mentioned prospectus of our report to the Directors of Great Lakes Power Holding Corporation on the consolidated balance sheet of Great Lakes Power Holding Corporation as at February 4, 2009. Our report is dated May 5, 2009.

(signed) Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants

Ottawa, Ontario
July 16, 2009

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Unaudited Pro-Forma Consolidated Financial Statements

GREAT LAKES HYDRO INCOME FUND

As at and for the Three Months Ended March 31, 2009 and for the Year Ended December 31, 2008

GREAT LAKES HYDRO INCOME FUND

UNAUDITED PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS
As at and for the Three Months Ended March 31, 2009 and
for the Year Ended December 31, 2008

GREAT LAKES HYDRO INCOME FUND

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
As at March 31, 2009 as if the transaction had occurred on March 31, 2009

thousands of CDN dollars	Great Lakes Hydro Income Fund	Pro Forma Adjustments Acquired Companies	Pro Forma Adjustments Restructuring of Related Party Balances	Pro Forma Adjustments Offering and Acquisition	Pro Forma Adjustments NOTE 4	Consolidated Pro Forma
ASSETS						
Current assets						
Cash and cash equivalents	25,474	5,188	(12)	(147)	A, B, C, E	30,503
Accounts receivable	8,635	16,930	–	–		25,565
Due from related parties	3,629	155,888	(155,883)	–	E	3,634
Prepaid expenses and maintenance materials	6,066	1,100	–	–		7,166
	43,804	179,106	(155,895)	(147)		66,868
Due from related party		525,168	(525,168)	–	E	–
Power generating assets	1,598,852	498,273	–	2,187,103	C	4,284,228
Other assets	35,941	535	–	–		36,476
	1,678,597	1,203,082	(681,063)	2,186,956		4,387,572
LIABILITIES AND UNITHOLDERS' EQUITY						
Current Liabilities						
Payables	31,185	18,462	–	3,000	C	52,647
Due to related parties		122,908	(118,961)	–	E	3,947
Distribution payable to unitholders	5,583	–	–	5,326	D	10,909
Current portion of long-term debt	90,094	3,033	–	–		93,127
	126,862	144,403	(118,961)	8,326		160,630
Long-term debt	855,757	453,807	–	–		1,309,564
Capital securities		550,000	(150,000)	(400,000)	E	–
Due to related party		292,519	(229,954)	137,435	B, C, E	200,000
Due to holder of non-controlling interest	21,501	–	–	–		21,501
Derivative liabilities	31,113	–	–	–		31,113
Other long-term liabilities	14,491	–	–	1,238,157	C	1,252,648
Future income tax	141,444	43,107	–	256,371	C	440,922
	1,191,168	1,483,836	(498,915)	1,240,289		3,416,378
Non-controlling interest	46,788	–	–	–		46,788
Unitholders' equity	440,641	(280,754)	(182,148)	946,667	A, C, D, E	924,406
	1,678,597	1,203,082	(681,063)	2,186,956		4,387,572

See accompanying notes to the unaudited pro forma consolidated financial statements.

GREAT LAKES HYDRO INCOME FUND

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For the Three Months Ended March 31, 2009 as if the transaction had occurred on January 1, 2009

thousands of CDN dollars, except per trust unit amounts	Great Lakes Hydro Income Fund	Pro Forma Adjustments Acquired Companies	Pro Forma Adjustments GLPHC January 1 to February 3, 2009	Pro Forma Adjustments Restructuring of Related Party Balances	Pro Forma Adjustments Offering and Acquisition	Pro Forma Adjustments NOTE 4	Consolidated Pro Forma
Revenues	57,981	27,196	2,984		20,761	F, J	108,922
Expenses							
Operating and maintenance	13,222	5,339	896		1,675	F,I	21,132
Current taxes	286	1,001	—		(102)		1,185
Selling and administrative expenses	1,128	—	—		—		1,128
	43,345	20,856	2,088	—	19,188		85,477
Interest and financing fees	12,881	21,341	1,714	(12,861)	2,978	F, K	26,053
Interest on due to holder of non-controlling interest	673	—	—		—		673
Income before non-cash items	29,791	(485)	374	12,861	16,210		58,751
Depreciation and amortization	13,109	3,102	2,253		9,111	F, G	27,575
Amortization of fair value debt discount	—	—	503		—	F	503
Other	—	—	42		—	F	42
Power purchase agreement amortization	—	—	(74)		(7,775)	F, H	(7,849)
Future taxes (recovery)	(433)	(1,705)	(187)		6,181	F	3,856
Non-controlling interest	(160)	—	(1,084)		—	F	(1,244)
Net income (loss)	17,275	(1,882)	(1,079)	12,861	8,693		35,868
Net income per trust unit							
Basic income per trust unit	0.31					L	0.33
Diluted income per trust unit	0.29					L	0.32
Average number of trust units outstanding (000s)							
Basic	53,594					L	104,719
Diluted	57,656					L	108,781

See accompanying notes to the unaudited pro forma consolidated financial statements.

GREAT LAKES HYDRO INCOME FUND

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For the year ended December 31, 2008 as if the transaction occurred on January 1, 2008

thousands of CDN dollars, except per trust unit amounts	Great Lakes Hydro Income Fund	Prince Wind & Pingston Hydro Pro Forma Adjustments	Pro Forma Adjustments Acquired Companies	Pro Forma Adjustments Restructuring of Related Party Balances	Pro Forma Adjustments Offering and Acquisition	Pro Forma Adjustments NOTE 4	Consolidated Pro Forma
Revenues	195,734	47,518	112,349		85,313	J	440,914
Expenses							
Operating and maintenance	50,285	12,990	26,020		6,700	I	95,995
Current taxes	359	–	(1,403)		(408)		(1,452)
Selling and administrative expenses	2,968	–	–		–		2,968
	142,122	34,528	87,732	–	79,021		343,403
Interest and financing fees	39,320	19,121	89,065	(54,892)	11,910	K	104,524
Interest on due to holder of non-controlling interest	2,730	–	–		–		2,730
Income before non-cash and unusual items	100,072	15,407	(1,333)	54,892	67,111		236,149
Unusual item – Contract amendment	–	–	–		349,000	J	349,000
Income before non-cash items	100,072	15,407	(1,333)	54,892	(281,889)		(112,851)
Depreciation and amortization	33,123	25,293	10,689		36,444	G	105,549
Amortization of fair value debt discount	–	6,585	–		–		6,585
Power purchase agreement amortization	–	(1,120)	–		(31,101)	H	(32,221)
Other	208	570	50		–		828
Future taxes (recovery)	6,575	(4,265)	(4,366)		(86,325)		(88,381)
Non-controlling interest	820	(5,840)	–		–		(5,020)
Net income (loss)	59,346	(5,816)	(7,706)	54,892	(200,907)		(100,191)
Net income (loss) per trust unit							
Basic income (loss) per trust unit	1.23					L	(1.01)
Diluted income (loss) per trust unit	1.23					L	(1.01)
Average number of trust units outstanding (in 000s)							
Basic	48,276					L	104,719
Diluted	48,276					L	104,719

See accompanying notes to the unaudited pro forma consolidated financial statements.

GREAT LAKES HYDRO INCOME FUND

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
As at and for the Three Months Ended March 31, 2009 and for the Year Ended December 31, 2008

(Thousands of Canadian Dollars, except per trust unit amounts)

1. NATURE AND DESCRIPTION OF THE FUND

Great Lakes Hydro Income Fund (the "Fund") was established under the laws of the Province of Québec pursuant to a Declaration of Trust on September 14, 1999, as amended, as an unincorporated open-ended trust. The Fund commenced its operation on November 18, 1999 through its wholly-owned trust, Great Lakes Power Trust ("GLPT"). GLPT owns: through its exclusive participation in Lièvre Power L.P. ("LPLP"), Lièvre River Power which consists of four hydroelectric generating stations located on the Lièvre River in the Province of Québec and its wholly-owned corporation Lièvre Power Financing Corporation; through its wholly-owned trust, Powell River Energy Trust, a 50% economic interest in Powell River Energy Inc. which owns two hydroelectric generating stations located on the Powell and Lois Lakes in British Columbia; through its wholly-owned trust, GNE Trust, Great Lakes Hydro America, LLC which consists of six hydroelectric generating stations and 11 water storage dams located on the Penobscot River in Maine, one hydroelectric generating station located on the Moose River in Maine, and eight hydroelectric stations located on the Androscoggin River in New Hampshire; through its wholly-owned trust, Mississagi Power Trust ("MPT"), Mississagi Power which consists of four hydroelectric generating stations and four water storage dams located on the Mississagi River in Ontario; through its exclusive participation in Carmichael Limited Partnership, Carmichael which operates one hydroelectric generating station located on the Groundhog River also in Ontario; and since February 4, 2009, a 49.9% interest in Great Lakes Power Holding Corporation ("GLPHC"), the owner of the 189 MW Prince Wind farm, located northwest of Sault Ste. Marie, Ontario, and of a 50% joint venture interest in the Pingston Hydro station, a three-unit 45 MW, run-of-river hydroelectric generating station located in British Columbia.

The accompanying unaudited pro forma consolidated financial statements have been prepared in connection with the anticipated acquisition of the generation and investment division of Great Lakes Power Limited ("GLPL"), Hydro-Pontiac Inc. ("Hydro-Pontiac"), Valerie Falls Limited Partnership ("Valerie Falls") and the Gosfield Wind Group (as defined below) and represent the financial position and results of operations of these acquisitions and the related financing as described in note 4. The details of the acquisition are provided below in note 2.

The Gosfield Wind Group includes i) 2194599 Ontario Limited and 2184019 Ontario Limited which together own all of the partnership units in Gosfield Wind General Partnership, and ii) 2184021 Ontario Limited, which holds the limited partnership interest in Gosfield Wind Limited Partnership.

2. BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated financial statements ("the Fund's pro forma statements") as at March 31, 2009 and for the three month period ended March 31, 2009 and the year ended December 31, 2008 have been prepared by management of the Fund for inclusion in the short form prospectus of the Fund dated July 16, 2009. As part of the transaction, the Fund will acquire the Gosfield Wind Group, which owns the 50 MW soon-to-be-constructed Gosfield wind project, and GLPL, which consists of 12 hydroelectric generating stations located in Northern Ontario with an installed capacity of 349 MW. Prior to the closing of the transaction, GLPL will sell its distribution and transmission divisions and will acquire 100% of Valerie Falls and Hydro-Pontiac. Valerie Falls consists of a single facility located in Ontario with an installed capacity of 10 MW, while Hydro-Pontiac owns two hydroelectric facilities located in Québec with a total capacity of 28 MW. The Fund's pro forma statements reflect its 100% indirect ownership of GLPL, Hydro-Pontiac, Valerie Falls and the Gosfield Wind Group (referred to as the "acquired companies").

The Fund's unaudited pro forma consolidated balance sheet has been prepared assuming the acquisitions described above and related financing had occurred on March 31, 2009. The Fund's unaudited pro forma consolidated statements of income for the three months ended March 31, 2009 and the year ended December 31, 2008 have been prepared assuming that the acquisitions and related financing had occurred on January 1, 2009 and January 1, 2008, respectively, except that the unusual item – contract amendment payment, is only reflected on the unaudited pro forma consolidated statement of income for the year ended December 31, 2008. The pro forma adjustments are described in note 4 and are based upon currently available information and assumptions that are factually supportable.

GREAT LAKES HYDRO INCOME FUND

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
As at and for the Three Months Ended March 31, 2009 and for the Year Ended December 31, 2008

(Thousands of Canadian Dollars, except per trust unit amounts)

On February 4, 2009, the Fund acquired a 49.9% interest in GLPHC. GLPHC was a newly incorporated company which acquired a 50% joint venture interest in Pingston Creek Hydro Group (“Pingston Hydro”), and more than 99.9% of the Prince Wind Group (“Prince Wind”). The Fund’s balance sheet as of March 31, 2009 reflects the Fund’s ownership of GLPHC as at March 31, 2009. The Fund’s income statement for the three month period ended March 31, 2009 includes the results of GLPHC since the acquisition on February 4, 2009. Pro forma adjustments to reflect the results of operations of GLPHC for the period January 1, 2009 to February 3, 2009 have been included in the unaudited pro forma consolidated income statement for the three month period ended March 31, 2009. The unaudited pro forma consolidated income statement for the year ended December 31, 2008 includes pro forma adjustments for GLPHC as if the acquisition of GLPHC had occurred on January 1, 2008. The pro forma adjustments for December 31, 2008 are the same as those made in the Business Acquisition Report of the Fund filed May 5, 2009.

The Fund’s pro forma statements were prepared using the purchase method of accounting for acquisitions. Actual amounts recorded will depend on a number of factors and may differ materially from those reflected in the Fund’s pro forma statements. The Fund’s pro forma statements are prepared and reported in Canadian dollars in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). All figures are reported in Canadian dollars, unless otherwise noted.

The Fund’s pro forma statements have been prepared using the following information:

i. Audited consolidated financial statements of the Fund for the year ended December 31, 2008;

ii. Audited consolidated financial statements of Hydro-Pontiac for the year ended December 31, 2008;

iii. Audited financial statements of Valerie Falls for the year ended December 31, 2008;

iv. Audited combined financial statements of the Gosfield Wind Group for the year ended December 31, 2008;

v. Audited financial statements of GLPL for the year ended December 31, 2008;

vi. Unaudited consolidated financial statements of the Fund for the three month period ended March 31, 2009;

vii. Unaudited consolidated financial statements of Hydro-Pontiac for the three month period ended March 31, 2009;

viii. Unaudited financial statements of Valerie Falls for the three month period ended March 31, 2009;

ix. Unaudited combined financial statements of the Gosfield Wind Group for the three month period ended March 31, 2009;

x. Unaudited financial statements of GLPL for the three month period ended March 31, 2009;

xi. Business Acquisition Report of the Fund filed May 5, 2009; and

xii. Such other supplementary information as was considered necessary to reflect the acquisitions noted above and their related financing.

The Fund’s pro forma consolidated financial statements have been prepared for informational purposes only. The preparation of these unaudited pro forma consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the Fund’s pro forma statements and the accompanying notes. In the opinion of management, these unaudited pro forma consolidated financial statements reflect all adjustments (which include normal recurring and pro forma adjustments) necessary to fairly state the pro forma results for the periods presented. Underlying assumptions associated with pro forma adjustments made in the preparation of the Fund’s pro forma statements are described in Note 4. The Fund’s pro forma statements are not intended to present or be indicative of the actual consolidated financial position and consolidated results of operations that would have occurred if the transactions for which the Fund is giving pro forma effect had actually occurred on the dates and periods presented nor are they indicative of financial results that may occur in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

The Fund presents its financial statements in accordance with Canadian GAAP. The accounting policies used in the preparation of the Fund's pro forma consolidated financial statements are those set out in the Fund's audited consolidated financial statements for the year ended December 31, 2008 and unaudited consolidated financial statements for the three months ended March 31, 2009. In the opinion of management, these unaudited pro forma consolidated financial statements include all adjustments necessary for fair presentation in accordance with Canadian GAAP.

The Fund's management has reviewed the accounting policies of all proposed acquired companies and believes that they are consistent with the Fund's accounting policies.

4. PRO FORMA ADJUSTMENTS

Adjustments to the balance sheet

A) Issuance of Trust Units

The short form prospectus dated July 16, 2009 prepared by management of the Fund will result in additional trust units being issued before September 30, 2009. The Fund will issue 51,125,000 additional trust units of which 13,320,000 will be issued pursuant to subscription receipts in part in a private placement and 12,242,500 will be issued to the public under a short form prospectus dated July 16, 2009 for consideration of $380 million. A total of 25,562,500, representing 50% of trust units issued in connection with the closing of the transaction will be issued to Brookfield Renewable Power Inc. ("BRPI") as partial satisfaction of the purchase price. The total amount of the trust unit issuance will be $760 million. Transaction fees consist of $13.1 million payable to the underwriters and $2.0 million of issuance costs. Accordingly, net proceeds of $744.9 million will be received by the Fund.

B) Corporate Debt

As part of financing the acquisitions described below, the Fund will issue a $200 million senior unsecured note to BRPI. The note will bear interest at a fixed rate, the initial level of which will be established on closing based on the two-year Government of Canada bond rate plus a margin of 350 basis points. Every six months, until maturity in two years, the margin increases by 75 basis points. The Fund can extend maturity for an additional year for a fee of $1.25 million with an additional increase in the margin of 75 basis points. The average interest rate for the two year term is 5.96% which was the effective interest rate used to calculate the pro forma interest expense adjustment.

C) Proposed Acquisitions

The Fund will indirectly acquire the following entities: GLPL, Valerie Falls, Hydro-Pontiac, as well as the Gosfield Wind Group. The Fund will account for these acquisitions using the purchase method of accounting.

As part of the transaction, BRPI will guarantee to the Fund, with respect to GLPL and Hydro-Pontiac, the price of each MWh of energy produced and delivered by the respective facilities for 20 years at an initial fixed price of $68 per MWh escalated annually at 40% of the increase in the consumer price index ("CPI") of the previous year. The guarantees automatically renew for successive 20-year periods unless both parties agree in writing not to renew. The guarantee pricing is effective for GLPL upon closing of the transaction and for Hydro-Pontiac in 2019 and 2020 when its existing power purchase agreements with third parties expire.

(Thousands of Canadian Dollars, except per trust unit amounts)

As part of the transaction, BRPI and the Fund also agreed to amend the power purchase agreement and guarantee agreement with MPT and LPLP that currently provide for BRPI to purchase the electricity generated by MPT at $59 per MWh, as well as purchase electricity generated by LPLP at $40 per MWh for the first 1,065,000 MWh generated annually and $32 per MWh for excess generation. These prices were adjusted annually for 20% of CPI increases of the previous year for MPT, and for the lesser of 40% of CPI increases of the previous year for LPLP or 3%. Under the amended guarantee agreements, BRPI will purchase the electricity generated by MPT and LPLP at $68 per MWh, effective on closing of the transaction, with the same annual adjustments for the balance of the term of the original guarantee agreements (approximately 12 years for MPT and 10 years for LPLP).

The actual calculation and allocation of the purchase price for the acquisitions will be based on the fair value of the assets acquired and the liabilities assumed at the effective date of the closing of the acquisition and other information available at that date. Accordingly, the actual allocation of the purchase price of each asset acquired and liability assumed at closing of the transaction will vary from the amounts in the pro forma and the variation may be material. The price of the transaction is $945.0 million plus $3.0 million of transaction fees, which is consistent with the valuation range of the formal valuation. The fair value of the assets acquired and the liabilities assumed was reviewed by an independent valuator who issued a formal valuation pursuant to MI 61-101. The difference between the carrying value and the fair value of the net assets was allocated to the power generating assets (“PGAs”). This resulted in the value of the PGAs being $2,685 million.

The preliminary purchase price allocation in the pro forma financial statements is as follows:

$CDN thousands		
Cash		5,176
Accounts receivable and due from related parties		16,935
Power generating assets	2,685,376	
Guarantee agreements	(1,238,157)	
Power generating assets, net of guarantee agreements liability		1,447,219
Contract amendment payment		349,000
Other assets and due from related parties		1,635
Payables and due to related parties		(22,409)
Future income tax liability		(392,716)
Assumed debt		(456,840)
Total purchase price		948,000

The guarantee agreements and the power purchase agreements of the acquired companies are valued by comparing estimated future market prices of electricity to the future prices in accordance with the terms of the agreements, and discounting the difference with an appropriate discount rate. Since estimated future electricity market prices are higher than the future agreement prices, a negative fair value of $1,238.2 million was recorded as a liability.

D) Distributions

The unaudited pro forma consolidated balance sheet reflects an additional 51,125,000 trust units issued as of March 31, 2009. Accordingly, an additional distribution payable to unitholders on record as of March 31, 2009 of $5.3 million is reflected on the unaudited pro forma consolidated balance sheet as of March 31, 2009.

E) Related Party Balances

Prior to the transaction, the intercompany receivables and intercompany debts of the acquired companies were restructured. As part of the restructuring, $411.0 million of capital was returned and additional equity of $228.9 million was issued, resulting in a net reduction of equity in the amount of $182.1 million.

Intercompany receivables and payables amongst the Fund and the proposed acquired companies were eliminated upon consolidation.

Adjustments to the income statements

F) GLPHC Results January 1, 2009 to February 3, 2009

The unaudited pro forma consolidated income statement for the three months ended March 31, 2009 includes GLPHC's result for the post acquisition period of February 4, 2009 to March 31, 2009. In order to reflect the results for the full three months ended March 31, 2009, it is necessary to add the pre-acquisition results of GLHPC for the period January 1, 2009 to February 3, 2009 to the unaudited pro forma consolidated income statement. Pro forma adjustments of the results of Prince Wind and Pingston Hydro for the period of January 1, 2009 to February 3, 2009 are made plus the pro forma adjustments that would have been required if GLPHC had acquired Prince Wind and Pingston Hydro on January 1, 2008 instead of February 4, 2009. Included in the pro forma income statement for the three months ended March 31, 2009 is a corresponding adjustment to the non-controlling interest of 50.1% of the results of Prince Wind, Pingston Hydro and GLPHC for the period January 1, 2009 to February 3, 2009, a recovery of $1.1 million.

The unaudited pro forma consolidated income statement for 2008 includes the pro forma results of GLPHC filed on May 5, 2009 on SEDAR as part of the business acquisition report necessitated by the acquisition of GLPHC by the Fund.

G) Depreciation

The preliminary valuation of the fair value of the acquired fixed assets is $2,685.4 million, which is an increase of $2,187.1 million compared to historical net book value. This resulted in increased pro forma depreciation expense adjustments of $9.1 million for the three months ended March 31, 2009 and $36.4 million for the year ended December 31, 2008.

Finalization of the fair value of the tangible assets could result in a change in these amounts and the pro forma calculation of depreciation.

H) Guarantee Agreements and Power Purchase Agreements Amortization

The guarantee agreements and the power purchase agreements of the acquired companies are valued by comparing estimated future market prices of electricity to the future prices in accordance with the terms of the agreements and discounting the difference with an appropriate discount rate. Since estimated future electricity market prices are higher than the future agreement prices, a negative fair value of $1,238.2 million was recorded as a liability. The fair value of each agreement is amortized on a straight line basis over its remaining term, plus one renewal term, in cases where the Fund has the option to extend the agreement. Therefore, the amortization periods range between 20 years and 40 years. This results in the recognition of income of $7.8 million for the three months ended March 31, 2009 and $31.1 million for the year ended December 31, 2008, on a pro forma basis.

I) Management Expenses

Incremental management expenses of $6.7 million annually are payable by the Fund to BRPI under a management, operations and maintenance agreement. All expenses are charged on a cost-recovery basis only and do not include a mark-up. This resulted in a pro forma adjustment to management expenses of $1.7 million for the three months ended March 31, 2009 and $6.7 million for the year ended December 31, 2008.

J) Revenue from Guarantee Agreements

As part of the transaction, 20 year guarantee agreements will be signed between GLPL and Hydro-Pontiac and BRPI. The guaranteed price under the agreements will be $68 per MWh following closing, subject to an annual price adjustment of 40% of the previous year's CPI increase beginning January 1, 2010. The guarantee agreements will be effective immediately following closing for GLPL and in 2019 and 2020 for Hydro-Pontiac when its existing third party power purchase agreements have expired.

Also as part of the transaction, BRPI has agreed, effective immediately upon closing of the transaction, to increase the price paid to MPT and LPLP for all energy produced and delivered by the MPT and LPLP facilities to $68 per MWh. MPT's amended guarantee agreement has a remaining term of approximately 12 years and is subject to an annual price adjustment of 20% of the previous year's CPI increase. LPLP's amended guarantee agreement has a remaining term of approximately 10 years and is subject to an annual price adjustment of the lesser of 40% of the previous year's CPI increase or 3%. The portion of the purchase price allocated to the contract amendment for MPT and LPLP is $349 million. The contract amendment payment is charged to income when paid.

The guarantee agreements result in pro forma increases to revenues of $85.3 million in 2008 and $20.8 million for the three month period ended March 31, 2009.

K) Interest expense

As part of financing the acquisitions described above, the Fund will issue a new $200 million senior unsecured note to BRPI. The note bears interest at the two-year Government of Canada bond rate plus a margin of 350 basis points. Every six months until maturity in two years, the margin increases by 75 basis points. The new senior unsecured notes results in increased interest expense of $3.0 million for the three months ended March 31, 2009 and $11.9 million for the year ended December 31, 2008, on a pro forma basis.

In addition, as a result of the elimination of some intercompany balances, as discussed in note 4 E), interest expense associated with these intercompany balances will be eliminated, reducing interest expense by $12.9 million for the three months ended March 31, 2009 and $54.9 million for the year ended December 31, 2008, on a pro forma basis.

L) Earnings per trust unit

For the calculation of the pro forma basic earnings per trust unit for the Fund for the three months ended March 31, 2009 and the year ended December 31, 2008, an additional 51,125,000 trust units were considered outstanding for a total of 104,718,976 trust units.

Trust Units	Number of Trust Units	$ 000s
Balance at December 31, 2008	48,276,476	573,308
Issued January 6, 2009	5,317,500	85,080
Issuance costs January 6, 2009		(4,829)
New issue	51,125,000	760,151
Issuance costs, new issue		(15,146)
Pro forma balance December 31, 2008 and March 31, 2009	104,718,976	1,398,564

The exchangeable shares in GLPHC were considered in the calculation of net income per trust unit for the three months ended March 31, 2009 on a diluted basis as the effects of the exchange would be dilutive. The exchangeable shares are exchangeable for 4,062,500 GLHIF trust units, making the number of outstanding trust units equal to 108,781,476 on a fully-diluted basis.

Financial Statements

GREAT LAKES POWER LIMITED GENERATION AND INVESTMENT
A Division of Great Lakes Power Limited
December 31, 2008

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AUDITORS' REPORT

To the Directors of
Great Lakes Power Limited

We have audited the balance sheet of Great Lakes Power Limited Generation and Investment (the "Company") as at December 31, 2008 and the statements of (loss) income and comprehensive (loss) income, deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

(Signed) Deloitte & Touche LLP
Chartered Accountants
Licensed Public Accountants

Ottawa, Ontario
June 10, 2009

GREAT LAKES POWER LIMITED GENERATION AND INVESTMENT
A Division of Great Lakes Power Limited

BALANCE SHEET
As at December 31

thousands of CDN dollars	Notes	**2008**	2007
Assets			
Current assets			
Cash		**$ 1,960**	$ 5,554
Accounts receivable		**12,662**	20,152
Due from related parties	5	**161,579**	130,226
Prepaid expenses and other		**1,035**	979
		177,236	156,911
Due from related party	5	**404,289**	331,072
Property, plant and equipment	6	**423,155**	423,484
		$1,004,680	$ 911,467
Liabilities and Capital Account			
Current liabilities			
Accounts and other payables		**$ 13,294**	$ 30,278
Due to related parties	5	**115,164**	23,994
		128,458	54,272
Due to related party	5	**235,675**	547,825
First mortgage bonds	7	**375,923**	380,042
Future income taxes	10	**36,342**	40,962
Capital securities	14	**550,000**	800,000
		1,326,398	1,823,101
Shareholder's deficit:			
Common shares	15,9	**612,524**	12,512
Deficit		**(934,242)**	(924,146)
		$1,004,680	$ 911,467

See accompanying notes to the financial statements.

Approved on behalf of Great Lakes Power Limited:

Harry A. Goldgut
Director

Edward C. Kress
Director

GREAT LAKES POWER LIMITED GENERATION AND INVESTMENT
A Division of Great Lakes Power Limited

STATEMENT OF DEFICIT
Years ended December 31

thousands of CDN dollars	**2008**	2007
Deficit, beginning of year	**$(924,146)**	$(944,905)
Transitional adjustment	**–**	918
Net (loss) income	**(10,096)**	19,841
Deficit, end of year	**$(934,242)**	$(924,146)

See accompanying notes to the financial statements.

GREAT LAKES POWER LIMITED GENERATION AND INVESTMENT
A Division of Great Lakes Power Limited

STATEMENT OF (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME
Years ended December 31

thousands of CDN dollars	Notes	**2008**	2007
Revenues		**$ 89,975**	$ 63,708
Operating expenses			
Operating, maintenance and administration		**21,254**	18,415
Depreciation		**8,636**	9,144
		60,085	36,149
Other expenses			
Interest expense		**26,729**	28,135
Interest on capital securities	14	**68,100**	–
Loss on disposal of property, plant and equipment		**50**	–
Interest income	5	**(18,203)**	(10,497)
Other income		**(26)**	(1,340)
Net (loss) income before taxes		**(16,565)**	19,851
Recovery of current income taxes	10	**(1,849)**	–
(Recovery of) provision for future income taxes	10	**(4,620)**	10
		(6,469)	10
Net (loss) income and comprehensive (loss) income		**$(10,096)**	$ 19,841

See accompanying notes to the financial statements.

GREAT LAKES POWER LIMITED GENERATION AND INVESTMENT
A Division of Great Lakes Power Limited

STATEMENT OF CASH FLOWS
Years ended December 31

thousands of CDN dollars	Notes	**2008**	2007
Operating activities			
Net (loss) income		**$ (10,096)**	$ 19,841
Items not affecting cash			
Depreciation		**8,636**	9,144
Non-cash interest expense	7,14	**68,231**	122
Future income taxes		**(4,620)**	10
Loss on disposal of property, plant and equipment		**50**	–
Net change in non-cash working capital	9	**(9,810)**	5,709
		52,391	34,826
Investing activities			
Due from related parties		**59,899**	(15,619)
Additions to property, plant and equipment	9	**(8,097)**	(14,111)
		51,802	(29,730)
Financing activities			
Long-term debt conversion		**(4,250)**	–
Due from related parties		**(103,537)**	(5,619)
		(107,787)	(5,619)
Decrease in cash		**(3,594)**	(523)
Cash, beginning of year		**5,554**	6,077
Cash, end of year		**$ 1,960**	$ 5,554
Supplementary information			
Interest paid during the year		**$ 26,394**	$ 26,394
Income taxes paid during the year		**–**	–

See accompanying notes to the financial statements.

(in thousands of CDN dollars, except where otherwise stated)

1. NATURE AND DESCRIPTION OF BUSINESS

Great Lakes Power Limited Generation and Investment (the "Division") consists of Great Lakes Power Limited ("GLPL"), which is wholly owned by Brookfield Renewable Power Inc. ("BRPI"), excluding the net assets of the Distribution and Transmission Divisions.

The Division is engaged in developing, generating and selling electricity at rates determined in the Ontario electricity market. These divisional financial statements do not include all of the assets, liabilities, revenues and expenses of GLPL. Consolidated financial statements of GLPL have been prepared for issuance to the shareholder and have been reported on by its auditors.

These financial statements have been derived from the consolidated financial statements and accounting records of GLPL using historical results of operations and historical basis of assets and liabilities of the Division. Management believes the assumptions underlying the financial statements are reasonable. However, the financial statements included herein may not necessarily reflect the results of operations, financial position and cash flows of the Division had it been a stand-alone entity during the years presented.

The Division's income taxes are calculated on a separate tax return basis. However, GLPL manages its tax position for the benefit of its business as a whole, and its tax strategies are not necessarily reflective of the tax strategies that the Division would have followed as a stand-alone entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All inter-division transactions and balances have been eliminated.

The significant accounting policies are summarized below:

Property, plant and equipment

Property, plant and equipment are carried at cost, including costs of acquisition incurred by the Division and its parent, less accumulated depreciation. The cost of the property, plant and equipment is depreciated over the estimated service lives of the assets as follows:

	Method	Rate
Dams	Straight-line	40 to 60 years
Hydroelectric generating stations	Straight-line	40 to 60 years
Equipment	Straight-line	5 to 60 years

Construction work in progress is not depreciated until the assets are put into service.

Impairment of long-lived assets

The Division reviews long-lived assets for other than temporary impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. The determination of whether impairment has occurred is based on an estimate of undiscounted cash flows attributable to the assets, as compared to the carrying value of the assets. Should an asset be considered to be impaired, an impairment loss is recognized in an amount equal to the excess of the asset's carrying value over its fair value.

Revenue recognition

Revenue for the Division is recognized upon delivery at rates determined in the Ontario electricity market.

Income taxes

The Division uses the asset and liability method in accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and measured using the enacted, or substantively enacted, tax rates and laws that will be in effect when the differences are expected to reverse, taking into account the organization of the Division's financial affairs and its impact on taxable income and tax losses.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. During the years presented, management has made a number of estimates and valuation assumptions including accruals, depreciation and those relevant to the defined benefit pension plans. 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.

Deferred financing fees

Financing costs associated with the offering of the First mortgage bonds are capitalized, netted against the First mortgage bonds, and amortized over the term of the bonds using the effective interest method.

Pension benefits and employee future benefits

The costs of retirement benefits for the defined benefit pension plans and post-employment benefits are recognized as the benefits are earned by the employees. The Division uses the projected benefit method pro-rated on length of service and management's best estimate assumptions to value its pension and other retirement benefits. Assets are valued at fair value for the purpose of calculating the expected return on plan assets. Past service costs resulting from plan amendments have been amortized on a linear basis over the average remaining service period of active members expected to receive benefits under the plans. Cumulative gains and losses in excess of 10% of the greater of the accrued benefit obligation and the market value of plan assets are amortized over the average remaining service period of active members expected to receive benefits under the plans. The average remaining service life under the defined benefit pension plans as at December 31, 2008 varies from 12.0 to 16.0 years (2007 – 12.0 to 16.0 years). The average remaining service life under the post-employment benefit plans as at December 31, 2008 is 17.0 years (2007 – 17.0 years).

3. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2008, the Division adopted the following new accounting standards for Canadian GAAP. The new accounting standards have been applied prospectively and the comparative financial statements have not been restated.

Financial Instruments – Disclosures and Presentation, Handbook sections 3862 and 3863

These sections, which replace Handbook section 3861, revise and enhance disclosure requirements surrounding financial instruments, while carrying forward presentation items unchanged. They place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments to which the Division is exposed and how the Division manages those risks. Refer to note 12 for relevant disclosure.

Capital Management, Handbook Section 1535

This section establishes standards for disclosing information about the Division's capital and how it is managed. The standard requires disclosures of the Division's objectives, policies and processes for managing capital, the quantitative data about what the Division regards as capital, whether the Division has complied with all capital requirements and if it has not complied, the consequences of such non-compliance. Refer to note 13 for relevant disclosure.

4. FUTURE ACCOUNTING POLICY CHANGES

Adoption of International Financial Reporting Standards ("IFRS")

The Canadian Institute of Chartered Accountants ("CICA") plans to converge Canadian GAAP with IFRS over a transition period expected to end in 2011. While the Division has not completed its quantification of the effects of adopting IFRS in detail, a high level IFRS implementation plan has been developed and an assessment of the financial statement impact of the accounting standard differences is currently in progress. Based on the analysis to date, the most significant differences for the Division are anticipated to be related to power generating assets, financial instruments, income taxes, and financial statement disclosure.

Business Combinations

In January 2009, the CICA issued new Section 1582, *Business Combinations*, replacing Section 1581, *Business Combinations*. New Section 1582 establishes standards for the accounting for a business combination. It provides the Canadian equivalent to the IFRS standard, IFRS 3 (Revised), *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier application is permitted. The adoption of this new standard is not expected to have a material impact on the Division's financial statements.

Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the CICA issued new Sections 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*, which together replace Section 1600, *Consolidated Financial Statements*. New Section 1601 establishes standards for the preparation of consolidated financial statements. New Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, International Accounting Standard ("IAS") 27 (Revised), *Consolidated and Separate Financial Statements*. The sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. The adoption of these new standards is not expected to have a material impact on the Division's financial statements.

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, *Goodwill and Intangible Assets*, replacing Handbook Sections 3062, *Goodwill and Other Intangible Assets* and 3450, *Research and Development Costs*. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangibles by profit-oriented enterprises. The new section will be applicable to the Division's financial statements beginning January 1, 2009. The adoption of this new standard is not expected to have a material impact on the Division's financial statements.

(in thousands of CDN dollars, except where otherwise stated)

5. RELATED PARTY TRANSACTIONS

The following table summarizes related party transactions for the year:

	2008	2007
Revenues		
Interest income – BRPI	**$ 9,022**	$ 2,037
Interest income – BEMI	**7,707**	7,015
Interest income – other GLPL divisions	**1,281**	1,281
	$18,010	$10,333

The following is a summary of related party balances recorded in current and long-term assets and liabilities at December 31:

		2008	2007
Due from related parties:			
Current:			
BEMI	(a)	**$ 85,407**	$ 77,840
Other GLPL divisions	(b)	**63,107**	47,822
BRPI	(d)	**8,664**	764
Other entities under common control	(e)	**4,401**	3,800
		$161,579	$130,226
Long-term:			
Due from TBI	(f)	**$404,289**	$331,072
Due to related parties:			
Current:			
Other GLPL divisions	(b)	**$ 91,170**	$ –
Other entity under common control	(e)	**23,994**	23,994
		$115,164	$ 23,994
Long-term:			
Net funds payable to BRPI	(c)	**$235,675**	$547,825

(a) In 2006, the Division converted $65,000 of a related party receivable from Brookfield Energy Marketing Inc. ("BEMI") into a demand loan. This loan was unsecured, bearing an interest rate of 11% per annum and was due upon demand. During 2008, the demand loan agreement was replaced with another demand loan agreement bearing an interest rate of 10% and was due upon demand, and subsequently expired on December 31, 2008. During 2008, the Division received $7,707 (2007 – $7,015) of interest income on the demand loan. At December 31, 2008, the related party receivables from BEMI (including the former demand loan of $65,000) continue to be unsecured, non-interest bearing, and due on demand and therefore, have been included in current due from related parties.

(b) The Division has provided advances to and received advances from other divisions of GLPL. With the exception of an advance of $20,500, which bears interest at 6.25%, these advances are non-interest bearing and are due on demand. During 2008, the Division received $1,281 (2007 – $1,281) of interest income on the advance. The balances receivable/payable have been included in current due from/to related parties.

(c) The Division holds deposits and payables with BRPI in Canadian and US dollars. They include both funds on deposit and payable to BRPI, and are presented net given the Division's intention and ability to settle these balances on a net basis. The Canadian demand deposits of $116,765 (2007 – $12,985) are unsecured and earn interest at a rate of 10% (2007 – 10%). The US payables totaling $402,228 (2007 – $328,930) are unsecured and non-interest bearing. The remaining balance due from BRPI is receivable in Canadian dollars, is non-secured and non-interest bearing, and was received in the normal course of operations. The net payable due to BRPI of $235,675 (2007 – $547,825) has been included in long-term due to related party.

(in thousands of CDN dollars, except where otherwise stated)

(d) During 2008, the Division received $9,022 (2007 – $2,037) of interest income on the Canadian demand deposits due from BRPI, of which $8,664 is receivable from BRPI at December 31, 2008 (2007 – $764). The balance receivable has been included in current due from related parties.

(e) The Division has also provided advances to and received advances from entities under common control in the normal course of operations. These advances are non-interest bearing and are due on demand. The balances receivable/payable have been included in current due from/to related parties.

(f) As at December 31, 2008, the Division has a long-term receivable from Trilon Bancorp Inc. (“TBI”), a wholly owned subsidiary of Brookfield Asset Management (“BAM”), GLPL’s ultimate parent, in the amount of $404,289 (2007 – $331,072). No terms and conditions of repayment have been established between the related parties. The balance has been included in due from related party.

(g) In the normal course of operations, Riskcorp Inc., a broker division affiliated with BAM, entered into transactions with GLPL to provide insurance. These transactions have been measured at exchange value. The total cost allocated to the Division in 2008 for these services was $1,229 (2007 – $1,621) of which $nil is payable at December 31, 2008 (2007 – $nil).

6. PROPERTY, PLANT AND EQUIPMENT

	2008		
	Cost	**Accumulated Depreciation**	**Net Book Value**
Land	**$ 276**	**$ –**	**$ 276**
Dams	**50,013**	**19,488**	**30,525**
Hydroelectric generating stations	**481,341**	**102,911**	**378,430**
Equipment	**4,510**	**3,762**	**748**
Construction work in progress	**13,176**	**–**	**13,176**
	$549,316	**$126,161**	**$423,155**

During 2008, the Division disposed of minor components of hydroelectric generating stations with a cost of $95 and accumulated depreciation of $45.

	2007		
	Cost	Accumulated Depreciation	Net Book Value
Land	$ 276	$ –	$ 276
Dams	50,013	18,298	31,715
Hydroelectric generating stations	474,940	95,742	379,198
Equipment	4,510	3,530	980
Construction work in progress	11,315	–	11,315
	$541,054	$117,570	$423,484

All assets above are security for the First Mortgage Bonds (note 7).

7. FIRST MORTGAGE BONDS

The principal amount of the Series 2 First mortgage bonds (“Series 2 Senior Bonds”) and the Subordinated First mortgage bonds (“Series 2 Subordinated Bonds”, together “First Mortgage Bonds”) are $264,000 and $115,000, respectively. The First Mortgage Bonds are secured by a charge on present and future real property generation assets of the Division.

(in thousands of CDN dollars, except where otherwise stated)

The Series 2 Senior Bonds bear interest at the rate of 6.60%. Semi-annual payments of interest only are due and payable on June and December 16 each year until and including June 16, 2013. Equal blended semi-annual payments of principal and interest on the First Mortgage Bonds will commence on December 16, 2013 and will continue until and including June 16, 2023. The Series 2 Senior Bonds will not be fully amortized by their maturity date. The remaining principal balance of the Series 2 Senior Bonds will be repaid in full on June 16, 2023.

The Series 2 Subordinated Bonds bear interest at the rate of 7.80% and are due on June 16, 2023.

The fair market value of the First Mortgage Bonds is $369,839 (2007 – $428,678) based on current market prices for debt with similar terms and risks.

On behalf of the Division, BRPI obtained letters of credit totaling $19,005 to cover ten and six months of interest payments on the Series 2 Senior Bonds and the Series 2 Subordinated Bonds, respectively. No amounts have been drawn against these letters of credit.

	2008	2007
Series 2 Senior Bonds	**$264,000**	$268,250
Series 2 Subordinated Bonds	**115,000**	115,000
Less unamortized deferred financing fees	**(3,077)**	(3,208)
	$375,923	$380,042

Amortization of deferred financing fees for the year related to the Division's long-term debt is included in interest expense and totalled $131 (2007 – $122).

8. PENSION AND EMPLOYEE FUTURE BENEFITS

Description of benefit plans

GLPL is part of a multiemployer registered defined benefit, final pay pension plan and an unfunded non-pension benefit plan (the "Plans"). The non-pension plan includes benefits such as health and dental care, retirement bonuses and life insurance. The obligation under these plans is determined periodically through the preparation of actuarial valuations. The investment rate of return was 6.75% (2007 – 6.75%). The discount rate used was 5.50% (2007 – 5.25%) with a rate of compensation increase of 3.50% (2007 – 3.50%). The benefit plan contribution allocated to the Division for 2008 was $1,021 (2007 – $977).

	2008		2007	
	Defined Benefit Pension Plan	**Non-Pension Benefits Plan**	Defined Benefit Pension Plan	Non-Pension Benefits Plan
Weighted average assumptions				
Benefit obligation				
Discount rate	**7.50%**	**7.50%**	5.50%	5.50%
Rate of compensation increase	**3.50%**	**3.50%**	3.50%	3.50%
Initial health care trend rate	**–**	**5.67%**	–	5.91%
Ultimate trend rate	**–**	**4.27%**	–	4.27%
Year ultimate rate reached	**–**	**2014**	–	2016

(in thousands of CDN dollars, except where otherwise stated)

	2008		2007	
	Defined Benefit Pension Plan	**Non-Pension Benefits Plan**	Defined Benefit Pension Plan	Non-Pension Benefits Plan
Benefit expense				
Discount rate	**5.50%**	**5.50%**	5.25%	5.25%
Long-term rate of return on plan assets	**6.75%**	**–**	6.75%	–
Rate of compensation increase	**3.50%**	**3.50%**	3.50%	3.50%
Initial health care trend rate	**–**	**5.92%**	–	6.47%
Ultimate trend rate	**–**	**4.24%**	–	4.24%
Year ultimate rate reached	**–**	**2014**	–	2016
Accrued benefit obligations				
Balance, beginning of year	**$24,930**	**$ 3,269**	$24,326	$ 3,020
Current service cost	**455**	**128**	480	132
Interest cost	**1,375**	**184**	1,320	173
Employee contributions	**189**	**–**	186	–
Net benefit payments	**(1,187)**	**(102)**	(1,231)	(112)
Actuarial (gain) loss	**(5,825)**	**(1,107)**	(151)	56
Balance, end of year	**$19,937**	**$ 2,372**	$24,930	$ 3,269
Fair value plan assets				
Balance, beginning of year	**$24,538**	**$ –**	$23,411	$ –
Employer contributions	**730**	**102**	1,175	112
Employee contributions	**189**	**–**	186	–
Actual return on plan assets	**(4,221)**	**–**	997	–
Benefits paid	**(1,187)**	**(102)**	(1,231)	(112)
Balance, end of year	**$20,049**	**$ –**	$24,538	$ –
Reconciliation of accrued benefit liability				
Plan (deficit) surplus	**$ 112**	**$(2,372)**	$ (392)	$(3,269)
Unamortized transitional obligation	**1,402**	**1,388**	1,659	1,586
Unamortized net actuarial loss (gain)	**1,301**	**(1,519)**	1,256	(565)
Valuation allowance	**(64)**	**–**	(114)	–
Accrued benefit asset (liability)	**$ 2,751**	**$(2,503)**	$ 2,409	$(2,248)
Expense				
Current service costs	**$ 455**	**$ 128**	$ 480	$ 132
Interest cost	**1,375**	**184**	1,320	173
Actual return on plan assets	**4,221**	**–**	(997)	–
Actuarial (gain) loss	**(5,825)**	**(1,107)**	(151)	56
Costs arising in the period	**226**	**(795)**	652	361
Differences between costs arising in the period and costs recognized in the period in respect of:				
Actuarial gain (loss)	**5,825**	**1,093**	151	(62)
Return on plan assets	**(5,870)**	**–**	(588)	–
Transitional obligation	**257**	**198**	257	198
Increase in valuation allowance provided against accrued benefit asset	**(49)**	**–**	11	–
Net expense	**$ 389**	**$ 496**	$ 483	$ 497

(in thousands of CDN dollars, except where otherwise stated)

Actuarial valuations

Actuarial valuations for the pension and non-pension benefit plans are required every three years. The dates of the most recent actuarial valuations for the pension and non-pension benefit plans ranged from June 1, 2006 to December 31, 2006. GLPL measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year. These valuations include an indexation of pension payments of 2.50% per year (2007 – 2.00% per year). GLPL may choose to perform valuations for these plans prior to the earliest required dates.

Sensitivity analysis

The Division's sensitivity in the non-pension benefit plan to a 1% change in the health care cost trend rate, for the year ended December 31, 2008, is summarized as follows:

	Benefit Obligation	Benefit Expense
Impact of a 1% increase in health care cost trend rate	$ 454	$ 80
Impact of a 1% decrease in health care cost trend rate	$(357)	$(58)

Asset category

GLPL's defined benefit pension plan asset allocations at December 31, by asset category are as follows:

	2008	2007
Equity securities	**59%**	60%
Debt securities	**41%**	40%
Total	**100%**	100%

Cash payments

All employer contributions were fully paid during the year and as such, no balance owing remains outstanding as at year-end.

9. STATEMENT OF CASH FLOWS

The net change in non-cash working capital is comprised of:

	2008	2007
Accounts receivable	**$ 7,490**	$ (6,526)
Prepaid expenses and other	**(56)**	482
Accounts and other payables	**(17,244)**	11,753
	$ (9,810)	$ 5,709

Capital asset additions totaling $1,073 which were included in accruals at December 31, 2007, have been included in the statement of cash flows for 2008, as they resulted in a cash outflow during the period. Similarly, capital asset additions totaling $1,333 included in accruals at December 31, 2008, have been excluded from the statement of cash flows for 2008, as they did not result in a cash outflow during the year.

Also, a total of $600,012 has been excluded from the 2008 statement of cash flows as non-cash transactions in relation to the issuance of common shares. Common shares in the amounts of $250,000 and $350,012 were issued to redeem capital securities and to settle interest payable on the capital securities, respectively.

(in thousands of CDN dollars, except where otherwise stated)

10. INCOME TAXES

As these financial statements report the results for the Division, the amounts presented for current income taxes represent the amounts that would be payable if the Division was a separate corporate entity.

The provision for income taxes in the statement of income and comprehensive income represents an effective tax rate different than the Canadian statutory rate of 31.50% (2007 – 34.12%). The differences are as follows:

	2008	2007
Net (loss) income before income taxes	**$(16,565)**	$19,851
Permanent differences	**(429)**	(182)
	(16,994)	19,669
Computed income tax (recovery) expense at Canadian statutory rate	**(5,353)**	6,711
Decrease resulting from:		
Difference between statutory rate vs. future rate	**–**	(1,400)
Impact of future rate change on future income tax liability	**770**	(5,284)
Other	**(1,886)**	(17)
Income tax (recovery) expense	**$ (6,469)**	$ 10

	2008	2007
Future income tax liabilities		
CCA in excess of book depreciation	**$45,581**	$44,456
Non-capital losses	**(9,239)**	(3,494)
	$36,342	$40,962

The Division's future income tax liability of $36,342 (2007 – $40,962) is comprised principally of temporary differences relating to power generating assets and other reserves, net of unused non-capital losses, which total $34,218 (2007 – $12,938), expiring in 2026 and thereafter.

11. COMMITMENTS, CONTINGENCIES AND GUARANTEES

In the normal course of operations, the Division executes agreements that provide for indemnification and guarantees to third parties in transactions such as debt issuances. The nature of substantially all of the indemnification undertakings prevents the Division from making a reasonable estimate of the maximum potential amount the Division could be required to pay third parties as 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, the Division has not made significant payments under such indemnification agreements.

The Division operates under various commitments and leases for water rights, which extend to, or are renewable over, various terms through the year 2022, with payments tied to the generation of the related facilities.

The Division may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the ordinary course of business that the Division believes would not reasonably be expected to have a material adverse effect on the financial condition of the Division.

The Division has asset retirement obligations associated with its generation assets. The retirement date for these assets cannot be reasonably estimated and therefore the fair value of the associated liability cannot be determined at this time. As a result, no liability has been accrued in these financial statements.

12. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification. All financial instruments are classified into one of five categories: held-for-trading, loans and receivables, other financial liabilities, held-to-maturity investments or available-for-sale financial assets.

Held-for-trading financial instruments are financial assets and financial liabilities typically acquired with the objective of resale or short-term buyback. The carrying amount is recorded at fair market value determined using market prices. Interest earned and gains and losses incurred are recognized in net income. Cash is designated as a financial asset held-for-trading and is measured at fair value with changes being recorded in net income during each period.

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date, or on demand, usually with interest. Loans and receivables are measured at amortized cost. Accounts receivable and due from related parties are classified as loans and receivables and are measured at fair value at inception, which due to their short-term nature, approximates amortized cost.

Other financial liabilities are promises to repay on specified dates or on demand usually with interest. Accounts and other payables and due to related parties are classified as other financial liabilities and are measured at fair value at inception, which due to their short-term nature, approximate amortized cost. Long-term debt and capital securities are also classified as other financial liabilities. After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method.

Held-to-maturity financial assets have fixed or determinable payments and maturity, and management's intention and ability are to hold to maturity. These financial assets are measured at amortized cost. The Division does not hold any financial assets under this classification.

Available-for-sale instruments are non-derivative financial assets that are designated as available-for-sale or that are not classified as loans and receivables, held-to-maturity investments or held-for-trading financial assets. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. The Division does not hold any financial assets under this classification.

The Division is exposed, in the normal course of business, to a number of financial risks arising from its use of financial instruments. The Division's overall risk management strategy is designed to identify, manage and mitigate these risks to the extent possible.

Credit Risk

The Division is exposed to credit-related losses in the event of non-performance by counterparties. Maximum credit exposure is the carrying value of the financial assets net of any allowances for losses. The Division manages its credit risk by conducting business with a limited number of counterparties, all of whom are creditworthy. Consistent with previous years, the Division does not have any allowances for losses as accounts receivables have been collected in a timely manner. As at December 31, 2008, the Division is exposed to a maximum credit risk of $580,491, of which $14,622 is exposed to non-related counterparties. In addition, as at December 31, 2008, all accounts receivable within the Division remain current.

Liquidity Risk

Liquidity risk is the risk that the Division will not be able to fund all cash outflow commitments as they become due. The Division's asset and liability management allows it to maintain its financial position by providing sufficient liquid assets available to cover its potential funding requirements. The Division has a Treasury group in charge, among other things, of ensuring sound management of available cash resources and financing for all its operations. With senior management oversight, this group manages liquidity through regular monitoring of cash and covenant requirements.

(in thousands of CDN dollars, except where otherwise stated)

As at December 31, 2008, the total outstanding significant contractual obligations are due in the following periods:

thousands of CDN dollars	Less than 1 year	2-5 years	More than 5 years	Total
Principal repayments:				
Series 2 First mortgage bonds	$ –	$ 2,140	$261,860	$264,000
Subordinated First mortgage bonds	–	–	115,000	115,000
Interest payments:				
Series 2 First mortgage bonds	17,424	69,696	149,034	236,154
Subordinated First mortgage bonds	8,970	35,880	85,215	130,065
Total	$26,394	$107,716	$611,109	$745,219

Due to related parties balances have been excluded from the contractual obligation table above, due to their undeterminable repayment terms.

Based on historical cash flows and current financial performance, management believes that the cash flow from the Division's operating activities will continue to provide sufficient liquidity for the Division to satisfy debt service obligations and ensure stable distribution to its shareholder.

Market Risk

Market risk is the risk of loss that results from changes in market factors such as commodity prices, foreign currency exchange rates and interest rates. The level of market risk to which the Division is exposed at any point in time varies depending on market conditions, expectations of future price or market rate movements and composition of the Division's financial assets and liabilities. Based on 2008 generation, a one-percent increase or decrease in the commodity price would have caused a $874 increase or decrease in revenue.

(a) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rate. All of the Division's long-term debt bears fixed interest rates. Consequently, there is no cash flow exposure associated with those instruments.

(b) Currency risk

Currency risk refers to the Canadian dollar value of foreign currency cash flows varying as a result of the movements in exchange rates. The Division, as a Canadian dollar functional currency issuer, conducts all of its business in Canadian dollars, with the exception of a long-term receivable from related party and US dollar payable to related party (see note 5). As at December 31, 2008, a change in the foreign exchange rate of 1 cent ($US to $CAD) causes a variation in net income of $845 on an annual basis. During 2008, a foreign exchange loss of $88 was recognized by the Division and was included in other income on the statement of (loss) income and comprehensive (loss) income. The Division does not actively manage this risk.

(c) Commodity price risk

Commodity price risk refers to the constant fluctuation of the price of power. The Division is exposed to commodity price risk as substantially all of its revenues are sold on the open market to the Independent Electricity System Operator. The Division does not actively manage this risk.

13. CAPITAL MANAGEMENT

The Division's objective when managing its capital structure is to uphold a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. In addition, the Division strives to continue as a going concern, while providing an adequate return to its shareholder. The Division does not have any specific quantitative capital criteria; however, its main objective is to generate stable and sustainable cash flows to meet shareholder distribution requirements.

In the management of capital, the Division includes shareholder's deficit, capital securities and long-term debt in the definition of capital.

The Division manages its capital structure to support its corporate strategy and takes into account changes in economic conditions. In order to maintain a solid capital structure, the Division may issue new debt, issue new debt to replace existing debt (with different characteristics), reduce the amount of existing debt or modify the level of capital expenditures. Management monitors and reviews on a regular basis whether distributions remain adequate.

The Division's strategy with respect to debt has been to leverage its assets with property specific borrowings. The long-term debt is non-recourse and includes term loans with fixed interest rates. The level of financing associated with any asset is determined by the risk associated with the asset and the potential variability of the cash flows.

The Division has provided covenants to its lenders to ensure capital requirements are met. Under the trust indenture for such debt, it is conventional for distributions of cash to be prohibited if the loan is in default (notably for non-payment of principal or interest) or if the Division fails to achieve a benchmark debt service coverage ratio, which is the ratio of earnings before extraordinary items, interest, taxes, depreciation and amortization and other non-cash deductions ("EBITDA", a non-GAAP performance indicator) for a specified time period to the aggregate interest and principal paid or required to be paid by the Division on all indebtedness for the same time period. The specified ratio for this covenant is 1.5:1.0. The Division is in compliance with all capital requirements as at December 31, 2008.

There were no changes in the Division's approach to capital management during the year.

14. CAPITAL SECURITIES

The capital securities totaling $550,000 (2007 – $800,000), issued to BRPI, bear an annual interest rate of 11.35% payable quarterly, and mature on June 23, 2023. The capital securities may be redeemed through the issuance of a variable number of common shares at any time. During 2008, $250,000 of capital securities were redeemed through the issuance of 3,576 common shares.

For the year ended December 31, 2008, $68,100 was recorded as interest on capital securities on the statement of (loss) income and comprehensive (loss) income (2007 – $nil). Under a mutual agreement with BRPI, interest charges for the period October 1 to December 31, 2008 were waived. Interest may be paid through the issuance of a variable number of common shares. During 2008, interest payable of $350,012 was paid through the issuance of 5,006 common shares.

15. COMMON SHARES

The Division is authorized to issue 1,000,000 common shares, of which 23,529 (2007 – 14,947) were issued and outstanding as at December 31, 2008. BRPI is the sole shareholder.

16. SUBSEQUENT EVENTS

BRPI has stated its intention to sell its investment in the Division to Great Lakes Power Trust, which is wholly owned by the Great Lakes Hydro Income Fund, which in turn is controlled by BRPI. The accompanying financial statements have been prepared in connection with the anticipated sale and reflect the combined financial position, results of operations and cash flows of BRPI's interest in the Division. The financial impact, if any, of the sale is not determinable at this time.

Financial Statements

GREAT LAKES POWER LIMITED GENERATION AND INVESTMENT
A Division of Great Lakes Power Limited
March 31, 2009
Unaudited

GREAT LAKES POWER LIMITED GENERATION AND INVESTMENT
A Division of Great Lakes Power Limited

BALANCE SHEET
Unaudited

thousands of CDN dollars	Notes	**March 31 2009**	December 31 2008
Assets			
Current assets			
Cash		**$ 1,699**	$ 1,960
Accounts receivable		**13,657**	12,662
Due from related parties	5	**155,883**	161,579
Prepaid expenses and other		**858**	1,035
		172,097	177,236
Due from related party	5	**417,254**	404,289
Property, plant and equipment		**420,831**	423,155
		$1,010,182	$1,004,680
Liabilities and Capital Account			
Current liabilities			
Accounts and other payables		**$ 15,932**	$ 13,294
Due to related parties	5	**115,404**	115,164
		131,336	128,458
Due to related party	5	**244,499**	235,675
First mortgage bonds		**375,957**	375,923
Future income taxes	7	**34,658**	36,342
Capital securities	9	**550,000**	550,000
		1,336,450	1,326,398
Shareholder's deficit:			
Common shares	10	**612,524**	612,524
Deficit		**(938,792)**	(934,242)
		$1,010,182	$1,004,680

See accompanying notes to the financial statements.

Approved on behalf of Great Lakes Power Limited:

Harry A. Goldgut
Director

Edward C. Kress
Director

GREAT LAKES POWER LIMITED GENERATION AND INVESTMENT
A Division of Great Lakes Power Limited

STATEMENT OF DEFICIT
Three months ended March 31

thousands of CDN dollars ***(unaudited)***	**2009**	2008
Deficit, beginning of period	**$(934,242)**	$(924,146)
Net loss	**(4,550)**	(8,747)
Deficit, end of period	**$(938,792)**	$(932,893)

See accompanying notes to the financial statements.

GREAT LAKES POWER LIMITED GENERATION AND INVESTMENT
A Division of Great Lakes Power Limited

STATEMENT OF LOSS AND COMPREHENSIVE LOSS
Three months ended March 31

thousands of CDN dollars (unaudited)	Notes	**2009**	2008
Revenues		**$19,191**	$ 25,384
Operating expenses			
Operating, maintenance and administration		**4,539**	4,646
Depreciation		**2,573**	3,560
		12,079	17,178
Other expenses			
Interest expense		**6,677**	7,080
Interest on capital securities		**15,392**	22,929
Gain on disposal of property, plant and equipment		**–**	(8)
Interest income	5	**(3,743)**	(1,302)
Other (income) expense		**(13)**	9
Net loss before taxes		**(6,234)**	(11,530)
Recovery of future income taxes	7	**(1,684)**	(2,783)
		(1,684)	(2,783)
Net loss and comprehensive loss		**$ (4,550)**	$ (8,747)

See accompanying notes to the financial statements.

GREAT LAKES POWER LIMITED GENERATION AND INVESTMENT
A Division of Great Lakes Power Limited

STATEMENT OF CASH FLOWS
Three months ended March 31

thousands of CDN dollars (unaudited)	Notes	**2009**	2008
Operating activities			
Net loss		**$(4,550)**	$ (8,747)
Items not affecting cash			
Depreciation		**2,573**	3,560
Non-cash interest expense		**34**	32
Future income taxes		**(1,684)**	(2,783)
Gain on disposal of property, plant and equipment		**–**	(8)
Net change in non-cash working capital	6	**2,933**	(15,404)
		(694)	(23,350)
Investing activities			
Due from related parties		**5,709**	89,268
Additions to property, plant and equipment		**(1,362)**	(2,438)
		4,347	86,830
Financing activities			
Long-term debt repayment		**–**	(4,250)
Due from related parties		**(3,914)**	(63,118)
		(3,914)	(67,368)
Decrease in cash		**(261)**	(3,888)
Cash, beginning of period		**1,960**	5,554
Cash, end of period		**$ 1,699**	$ 1,666
Supplementary information			
Interest paid during the period		**$ 16**	$ 8,003
Income taxes paid during the period		**–**	–

See accompanying notes to the financial statements.

1. NATURE AND DESCRIPTION OF BUSINESS

Great Lakes Power Limited Generation and Investment (the "Division") consists of Great Lakes Power Limited ("GLPL"), which is wholly owned by Brookfield Renewable Power Inc. ("BRPI"), less the net assets of the Distribution and Transmission Divisions.

The Division is engaged in developing, generating and selling electricity at rates determined in the Ontario electricity market. These divisional financial statements do not include all of the assets, liabilities, revenues and expenses of GLPL. Consolidated financial statements of GLPL have been prepared for issuance to the shareholder and have been reported on by its auditors.

These financial statements have been derived from the consolidated financial statements and accounting records of GLPL using historical results of operations and historical basis of assets and liabilities of the Division. Management believes the assumptions underlying the financial statements are reasonable. However, the financial statements included herein may not necessarily reflect the results of operations, financial position and cash flows of the Division had it been a stand-alone entity during the years presented.

The Division's income taxes are calculated on a separate tax return basis. However, GLPL manages its tax position for the benefit of its business as a whole, and its tax strategies are not necessarily reflective of the tax strategies that the Division would have followed as a stand-alone entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), applicable to interim financial statements. These unaudited interim financial statements do not conform in all respects to the requirements of GAAP for annual financial statements and should be read in conjunction with the 2008 annual audited financial statements.

The preparation of these unaudited financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. In the opinion of management, these unaudited financial statements reflect all adjustments necessary to state fairly the results for the periods presented. Actual results could differ from these estimates and the operating results for the interim periods presented are not necessarily indicative of the results expected for the full year.

These unaudited interim financial statements have been prepared on a basis consistent with the annual audited financial statements for the year ended December 31, 2008 with the exception of the changes in accounting policies described in note 3.

All inter-division transactions and balances have been eliminated.

The significant accounting policies are summarized below:

Property, plant and equipment

Property, plant and equipment are carried at cost, including costs of acquisition incurred by the Division and its parent, less accumulated depreciation. The cost of the property, plant and equipment is depreciated over the estimated service lives of the assets as follows:

	Method	Rate
Dams	Straight-line	40 to 60 years
Hydroelectric generating stations	Straight-line	40 to 60 years
Equipment	Straight-line	5 to 60 years

Construction work in progress is not depreciated until the assets are put into service.

Impairment of long-lived assets

The Division reviews long-lived assets for other than temporary impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. The determination of whether impairment has occurred is based on an estimate of undiscounted cash flows attributable to the assets, as compared to the carrying value of the assets. Should an asset be considered to be impaired, an impairment loss is recognized in an amount equal to the excess of the asset's carrying value over its fair value.

Revenue recognition

Revenue for the Division is recognized upon delivery at rates determined in the Ontario electricity market.

Income taxes

The Division uses the asset and liability method in accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and measured using the enacted, or substantively enacted, tax rates and laws that will be in effect when the differences are expected to reverse, taking into account the organization of the Division's financial affairs and its impact on taxable income and tax losses.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. During the years presented, management has made a number of estimates and valuation assumptions including accruals, depreciation and those relevant to the defined benefit pension plans. 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.

Deferred financing fees

Financing costs associated with the offering of the First mortgage bonds are capitalized, netted against the First mortgage bonds, and amortized over the term of the bonds using the effective interest method.

Pension benefits and employee future benefits

The costs of retirement benefits for the defined benefit pension plans and post-employment benefits are recognized as the benefits are earned by the employees. The Division uses the projected benefit method pro-rated on length of service and management's best estimate assumptions to value its pension and other retirement benefits. Assets are valued at fair value for the purpose of calculating the expected return on plan assets. Past service costs resulting from plan amendments have been amortized on a linear basis over the average remaining service period of active members expected to receive benefits under the plans. Cumulative gains and losses in excess of 10% of the greater of the accrued benefit obligation and the market value of plan assets are amortized over the average remaining service period of active members expected to receive benefits under the plans. The average remaining service life under the defined benefit pension plans as at March 31, 2009 varies from 12.0 to 16.0 years (2008 – 12.0 to 16.0 years). The average remaining service life under the post-employment benefit plans as at March 31, 2009 is 17.0 years (2008 – 17.0 years).

3. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2009, the Division adopted the following new accounting standard for Canadian GAAP. The new accounting standard has been applied prospectively and the comparative financial statements have not been restated.

Goodwill and Intangible Assets

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Section 3064, *Goodwill and Intangible Assets*, replacing Handbook Sections 3062, *Goodwill and Other Intangible Assets* and 3450, *Research and Development Costs*. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangibles by profit-oriented enterprises. The new section is applicable to the Division's financial statements beginning January 1, 2009. The adoption of this new standard did not have a material impact on the Division's financial statements.

4. FUTURE ACCOUNTING POLICY CHANGES

Adoption of International Financial Reporting Standards ("IFRS")

The CICA plans to converge Canadian GAAP with IFRS over a transition period expected to end in 2011. While the Division has not completed its quantification of the effects of adopting IFRS in detail, a high level IFRS implementation plan has been developed and an assessment of the financial statement impact of the accounting standard differences is currently in progress. Based on the analysis to date, the most significant differences for the Division are anticipated to be related to power generating assets, financial instruments, income taxes, and financial statement disclosure.

Business Combinations

In January 2009, the CICA issued new Section 1582, *Business Combinations*, replacing Section 1581, *Business Combinations*. New Section 1582 establishes standards for the accounting for a business combination. It provides the Canadian equivalent to the IFRS standard, IFRS 3 (Revised), *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier application is permitted. The adoption of this new standard is not expected to have a material impact on the Division's financial statements.

(in thousands of CDN dollars, except where otherwise stated)

Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the CICA issued new Sections 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*, which together replace Section 1600, *Consolidated Financial Statements*. New Section 1601 establishes standards for the preparation of consolidated financial statements. New Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, International Accounting Standard ("IAS") 27 (Revised), *Consolidated and Separate Financial Statements*. The sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. The adoption of these new standards is not expected to have a material impact on the Division's financial statements.

5. RELATED PARTY TRANSACTIONS

The following is a summary of related party balances recorded in current and long-term assets and liabilities:

		March 31 2009	December 31 2008
Due from related parties:			
Current:			
BEMI	(a)	**$ 85,406**	$ 85,407
Other GLPL divisions	(b)	**56,910**	63,107
BRPI	(d)	**11,847**	8,664
Other entities under common control	(e)	**1,720**	4,401
		$155,883	$161,579
Long-term:			
Due from TBI	(f)	**$417,254**	$404,289
Due to related parties:			
Current:			
Other GLPL divisions	(b)	**$ 91,410**	$ 91,170
Other entities under common control	(e)	**23,994**	23,994
		$115,404	$115,164
Long-term:			
Net funds payable to BRPI	(c)	**$244,499**	$235,675

(a) In 2006, the Division converted $65,000 of a related party receivable from Brookfield Energy Marketing Inc. ("BEMI") into a demand loan. This loan was unsecured, bearing an interest rate of 11% per annum and was due upon demand. During 2008, the demand loan agreement was replaced with another demand loan agreement bearing an interest rate of 10% and was due upon demand, and subsequently expired on December 31, 2008. At March 31, 2009, the related party receivables from BEMI (including the former demand loan of $65,000) continue to be unsecured, non-interest bearing, and due on demand.

(b) The Division has provided advances to and received advances from other divisions of GLPL. With the exception of an advance of $20,500 (2008 – $20,500), which bears interest at 6.25% (2008 – 6.25%), these advances are non-interest bearing and are due on demand. The balances receivable/payable have been included in current due from/to related parties.

(c) The Division holds deposits and payables with BRPI in Canadian and US dollars. They include both funds on deposit and payable to BRPI, and are presented net given the Division's intention and ability to settle these balances on a net basis. The Canadian demand deposits of $121,125 (2008 – $116,765) are unsecured and earn interest at a rate of 10.00% (2008 – 10.00%). The US dollar denominated payables to BRPI totalling $415,208 (2008 – $402,228) are unsecured and non-interest bearing. The remaining balance due from BRPI is receivable in Canadian dollars, is non-secured and non-interest bearing, and was received in the normal course of operations. The net payable due to BRPI of $244,499 (2008 – $235,675) has been included in long-term due to related party.

(in thousands of CDN dollars, except where otherwise stated)

(d) During the first quarter of 2009, the Division received $3,183 (2008 – $359) of interest income on the Canadian demand deposits due from BRPI. At March 31, 2009, $11,847 (2008 – $8,664) is receivable from BRPI relating to interest on the Canadian demand deposits.

(e) The Division has also provided advances to and received advances from entities under common control in the normal course of operations. These advances are non-interest bearing and are due on demand. The balances receivable/payable have been included in current due from/to related parties.

(f) As at March 31, 2009, the Division has a long-term receivable from Trilon Bancorp Inc. ("TBI"), a wholly owned subsidiary of Brookfield Asset Management Inc. ("BAM"), GLPL's ultimate parent, in the amount of $417,254 (2008 – $404,289). No terms and conditions of repayment have been established between the related parties.

(g) In the normal course of operations, Riskcorp Inc., a broker division affiliated with BAM, entered into transactions with GLPL to provide insurance. These transactions have been measured at exchange value. The total cost allocated to the Division during the three months ended March 31, 2009 for these services was $314 (2008 – $311) of which $nil is payable at March 31, 2009 (2008 – $nil).

6. STATEMENT OF CASH FLOWS

The net change in non-cash working capital for the three months ended March 31 is comprised of:

	2009	2008
Accounts receivable	**$ (995)**	$ 2,154
Prepaid expenses and other	**177**	56
Accounts and other payables	**3,751**	(17,614)
	$2,933	$(15,404)

Capital asset additions totaling $1,333 which were included in accruals at December 31, 2008, have been included in the statement of cash flows for 2009, as they resulted in a cash outflow during the period. Similarly, capital asset additions totaling $220 included in accruals at March 31, 2009, have been excluded from the statement of cash flows for 2009, as they did not result in a cash outflow during the year.

7. INCOME TAXES

As these financial statements report the results for the Division, the amounts presented for current income taxes represent the amounts that would be payable if the Division was a separate corporate entity.

The provision for income taxes in the statement of income and comprehensive income represents an effective tax rate different than the Canadian statutory rate of 31.0% (2008 – 31.5%). The differences are as follows:

	March 31 2009	March 31 2008
Net loss before income taxes	**$(6,234)**	$(11,530)
Permanent differences	**(3)**	2
	(6,237)	(11,528)
Computed income tax recovery at Canadian statutory rate	**(1,933)**	(3,631)
Decrease resulting from:		
Difference between statutory rate vs. future rate	**249**	519
Other	**–**	329
Income tax recovery	**$(1,684)**	$ (2,783)

(in thousands of CDN dollars, except where otherwise stated)

	March 31 2009	March 31 2008
Future income tax liabilities		
CCA in excess of book depreciation	**$ 45,778**	$45,581
Non-capital losses	**(11,120)**	(9,239)
	$ 34,658	$36,342

8. COMMITMENTS, CONTINGENCIES AND GUARANTEES

In the normal course of operations, the Division executes agreements that provide for indemnification and guarantees to third parties in transactions such as debt issuances. The nature of substantially all of the indemnification undertakings prevents the Division from making a reasonable estimate of the maximum potential amount the Division could be required to pay third parties as 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, the Division has not made significant payments under such indemnification agreements.

The Division operates under various commitments and leases for water rights, which extend to, or are renewable over, various terms through the year 2022, with payments tied to the generation of the related facilities.

The Division may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the ordinary course of business that the Division believes would not reasonably be expected to have a material adverse effect on the financial condition of the Division.

The Division has asset retirement obligations associated with its generation assets. The retirement date for these assets cannot be reasonably estimated and therefore the fair value of the associated liability cannot be determined at this time. As a result, no liability has been accrued in these financial statements.

9. CAPITAL SECURITIES

The capital securities totaling $550,000 (2008 – $550,000), issued to BRPI, bear an annual interest rate of 11.35% payable quarterly, and mature on June 23, 2023. The capital securities may be redeemed through the issuance of a variable number of common shares at any time. No securities were redeemed during the period in 2009 or 2008.

For the period ended March 31, 2009, $15,392 was recorded as interest on capital securities on the statement of loss and comprehensive loss (2008 – $22,929).

10. COMMON SHARES

The Division is authorized to issue 1,000,000 common shares, of which 23,529 were issued and outstanding as at March 31, 2009 (December 31, 2008 – 23,529 shares). BRPI is the sole shareholder.

11. SUBSEQUENT EVENTS

BRPI has stated its intention to sell its investment in the Division to Great Lakes Power Trust, which is wholly owned by the Great Lakes Hydro Income Fund, which in turn is controlled by BRPI. The accompanying financial statements have been prepared in connection with the anticipated sale and reflect the combined financial position, results of operations and cash flows of BRPI's interest in the Division. The financial impact, if any, of the sale is not determinable at this time.

Consolidated Financial Statements

HYDRO-PONTIAC INC.
December 31, 2008

Deloitte & Touche LLP
100 Queen Street
Suite 800
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Canada

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www.deloitte.ca

Auditors' Report

To the Shareholder of Hydro-Pontiac Inc.

We have audited the consolidated balance sheet of Hydro-Pontiac Inc. (the "Company") as at December 31, 2008 and the consolidated statements of retained earnings, income (loss) and comprehensive income (loss) and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

(Signed) Deloitte & Touche LLP
Chartered Accountants
Licensed Public Accountants

Ottawa, Canada
February 25, 2009

HYDRO-PONTIAC INC.

CONSOLIDATED BALANCE SHEET
As at December 31

thousands of CDN dollars	Notes	**2008**	2007
Assets			
Current assets			
Cash		**$ 1,346**	$ 1,140
Accounts receivable		**2,564**	1,680
Future income tax asset		**–**	452
Prepaid expenses		**65**	64
Income taxes recoverable		**–**	20
		3,975	3,356
Due from related party	5	**83,920**	83,920
Power generating assets	6	**57,161**	58,331
Other assets		**10**	10
		$145,066	$145,617
Liabilities and Shareholder's Equity			
Current liabilities			
Accounts and other payables		**$ 2,108**	$ 1,189
Due to related parties	5	**4,797**	5,269
Current portion of senior secured term notes	7	**2,717**	2,437
		9,622	8,895
Due to related party	5	**48,020**	48,020
Senior secured term notes	7	**47,912**	50,629
Future income tax liability	8	**8,470**	8,668
		114,024	116,212
Shareholder's equity			
Share capital	9	**4,620**	4,620
Retained earnings		**26,422**	24,785
		31,042	29,405
		$145,066	$145,617

See accompanying notes to the consolidated financial statements.

Approved on behalf of Hydro-Pontiac Inc.:

Harry A. Goldgut
Director

Edward C. Kress
Director

HYDRO-PONTIAC INC.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
Year ended December 31

thousands of CDN dollars	**2008**	2007
Retained earnings, beginning of year	**$24,785**	$24,911
Net income (loss)	**1,637**	(126)
Retained earnings, end of year	**$26,422**	$24,785

See accompanying notes to the consolidated financial statements.

HYDRO-PONTIAC INC.

CONSOLIDATED STATEMENT OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
Year ended December 31

thousands of CDN dollars	Notes	**2008**	2007
Revenues			
Power sales	10	**$18,040**	$13,749
Interest and other income		**35**	71
		18,075	13,820
Expenses			
Operating, maintenance and administration	5, 12	**2,223**	2,285
Interest	5	**10,301**	10,538
Depreciation		**1,580**	1,553
Hydro power royalties		**828**	654
Management fees		**416**	212
Business and capital taxes		**390**	496
		15,738	15,738
Net income (loss) before income taxes		**$ 2,337**	$ (1,918)
Income taxes			
Current tax expense	8	**$ 446**	$ –
Future tax expense (recovery)	8	**254**	(1,792)
		700	(1,792)
Net income (loss) and comprehensive income (loss)		**$ 1,637**	$ (126)

See accompanying notes to the consolidated financial statements.

HYDRO-PONTIAC INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31

thousands of CDN dollars	Note	**2008**	2007
Operating activities			
Net income (loss)		**$ 1,637**	$ (126)
Items not affecting cash			
Depreciation		**1,580**	1,553
Future income taxes		**254**	(1,792)
Net change in non-cash working capital	11	**(724)**	819
		2,747	454
Investing activities			
Additions to power generating assets		**(104)**	(503)
Due from related party		**–**	1,330
		(104)	827
Financing activities			
Repayment of senior secured term notes		**(2,437)**	(2,206)
Increase (decrease) in cash		**206**	(925)
Cash, beginning of year		**1,140**	2,065
Cash, end of year		**$ 1,346**	$ 1,140
Supplementary information			
Interest paid		**$10,934**	$10,330
Income taxes paid		**–**	342

See accompanying notes to the consolidated financial statements.

1. NATURE AND DESCRIPTION OF COMPANY

Hydro-Pontiac Inc. (the "Company"), incorporated under the Québec Companies Act, owns, operates and develops hydroelectric generating facilities and related structures.

Coulonge Power & Company, Limited Partnership ("Coulonge Power LP") was formed as a limited partnership under the laws of the Province of Québec on January 1, 1993 for the purpose of owning, constructing and operating a 17 megawatt hydroelectric generating facility on the Coulonge River at Mansfield, Québec as well as reconstructing and renovating four existing dams and water control structures. The Company is the general partner and 2967-1823 Québec Inc. is the limited partner.

Waltham Power & Company, Limited Partnership ("Waltham Power LP") was formed as a limited partnership under the laws of the Province of Québec on December 1, 1993 for the purpose of owning, operating and rehabilitating a 11 megawatt hydroelectric generating facility and related structures on the Black River at Waltham, Québec previously owned by the Company. The Company is the general partner and 2967-1823 Québec Inc. is the limited partner.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP").

Principles of consolidation

The consolidated financial statements of the Company include the accounts of its directly and indirectly wholly-owned subsidiaries 2693941 Canada Inc., Pembroke Electric Light Company Ltd., 2967-1823 Québec Inc., 9019-4283 Québec Inc., 9021-0345 Québec Inc., Coulonge Power LP and Waltham Power LP.

The consolidated financial statements of the Company include the accounts of Compagnie d'Estacades des Rivières Coulonge & Crow Ltée., which is 98.7% indirectly owned by the Company through 2693941 Canada Inc. The non-controlling interest owned by Compagnie d'Estacades des Rivières Coulonge & Crow Ltée. is below $1.

All intercompany balances are eliminated upon consolidation.

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. During the years presented, management has made a number of estimates and valuation assumptions in the determination of accruals, useful lives and asset impairment. Actual results could differ from those estimates.

Revenue

Revenue from sales of power is recognized at the time energy is delivered to the customer, based on power delivered at rates stipulated in power sales contracts with the purchasers (note 10).

Interest and other income are recorded on an accrual basis.

(in thousands of CDN dollars, except as otherwise noted)

Power generating assets

Power generating assets are recorded at cost and depreciated on a straight-line basis over their estimated useful lives as follows:

Type of asset	Method	Rate
Generating stations	Straight-line	50 years
Equipment	Straight-line	5 to 20 years

No depreciation is recorded on projects until they are placed into use.

Impairment of long-lived assets

Assets are tested for impairment based on an assessment of net recoverable amounts in the event of adverse developments. A write-down to estimated net realizable value is recognized if an asset's estimated undiscounted future cash flow is less than its carrying value. The projections of the future cash flow take into account the operating plan and management's best estimate of the most probable set of economic conditions anticipated to prevail in the market.

Income taxes

Income taxes are calculated using the asset and liability method. Temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes give rise to future income tax liabilities. These temporary differences are measured using the tax rates substantively enacted at the balance sheet date.

3. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2008, the Company adopted the following new accounting standards for Canadian GAAP. The new accounting standards have been applied prospectively and the comparative consolidated financial statements have not been restated.

Financial Instruments – Disclosures and Presentation, Handbook sections 3862 and 3863

These sections, which replace Handbook section 3861, revise and enhance disclosure requirements surrounding financial instruments, while carrying forward presentation items unchanged. They place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. Refer to note 13 for relevant disclosure.

Capital Management, Handbook Section 1535

This section establishes standards for disclosing information about the Company's capital and how it is managed. The standard requires disclosures of the Company's objectives, policies and processes for managing capital, the quantitative data about what the Company regards as capital, whether the Company has complied with any capital requirements and if it has not complied, the consequences of such non-compliance. Refer to note 14 for relevant disclosure.

4. FUTURE ACCOUNTING POLICY CHANGES

Adoption of International Financial Reporting Standards (IFRS)

The Canadian Institute of Chartered Accountants ("CICA") plans to converge Canadian GAAP with IFRS over a transition period expected to end in 2011. While the Company has not completed its quantification of the effects of adopting IFRS in detail, a high level IFRS implementation plan has been developed and an assessment of the financial statement impact of the accounting standard differences is currently in progress. Based on the analysis to date, the most significant differences for the Company are anticipated to be related to power generating assets, financial instruments, income taxes, and financial statement disclosure.

Business Combinations

In January 2009, the CICA issued new Section 1582, *Business Combinations*, replacing Section 1581, *Business Combinations*. New Section 1582 establishes standards for the accounting for a business combination. It provides the Canadian equivalent to the IFRS standard, IFRS 3 (Revised), *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier application is permitted. The adoption of this new standard is not expected to have a material impact on the Company's financial statements.

Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the CICA issued new Sections 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*, which together replace Section 1600, *Consolidated Financial Statements*. New Section 1601 establishes standards for the preparation of consolidated financial statements. New Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, International Accounting Standard ("IAS") 27 (Revised), *Consolidated and Separate Financial Statements*. The sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. The Company is currently evaluating the impact of the adoption of these new standards on the consolidated financial statements.

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, *Goodwill and intangible assets*, replacing Handbook Sections 3062, *Goodwill and Other Intangible Assets* and 3450, *Research and Development Costs*. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangibles by profit-oriented enterprises. The new section will be applicable to the Company's financial statements beginning January 1, 2009. The adoption of this new standard is not expected to have a material impact on the Company's consolidated financial statements.

5. RELATED PARTY TRANSACTIONS

a) At December 31, 2008 $83,920 (2007 – $83,920) is due from Brookfield Energy Marketing Inc. ("BEMI"), an entity under common control. This amount is non-interest bearing.

At December 31, 2008 $4 (2007 – $4) is payable to BEMI for information technology services which were provided on a cost recovery basis for all costs incurred. BEMI did not receive any other fee for the provision of these services. In 2007, an additional $32 was payable to BEMI for reimbursement of other expenses it paid on behalf of the Company.

b) Advances from the Company's shareholder, Brookfield Renewable Power Inc. ("BRPI"), totaling $48,020 (2007 – $48,020) bear interest at a rate of 10% (2007 – 10%) per annum, and have no specific repayment terms. At December 31, 2008, interest of $4,559 (2007 – $5,206) is payable to BRPI.

c) Lièvre Power LP ("LPLP"), an entity related through common control, provides management and administrative services to the Company on a cost recovery basis for all costs incurred. LPLP does not receive any other fee for the provision of these services. At December 31, 2008 $34 (2007 – $27) is payable to LPLP for these services.

(in thousands of CDN dollars, except as otherwise noted)

d) Brookfield Power Services Inc, ("BPSI"), an entity related through common control, provides management services to the Company on a cost recovery basis for all costs incurred. BPSI does not receive any other fee for the provision of these services. At December 31, 2008 $200 (2007 – $nil) is payable to BPSI for these services.

e) In the normal course of operations, Riskcorp Inc., an insurance broker related through common control, enters into transactions with the Company to provide insurance. These transactions are measured at exchange value. The total cost incurred in 2008 for these services was $87 (2007 – $118), of which $nil (2007 – $nil) is payable at December 31, 2008.

The following table summarizes the related party transactions for the year, which are reflected at the exchange amount:

	2008	2007
Expenses		
Interest to BRPI	**$4,802**	$4,804
Management and administrative services provided by LPLP	**216**	212
Management and administrative services provided by BPSI	**200**	–
Information technology services provided by BEMI	**42**	43
Insurance provided by Riskcorp Inc.	**87**	118
	$5,347	$5,177

As a result, the following balances are due from and to related parties:

	2008	2007
Due from related party		
BEMI	**$83,920**	$83,920
Due to related parties		
BRPI	**$52,579**	$53,226
LPLP	**34**	27
BPSI	**200**	–
BEMI	**4**	36
	$52,817	$53,289

6. POWER GENERATING ASSETS

	2008			2007
	Cost	**Accumulated Depreciation**	**Net Book Value**	Net Book Value
Land	**$ 934**	**$ –**	**$ 934**	$ 934
Generating stations	**75,119**	**21,468**	**53,651**	54,805
Equipment	**2,724**	**832**	**1,892**	2,028
Work in progress	**684**	**–**	**684**	564
	$79,461	**$22,300**	**$57,161**	$58,331

Cost and accumulated depreciation for the year ended December 31, 2007 were $79,051 and $20,720, respectively.

(in thousands of CDN dollars, except as otherwise noted)

7. SENIOR SECURED TERM NOTES

	2008	2007
Coulonge Power LP senior secured term notes	**$31,172**	$32,867
Waltham Power LP senior secured term notes	**19,457**	20,199
	50,629	53,066
Less : Current portion of senior secured term notes	**(2,717)**	(2,437)
	$47,912	$50,629

a) The Coulonge Power LP senior secured terms notes are repayable over the period to December 2018 and bear interest at 10.256% per annum, repayable in blended monthly payments of principal and interest of $416. The fair value of the loan as at December 31, 2008 is estimated at $37,379 (2007 – $41,454) based on current market prices for debt with similar terms and risks.

Coulonge Power LP's assets, including key contracts, have been pledged to the lenders as collateral for the loan. On behalf of Coulonge Power LP, BRPI has issued a letter of credit totaling $1,000 (2007 – $1,000) to the lenders to be used as a debt service reserve. In addition, BRPI has issued a letter of credit totaling $348 (2007 – $348) to be used for legal matters. In 2008, no amounts have been drawn against these letters of credit (2007 – $nil).

b) The Waltham Power LP senior secured term notes are repayable over the period to December 2020 and bear interest at 10.985% per annum, repayable in blended monthly payments of principal and interest of $244. The fair value of the loan as at December 31, 2008 is estimated at $24,352 (2007 – $27,178) based on current market prices for debt with similar terms and risks.

Waltham Power LP's assets, including key contracts, have been pledged to the lenders as collateral for the loan. On behalf of Waltham Power LP, BRPI has issued a letter of credit totaling $1,000 (2007 – $1,000) to the lenders to be used as a debt service reserve. In 2008, no amounts have been drawn against this letter of credit (2007 – $nil).

c) The principal repayments are as follows:

2009	**$ 2,717**
2010	**3,015**
2011	**3,346**
2012	**3,706**
2013	**4,122**
2014 and thereafter	**33,723**
	$50,629

(in thousands of CDN dollars, except as otherwise noted)

8. INCOME TAXES

The Company's future income tax liability of $8,470 (2007 – $8,668) is comprised principally of temporary differences relating to power generating assets. The difference between taxes calculated at the statutory rate and those recorded and reconciled is as follows:

	2008	2007
Net income (loss) before tax	**$2,464**	$(1,918)
Statutory income tax rate	**31%**	32%
Statutory income tax rates applied to accounting income	**764**	(614)
Impact of future tax rate decrease on temporary differences	**–**	(1,197)
Other	**(64)**	19
Provision for income taxes	**$ 700**	$(1,792)

9. SHARE CAPITAL

The Company's share capital at December 31, 2008 consists of the following:

Authorized:
Unlimited Class A common shares, voting
Unlimited Class B common shares, non-voting,
convertible to Class A Common shares on a one-for-one basis

Issued and outstanding:

	2008	2007
8,844 Class A common shares	**$3,696**	$3,696
1,200 Class B common shares	**924**	924
	$4,620	$4,620

10. POWER SALES CONTRACT

Coulonge Power LP has entered into a contract to sell the power generated at the Coulonge River hydroelectric generating facility to Hydro-Québec. The contract has a term of 25 years which commenced on December 1, 1994. The rates paid under the contract increase annually by a minimum of 3% up to a maximum of 6% according to the increase in the Consumer Price Index ("CPI") for the preceding year. The contract includes a renewal provision allowing Coulonge Power LP to renew at the completion of the 25-year term for a further period of up to 25 years. Coulonge Power LP has no other customers.

Waltham Power LP has entered into a contract to sell the power generated at the Black River hydroelectric generating facility to Hydro-Québec. The contract has a term of 25 years which commenced on December 1, 1995. The rates paid under the contract increase annually by a minimum of 3% up to a maximum of 6% according to the increase in the CPI for the preceding year. The contract includes a renewal provision allowing Waltham Power LP to renew it at the completion of the 25-year term for a further period of up to 25 years. Waltham Power LP has no other customers.

(in thousands of CDN dollars, except as otherwise noted)

11. CONSOLIDATED STATEMENT OF CASH FLOWS

The net change in non-cash working capital consists of the following:

	2008	2007
Accounts receivable	**$(884)**	$ 737
Prepaid expenses	**(1)**	21
Income taxes recoverable	**20**	144
Due to related parties	**(472)**	231
Accounts and other payables	**613**	(314)
	$(724)	$ 819

Capital asset additions totaling $134 which were included in accruals at December 31, 2007, have been included in the statement of cash flows for 2008, as they resulted in a cash outflow during the period. Similarly, capital asset additions totaling $440 included in accruals at December 31, 2008, have been excluded from the statement of cash flows for 2008, as they did not result in a cash outflow during the period.

12. COMMITMENTS, CONTINGENCIES AND GUARANTEES

a) Coulonge Power LP has a lease agreement with the Government of Québec which gives it the right to regulate water levels on four lakes which flow into the Coulonge River. The lease term runs from February 1, 1991 to November 30, 2019 with a renewal option for a further 15-year term. Coulonge Power LP paid $35 plus 64¢ per megawatt hour (2007 – $34 plus 63¢ per megawatt hour) of electricity produced over 80,000 megawatt hours per year. These amounts are adjusted annually for the increase in the CPI for the preceding year. In 2008, the lease expense totaled $80 (2007 – $57).

In 2006, Coulonge Power LP entered into another lease agreement with the Government of Québec which gives it the right to occupy and use parts of the watercourse beds and farmland within the domain of the Province and the right to flood that land permanently and occasionally. The lease term runs May 17, 2006 to May 17, 2031 with a renewal option for a further 25-year term. The total rent paid in 2008 was $37 (2007 – $37).

Coulonge Power LP has a commitment to pay hydroelectric power royalties based on the amount of hydroelectric power generated during the year. In 2008, these royalties were calculated at a rate of $2.77 per megawatt hour (2007 – $2.72 per megawatt hour) of electricity produced during the year. In 2008, the royalties expense totaled $393 (2007 – $300).

b) Waltham Power LP has a lease agreement with the Government of Québec which gives it the right to regulate water levels on nineteen lakes which flow into the Black River. The lease term runs from January 1, 1992 to December 31, 2011. Waltham Power LP paid $43 plus 62¢ per megawatt hour (2007 – $41 plus 61¢ per megawatt hour) of electricity produced over 35,000 megawatt hours per year. These amounts are adjusted annually for the increase in the CPI for the preceding year. The lease agreement includes a renewal option which allows the lease to be renewed for a 20-year term at the completion of the current lease term. In 2008, the lease expense totaled $81 (2007 – $70). BRPI has obtained a letter of credit on behalf of the Company in the amount of $2,478 (2007 – $2,180) as a lease extension escrow account. This letter of credit is increased annually by 25% of the cash flows of Waltham Power LP. In 2008, no amounts have been drawn against this letter of credit (2007 – $nil).

Waltham Power LP has a commitment to pay hydroelectric power royalties based on the amount of hydroelectric power generated during the year. In 2008, these royalties were calculated at a rate of $2.77 per megawatt hour (2007 – $2.72 per megawatt hour) of electricity produced during the year. In 2008, the royalties expense totaled $238 (2007 – $190).

c) The Company and its subsidiaries may, from time to time, be involved in legal proceedings, claims and litigation that arise in the ordinary course of business which the Company believes would not reasonably be expected to have a material adverse effect on the financial condition of the Company.

d) In the normal course of operations, the Company executes agreements that provide for indemnification and guarantees to third parties in transactions such as debt issuances. The nature of substantially all of the indemnification undertakings prevents management from making a reasonable estimate of the maximum potential amount the Company could be required to pay third parties as 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, the Company has not made significant payments under such indemnification agreements.

e) The Company has asset retirement obligations associated with its generating stations. The retirement date for these generating stations cannot be reasonably estimated and therefore the fair value of the associated liability cannot be estimated at this time. As a result, no liability has been accrued in these consolidated financial statements.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification. All financial instruments are classified into one of five categories: held-for-trading, loans and receivables, other financial liabilities, held-to-maturity investments or available-for-sale financial assets.

Held-for-trading financial instruments are financial assets and financial liabilities typically acquired with the objective of resale or short-term buyback. The carrying amount is recorded at fair market value determined using market prices. Interest earned and gains and losses incurred are recognized in net income. Cash is designated as a financial asset held-for-trading and is measured at fair value with changes being recorded in net income during each period.

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date, or on demand, usually with interest. Loans and receivables are measured at amortized cost. Accounts receivable and due from related party are classified as loans and receivables and are measured at fair value at inception which, due to their short-term nature, approximates amortized cost.

Other financial liabilities are promises to repay on specified dates or on demand usually with interest. Accounts and other payables and due to related parties are classified as other financial liabilities and are measured at fair value at inception which, due to their short-term nature, approximates amortized cost. Long-term debt is also classified as other financial liabilities. After its initial fair value measurement, it is measured at amortized cost using the effective interest rate method.

Held-to-maturity financial assets have fixed or determinable payments and maturity, and management's intention and ability are to hold to maturity. These financial assets are measured at amortized cost. The Company does not hold any financial assets under this classification.

Available-for-sale instruments are non-derivative financial assets that are designated as available-for-sale or that are not classified as loans and receivables, held-to-maturity investments or held-for-trading financial assets. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss). The Company does not hold any financial assets under this classification.

The Company is exposed, in the normal course of business, to a number of financial risks arising from its use of financial instruments. The Company's overall risk management strategy is designed to identify, manage and mitigate these risks to the extent possible.

(in thousands of CDN dollars, except as otherwise noted)

Credit Risk

The Company is exposed to credit-related losses in the event of non-performance by counterparties. Maximum credit exposure is the carrying value of the financial assets net of any allowances for losses. The Company manages its credit risk by conducting business with a limited number of counterparties, all of whom are creditworthy. Consistent with previous years, the Company does not have any allowances for losses as accounts receivable have been collected in a timely manner. As at December 31, 2008, the Company is exposed to a maximum credit risk of $2,564 and all accounts receivable within the Company remain current.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to fund all cash outflow commitments as they become due. The Company's asset and liability management allows it to maintain its financial position by providing sufficient liquid assets available to cover its potential funding requirements. The Company has a Treasury group in charge, among other things, of ensuring sound management of available cash resources and financing for all the Company's operations. With senior management oversight, this group manages liquidity through regular monitoring of cash and covenant requirements.

As at December 31, 2008, the total outstanding significant contractual obligations are due in the following periods:

thousands of CDN dollars	Less than 1 year	2-5 years	More than 5 years	Total
Principal repayments	$2,717	$14,189	$33,723	$50,629
Interest expense	5,206	17,498	11,736	34,440
Total	$7,923	$31,687	$45,459	$85,069

Based on historical cash flows and current financial performance, management believes that the cash flow from the Company's operating activities will continue to provide sufficient liquidity for the Company to satisfy its debt service obligations.

Market Risk

Market risk is the risk of loss that results from changes in market factors such as commodity prices, foreign currency exchange rates and interest rates. The level of market risk to which the Company is exposed at any point in time varies depending on market conditions, expectations of future price or market rate movements and composition of the Company's financial assets and liabilities.

(a) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. All of the Company's long-term debt bears fixed interest rates. Consequently, there is no cash flow exposure associated with those instruments.

(b) Currency risk

Currency risk refers to the Canadian dollar value of foreign currency cash flows varying as a result of the movements in exchange rates. The Company, as a Canadian dollar functional currency entity, conducts all of its business in Canadian dollars and is not exposed to any material currency risk. The Company does not actively manage this risk.

(c) Commodity price risk

Commodity price risk refers to the constant fluctuation of the price of power. The Company actively manages commodity price risk as substantially all of its revenues are earned through long-term power sales contracts which contain fixed prices for electricity supplied; therefore, the Company is not exposed to any material price fluctuation.

14. CAPITAL MANAGEMENT

The Company's objective when managing its capital structure is to uphold a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. In addition, the Company strives to continue as a going concern, while providing an adequate return to its shareholder. The Company does not have any specific quantitative capital criteria; however, its main objective is to generate stable and sustainable cash flows to meet shareholder distribution requirements.

In the management of capital, the Company includes shareholder's equity and long-term debt in the definition of capital.

The Company manages its capital structure to support its corporate strategy and takes into account changes in economic conditions. In order to maintain a solid capital structure, the Company may issue new shares, issue new debt, issue new debt to replace existing debt (with different characteristics), reduce the amount of existing debt or modify the level of capital expenditures. Management monitors and reviews on a regular basis whether distributions remain adequate. Management is comfortable with the Company's current level of distributions.

The Company's strategy with respect to debt has been to leverage its assets with property specific borrowings. The long-term debt has a fixed interest rate for its term. The level of financing associated with any asset is determined by the risk associated with the asset and the potential variability of the cash flows. Given the Company's long-term power sales contracts, the variability in cash flows is limited allowing the Company to adequately leverage its assets.

The Company has provided covenants to its lenders to ensure capital requirements are met. Under the credit agreement for such debt, it is conventional for distributions of cash to the shareholders to be prohibited if the loan is in default (notably for non-payment of principal or interest). The Company conducts its business directly and is not dependent on receipt of cash from related entities to defray its corporate expenses. The Company is in compliance with all capital requirements as at December 31, 2008.

There were no changes in the Company's approach to capital management during the year.

Consolidated Financial Statements

HYDRO-PONTIAC INC.
March 31, 2009

HYDRO-PONTIAC INC.

CONSOLIDATED BALANCE SHEET

(Unaudited)

thousands of CDN dollars	Notes	**March 31 2009**	December 31 2008
Assets			
Current assets			
Cash		**$ 1,441**	$ 1,346
Accounts receivable		**2,839**	2,564
Prepaid expenses		**215**	65
		4,495	3,975
Due from related party	5	**83,920**	83,920
Power generating assets		**56,827**	57,161
Other assets		**10**	10
		$145,252	$145,066
Liabilities and Shareholder's Equity			
Current liabilities			
Accounts and other payables		**$ 1,846**	$ 2,108
Due to related parties	5	**3,557**	4,797
Current portion of senior secured term notes		**2,787**	2,717
		8,190	9,622
Due to related party	5	**48,020**	48,020
Senior secured term notes		**47,172**	47,912
Future income tax liability	6	**8,449**	8,470
		111,831	114,024
Shareholder's equity			
Share capital	7	**4,620**	4,620
Retained earnings		**28,801**	26,422
		33,421	31,042
		$145,252	$145,066

See accompanying notes to the consolidated financial statements.

Approved on behalf of Hydro-Pontiac Inc.:

Harry A. Goldgut
Director

Edward C. Kress
Director

HYDRO-PONTIAC INC.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(unaudited) *thousands of CDN dollars*	Three months ended March 31	
	2009	2008
Retained earnings, beginning of period	**$26,422**	$24,785
Net income	**2,379**	2,296
Retained earnings, end of period	**$28,801**	$27,081

See accompanying notes to the consolidated financial statements.

HYDRO-PONTIAC INC.

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

(unaudited) *thousands of CDN dollars*	Notes	Three months ended March 31 **2009**	2008
Revenues			
Power sales	8	**$6,871**	$7,074
Interest and other income		**3**	9
		6,874	7,083
Expenses			
Operating, maintenance and administration	5	**316**	339
Interest	5	**2,488**	2,592
Depreciation		**400**	397
Hydro power royalties		**218**	219
Management fees	5	**23**	65
Business and capital taxes		**70**	108
		3,515	3,720
Net income before income taxes		**$3,359**	$3,363
Income taxes			
Current tax expense	6	**1,001**	771
Future tax (recovery) expense	6	**(21)**	296
		980	1,067
Net income and comprehensive income		**$2,379**	$2,296

See accompanying notes to the consolidated financial statements.

HYDRO-PONTIAC INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited) *thousands of CDN dollars*	Notes	Three months ended March 31 **2009**	2008
Operating activities			
Net income		**$ 2,379**	$ 2,296
Items not affecting cash			
Depreciation		**400**	397
Future income taxes		**(21)**	296
Net change in non-cash working capital	9	**(1,606)**	(1,821)
		1,152	1,168
Investing activities			
Additions to power generating assets		**(387)**	(142)
		(387)	(142)
Financing activities			
Repayment of senior secured term notes		**(670)**	(592)
		(670)	(592)
Increase in cash		**95**	434
Cash, beginning of period		**1,346**	1,140
Cash, end of period		**$ 1,441**	$ 1,574
Supplementary information			
Interest paid during the period		**$ 2,324**	$ 2,594
Income taxes paid during the period		**587**	70

See accompanying notes to the consolidated financial statements.

HYDRO-PONTIAC INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009

(in thousands of CDN dollars, except as otherwise noted)
(Unaudited)

1. NATURE AND DESCRIPTION OF COMPANY

Hydro-Pontiac Inc. (the "Company"), incorporated under the Québec Companies Act, owns, operates and develops hydroelectric generating facilities and related structures.

Coulonge Power & Company, Limited Partnership ("Coulonge Power LP") was formed as a limited partnership under the laws of the Province of Québec on January 1, 1993 for the purpose of owning, constructing and operating a 17 megawatt hydroelectric generating facility on the Coulonge River at Mansfield, Québec as well as reconstructing and renovating four existing dams and water control structures. The Company is the general partner and 2967-1823 Québec Inc. is the limited partner.

Waltham Power & Company, Limited Partnership ("Waltham Power LP") was formed as a limited partnership under the laws of the Province of Québec on December 1, 1993 for the purpose of owning, operating and rehabilitating a 11 megawatt hydroelectric generating facility and related structures on the Black River at Waltham, Québec previously owned by the Company. The Company is the general partner and 2967-1823 Québec Inc. is the limited partner.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP"), applicable to interim consolidated financial statements. These unaudited interim consolidated financial statements do not conform in all respects to the requirements of generally accepted accounting principles for annual financial statements and should be read in conjunction with the 2008 annual audited consolidated financial statements.

These unaudited interim consolidated financial statements have been prepared on a basis consistent with the annual audited consolidated financial statements for the fiscal year ended December 31, 2008 with the exception of the change in accounting policy described in note 3.

Principles of consolidation

The consolidated financial statements of the Company include the accounts of its directly and indirectly wholly-owned subsidiaries 2693941 Canada Inc., Pembroke Electric Light Company Ltd., 2967-1823 Québec Inc., 9019-4283 Québec Inc., 9021-0345 Québec Inc., Coulonge Power LP and Waltham Power LP.

The consolidated financial statements of the Company include the accounts of Compagnie d'Estacades des Rivières Coulonge & Crow Ltée, which is 98.7% indirectly owned by the Company through 2693941 Canada Inc. The non-controlling interest owned by Compagnie d'Estacades des Rivères Coulonge & Crow Ltée is below $1.

All intercompany balances are eliminated upon consolidation.

Use of estimates

The preparation of these unaudited consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. During the periods presented, management has made a number of estimates and valuation assumptions in the determination of accruals, useful lives and asset impairment. Actual results could differ from those estimates and the operating results for the interim periods presented are not necessarily indicative of the results expected for the full year.

Revenue

Revenue from sales of power is recognized at the time energy is delivered to the customer, based on rates stipulated in power sales contracts with the purchasers (note 8).

Interest and other income is recorded on an accrual basis.

Power generating assets

Power generating assets are recorded at cost and depreciated on a straight-line basis over their estimated useful lives as follows:

Type of asset	Method	Rate
Generating stations	Straight-line	50 years
Equipment	Straight-line	5 to 20 years

No depreciation is recorded on projects until they are placed into use.

Impairment of long-lived assets

Assets are tested for impairment based on an assessment of net recoverable amounts in the event of adverse developments. A write-down to estimated net realizable value is recognized if an asset's estimated undiscounted future cash flow is less than its carrying value. The projections of the future cash flow take into account the operating plan and management's best estimate of the most probable set of economic conditions anticipated to prevail in the market.

Income taxes

Income taxes are calculated using the asset and liability method. Temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes give rise to future income tax liabilities. These temporary differences are measured using the tax rates substantively enacted at the balance sheet date.

3. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2009, the Company adopted the following new accounting standard for Canadian GAAP. The new accounting standard has been applied prospectively and the comparative consolidated financial statements have not been restated.

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, *Goodwill and Intangible Assets*, replacing Handbook Sections 3062, *Goodwill and Other Intangible Assets* and 3450, *Research and Development Costs*. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangibles by profit-oriented enterprises. The new section is applicable to the Company's financial statements beginning January 1, 2009. The adoption of this new standard did not have a material impact on the Company's consolidated financial statements.

(in thousands of CDN dollars, except as otherwise noted)

4. FUTURE ACCOUNTING POLICY CHANGES

Adoption of International Financial Reporting Standards ("IFRS")

The CICA plans to converge Canadian GAAP with IFRS over a transition period expected to end in 2011. While the Company has not completed its quantification of the effects of adopting IFRS in detail, a high level IFRS implementation plan has been developed and an assessment of the financial statement impact of the accounting standard differences is currently in progress. Based on the analysis to date, the most significant differences for the Company are anticipated to be related to power generating assets, financial instruments, income taxes, and financial statement disclosure.

Business Combinations

In January 2009, the CICA issued new Section 1582, *Business Combinations*, replacing Section 1581, *Business Combinations*. New Section 1582 establishes standards for the accounting for a business combination. It provides the Canadian equivalent to the IFRS standard, IFRS 3 (Revised), *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier application is permitted. The adoption of this new standard is not expected to have a material impact on the Company's consolidated financial statements.

Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the CICA issued new Sections 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*, which together replace Section 1600, *Consolidated Financial Statements*. New Section 1601 establishes standards for the preparation of consolidated financial statements. New Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, International Accounting Standard ("IAS") 27 (Revised), *Consolidated and Separate Financial Statements*. The sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. The Company is currently evaluating the impact of the adoption of these new standards on the consolidated financial statements.

5. RELATED PARTY TRANSACTIONS

The following balances are due from and to related parties:

		March 31 2009	December 31 2008
Due from related party			
BEMI	(a)	**$83,920**	$83,920
Due to related parties			
BRPI	(b)	**$51,565**	$52,579
LPLP	(c)	**12**	34
BPSI	(d)	**–**	200
BEMI	(a)	**–**	4
		$51,577	$52,817

a) At March 31, 2009 $83,920 (2008 – $83,920) is due from Brookfield Energy Marketing Inc. ("BEMI"), an entity under common control. This amount is non-interest bearing.

(in thousands of CDN dollars, except as otherwise noted)

At March 31, 2009 $nil (2008 – $4) is payable to BEMI for information technology services which were provided on a cost recovery basis during 2008 for all costs incurred. BEMI did not receive any other fee for the provision of these services.

b) Advances from Brookfield Renewable Power Inc. ("BRPI") totaling $48,020 (2008 – $48,020) bear interest at a rate of 10% (2008 – 10%) per annum, and have no specific repayment terms. At March 31, 2009 interest of $3,545 (2008 – $4,559) is payable to BRPI.
In addition, BRPI provided information technology services on a cost recovery basis totaling $8 during the period (2008 – $nil). BRPI did not receive any other fee for the provision of these services. No amounts remain payable to BRPI as at March 31, 2009 (2008 – $nil).

c) Lièvre Power LP ("LPLP"), an entity related through common control, provides management and administrative services to the Company on a cost recovery basis for all costs incurred. LPLP does not receive any other fee for the provision of these services. At March 31, 2009 $12 is payable to LPLP for these services (2008 – $34).

d) Brookfield Power Services Inc, ("BPSI"), an entity related through common control, provides management services to the Company on a cost recovery basis for all costs incurred. BPSI does not receive any other fee for the provision of these services. At March 31, 2009 $nil (2008 – $200) is payable to BPSI for these services.

e) In the normal course of operations, Riskcorp Inc., an insurance broker related through common control, enters into transactions with the Company to provide insurance. These transactions are measured at exchange value. The total cost incurred during the period for these services was $22 (2008 – $22), of which $nil is payable at March 31, 2009 (2008 – $nil).

The following table summarizes the related party transactions for the three month period ended March 31, which are reflected at the exchange amount:

	2009	2008
Expenses		
Interest to BRPI	**$1,184**	$1,194
Management and administrative services provided by LPLP	**15**	54
Management and administrative services provided by BPSI	**113**	112
Information technology services provided by BEMI	**–**	11
Information technology services provided by BRPI	**8**	–
Insurance provided by Riskcorp Inc.	**22**	22
	$1,342	$1,393

6. INCOME TAXES

The Company's future income tax liability of $8,449 (2008 – $8,470) is comprised of temporary differences relating to power generating assets. The difference between taxes calculated at the statutory rate and those recorded and reconciled is as follows:

	March 31 2009	March 31 2008
Net income before tax	**$3,359**	$3,363
Statutory income tax rate	**31%**	31%
Statutory income tax rates applied to accounting income	**1,041**	1,043
Other	**(61)**	24
Provision for income taxes	**$ 980**	$1,067

(in thousands of CDN dollars, except as otherwise noted)

7. SHARE CAPITAL

The Company's share capital at March 31, 2009 consists of the following:

Authorized:
Unlimited Class A common shares, voting
Unlimited Class B common shares, non-voting,
convertible to Class A Common shares on a one-for-one basis

Issued and outstanding:

	March 31 2009	December 31 2008
8,844 Class A common shares	**$3,696**	$3,696
1,200 Class B common shares	**924**	924
	$4,620	$4,620

8. POWER SALES CONTRACT

Coulonge Power LP has entered into a contract to sell power generated at the Coulonge River hydroelectric generating facility to Hydro-Québec. The contract has a term of 25 years which commenced on December 1, 1994. The rates paid under the contract increase annually by a minimum of 3% up to a maximum of 6% according to the increase in the Consumer Price Index for the preceding year. The contract includes a renewal provision allowing Coulonge Power LP to renew at the completion of the 25-year term for a further period of up to 25 years. Coulonge Power LP has no other customers.

Waltham Power LP has entered into a contract to sell the power generated at the Black River hydroelectric generating facility to Hydro-Québec. The contract has a term of 25 years which commenced on December 1, 1995. The rates paid under the contract increase annually by a minimum of 3% up to a maximum of 6% according to the increase in the Consumer Price Index for the preceding year. The contract includes a renewal provision allowing Waltham Power LP to renew it at the completion of the 25-year term for a further period of up to 25 years. Waltham Power LP has no other customers.

9. CONSOLIDATED STATEMENT OF CASH FLOWS

The change in non-cash working capital is comprised of the following:

	March 31 2009	March 31 2008
Accounts receivable	**$ (275)**	$(1,111)
Prepaid expenses and other	**(150)**	(150)
Income taxes recoverable	**–**	20
Accounts and other payables	**59**	640
Due to related parties	**(1,240)**	(1,220)
	$(1,606)	$(1,821)

Capital asset additions totaling $440 which were included in accruals at December 31, 2008, have been included in the statement of cash flows for 2009, as they resulted in a cash outflow during the period. Similarly, capital asset additions totaling $119 included in accruals at March 31, 2009, have been excluded from the statement of cash flows for 2009, as they did not result in a cash outflow during the period.

10. COMMITMENTS, CONTINGENCIES AND GUARANTEES

a) Coulonge Power LP has a lease agreement with the Government of Québec which gives it the right to regulate water levels on four lakes which flow into the Coulonge River. The lease term runs from February 1, 1991 to November 30, 2019 with a renewal option for a further 15-year term. Coulonge Power LP is paying $35 plus 65¢ per megawatt hour in 2009 (2008 – $35 plus 64¢ per megawatt hour) for electricity produced over 80,000 megawatt hours per year. These amounts are adjusted annually for the increase in the Consumer Price Index ("CPI") for the preceding year. The lease expense for the period totaled $11 (2008 – $23).

In 2006, Coulonge Power LP entered into another lease agreement with the Government of Québec which gives it the right to occupy and use parts of the watercourse beds and farmland within the domain of the Province and the right to flood that land permanently and occasionally. The lease term runs May 17, 2006 to May 17, 2031 with the Company having a renewal option for a further 25-year term. The total rent paid in the period was $18 (2008 – $6).

Coulonge Power LP has a commitment to pay hydroelectric power royalties based on the amount of hydroelectric power generated during the year. During 2009, these royalties are calculated at a rate of $2.84 per megawatt hour (2008 – $2.77 per megawatt hour) of electricity produced during the period. The royalties expense totaled $104 for the period (2008 – $101).

b) Waltham Power LP has a lease agreement with the Government of Québec which gives it the right to regulate water levels on nineteen lakes which flow into the Black River. The lease term runs from January 1, 1992 to December 31, 2011. Waltham Power LP is paying $44 plus 63¢ per megawatt hour in 2009 (2008 – $43 plus 62¢ per megawatt hour) for electricity produced over 35,000 megawatt hours per year. These amounts are adjusted annually for the increase in the CPI for the preceding year. The lease agreement includes a renewal option which allows the lease to be renewed for a 20-year term at the completion of the current lease term. The lease expense totaled $20 for the period (2008 – $22). BRPI has obtained a letter of credit on behalf of the Company in the amount of $2,492 (2008 – $2,478) as a lease extension escrow account. This letter of credit is increased annually by 25% of the cash flows of Waltham Power LP. In 2009, no amounts have been drawn against this letter of credit (2008 – $nil).

Waltham Power LP has a commitment to pay hydroelectric power royalties based on the amount of hydroelectric power generated during the year. In 2009, these royalties are calculated at a rate of $2.84 per megawatt hour (2008 – $2.77 per megawatt hour) of electricity produced during the period. The royalties expense totaled $65 for the period (2008 – $67).

c) The Company and its subsidiaries may, from time to time, be involved in legal proceedings, claims and litigation that arise in the ordinary course of business which the Company believes would not reasonably be expected to have a material adverse effect on the financial condition of the Company.

d) In the normal course of operations, the Company executes agreements that provide for indemnification and guarantees to third parties in transactions such as debt issuances. The nature of substantially all of the indemnification undertakings prevents management from making a reasonable estimate of the maximum potential amount the Company could be required to pay third parties as 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, the Company has not made significant payments under such indemnification agreements.

e) The Company has asset retirement obligations associated with its generating stations. The retirement date for these generating stations cannot be reasonably estimated and therefore the fair value of the associated liability cannot be estimated at this time. As a result, no liability has been accrued in these consolidated financial statements.

11. SUBSEQUENT EVENT

As the Company's sole shareholder, it is BRPI's stated intention to sell its investment in the Company to Great Lakes Power Trust, which is a wholly owned subsidiary of the Great Lakes Hydro Income Fund. The accompanying consolidated financial statements have been prepared in connection with the anticipated sale and reflect the consolidated financial position, results of operations and cash flows of the Company. The financial impact, if any, of the sale is not determinable at this time.

Financial Statements

VALERIE FALLS LIMITED PARTNERSHIP
December 31, 2008

Deloitte & Touche LLP
100 Queen Street
Suite 800
Ottawa, ON K1P 5T8
Canada

Tel: (613) 236-2442
Fax: (613) 563-3461
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Auditors' Report

To the Partners of
Valerie Falls Limited Partnership

We have audited the balance sheet of Valerie Falls Limited Partnership (the "Partnership") as at December 31, 2008 and the statements of partners' equity, income and comprehensive income, and cash flows for the year then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Partnership as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

(Signed) Deloitte & Touche LLP
Chartered Accountants
Licensed Public Accountants

Ottawa, Canada
March 11, 2009

VALERIE FALLS LIMITED PARTNERSHIP

BALANCE SHEET
As at December 31

thousands of CDN dollars	Notes	**2008**	2007
Assets			
Current assets			
Cash		**$ 1,478**	$ 385
Deposit with Great Lakes Power Limited	5	**–**	23,994
Accounts receivable		**542**	1,078
Prepaid expenses		**44**	42
		2,064	25,499
Deposit with Great Lakes Power Limited	5	**23,994**	–
Power generating assets	6	**17,344**	17,547
		$43,402	$43,046
Liabilities and Partners' Equity			
Current liabilities			
Accounts and other payables		**$ 611**	$ 350
Due to related parties	5	**20**	–
Current portion of long-term debt	7	**291**	230
		922	580
Long-term debt	7	**30,676**	30,915
		31,598	31,495
Partners' equity		**11,804**	11,551
		$43,402	$43,046

See accompanying notes to the financial statements.

Approved on behalf of Valerie Falls General Partner Limited:

Harry A. Goldgut
Director

Edward C. Kress
Director

VALERIE FALLS LIMITED PARTNERSHIP

STATEMENT OF PARTNERS' EQUITY
Year ended December 31

thousands of CDN dollars	Note	**2008**			2007		
		Brookfield Renewable Power Inc.	**Seine River Power Inc.**	**Total**	Brookfield Renewable Power Inc.	Seine River Power Inc.	Total
Partners' equity, beginning of year		**$7,508**	**$4,043**	**$11,551**	$7,494	$4,035	$11,529
Transitional adjustment	7	**–**	**–**	**–**	13	7	20
Distributions		**(325)**	**(175)**	**(500)**	–	–	–
Allocation of net income		**489**	**264**	**753**	1	1	2
Partners' equity, end of year		**$7,672**	**$4,132**	**$11,804**	$7,508	$4,043	$11,551

See accompanying notes to the financial statements.

VALERIE FALLS LIMITED PARTNERSHIP

STATEMENT OF INCOME AND COMPREHENSIVE INCOME
Year ended December 31

thousands of CDN dollars	Note	2008	2007
Revenue			
Electricity sales		**$4,255**	$3,324
Interest income		**44**	30
		4,299	3,354
Expenses			
Operating, administration and maintenance		**909**	690
Interest and financing fees	7	**2,164**	2,185
Depreciation		**473**	477
		3,546	3,352
Net income and comprehensive income		**$ 753**	$ 2

See accompanying notes to the financial statements.

VALERIE FALLS LIMITED PARTNERSHIP

STATEMENT OF CASH FLOWS
Year ended December 31

thousands of CDN dollars	Note	2008	2007
Operating activities			
Net income		**$ 753**	$ 2
Items not affecting cash			
Depreciation		**473**	477
Non cash interest expense		**7**	7
Net change in non-cash working capital	8	**804**	(630)
		2,037	(144)
Investing activities			
Deposit with Great Lakes Power Limited		**–**	350
Additions to power generating assets		**(259)**	(128)
		(259)	222
Financing activities			
Distributions		**(500)**	–
Repayment of long-term debt		**(185)**	(216)
		(685)	(216)
Increase (decrease) in cash		**1,093**	(138)
Cash, beginning of year		**385**	523
Cash, end of year		**$1,478**	$ 385
Supplementary information			
Interest paid		**$1,744**	$2,170

See accompanying notes to the financial statements.

(in thousands of CDN dollars, except as otherwise specified)

1. GENERAL

Valerie Falls Limited Partnership (the "Partnership") was formed on October 13, 1993, under the laws of the Province of Ontario pursuant to a limited partnership agreement (the "Limited Partnership Agreement") for the purpose of developing, constructing, managing and operating a hydro-electric generating facility near Atikokan, Ontario. Operations commenced on October 10, 1994.

Seine River Power Inc., a wholly-owned subsidiary of Brookfield Renewable Power Inc. ("BRPI"), is the limited partner and holds a 35% interest in the Partnership. BRPI holds a 64.99% interest in the Partnership. Valerie Falls General Partner Limited is the general partner and holds a .01% interest in the Partnership.

The Partnership derives all of its electricity sales revenue through the sale of power to the Ontario Electricity Financial Corporation ("OEFC") under a 50-year power purchase agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The significant accounting policies are summarized below:

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. During the years presented, management has made a number of estimates and valuation assumptions in the determination of accruals, useful lives and asset impairment. Actual results could differ from those estimates.

Revenue recognition

The Partnership records revenues from the sale of energy under the accrual method of accounting in the period in which the Partnership delivers energy commodities or products or renders services.

Interest income is recorded on an accrual basis.

Deferred financing fees

Financing costs related to the issuance of long-term debt are capitalized, netted against long-term debt, and amortized over the term of the debt using the effective interest method.

Power generating assets

Power generating assets are recorded at cost and depreciated as follows:

Type of Asset	Method	Rate
Dams	Straight-line	50 years
Hydroelectric generating stations	Straight-line	50 years
Equipment	Straight-line	5 to 50 years

Assets are tested for impairment based on an assessment of net recoverable amounts in the event of adverse developments. A write-down to estimated fair value is recognized if an asset's estimated undiscounted future cash flow is less than its carrying value. The projections of the future cash flow take into account the operating plan and management's best estimate of the most probable set of economic conditions anticipated to prevail in the market.

Allocation of net income

After the payment of all capital contributions by partners as required under the Limited Partnership Agreement, the net income of the Partnership for each fiscal year is allocated to the Partners in proportion to their respective interests.

Distribution of net income

The general partner, after paying the Partnership's liabilities and maintaining a reasonable reserve for contingent liabilities, distributes the Partnership's net income according to the partners' respective allocations as established in the Limited Partnership Agreement.

Income taxes

These financial statements do not include a provision for income taxes as partnership income is taxed in the hands of the partners.

Partners' assets

These financial statements do not include all the assets, liabilities, revenues and expenses of the partners.

Comparative Figures

Comparative figures have been reallocated between power generating asset classifications to conform to the current year's presentation.

3. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2008, the Partnership adopted the following new accounting standards for Canadian GAAP. The new accounting standards have been applied prospectively and the comparative financial statements have not been restated.

Financial Instruments – Disclosures and Presentation, Handbook sections 3862 and 3863

These sections, which replace Handbook section 3861, revise and enhance disclosure requirements surrounding financial instruments, while carrying forward presentation items unchanged. They place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments to which the Partnership is exposed and how the Partnership manages those risks. Refer to note 9 for relevant disclosure.

Capital Management, Handbook Section 1535

This section establishes standards for disclosing information about the Partnership's capital and how it is managed. The standard requires disclosures of the Partnership's objectives, policies and processes for managing capital, the quantitative data about what the Partnership regards as capital, whether the Partnership has complied with any capital requirements and if it has not complied, the consequences of such non-compliance. Refer to note 11 for relevant disclosure.

4. FUTURE ACCOUNTING POLICY CHANGES

Adoption of International Financial Reporting Standards (IFRS)

The Canadian Institute of Chartered Accountants ("CICA") plans to converge Canadian GAAP with IFRS over a transition period expected to end in 2011. While the Partnership has not completed its quantification of the effects of adopting IFRS in detail, a high level IFRS implementation plan has been developed and an assessment of the financial statement impact of the accounting standard differences is currently in progress. Based on the analysis to date, the most significant differences for the Partnership are anticipated to be related to power generating assets, financial instruments, and financial statement disclosure.

Business Combinations

In January 2009, the CICA issued new Section 1582, *Business Combinations*, replacing Section 1581, *Business Combinations*. New Section 1582 establishes standards for the accounting for a business combination. It provides the Canadian equivalent to the IFRS standard, IFRS 3 (Revised), *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier application is permitted. The adoption of this new standard is not expected to have a material impact on the Partnership's financial statements.

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In January 2009, the CICA issued new Sections 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*, which together replace Section 1600, *Consolidated Financial Statements*. New Section 1601 establishes standards for the preparation of consolidated financial statements. New Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, International Accounting Standard ("IAS") 27 (Revised), *Consolidated and Separate Financial Statements*. The sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. The adoption of these new standards is not expected to have a material impact on the Partnership's financial statements.

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, *Goodwill and Intangible Assets*, replacing Handbook Sections 3062, *Goodwill and Other Intangible Assets* and 3450, *Research and Development Costs*. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangibles by profit-oriented enterprises. The new section will be applicable to the Partnership's financial statements beginning January 1, 2009. The adoption of this new standard is not expected to have a material impact on the Partnership's financial statements.

5. RELATED PARTY TRANSACTIONS

The following transactions with related parties are reflected at the exchange amount:

a) Funds on deposit with Great Lakes Power Limited, a wholly-owned subsidiary of BRPI, totaled $23,994 as at December 31, 2008 (2007 – $23,994). The deposit is non-interest-bearing and due on demand and it has been classified with long-term assets since the Partnership does not intend to demand repayment in 2009 as at the time of preparing the financial statements.

b) The Partnership was provided payroll services from Algonquin Power LP, a company related by common control, during the year that amounted to $68 (2007 – $nil) of which $16 (2007 – $nil) remains payable as at December 31, 2008.

(in thousands of CDN dollars, except as otherwise specified)

c) The Partnership was provided materials and supplies from Wawa Power, a company related by common control, in 2008 totaling $2 (2007 – $nil) of which $2 (2007 – $nil) remains payable as at December 31, 2008.

d) BRPI paid financing fees on behalf of the Partnership in 2008 totaling $8 (2007 – $nil) of which $2 (2007 – $nil) remains payable as at December 31, 2008.

e) In the normal course of operations, Riskcorp Inc., an insurance broker related through common control, entered into transactions with the Partnership to provide insurance. These transactions were measured at exchange value. The total cost incurred in 2008 for these services was $39 (2007 – $36) of which $nil (2007 – $nil) is payable at December 31, 2008.

6. POWER GENERATING ASSETS

	2008			2007
	Cost	**Accumulated Depreciation**	**Net Book Value**	Net Book Value
Dams	**$12,472**	**$3,442**	**$ 9,030**	$ 9,124
Hydroelectric generating stations	**10,145**	**2,799**	**7,346**	7,396
Equipment	**1,026**	**252**	**774**	891
Work in progress	**194**	**–**	**194**	136
	$23,837	**$6,493**	**$17,344**	$17,547

Cost and accumulated depreciation for the year ended December 31, 2007 were $23,567 and $6,020, respectively.

7. LONG-TERM DEBT

	2008	2007
First mortgage bonds	**$31,369**	$31,554
Less: current portion of long-term debt	**(291)**	(230)
Less: unamortized deferred financing fees	**(402)**	(409)
Long-term debt	**$30,676**	$30,915

Long-term debt consists of first mortgage bonds, which are secured by a first, fixed, specific and floating charge on the Partnership's assets. The bonds bear interest at 6.84% and are due December 19, 2042.

Effective January 1, 2007, the Partnership began using the effective interest method to amortize its deferred financing fees. The transitional adjustment for financial instruments recorded to partners' equity on January 1, 2007 was $20.

Amortization of deferred financing fees for the year related to the Partnership's long-term debt and included in interest expense for the year totalled $7 (2007 – $7).

The fair value of the bonds as at December 31, 2008 is estimated at $29,524 (2007 – $35,530). Fair value was estimated by comparing the rates currently available for long-term debt with similar terms and risks.

(in thousands of CDN dollars, except as otherwise specified)

Principal repayments are due as follows:

2009	**$ 291**
2010	**264**
2011	**282**
2012	**301**
2013 and thereafter	**30,231**
	$31,369

On behalf of the Partnership, BRPI, a company related by common control, has provided the lenders with two letters of credit. The first is for $3,500 (2007 – $3,500) and the second is for $1,000 (2007 – $1,000). The letters of credit are to be used as a debt service reserve and a hydrology insurance reserve, respectively. In 2008, no amount was drawn against the letters of credit (2007 – $nil).

8. STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances consists of the following:

	2008	2007
Accounts receivable	**$536**	$(729)
Prepaid expenses	**(2)**	2
Accounts and other payables	**250**	97
Due to related parties	**20**	–
	$804	$(630)

Capital asset additions totaling $11 which were included in accruals at December 31, 2008, have been removed from the statement of cash flows for 2008, as they did not result in a cash outflow during the period. Similar accruals relating to capital asset additions did not exist at December 31, 2007.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification. All financial instruments are classified into one of five categories: held-for-trading, loans and receivables, other financial liabilities, held-to-maturity investments or available-for-sale financial assets.

Held-for-trading financial instruments are financial assets and financial liabilities typically acquired with the objective of resale or short-term buyback. The carrying amount is recorded at fair market value determined using market prices. Interest earned and gains and losses incurred are recognized in net income. Cash is designated as a financial asset held-for-trading and is measured at fair value with changes being recorded in net income during each period.

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date, or on demand, usually with interest. Loans and receivables are measured at amortized cost. Accounts receivable and deposits with Great Lakes Power Limited are classified as loans and receivables and are measured at fair value at inception. Due to their short-term nature, the initial fair value measurement of accounts receivable approximates amortized cost. Due to its long-term nature, the initial fair value measurement of deposits with Great Lakes Power Limited does not approximate amortized cost, but fair value is not determinable due to the lack of defined repayment terms.

(in thousands of CDN dollars, except as otherwise specified)

Other financial liabilities are promises to repay on specified dates or on demand usually with interest. Accounts and other payables and due to related parties are classified as other financial liabilities and are measured at fair value at inception which, due to their short-term nature, approximate amortized cost. Long-term debt is also classified as other financial liabilities. After its initial fair value measurement, it is measured at amortized cost using the effective interest method.

Held-to-maturity financial assets have fixed or determinable payments and maturity, and management's intention and ability are to hold to maturity. These financial assets are measured at amortized cost. The Partnership does not hold any financial assets under this classification.

Available-for-sale instruments are non-derivative financial assets that are designated as available-for-sale or that are not classified as loans and receivables, held-to-maturity investments or held-for-trading financial assets. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. The Partnership does not hold any financial assets under this classification.

The Partnership is exposed, in the normal course of business, to a number of financial risks arising from its use of financial instruments. The Partnership's overall risk management strategy is designed to identify, manage and mitigate these risks to the extent possible.

Credit Risk

Counterparties expose the Partnership to credit-related losses in the event of non-performance. Maximum credit exposure is the carrying value of the financial assets net of any allowances for losses. The Partnership manages its credit risk by conducting business with a limited number of counterparties, all of whom are creditworthy and whose credit is reviewed regularly. Consistent with previous years, the Partnership does not have any allowances for losses as accounts receivables have been collected in a timely manner. As at December 31, 2008, the Partnership is exposed to a maximum credit risk of $542 and all accounts receivable within the Partnership remain current.

Liquidity Risk

Liquidity risk is the risk that the Partnership will not be able to fund all cash outflow commitments as they become due. The Partnership's asset and liability management allows it to maintain its financial position by providing sufficient liquid assets available to cover its potential funding requirements. The Partnership has a Treasury group in charge, among other things, of ensuring sound management of available cash resources and financing for all the Partnership operations. With senior management oversight, this group manages liquidity through regular monitoring of cash and covenant requirements.

As at December 31, 2008, the total outstanding significant contractual obligations are due in the following periods:

	Less than 1 year	2-5 years	More than 5 years	Total
Principal repayments	$ 291	$1,170	$29,908	$31,369
Interest expense	2,552	8,371	44,438	55,361
Total	$2,843	$9,541	$74,346	$86,730

Based on historical cash flows and current financial performance, management believes that the cash flow from the Partnership's operating activities will continue to provide sufficient liquidity for the Partnership to satisfy debt service obligations and ensure stable distribution to partners.

Market Risk

Market risk is the risk of loss that results from changes in market factors such as commodity prices, foreign currency exchange rates and interest rates. The level of market risk to which the Partnership is exposed at any point in time varies depending on market conditions, expectations of future price or market rate movements and composition of the Partnership's financial assets and liabilities.

(a) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Partnership's long-term debt bears interest at a fixed rate until maturity in December 2042. Consequently, there is no cash flow exposure associated with these instruments.

(b) Currency risk

Currency risk refers to the Canadian dollar value of foreign currency cash flows varying as a result of the movements in exchange rates. The Partnership, as a Canadian dollar functional currency entity, conducts all of its business in Canadian dollars and is not exposed to any material currency risk.

(c) Commodity price risk

Commodity price risk refers to the constant fluctuation of the price of power. The Partnership actively manages commodity price risk as substantially all of its revenues are earned through a long-term power purchase agreement which contains fixed prices for electricity supplied; therefore, the Partnership is not exposed to any material price fluctuation.

10. COMMITMENTS, CONTINGENCIES AND GUARANTEES

The Partnership has entered into operating lease agreements for land and water rights, which extend to, or are renewable over various terms through the year 2044. Payments under the leases depend on the amount of power generated. The estimated annual payments based on long-term average annual generation are $248.

In the normal course of operations, the Partnership executes agreements that provide for indemnification and guarantees to third parties in transactions such as debt issuances. The nature of substantially all of the indemnification undertakings prevents management from making a reasonable estimate of the maximum potential amount the Partnership could be required to pay third parties as 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, the Partnership has not made significant payments under such indemnification agreements.

The Partnership has asset retirement obligations associated with its generating stations. The retirement date for these generating stations cannot be reasonably estimated and, therefore, the fair value of the associated liability cannot be estimated at this time. As a result, no liability has been accrued in these financial statements.

11. CAPITAL MANAGEMENT

The Partnership's objective when managing its capital structure is to uphold a strong capital base so as to maintain partner, creditor and market confidence and to sustain future development of the business. In addition, the Partnership strives to continue as a going concern, while providing an adequate return to its partners. The Partnership does not have any specific quantitative capital criteria; however, its main objective is to generate stable and sustainable cash flows to meet partner distribution requirements.

In the management of capital, the Partnership includes partners' equity and long-term debt in the definition of capital.

The Partnership manages its capital structure to support its corporate strategy and takes into account changes in economic conditions. In order to maintain a solid capital structure, the Partnership may issue new debt, issue new debt to replace existing debt (with different characteristics), reduce the amount of existing debt or modify the level of capital expenditures. Management monitors and reviews on a regular basis whether distributions remain adequate. Management is comfortable with the Partnership's current level of distributions.

The Partnership's strategy with respect to debt has been to leverage its assets with property specific borrowings. The long-term debt has a fixed interest rate for its term. The level of financing associated with any asset is determined by the risk associated with the asset and the potential variability of the cash flows. Given the Partnership's long-term power purchase agreement, the variability in cash flows is limited allowing the Partnership to adequately leverage its assets.

The Partnership has provided covenants to its lenders to ensure capital requirements are met. Under the terms for such debt, it is conventional for distributions of cash to be prohibited if the loan is in default (notably for non-payment of principal or interest) or if the Partnership fails to achieve a benchmark "debt service coverage ratio", which is the ratio of earnings before interest expense, income taxes, depreciation and amortization, and unusual or non recurring non-cash items, ("EBITDA", a non-GAAP performance indicator), for a specified time period to the scheduled loan principal and interest payments for the same time period. The specified ratio for this covenant is 1.5:1.0. The Partnership is in compliance with all capital requirements as at December 31, 2008.

There were no changes in the Partnership's approach to capital management during the year.

Financial Statements

VALERIE FALLS LIMITED PARTNERSHIP

March 31, 2009

VALERIE FALLS LIMITED PARTNERSHIP

BALANCE SHEET

(Unaudited) *thousands of CDN dollars*	Notes	**March 31 2009**	December 31 2008
Assets			
Current assets			
Cash		**$ 2,048**	$ 1,478
Accounts receivable		**434**	542
Due from related party	5	**5**	–
Prepaid expenses		**27**	44
		2,514	2,064
Deposit with Great Lakes Power Limited	5	**23,994**	23,994
Power generating assets		**17,203**	17,344
		$43,711	$43,402
Liabilities and Partners' Equity			
Current liabilities			
Accounts and other payables		**$ 684**	$ 611
Due to related parties	5	**10**	20
Current portion of long-term debt		**246**	291
		940	922
Long-term debt		**30,678**	30,676
		31,618	31,598
Partners' equity		**12,093**	11,804
		$43,711	$43,402

See accompanying notes to the financial statements.

Approved on behalf of Valerie Falls General Partner Limited:

Harry A. Goldgut
Director

Edward C. Kress
Director

VALERIE FALLS LIMITED PARTNERSHIP

STATEMENT OF PARTNERS' EQUITY

	Three months ended March 31 2009			Three months ended March 31 2008		
(Unaudited) ***thousands of CDN dollars***	**Brookfield Renewable Power Inc.**	**Seine River Power Inc.**	**Total**	Brookfield Renewable Power Inc.	Seine River Power Inc.	Total
Partners' equity, beginning of period	**$7,672**	**$4,132**	**$11,804**	$7,508	$4,043	$11,551
Allocation of net income	**188**	**101**	**289**	159	86	245
Partners' equity, end of period	**$7,860**	**$4,233**	**$12,093**	$7,667	$4,129	$11,796

See accompanying notes to the financial statements.

VALERIE FALLS LIMITED PARTNERSHIP

STATEMENT OF INCOME AND COMPREHENSIVE INCOME

(Unaudited) *thousands of CDN dollars*	Three months ended March 31 **2009**	2008
Revenue		
Electricity sales	**$1,127**	$1,072
Interest income	**4**	9
	1,131	1,081
Expenses		
Operating, administration and maintenance	**173**	169
Interest and financing fees	**540**	541
Depreciation	**129**	126
	842	836
Net income and comprehensive income	**$ 289**	$ 245

See accompanying notes to the financial statements.

VALERIE FALLS LIMITED PARTNERSHIP

STATEMENT OF CASH FLOWS

(Unaudited) *thousands of CDN dollars*	Notes	Three months ended March 31 **2009**	2008
Operating activities			
Net income		**$ 289**	$ 245
Items not affecting cash			
Depreciation		**129**	126
Non cash interest expense		**2**	2
Net change in non-cash working capital	6	**195**	669
		615	1,042
Investing activities			
Additions to power generating assets		**–**	(1)
		–	(1)
Financing activities			
Repayment of long-term debt		**(45)**	–
		(45)	–
Increase in cash		**570**	1,041
Cash, beginning of period		**1,478**	385
Cash, end of period		**$2,048**	$1,426
Supplementary information			
Interest paid during the period		**$ 416**	$ –

See accompanying notes to the financial statements.

VALERIE FALLS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2009

(in thousands of CDN dollars, except as otherwise specified)
(Unaudited)

1. GENERAL

Valerie Falls Limited Partnership (the "Partnership") was formed on October 13, 1993, under the laws of the Province of Ontario pursuant to a limited partnership agreement (the "Limited Partnership Agreement") for the purpose of developing, constructing, managing and operating a hydro-electric generating facility near Atikokan, Ontario. Operations commenced on October 10, 1994.

Seine River Power Inc. ("Seine"), a wholly-owned subsidiary of Brookfield Renewable Power Inc. ("BRPI"), is the limited partner and holds a 35% interest in the Partnership. BRPI holds a 64.99% interest in the Partnership. Valerie Falls General Partner Limited is the general partner and holds a .01% interest in the Partnership.

The Partnership derives all of its electricity sales revenue through the sale of power to the Ontario Electricity Financial Corporation ("OEFC") under a 50-year power purchase agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), applicable to interim financial statements. These unaudited interim financial statements should be read in conjunction with the 2008 annual audited financial statements.

The preparation of these unaudited financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. In the opinion of management, these unaudited financial statements reflect all adjustments necessary to state fairly the results for the periods presented. Actual results could differ from these estimates and the operating results for the interim periods presented are not necessarily indicative of the results expected for the full year.

These unaudited financial statements have been prepared on a basis consistent with the annual audited financial statements for the fiscal year ended December 31, 2008 with the exception of the change in accounting policy described in note 3.

Variations in quarterly results are largely directly related to the amount of electricity generated in any given quarter, which is in turn dependent on available water inflows, which fluctuate on a seasonal basis and from period to period.

The significant accounting policies are summarized below:

Revenue recognition

The Partnership records revenues from the sale of energy under the accrual method of accounting in the period in which the Partnership delivers energy commodities or products or renders services.

Interest income is recorded on an accrual basis.

Deferred financing fees

Financing costs related to the issuance of long-term debt are capitalized, netted against long-term debt, and amortized over the term of the debt using the effective interest method.

Power generating assets

Power generating assets are recorded at cost and depreciated as follows:

Type of Asset	Method	Rate
Dams	Straight-line	50 years
Hydroelectric generating stations	Straight-line	50 years
Equipment	Straight-line	5 to 50 years

Assets are tested for impairment based on an assessment of net recoverable amounts in the event of adverse developments. A write-down to estimated fair value is recognized if an asset's estimated undiscounted future cash flow is less than its carrying value. The projections of the future cash flow take into account the operating plan and management's best estimate of the most probable set of economic conditions anticipated to prevail in the market.

Allocation of net income

After the payment of all capital contributions by partners as required under the Limited Partnership Agreement, the net income of the Partnership for each fiscal year is allocated to the Partners in proportion to their respective interests.

Distribution of net income

The general partner, after paying the Partnership's liabilities and maintaining a reasonable reserve for contingent liabilities, distributes the Partnership's net income according to the partners' respective allocations as established in the Limited Partnership Agreement.

Income taxes

These financial statements do not include a provision for income taxes as partnership income is taxed in the hands of the partners.

Partners' assets

These financial statements do not include all the assets, liabilities, revenues and expenses of the partners.

3. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2009, the Partnership adopted the following new accounting standard for Canadian GAAP. The new accounting standard has been applied prospectively and the comparative financial statements have not been restated.

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, *Goodwill and Intangible Assets,* replacing Handbook Sections 3062, *Goodwill and Other Intangible Assets* and 3450, *Research and Development Costs*. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangibles by profit-oriented enterprises. The new section is applicable to the Partnership's financial statements beginning January 1, 2009. The adoption of this new standard did not have a material impact on the Partnership's financial statements.

4. FUTURE ACCOUNTING POLICY CHANGES

Adoption of International Financial Reporting Standards ("IFRS")

The CICA plans to converge Canadian GAAP with IFRS over a transition period expected to end in 2011. While the Partnership has not completed its quantification of the effects of adopting IFRS in detail, a high level IFRS implementation plan has been developed and an assessment of the financial statement impact of the accounting standard differences is currently in progress. Based on the analysis to date, the most significant differences for the Partnership are anticipated to be related to power generating assets, financial instruments, and financial statement disclosure.

Business Combinations

In January 2009, the CICA issued new Section 1582, *Business Combinations*, replacing Section 1581, *Business Combinations*. New Section 1582 establishes standards for the accounting for a business combination. It provides the Canadian equivalent to the IFRS standard, IFRS 3 (Revised), *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier application is permitted. The adoption of this new standard is not expected to have a material impact on the Partnership's financial statements.

Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the CICA issued new Sections 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*, which together replace Section 1600, *Consolidated Financial Statements*. New Section 1601 establishes standards for the preparation of consolidated financial statements. New Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, International Accounting Standard ("IAS") 27 (Revised), *Consolidated and Separate Financial Statements*. The sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. The adoption of these new standards is not expected to have a material impact on the Partnership's financial statements.

5. RELATED PARTY TRANSACTIONS

The following transactions with related parties are reflected at the exchange amount:

a) Funds on deposit with Great Lakes Power Limited, a wholly-owned subsidiary of BRPI, totaled $23,994 as at March 31, 2009 (2008 – $23,994). The deposit is non-interest bearing and due on demand and it has been classified with long-term assets since the Partnership does not intend to demand repayment within the next 12 months as at the time of preparing the financial statements.

b) The Partnership was provided payroll services from Algonquin Power LP, a company related by common control, during the period that amounted to $9 (2008 – $nil) of which $9 remains payable as at March 31, 2009 (2008 – $16).

c) The Partnership was provided with materials and supplies from Wawa Power, a company related by common control, during the period totaling $1 (2008 – $2) of which $1 remains payable as at March 31, 2009 (2008 – $2).

d) During the period, the Partnership paid for materials and supplies on behalf of BRPI in the amount of $7 (2008 – nil) of which $5 remains receivable from BRPI at March 31, 2009 (2008 – nil).

   In addition, during 2008, BRPI paid financing fees on behalf of the Partnership totaling $8 of which $nil remains payable as at March 31, 2009 (2008 – $2).

(in thousands of CDN dollars, except as otherwise specified)

e) In the normal course of operations, Riskcorp Inc., an insurance broker related through common control, entered into transactions with the Partnership to provide insurance. These transactions were measured at exchange value. The total cost incurred during the period for these services was $7 (2008 – $11) of which $nil is payable at March 31, 2009 (2008 – $nil).

6. STATEMENT OF CASH FLOWS

The net change in non-cash working capital is comprised of the following:

	March 31 2009	March 31 2008
Accounts receivable	**$108**	$292
Prepaid expenses	**17**	6
Accounts and other payables	**85**	369
Due from/to related parties	**(15)**	2
	$195	$669

Capital asset additions totaling $12 which were included in accruals at December 31, 2008 have been included in the statement of cash flows for 2009 as they resulted in a cash outflow during the period. Similar accounts payable or accruals relating to capital asset additions did not exist at March 31, 2009.

7. COMMITMENTS, CONTINGENCIES AND GUARANTEES

The Partnership has entered into operating lease agreements for land and water rights, which extend to, or are renewable over, various terms through the year 2044. Payments under the leases depend on the amount of power generated. The estimated annual payments based on long-term average annual generation are $248.

In the normal course of operations, the Partnership executes agreements that provide for indemnification and guarantees to third parties in transactions such as debt issuances. The nature of substantially all of the indemnification undertakings prevents management from making a reasonable estimate of the maximum potential amount the Partnership could be required to pay third parties as 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, the Partnership has not made significant payments under such indemnification agreements.

The Partnership has asset retirement obligations associated with its generating stations. The retirement date for these generating stations cannot be reasonably estimated and therefore, the fair value of the associated liability cannot be estimated at this time. As a result, no liability has been accrued in these financial statements.

8. SUBSEQUENT EVENTS

BRPI has stated its intention to sell its interest in the Partnership to Great Lakes Power Trust, a wholly owned subsidiary of the Great Lakes Hydro Income Fund. The accompanying financial statements have been prepared in connection with the anticipated sale and reflect the financial position, results of operations and cash flows of the Partnership. The financial impact, if any, of the sale is not determinable at this time.

Combined Financial Statements

GOSFIELD WIND
A development stage company
December 31, 2008

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Canada

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AUDITORS' REPORT

To the Directors of the companies constituting the Gosfield Wind group

We have audited the combined balance sheet of Gosfield Wind (the "Company") as at December 31, 2008. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this combined financial statement presents fairly, in all material respects, the financial position of the Company as at December 31, 2008 in accordance with Canadian generally accepted accounting principles.

(Signed) Deloitte & Touche LLP
Chartered Accountants
Licensed Public Accountants

Ottawa, Ontario
June 10, 2009

GOSFIELD WIND
A DEVELOPMENT STAGE COMPANY

COMBINED BALANCE SHEET

(in thousands of CDN dollars)	Notes	**December 31 2008**	September 10 2008
Assets			
Construction in progress	5	**$2,710**	$2,592
Other assets	6	**375**	375
		$3,085	$2,967
Liabilities and Owners' Equity			
Current liabilities			
Due to related party	4	**$3,085**	$2,967
		3,085	2,967
Owners' equity	7	**–**	–
		$3,085	$2,967

See accompanying notes to the financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS
113 days ended December 31, 2008

(in thousands of CDN dollars, except as otherwise specified)

1. GENERAL AND GOING CONCERN

Gosfield Wind consists of Gosfield Wind Limited Partnership ("GWLP"), Gosfield Wind General Partnership ("GWGP"), 2184019 Ontario Limited, and 2184021 Ontario Limited, which are all, directly or indirectly, wholly owned by Brookfield Renewable Power Inc. ("BRPI").

Gosfield Wind has the purpose of developing, constructing, managing and operating one or more wind farms in Southern Ontario and is currently in the development stage with no commercial operations.

These financial statements have been prepared assuming that Gosfield Wind will continue as a going concern. Gosfield Wind has no revenues and negative working capital of $3,085. All of its development activity to date has been funded by its ultimate parent, BRPI, and this situation is expected to persist for the foreseeable future until commercial operations commence. Gosfield Wind does not have any lines of credit or other financing facilities in place.

Gosfield Wind entered into a power purchase agreement ("PPA") with the Ontario Power Authority ("OPA") effective January 13, 2009, which secures a fixed price for energy generated and sold once Gosfield Wind commences commercial operations (expected to be no later than December 31, 2012 as per the PPA).

Gosfield Wind's ability to continue as a going concern is subject to receiving continued financing from BRPI or the ability to raise capital through the issuance of shares. Failure to do so could have a material adverse effect on Gosfield Wind's financial position and or its results of operations and could also result in it ceasing operations. The combined financial statements do not include adjustments that would be required if the assets are not realized and the liabilities are not settled in the normal course of operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). A statement of cash flows has not been included, as Gosfield Wind has not entered into any cash transactions during the period.

Principles of combination

The combined financial statements include the accounts of all Gosfield Wind entities, which are under common control of the principal shareholder, BRPI. All inter-company transactions and balances between the companies have been eliminated.

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. During the period presented, management has made a number of estimates and valuation assumptions in the determination of accruals and useful lives. Actual results could differ from those estimates.

Construction in progress

Construction costs which meet generally accepted criteria, and which are direct and incremental to the project are capitalized at cost throughout the development stage of the enterprise with depreciation to commence upon successful completion of the construction of the wind power generating facilities and upon initial use of such assets.

Power purchase agreement intangible asset

Acquisition costs which meet generally accepted criteria, and which are direct and incremental to the acquisition of the power purchase agreement are capitalized at cost throughout the development stage of the enterprise with amortization to commence upon successful completion of the construction of the wind power generating facilities and upon initial delivery of power under said agreement. The power purchase agreement intangible asset will be amortized on a straight-line basis over the term of the power purchase agreement.

Income taxes

Gosfield Wind uses the asset and liability method in accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities, and are measured using the enacted, or substantively enacted, tax rates and laws that will be in effect when the differences are expected to reverse, taking into account the organization of Gosfield Wind's financial affairs and its impact on taxable income and tax losses. The future tax assets are recognized to the extent that it is more likely than not that the asset will be realized.

3. FUTURE ACCOUNTING POLICY CHANGES

Adoption of International Financial Reporting Standards ("IFRS")

The Canadian Institute of Chartered Accountants ("CICA") plans to converge Canadian GAAP with IFRS over a transition period expected to end in 2011. While Gosfield Wind has not completed its quantification of the effects of adopting IFRS in detail, a high level IFRS implementation plan has been developed and an assessment of the financial statement impact of the accounting standard differences is currently in progress. Based on the analysis to date, the most significant differences for Gosfield Wind are anticipated to be related to construction in progress and financial statement disclosure.

Business Combinations

In January 2009, the CICA issued new Section 1582, *Business Combinations*, replacing Section 1581, *Business Combinations*. New Section 1582 establishes standards for the accounting for a business combination. It provides the Canadian equivalent to the IFRS standard, IFRS 3 (Revised), *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier application is permitted. The adoption of this new standard is not expected to have a material impact on Gosfield Wind's financial statements.

Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the CICA issued new Sections 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*, which together replace Section 1600, *Consolidated Financial Statements*. New Section 1601 establishes standards for the preparation of consolidated financial statements. New Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, International Accounting Standard ("IAS") 27 (Revised), *Consolidated and Separate Financial Statements*. The sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. The adoption of these new standards is not expected to have a material impact on Gosfield Wind's financial statements.

(in thousands of CDN dollars, except as otherwise specified)

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, *Goodwill and Intangible Assets*, replacing Handbook Sections 3062, *Goodwill and Other Intangible Assets* and 3450, *Research and Development Costs*. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangibles by profit-oriented enterprises. The new section will be applicable to Gosfield Wind's financial statements beginning January 1, 2009. The adoption of this new standard is not expected to have a material impact on Gosfield Wind's financial statements.

4. RELATED PARTY TRANSACTIONS

The following transactions with companies related through common control have been recorded at their exchange values:

a) Brookfield Power Wind Corporation ("BPWC"), a wholly owned subsidiary of BRPI, subscribed for 99 partnership units upon formation of GWGP at a subscription price of 1 dollar per unit. As at December 31, 2008, these subscriptions, totaling 99 dollars, remain payable to Gosfield Wind.

b) BRPI subscribed for 2 common shares upon formation of 2184019 Ontario Limited and 2184021 Ontario Limited at a subscription price of 1 dollar per share. As at December 31, 2008, these subscriptions, totaling 2 dollars, remain payable to Gosfield Wind.

c) Upon formation of Gosfield Wind, development costs previously incurred by BPWC totaling $2,967 were transferred to Gosfield Wind. During the period, BPWC paid development costs on behalf of Gosfield Wind totaling $118. As at December 31, 2008, $3,085 remains payable to BPWC.

5. CONSTRUCTION IN PROGRESS

	December 31 2008	September 10 2008
Construction in progress	**$2,710**	$2,592
	$2,710	$2,592

6. OTHER ASSETS

	December 31 2008	September 10 2008
Power purchase agreement intangible	**$375**	$375
	$375	$375

7. SHARE CAPITAL

Gosfield Wind is authorized to issue an unlimited number of common shares and partnership units, of which 2 and 99, respectively, were issued but unpaid as at December 31, 2008 for an amount of 101 dollars. Of Gosfield Wind's common shares outstanding, 1 share relates to 2184019 Ontario Limited and 1 share relates to 2184021 Ontario Limited. The outstanding partnership units relate to GWGP. Each share and partnership unit, regardless of entity, is valued at 1 dollar.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification. All financial instruments are classified into one of five categories: held-for-trading, loans and receivables, other financial liabilities, held-to-maturity investments or available-for-sale financial assets.

Held-for-trading financial instruments are financial assets and financial liabilities typically acquired with the objective of resale or short-term buyback. The carrying amount is recorded at fair market value determined using market prices. Interest earned and gains and losses incurred are recognized in net income. Gosfield Wind does not hold any financial assets under this classification.

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date, or on demand, usually with interest. Loans and receivables are measured at amortized cost. Due from related party is classified as loans and receivables and is measured at fair value at inception which, due to its short-term nature, approximates amortized cost.

Other financial liabilities are promises to repay on specified dates or on demand usually with interest. Due to related party is classified as other financial liabilities and is measured at fair value at inception which approximates amortized cost. After its initial fair value measurement, it is measured at amortized cost, as financial instruments having similar terms and conditions are not readily available, making it practically impossible to approximate its fair value.

Held-to-maturity financial assets have fixed or determinable payments and maturity, and management's intention and ability are to hold to maturity. These financial assets are measured at amortized cost. Gosfield Wind does not hold any financial assets under this classification.

Available-for-sale instruments are non-derivative financial assets that are designated as available-for-sale or that are not classified as loans and receivables, held-to-maturity investments or held-for-trading financial assets. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Gosfield Wind does not hold any financial assets under this classification.

Gosfield Wind is not exposed, in the normal course of business, to any financial risk arising from the use of financial instruments. Gosfield Wind's overall risk management strategy is designed to identify, manage and mitigate these types of risks to the extent possible.

Credit Risk

Gosfield Wind is exposed to credit-related losses in the event of non-performance by counterparties. Maximum credit exposure is the carrying value of the financial assets net of any allowances for losses. Gosfield Wind manages its credit risk by conducting business with a limited number of counterparties, all of whom are creditworthy and whose credit is reviewed regularly. As at December 31, 2008, Gosfield Wind is exposed to a maximum credit risk of 101 dollars.

Liquidity Risk

Liquidity risk is the risk that Gosfield Wind will not be able to fund all cash outflow commitments as they become due. Gosfield Wind is dependent upon BRPI to cover its potential funding requirements and management believes that said funding will continue to provide sufficient liquidity for Gosfield Wind to ensure continued development.

Market Risk

Market risk is the risk of loss that results from changes in market factors such as commodity prices, foreign currency exchange rates and interest rates. The level of market risk to which Gosfield Wind is exposed at any point in time varies depending on market conditions, expectations of future price or market rate movements and composition of Gosfield Wind's financial assets and liabilities.

a) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Gosfield Wind has no long-term debt and consequently, is not exposed to any material interest rate risk.

b) Currency risk

Currency risk refers to the Canadian dollar value of foreign currency cash flows varying as a result of the movements in exchange rates. Gosfield Wind, as a Canadian dollar functional currency entity, conducts all of its business in Canadian dollars and is not exposed to any material currency risk.

c) Commodity price risk

Commodity price risk refers to the constant fluctuation of the price of power. Gosfield Wind is in the development stage and therefore, Gosfield Wind is not exposed to any material price fluctuation.

9. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Gosfield Wind's operations are regulated by government laws concerning the protection of the environment. The environmental consequences are not easily identifiable which contribute to the results of the impact. To the best of management's knowledge, Gosfield Wind is following the rules and regulations that are being enforced. All payments to be made will depend on the cost of restoring the sites to their original condition.

Gosfield Wind has asset retirement obligations associated with its wind monitoring towers. The retirement date for these towers cannot be reasonably estimated and therefore, the fair value of the associated liability cannot be estimated at this time. As a result, no liability has been accrued in these financial statements.

10. CAPITAL MANAGEMENT

Gosfield Wind's objective when managing its capital structure is to uphold a strong capital base so as to maintain shareholder confidence and to sustain future development of the business. Gosfield Wind does not have any specific quantitative capital criteria; however, its main objective is to raise stable and sustainable cash flows to meet continued development requirements. This objective is currently being achieved through funding received from BRPI. Management plans to raise additional funds to complete development through the issuance of new share capital, debt, or a combination thereof, until commencement of commercial operations.

In the management of capital, Gosfield Wind includes share capital.

There were no changes in Gosfield Wind's approach to capital management during the period.

11. SUBSEQUENT EVENT

BRPI has stated its intention to sell its investment in each of the Gosfield Wind companies to the Great Lakes Power Trust, which is wholly owned by the Great Lakes Hydro Income Fund, which in turn is controlled by BRPI. The accompanying financial statements have been prepared in connection with the potential sale and reflect the combined financial position and results of operations of BRPI's interest in the Gosfield Wind companies. The financial impact, if any, of the sale is not determinable at this time.

Combined Financial Statements

GOSFIELD WIND
A development stage company
March 31, 2009

GOSFIELD WIND
A DEVELOPMENT STAGE COMPANY

COMBINED BALANCE SHEET

(in thousands of CDN dollars)	Notes	**March 31 2009**	December 31 2008
Assets			
Construction in progress	6	**$3,412**	$2,710
Other assets	7	**525**	375
		$3,937	$3,085
Liabilities and Shareholder's Equity			
Current liabilities			
Due to related party	5	**$3,937**	$3,085
		3,937	3,085
Shareholder's equity	8	**–**	–
		$3,937	$3,085

See accompanying notes to the financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS
Three months ended March 31, 2009

(in thousands of CDN dollars, except as otherwise specified)

1. GENERAL AND GOING CONCERN

Gosfield Wind consists of Gosfield Wind Limited Partnership ("GWLP"), Gosfield Wind General Partnership ("GWGP"), 2184019 Ontario Limited, 2184021 Ontario Limited and 2194599 Ontario Limited, which are all, directly or indirectly, wholly owned by Brookfield Renewable Power Inc. ("BRPI").

Gosfield Wind has the purpose of developing, constructing, managing and operating one or more wind farms in Southern Ontario and is currently in the development stage with no commercial operations.

These financial statements have been prepared assuming that Gosfield Wind will continue as a going concern. Gosfield Wind has no revenues and negative working capital of $3,937. All of its development activity to date has been funded by its ultimate parent, BRPI, and this situation is expected to persist for the foreseeable future until commercial operations commence. Gosfield Wind does not have any lines of credit or other financing facilities in place.

Gosfield Wind entered into a power purchase agreement ("PPA") with the Ontario Power Authority ("OPA") effective January 13, 2009, which secures a fixed price for energy generated and sold once Gosfield Wind commences commercial operations (expected to be no later than December 31, 2012 as per the PPA).

Gosfield Wind's ability to continue as a going concern is subject to receiving continued financing from BRPI or the ability to raise capital through the issuance of shares. Failure to do so could have a material adverse effect on Gosfield Wind's financial position and or its results of operations and could also result in it ceasing operations. The combined financial statements do not include adjustments that would be required if the assets are not realized and the liabilities are not settled in the normal course of operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These unaudited interim financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP"), applicable to interim financial statements. These unaudited interim financial statements do not conform in all respects to the requirements of generally accepted accounting principles for annual financial statements and should be read in conjunction with the 2008 annual audited financial statements.

These unaudited interim combined financial statements have been prepared on a basis consistent with the annual audited combined financial statements for the period ended December 31, 2008 with the exception of the changes in accounting policy described in note 3.

A statement of cash flows and income statement have not been included with these interim combined financial statements. Gosfield Wind has not entered into any cash transactions during the period.

3. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2009, Gosfield Wind adopted the following new accounting standard for Canadian GAAP. The new accounting standard has been applied prospectively and the comparative combined financial statements have not been restated.

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, *Goodwill and Intangible Assets*, replacing Handbook Sections 3062, *Goodwill and Other Intangible Assets* and 3450, *Research and Development Costs*. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangibles by profit-oriented enterprises. The new section is applicable to Gosfield Wind's financial statements beginning January 1, 2009. The adoption of this new standard did not have a material impact on Gosfield Wind's combined financial statements.

4. FUTURE ACCOUNTING POLICY CHANGES

Adoption of International Financial Reporting Standards ("IFRS")

The Canadian Institute of Chartered Accountants ("CICA") plans to converge Canadian GAAP with IFRS over a transition period expected to end in 2011. While Gosfield Wind has not completed its quantification of the effects of adopting IFRS in detail, a high level IFRS implementation plan has been developed and an assessment of the financial statement impact of the accounting standard differences is currently in progress. Based on the analysis to date, the most significant differences for Gosfield Wind are anticipated to be related to construction in progress and financial statement disclosure.

Business Combinations

In January 2009, the CICA issued new Section 1582, *Business Combinations*, replacing Section 1581, *Business Combinations*. New Section 1582 establishes standards for the accounting for a business combination. It provides the Canadian equivalent to the IFRS standard, IFRS 3 (Revised), *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier application is permitted. The adoption of this new standard is not expected to have a material impact on Gosfield Wind's financial statements.

Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the CICA issued new Sections 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*, which together replace Section 1600, *Consolidated Financial Statements*. New Section 1601 establishes standards for the preparation of consolidated financial statements. New Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, International Accounting Standard ("IAS") 27 (Revised), *Consolidated and Separate Financial Statements*. The sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. The adoption of these new standards is not expected to have a material impact on Gosfield Wind's financial statements.

5. RELATED PARTY TRANSACTIONS

The following transactions with companies related through common control have been recorded at their exchange values:

a) Brookfield Power Wind Corporation ("BPWC"), a wholly owned subsidiary of BRPI, subscribed for 99 partnership units upon formation of GWGP at a subscription price of 1 dollar per unit. During the period, these units were transferred to 2194599 Ontario Limited, a Gosfield Wind company. As at March 31, 2009, no subscriptions remain payable to Gosfield Wind (2008 – 99 dollars).

b) BRPI subscribed for 2 common shares upon formation of 2184019 Ontario Limited and 2184021 Ontario Limited at a subscription price of 1 dollar per share during 2008. In 2009, BRPI subscribed for 2 common shares upon formation of 2194599 Ontario Limited at a subscription price of 1 dollar per share. As at March 31, 2009, these subscriptions, totaling 4 dollars, remain payable to Gosfield Wind (2008 – 2 dollars).

c) Upon formation of Gosfield Wind, development costs previously incurred by BPWC totaling \$2,967 were transferred to Gosfield Wind. During the period, BRPI paid development costs on behalf of Gosfield Wind totaling \$852 (2008 – \$118). As at March 31, 2009, \$3,937 remains payable to BRPI (2008 – \$3,085).

(in thousands of CDN dollars, except as otherwise specified)

6. CONSTRUCTION IN PROGRESS

	March 31 2009	December 31 2008
Construction in progress	**$3,412**	$2,710
	$3,412	$2,710

7. OTHER ASSETS

	March 31 2009	December 31 2008
Power purchase agreement intangible	**$525**	$375
	$525	$375

8. SHARE CAPITAL

Gosfield Wind is authorized to issue an unlimited number of common shares, of which 4 shares were issued and remain unpaid as at March 31, 2009 (2008 – 2 shares) for an amount of 4 dollars (2008 – 2 dollars). Of Gosfield Wind's common shares outstanding, 1 share relates to 2184019 Ontario Limited, 1 share relates to 2184021 Ontario Limited and 2 shares relate to 2194599 Ontario Limited. Each share, regardless of entity, is valued at 1 dollar.

As at December 31, 2008, 99 partnership units valued at 99 dollars (1 dollar per unit) were held by BPWC. During the period, these partnership units were transferred to 2194599 Ontario Limited. As 2194599 Ontario Limited is part of the Gosfield Wind group of companies, no partnership units are held by an entity outside of the group as at March 31, 2009.

9. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Gosfield Wind's operations are regulated by government laws concerning the protection of the environment. The environmental consequences are not easily identifiable which contribute to the results of the impact. To the best of management's knowledge, Gosfield Wind is following the rules and regulations that are being enforced. All payments to be made will depend on the cost of restoring the sites to their original condition.

Gosfield Wind has asset retirement obligations associated with its wind monitoring towers. The retirement date for these towers cannot be reasonably estimated and therefore, the fair value of the associated liability cannot be estimated at this time. As a result, no liability has been accrued in these financial statements.

10. SUBSEQUENT EVENT

BRPI has stated its intention to sell its investment in each of the Gosfield Wind companies to the Great Lakes Power Trust, which is wholly owned by the Great Lakes Hydro Income Fund, which in turn is controlled by BRPI. The accompanying financial statements have been prepared in connection with the potential sale and reflect the combined financial position and results of operations of BRPI's interest in the Gosfield Wind companies. The financial impact, if any, of the sale is not determinable at this time.

CERTIFICATE OF THE FUND

Date: July 16, 2009

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

GREAT LAKES HYDRO INCOME FUND

By: Brookfield Energy Marketing Inc., as Administrator

(Signed) RICHARD LEGAULT President and Chief Executive Officer	(Signed) DONALD TREMBLAY Executive Vice-President (being the Chief Financial Officer)

On behalf of the Board of Directors of Brookfield Energy Marketing Inc.

(Signed) EDWARD C. KRESS Director	(Signed) HARRY A. GOLDGUT Director

CERTIFICATE OF THE UNDERWRITERS

Date: July 16, 2009

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

SCOTIA CAPITAL INC.

By: (Signed) THOMAS I. KURFURST

CIBC WORLD MARKETS INC.

By: (Signed) DAVID WILLIAMS

RBC DOMINION SECURITIES INC.

By: (Signed) CLAIRE STURGESS

TD SECURITIES INC.

By: (Signed) HAROLD R. HOLLOWAY

BMO NESBITT BURNS INC.

By: (Signed) JAMES A. TOWER

NATIONAL BANK FINANCIAL INC.

By: (Signed) PAUL PRENDERGAST

HSBC SECURITIES (CANADA) INC.

By: (Signed) NICOLE CATY

CANACCORD CAPITAL CORPORATION

By: (Signed) STEVE SWAFFIELD

FIRSTENERGY CAPITAL CORP.

By: (Signed) HUGH R. SANDERSON

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