



Transeastern Power Trust

Management's Discussion & Analysis

**For the three and nine months ended
September 30, 2016**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2016**

BASIS OF PRESENTATION

This Management's Discussion and Analysis ("MD&A") is dated as of November 29, 2016 and should be read in conjunction with Transeastern Power Trust's ("Transeastern" or the "Trust") unaudited condensed interim consolidated financial statements and related notes as at and for the three and nine month periods ended September 30, 2016 and September 30, 2015. The unaudited condensed interim consolidated financial statements should also be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2015, together with the notes thereto. The above referenced filings have been prepared in accordance with IFRS.

Reference should also be made to the Trust's filings with Canadian securities regulatory authorities, which are available at www.sedar.com. This MD&A is the responsibility of management. The board of directors (the "Board") of Transeastern Power Administrator Inc. (the "Administrator"), the administrator of the Trust, carries out its responsibility for the review and disclosure both directly and through its audit committee.

All amounts are expressed in Canadian dollars (\$) unless otherwise stated. References to Transeastern or the Trust in this MD&A refer to the Trust and its controlled subsidiaries taken as a whole.

TRUST OVERVIEW

Transeastern is an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario that, through its subsidiaries, generates and sells electricity to licensed electricity buyers in Romania through its portfolio of a 17 MW operational wind project (the "Wind Project"), hydro-electric generation facilities comprised of run-of-river hydroelectric power plants with total capacity of over 4.4 MW (the "Hydro Projects") and two photovoltaic solar power production plants with a total capacity of over 16 MWp (the "Solar Projects" and, together with the Hydro Projects and the Wind Project, the "Projects"). All of Transeastern's Projects are located in Romania.

Transeastern directly and indirectly owns all of the membership rights of Transeastern Power Coöperatief U.A. ("Netherlands Parent"), which owns all of the issued and outstanding shares of Transeastern Power B.V. ("Netherlands Holdco" and, together with the Netherlands Parent, the "Netherlands Subsidiaries"). The Netherlands Subsidiaries jointly own, directly or indirectly, 100% of the Romanian subsidiaries which hold the Projects.

TSX Trust company, the trustee of Transeastern, has delegated most of its powers and duties relating to the operations and governance of Transeastern to the Administrator pursuant to an Administrative Services Agreement dated February 4, 2014. All of the shares of the Administrator are owned by Transeastern Management Inc. (the "Administrator Shareholder"), all of the shares of which are owned by Mr. Eadie, the Chief Executive Officer and Mr. Sood, the Chairman of the Administrator, and are subject to the terms of a unanimous shareholders agreement dated May 28, 2014.

Transeastern qualifies as a "mutual fund trust" and not a "SIFT trust" each as defined in the Income Tax Act (Canada) (the "Tax Act") in accordance with the restrictions set forth in the Trust Indenture dated February 4, 2014. The Administrator is responsible for monitoring Transeastern's investments and holdings of property to ensure Transeastern is not at any time a "SIFT trust" and does not hold any "non-portfolio property" as defined in the Tax Act.

The principal head and registered office of each of the Trust, the Administrator, the Administrator Shareholder and the Trust's Canadian subsidiaries are located at Suite 1800, 181 Bay Street, Toronto, Ontario. References to the Trust herein include reference to the applicable subsidiary where appropriate.

HIGHLIGHTS

- Produced 17,042 MWh of energy in the third quarter of 2016 generating revenue of \$2,534,164, with \$578,302 from the sale of electricity and \$1,955,862 from the sale of green certificates ("GCs").
- Incurred a net loss of \$452,094 during the quarter (2015: loss of \$3,700,615) with basic and diluted loss of \$0.01 per unit of the Trust ("Trust Unit") (2015: loss of \$0.17 per Trust Unit).
- Earned operating margin (revenues less operating expenses) of \$1,823,569 for the quarter, an increase of over 100% over the second quarter of 2015 where operating margin was \$908,144 (see reconciliation of operating margin under "non GAAP Measures").
- Completed a convertible debt financing and the acquisition of a 17.6 MW operational Wind Project located in Romania that generates approximately 43,800 MWh of electricity annually.
- Declared and paid a distribution of \$0.031644 per Trust Unit, based on an annualized dividend of \$0.0875 per Trust Unit, through an "in-kind" Trust Unit issuance and issued an additional 221,867 Trust Units in satisfaction of a \$100,000 anniversary payment to its senior secured lender.
- The Trust has been pursuing the completion of the following transactions, which are expected to close during the fourth quarter of 2016:
 - a \$10 million secured debt facility; and
 - the refinancing of the existing €17.5 million of existing debt facilities secured against the assets of the Trust's Solar Projects to reduce the interest rate on the facilities from 7% per annum, and 8.48% per annum commencing on January 1, 2017, to 5.95% per annum until maturity of the facilities on October 31, 2023.

OUTLOOK

The Trust's goals for the remainder of 2016 are to:

- close the \$10 million secured debt facility and refinance the Trust's existing debt and capital lease structure; and
- optimize and improve the performance of its current projects and pursue new acquisitions that are accretive to the Trust in order to increase the base of distributable income.

REVIEW OF OPERATIONS

Selected Financial Information

The selected financial information in the table below has been derived from the unaudited condensed interim consolidated financial statements as at and for the three and nine month periods ended September 30, 2016 and September 30, 2015.

	Three months ended		Nine months ended	
	September	September	September	September
	30, 2016	30, 2015	30, 2016	30, 2015
	\$	\$	\$	\$
Revenue	2,534,164	1,540,749	6,195,507	2,378,405
Operating margin ¹	1,823,569	908,144	4,074,310	1,105,132
Total Operating Expenses	1,974,660	3,355,084	5,110,967	5,520,817
Depreciation	909,478	1,434,841	2,200,499	1,800,908
Other Expenses (income)	1,366,185	3,173,918	1,714,793	7,430,872
Net Income (Loss) for the Period	(452,094)	(3,700,615)	159,018	(8,126,648)
Adjusted Net Income (Loss) ²	603,450	1,418,899	151,339	2,325,201
Total Comprehensive Loss	1,706,490	1,262,796	4,516,063	5,806,664
Income (Loss) per Trust Unit				
Basic and Diluted	(0.01)	(0.17)	0	(0.53)
	September	December		
	30, 2016	31, 2015		
	\$	\$		
Total assets	85,764,640	60,354,282		
Total liabilities	73,995,848	52,540,929		
Equity	11,768,792	7,813,353		

Notes:

- (1) Operating margin is a non-GAAP measure calculated by deducting direct operating expenses from revenues. See “Non-GAAP measures” section for a reconciliation to IFRS figures.
- (2) Adjusted net loss is a non-GAAP measure that removes non-cash charges relating to mark to market adjustments to debentures, warrant revaluations, non-cash charges relating from the revaluation of milestone units and interest and financing costs. See “Non-GAAP measures” section for a reconciliation to IFRS figures.

Hydro Projects

The three Hydro Projects are comprised of 10 hydroelectric run-of-river plants in Romania totaling over 4.4 MW of installed power. The Hydro Projects have installed power capacities as follows:

Hydro Project	Capacity
Rott	1.657 MW
Zagra	0.733 MW
Suha	2.02 MW

All information provided on the Hydro Projects in this section is as at September 30, 2016 unless otherwise indicated.

Rott

The Rott project is a cascade of two run-of-river generating plants located on the Little Cugir River, approximately 58 km west of Sibiu in the Şureanu Mountains of Romania's Parâng Range in the Southern Carpathians. The Cugir River originates as two tributaries, Raul Mic, or "Little River" and Raul Mare, or "Big River" before their confluence at the town of Cugir in Alba County. The Cugir River then flows north to its confluence with Mureş River. The project develops the hydraulic potential of the Little River (Raul Mic).

Project Name	Operational Construction Status	Turbine Type	Years of Historical Hydrological Data Available	In-Take Height (mdMN)	Gross Drop (Δh)	Installed Flow (m^3/s)	Capacity Power (MW)	Pipe (m)	Pipe Diameter (mm)	Green Certificates Available/ MW
<i>ROTT</i>							1.657			3.00
<i>Plant 1</i>	Completed in June 2012	Pelton	63	513.0	122.5	0.98	.928	3635	800	
<i>Plant 2</i>	Completed in June 2012	Pelton	63	412.0	99.5	0.98	.729	3845	800	

Note:

- ⁽¹⁾ As a recipient of EU funding, 1.04 of every three GCs were not initially received by Rott directly; the value of such GCs will be used to repay funding until the total funded amount of €1,800,000 is repaid. The value attributed to each GC is based on the formula: 1.04 x yearly production x (the median of the floor and ceiling GC prices taking into account inflation). After repayment of the EU funding, the 1.04 GCs shall be available to Rott. Additionally, by law, 0.96 GC will be restricted from trading until March 31, 2017, resulting in one GC being received and immediately tradable of every three GCs awarded.

Production for the plants was 3,217 MWh for the nine months ended September 30, 2016 compared to 3,523.9MWh for the nine months ended September 30, 2015. Rott was fully operational, subject to hydrology, and produced 1,343 MWh of electricity during the three months ended September 30, 2016 compared to 712.7 MWh for the three months ended September 30, 2015.

Zagra

The Zagra project is located in the Rodna Mountains, Bistrita County, on the Zagra River. The Zagra River flows south from Rodna Mountains until its confluence with the Somesul Mare River.

Project Name	Operational Construction Status	Turbine Type	Years of Historical Hydrological Data Available	In-Take Height (mdMN)	Gross Drop (Δh)	Installed Flow (m³/s)	Capacity Power (MW)	Pipe (m)	Pipe Diameter (mm)	Green Certificates Available MW
<i>ZAGRA</i>							1.430			2.3
<i>Zagra 1</i>	Completed in April 2014	Pelton	45	880.0	126.0	0.42	.450	3027	600	
<i>Zagra 2</i>	Completed in April 2014	Pelton	45	754.9	74.0	0.600	.310	2383	700	

Zagra 1 and 2 were fully operational, subject to hydrology, and produced 1,843 MWh of electricity for the nine months ended September 30, 2016 compared to 1,130.7 MWh for the nine months ended September 30, 2015. During the three months ended September 30, 2016, Zagra 1 and 2 produced 178 MWh of electricity compared to 157.9 MWh for the three months ended September 30, 2015.

The Trust has deferred the connection of Zagra 3 due to lack of capital to permit and perform the construction and connection of the additional hydroelectric plant.

Suha

The Suha Project is located in the Dorna Mountains, Suceava County, on the Suha Mare River and Suha Mica River. Both the Suha Mare River and the Suha Mica River flow east toward the Moldova River.

Project Name	Operational Construction Status	Turbine Type	In-Take Height (mdMN)	Gross Drop (Δh)	Installed Flow (m³/s)	Capacity Power (MW)	Pipe (m)	Pipe Diameter (mm)	Green Certificates Available MW
<i>SUHA</i>						2.021			2.00
<i>Suha Mare</i>	Completed in September 2014	Francis	688.0	47.0	0.800	.289	2040	1000	
<i>Valeni</i>	Completed in September 2014	Pelton	640.0	119.0	0.600	.233	8300	600	
<i>Poiana</i>	Completed in September 2014	Francis	520.0	73.0	1.100	.565	6405	1000	
<i>Maleni</i>	Completed in September 2014	Francis	446.0	42.5	0.850	.249	4525	1000	
<i>Gainesti</i>	Completed in December 2014	Francis	519.0	80.0	1.050	.122	7366	1000	
<i>Slatina</i>	Completed in October 2014	Pelton	438.0	70.0	0.230	.563	2590	600	

The six Suha plants were fully operational, subject to hydrology and pending permit approvals for Slatina and Gainesti power plants, and produced 953 MWh of electricity for the nine months ended September 30, 2016 compared to 1,478.2 MWh for the nine months ended September 30, 2015. During the three months

ended September 30, 2016 21 MWh of electricity was produced compared to 88.18 MWh for the three months ended September 30, 2015.

Hydro Projects Capital Improvements

During the recommissioning of the Hydro Projects it was identified that the control systems and system control data acquisition (“SCADA”) required optimization. Transeastern completed the optimized SCADA installation in the third quarter of 2016 for all of the Hydro Projects.

Transeastern currently plans to undertake capital maintenance, sustaining capital and capital improvements on the existing Hydro Projects.

After completion of the capital improvements, and subject to proper ongoing monitoring, maintenance and associated capital requirements, Transeastern does not foresee any further significant capital expenditures on the Hydro Projects in the near term.

Solar Projects

SC Power L.I.V.E. One SA (“Power LIVE”) and SC Corabia Solar SRL (“Corabia”) the Solar Projects are under full-service long-term operational and maintenance contracts with Renovatio Asset Management, one of the largest private renewable energy asset managers in Europe. Renovatio Asset Management specializes in the management, operation and maintenance services for wind farms and photovoltaic power plants. Renovatio Asset Management is a part of the Renovatio Group and an affiliate of the vendor of the Solar Projects and is the pioneer of renewable energy in Romania having built the first solar park in Romania and developed, built and now manages more than 330MW of wind and 80MW of solar production facilities. In Romania, Renovatio Group is the joint venture partner of EDP Renewables, the largest renewable energy company in the world. Renovatio Group owns over 400 MW of renewable power production facilities in partnership with EDP Renewables.

Power LIVE

The solar photovoltaic plant owned by Power LIVE is a ground-mounted photovoltaic plant located in Gogosaru village, Izvoru, Giurgiu County (Romania).

Project Name	Operational Construction Status	Installed Capacity (MWp)	Panel Supplier	Panel Type	No. of Panels	Inverter Type	No. of Inverters	No. of Transformers	Land Area	Green Certificates Available
									(sqm)	MW
Power LIVE	Completed in March 2013	9.6	REC	Polycrystalline REC 240Wp	40,026	SMA SC800CP- XT	10	10	300,000	6 ⁽¹⁾

Note:

⁽¹⁾ By law, two GCs will be restricted from trading until March 31, 2017, resulting in four GCs being received and immediately tradable.

Power LIVE was fully operational and produced 10,340 MWh for the nine months ended September 30, 2016 compared to 11,012 MWh for the nine months ended September 30, 2015. 4,257 MWh of electricity was produced during the three months ended September 30, 2016 compared to 4,173 MWh for the three months ended September 30, 2015.

Corabia

The solar photovoltaic plant owned by Corabia is a ground-mounted photovoltaic plant located in Corabia Municipality, Olt County, Romania.

Project Name	Operational Construction Status	Installed Capacity (MWp)	Panel Supplier	Panel Type	No. of Panels	Inverter Type	No. of Inverters	No. of Transformers	Land Area (sqm)	Green Certificates Available MW
Corabia	Completed in February 2013	7	REC	Polycrystalline REC 240PE and REC 250PE	28,602	SMA SC500CP	14	7	210,000	6 ⁽¹⁾

Note:

⁽¹⁾ By law, two GCs will be restricted from trading until March 31, 2017, resulting in four GCs being received and immediately tradable.

Corabia was fully operational and produced 7,878 MWh of electricity for the nine months ended September 30, 2016 compared to 7,908 MWh for the nine months ended September 30, 2015. 3,204 MWh of electricity was produced during the three months ended September 30, 2016, compared to 3,101 MWh for the period from acquisition to September 30, 2015.

Wind Project

Baia Wind

The Wind Project is located in Baia village, Tulcea County, Romania. The Wind Project was developed in three stages and commissioned from January 2011 through until March 2012.

Project Name	Operational Construction Status	Installed Capacity (MW)	Wind Turbine Supplier	Turbine Type	No. of Turbines	Land Area (sqm)	Green Certificates Available/ MW
Baia	Jan 2011 - March 2012	17	Vestas	Vestas V90	7 (3x V90 3.0 MW + 4 x V90 2.0 MW)	210,000	See below table

Green certificate accreditation for the Wind Project is as follows:

Park	Installed capacity (MW)	Restricted GCs granted (GC/MWh)	Tradeable GCs granted in the period (GC/MWh)	Total No. of GCs granted/ MWh
Baia 1	2	1	1	2
Baia 2	5	0.35	1	1.35
Baia 4	10	1	1	2
TOTAL Baia Wind	17			

SUMMARY OF QUARTERLY RESULTS

Given that the Trust acquired the Solar Projects in July 2015 and the Wind Project in September 2016, a comparison of operations between the periods set-out below is not relevant as it is difficult to compare operations over different parts of the year due to the seasonal nature of the respective Projects. A comparison to the same quarter from preceding year is much more relevant. The following table provides the available summary financial data for the Trust's completed quarters:

	Three months ended							
	September 30, 2016 (\$)	June 30, 2016 (\$)	Mar. 31, 2016 (\$)	Dec. 31, 2015 (\$)	Sept. 30, 2015 (\$)	Jun. 30, 2015 (\$)	Mar. 31, 2015 (\$)	Dec. 31, 2014 (\$)
Revenue								
Electricity	578,302	483,020	324,188	264,635	220,371	180,815	126,382	90,075
Green								
Certificates	1,955,862	1,872,287	981,848	847,189	1,320,378	324,257	206,202	157,600
Revenue	2,534,164	2,355,307	1,306,036	1,111,824	1,540,749	505,072	332,584	247,675
Operating								
Expenses	1,974,660	958,665	2,177,642	1,502,097	3,355,084	1,182,846	982,887	1,348,278
Other Expenses								
(Income)	1,366,185	(113,334)	(267,227)	3,948,412	1,939,823	1,693,576	1,447,294	(936,868)
Net Income								
(Loss) for the								
period	(452,094)	1,164,466	(553,354)	(4,435,142)	(3,700,615)	(2,355,362)	(2,070,671)	(163,735)
Total								
Comprehensive								
Income/(Loss)	(1,706,490)	(4,000,266)	1,190,693	(5,516,614)	(1,262,796)	(2,333,759)	(2,210,109)	(455,612)
Basic & Diluted								
Income (Loss)								
per Trust Unit	(0.01)	0.04	(0.02)	(0.10)	(0.17)	(0.20)	(0.18)	(0.16)

Revenue from Sale of Electricity

The Trust, through its Romanian subsidiaries, has energy contracts and GC off take agreements for its hydro production with Industrial Energy SA and sells its solar electricity and GCs to Renovatio Trade.

The production from the Solar Projects for the three months ended September 30, 2016 was consistent with prior period results and were strong due to optimal conditions during the third quarter of 2016. Hydro production in the third quarter of 2016 continued to experience difficulties due to poor hydrology which was consistent with the third quarter of 2015 where drought conditions were also prevalent. The Wind Project results were below the forecast for September due to variability in wind for the month.

The following table lists the actual production of the Hydro Projects, the Solar Projects and the Wind Project for the three and nine month periods ended September 30, 2016:

Power Generation

Project	Three months ended September 30, 2016 (MWh)	Nine months ended September 30, 2016 (MWh)
<i>Solar</i>		
Power Live One	4,257	10,340
Corabia	3,204	7,878
<i>Wind</i>		
Baia ⁽¹⁾	8,039	27,551
<i>Hydro</i>		
Rott	1,343	3,217
Zagra	178	1,842
Suha	21	953

Note:

⁽¹⁾ The 2016 quarterly and year to date production for the Wind Project includes pre-acquisition production figures.

Revenue from Green Certificates

During the three months ended September 30, 2016, the Hydro Projects earned \$122,335 from 2,827 tradeable GCs and 1,294 deferred GCs, the Wind Project earned \$143,718 from 1,865 tradeable GCs and 1,450 deferred GCs and the Solar Projects earned \$1,689,809 from 24,688 tradeable GCs and 13,074 deferred GCs earned based on the power produced during the quarter. For further details on the Romanian GC Program, see “Key Factors Affecting the Trust’s Business” below.

Operating Expenses

Operating expenses for the Projects are comprised of fixed and variable components and represent the costs of maintaining and operating the plants and equipment, including employee salaries, insurance, maintenance, repairs, utilities and supplies and are generally expected to be stable.

Significant components of operating expenses totaling \$1,974,660 and \$5,110,967 for the three and nine month periods ended September 30, 2016 (\$3,355,084 and \$5,520,817 for the three and nine month periods ended September 30, 2015) include:

- general and administrative expenses of \$260,205 and \$1,075,155 for the three and nine month periods ended September 30, 2016 (\$256,040 and \$887,014 for the three and nine month periods ended September 30, 2015) the significant components public entity listing and administrative costs and executive and director salaries;
- decrease in the estimated fair value of milestone unit agreements of \$0 and \$1,067,185 for the three and nine month periods ended September 30, 2016 to reflect management’s expectation that the milestones will not be met resulting in the release of the accrued milestone liability (charges of \$359,695 and \$790,599 were recorded for the three and nine month periods ended September 30, 2015); and

- \$64,382 and \$351,032 for the three and nine month periods ended September 30, 2016 (\$457,466 and \$554,586 for the three and nine month periods ended September 30, 2015) in professional fees incurred relating to ongoing reporting issuer compliance advice and services performed on behalf of the Trust.

Significant components of other expenses (income) totaling \$1,011,598 and (\$925,522) for the three and nine month periods ended September 30, 2016 (\$1,886,280 and \$4,984,236 for the three and nine month periods ended September 30, 2015) are:

- \$16,459,000 principal amount of convertible debentures (the “Debentures”) are reflected on the balance sheet at fair value and, due to the change in the closing price of the Debentures on the TSX Venture Exchange from December 31, 2015 to September 30, 2016, mark-to-market loss of \$283,750 and a gain of \$1,092,550 were recorded for the three and nine month periods ended September 30, 2016; (gain of \$465,781 and loss of \$1,886,819 for the three and nine month periods ended September 30, 2015);
- mark-to-market fair value losses of \$44,811 and gain of \$362,558 for the three and nine month periods ended September 30, 2016 were recorded in relation to the outstanding warrants issued by the Trust (nil for the three and nine month periods ended September 30, 2015); and
- interest and financing charges of \$726,983 and \$2,514,614 were incurred for the three and nine month periods ended September 30, 2016 (\$1,439,783 and \$2,176,010 for the three and nine month periods ended September 30, 2015).

SUMMARY OF FINANCIAL POSITION

Summarized selected consolidated financial information with respect to the Trust for the last eight quarter ends:

As at	Sept. 30, 2016 (\$)	Jun. 30, 2015 (\$)	Mar. 31, 2016 (\$)	Dec. 31, 2015 (\$)	Sept. 30, 2015 (\$)	Jun. 30, 2015 (\$)	Mar.31, 2015 (\$)	Dec. 31, 2014 (\$)
Total Current Assets	6,049,477	3,194,739	3,483,890	4,510,564	3,767,555	6,311,601	876,398	744,153
Total Current Liabilities	17,611,045	14,024,976	14,006,664	12,514,396	6,729,204	9,407,860	3,939,402	3,284,255
Working Capital (deficit)	(11,561,568)	(10,830,237)	(10,522,744)	(8,003,832)	(2,961,649)	(3,096,259)	(3,063,004)	(2,410,449)
Total Assets	85,764,640	54,883,792	57,149,768	60,354,282	63,070,166	23,101,099	17,659,335	17,883,869
Total Liabilities	17,611,045	48,914,512	52,008,666	52,540,929	53,005,397	22,133,643	15,284,870	13,226,534
Trust capital	35,433,575	27,407,131	26,066,781	25,769,159	21,961,903	967,456	9,715,978	9,539,427
Deficit	19,112,028	18,139,492	19,303,958	18,078,132	12,983,097	8,720,742	6,085,889	3,765,906
Unitholders Equity	11,768,792	5,969,280	5,141,102	7,813,353	10,064,769	967,456	2,374,465	4,657,335
Total Liabilities and Equity	85,764,640	54,883,792	57,149,768	60,354,282	63,070,166	23,101,099	17,659,335	17,883,869

The changes in the working capital and financial position from December 31, 2015 to September 30, 2016 are the result of:

- \$1,616,357 reduction in cash related mainly to cash settlement of a portion of the first quarter 2016 distribution payable, prepayment of \$450,000 of principal on the debt facility, cash portions of Trust Unit distributions and capital lease interest and principal repayments made during the year;
- increased accounts payable from \$3,560,082 at December 31, 2015 to \$7,189,525 at September 30, 2016 and an increase in receivables from \$2,399,594 at December 31, 2015 to \$3,866,466 at September 30, 2016;
- prepaid assets increased from \$177,453 at December 31, 2015 to \$465,438 at September 30, 2016 relating to prepaid insurance, deferred marketing and financing fees incurred in 2016;
- at September 30, 2016, the Trust had no distributions payable compared with \$659,892 at December 31, 2015;
- in connection with the acquisition of the Wind Project, the Trust issued a vendor take back loan to the seller of \$7,808,725 plus \$2,071,000 in Debentures;
- the Trust realized mark-to-market gains on the Debentures totaling \$1,092,550 for the nine month period ended September 30, 2016 (and a corresponding decrease in debenture liabilities);
- a decrease in the fair value of the milestone unit agreements of \$0 and \$1,067,185 for the three and nine month periods ended September 30, 2016 to reflect management's expectation that the milestones will not be met, resulting in release of the accrued milestone liability; and
- an increase in the fair value of warrants of \$362,558 year to date due to revaluation adjustments principally driven by Trust Unit price volatility used in the estimation of fair value at September 30, 2016.

LIQUIDITY AND CAPITAL RESOURCES

The Trust's objectives when managing capital are primarily to support the creation of Unitholder value while ensuring that the Trust is able to meet its financial obligations as they become due.

Financial Condition

The following table summarizes the cash inflows and outflows by activity for the periods indicated:

	Nine months ended	
	September 30, 2016	September 30, 2015
	\$	\$
Cash generated by (used in)		
Operating activities	(1,576,547)	(2,317,625)
Financing activities	(2,066,387)	8,090,639
Investing activities	2,027,049	(5,637,846)
Net increase (decrease) in cash	(1,616,357)	1,309,010
Cash and cash equivalents at end of period	94,714	1,554,576

	As at Sept. 30, 2016 \$	As at June 30, 2016 \$	As at December 31, 2015 \$
Current Assets	6,049,477	3,194,739	4,510,564
Current Liabilities	17,611,045	14,024,976	12,514,396
Working Capital	(11,561,568)	(10,830,237)	(8,008,832)

Cash flows from operations are generally impacted by variability in the timing and velocity of wind, hydrology levels, hours of sunlight as well as the operational capability of the Projects. For the nine months ended September 30, 2016, the Trust had operating cash outflows of \$1,576,547 compared to outflows of \$2,317,625 for the comparative period in 2015.

Financing cash outflows for the nine months ended September 30, 2016 were \$2,027,049 compared to inflows of \$8,090,639 for the nine months ended September 30, 2015. The outflows in 2016 relate to debt repayment and servicing and the cash portion of Trust Unit distribution payments and the incoming cash from financing activities relates to the acquisition financing of the Wind Project. The September 30, 2015 financing cash flows included \$4,544,127 in proceeds from the convertible debt issuance as well as \$1,067,844 in proceeds from the issuance of Trust Units and subscription receipts.

The Trust has a number of long term financial liabilities outstanding on which there are ongoing principal and interest repayments required. The repayment schedule for those liabilities is set-out below:

All amounts in Canadian \$	2016	2017	2018	2019	2020+
Debt Facility	154,194	4,740,847	-	-	-
Convertible debentures	1,214,263	1,505,025	1,505,025	20,677,257	-
VTB	-	818,322	-	-	7,808,525
Leases	1,673,384	6,636,247	6,600,330	6,610,561	25,075,979
Total	3,041,842	13,700,441	8,105,355	27,287,818	32,884,504

The Trust did not remit payment of interest due on September 30, 2016 in the amount of \$37,916 and subsequent to September 30, 2016, on October 31, 2016, the Trust did not remit interest of \$39,180 relating to the outstanding debt facility.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Trust does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Trust continues to pursue the closing of the previously announced \$10 million secured debt facility (the "Debt Facility") with a three year term, subject to a one year extension at the option of the Trust under certain conditions. Interest is payable on the Debt Facility at a rate of 5% per annum, compounding semi-annually. The Trust plans to use the net proceeds from the Debt Facility to repay existing secured indebtedness at both the Trust and Romanian subsidiary levels.

COMPLETED TRANSACTIONS

Trust Unit Issuances

During the three months ended September 30, 2016, the Trust completed the acquisition of the Wind Project which included the issuance of 14,790,736 Trust Units and \$4,233,000 principal amount of convertible debentures to enable the acquisition.

On August 15, 2016, the Trust issued an aggregate of 221,867 Trust Units in satisfaction of a \$100,000 anniversary payment to its senior secured lender.

RELATED PARTY TRANSACTIONS

Apart from the transactions disclosed elsewhere in these condensed interim consolidated financial statements, all transactions are in the normal course of business and are recorded at the exchange value agreed to by the related parties. Inter-company transactions and balances are eliminated upon consolidation.

Key management of the Trust consists of members of the board of directors and officers of the Trust and Administrator. During the three and nine months ended September 30, 2016, the Trust expensed \$233,895 and \$805,521, respectively of salaries and benefits to the officers of the Trust in addition to \$33,750 and \$101,250, respectively in directors' fees.

As at September 30, 2016, the Trust has amounts payable of \$563,133 to related parties consisting of advances to the Trust as well as reimbursement of payments of expenses incurred on behalf of the Trust by the Executive Chairman and the Chief Executive Officer. These advances are non-interest bearing and due on demand.

Renovatio Group Limited ("RGL") holds significant influence over the Trust and is a related party. The Trust sells power and GCs to RGL and has operations and maintenance contracts with subsidiaries of RGL. During the three and nine months ended September 30, 2016, the Trust expensed \$356,176 and \$842,720 of operations and maintenance and balancing fees and recognised \$2,085,424 and \$4,430,505 in sales of power and GCs to RGL and its subsidiaries.

NEW ACCOUNTING PRONOUNCEMENTS

There have been no additional accounting pronouncements by the International Accounting Standards Board (IASB) beyond what is described in the annual financial statements of the Trust, impacting the unaudited condensed interim consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses and other income during the year.

Judgments, estimates and assumptions are periodically evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas of judgment, estimate and assumptions that have the most significant effect on the amounts recognized in the financial statements are as follows:

Fair Value of Long Lived Assets and Impairment Assessments

The Trust has completed several acquisitions since its inception and at the conclusion of each acquisition, the Trust has assessed the Trust's acquired assets and liabilities in order to determine the fair value of the assets acquired. Post-acquisition, the Trust periodically assesses whether there are indications that an impairment might exist in the carrying values of the acquired companies, where there are indications, the fair value of the assets is assessed and compared to their carrying value. Assessing the fair value requires assumptions regarding forecasted prices of power, GC allotments, exchange rates, production costs and hydrology, cost of future maintenance and capital expenditures and discounting. Changes in any of the assumptions or estimates used in determining the fair values could impact the carrying values and require impairment analysis.

The Trust performs impairment assessments over the course of the reporting period as and when there are significant changes in circumstances or, at a minimum, annually. Where an indicator of impairment exists, an estimate of the recoverable amount is made, which is the higher of the fair value less costs to sell and value in use. The determination of the recoverable amount requires the use of fair value estimates and assumptions as noted above.

The Trust is also required to revalue certain financial instruments, including convertible debentures and warrants at each reporting period end. Assessing the fair value requires assumptions regarding Trust Unit and Debenture pricing, risk free interest rates and volatility. Changes in any of the assumptions or estimates used in determining the fair values could impact the carrying values of these financial instruments.

CAPITAL MANAGEMENT

The Trust manages its capital with the objective of ensuring sufficient financial flexibility to achieve the ongoing business objectives including funding Unitholder distributions, improving and maintaining the operation of Trust assets and the pursuit of accretive acquisitions.

The Trust monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Trust may manage its capital structure by issuing new Trust Units, taking on debt, acquiring cash through acquisitions or disposing of assets. The capital structure is reviewed by management and the board of directors on an ongoing basis.

To date, the Trust has been dependent on external financing to fund its activities. In order to continue to achieve its capital objectives, the Trust will attempt to spend/invest its existing working capital and raise additional amounts as needed.

The Trust considers its capital to be equity, comprising all aspects of Unitholder equity, plus convertible debentures and notes payable.

The Trust manages capital through its financial and operational forecasting processes including working capital forecasts and forecasts of future operational cash flows from the Projects. The Trust budget is regularly updated based on actual experience and summary forecast information is frequently provided to the Board.

NON-GAAP MEASURES

The Trust has included non-IFRS performance measures in this MD&A.

Adjusted net loss excludes certain non-cash items from net loss to provide a measure which allows the Trust and investors to evaluate the results of the underlying operations of the Trust. Operating margin is calculated by deducting cost of sales from revenues. Accordingly, these are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented in other companies.

Reconciliation of adjusted net loss:

	Three months ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	\$	\$	\$	\$
Net Income (Loss) for the Period	(452,094)	(3,700,615)	159,018	(8,126,648)
Less:				
Fair value loss (gain) on Debentures	283,750	(465,781)	(1,092,550)	1,886,819
Milestone Units	-	359,695	(1,067,185)	790,599
Interest and finance charges	726,983	1,439,783	2,514,614	2,176,010
Bridge loan settlement	-	948,019	-	948,019
Warrant revaluation	44,811	-	(362,558)	
Adjusted Net Income (Loss)	603,450	(1,418,899)	151,339	(2,325,201)

Reconciliation of operating margin:

	Three months ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	\$	\$	\$	\$
Total revenue	2,534,164	1,540,749	6,195,507	2,378,405
Less:				
Direct Operating Expenses	710,595	632,605	2,121,197	1,273,273

Operating margin	1,823,569	908,144	4,074,310	1,105,132
Less:				
Depreciation	909,478	1,434,841	2,200,499	1,800,908
Other expenses and taxes	1,366,185	3,173,918	1,714,793	7,430,872
Income (Loss) for the period	(452,094)	(3,700,615)	159,018	(8,126,648)

SUMMARY OF OUTSTANDING SECURITIES

The authorized capital of the Trust consists of an unlimited number of Trust Units, of which 48,947,104 Trust Units are issued and outstanding as of the date of this MD&A.

The Trust has issued 15,537,045 Trust Unit purchase warrants (“**Warrants**”) each Warrant exercisable into a Trust Unit for a period of 36 months from the date of issuance, subject to applicable acceleration provisions. A total of 15,446,782 of the Warrants are exercisable at \$1.00 per Trust Unit, 403,234 of the Warrants are non-transferable broker warrants exercisable at \$1.00 per Trust Unit and 90,263 of the Warrants are non-transferable broker warrants exercisable at \$1.20 per Trust Unit. The Trust has also issued \$20,067,000 principal amount of Debentures convertible into 16,053,600 Trust Units and has issued 225,000 Restricted Trust Units (“RTUs”) under the Trust’s RTU plan. Further, up to 3,000,000 Trust Units are issuable pursuant to existing milestone unit agreements the Trust in the event that the Trust achieves certain milestones over the periods covering any one of (i) the first full 12 fiscal quarters; (ii) the first 16 fiscal quarters; or (iii) the first 20 fiscal quarters after March 31, 2014.

Assuming the exercise or conversion of all of the Trust’s outstanding convertible securities, an aggregate of 83,762,749 Trust Units would be issued and outstanding on a fully diluted basis.

KEY FACTORS AFFECTING THE TRUST’S BUSINESS

Licensing and Accreditation

In Romania, there are two regulatory licenses that are needed under applicable Romanian legislation for renewable power projects under the renewable support scheme. A producer needs: (i) a production license; and (ii) GC accreditation which grants the producer a certain number of GCs per MWh of production. Both licenses are granted by National Energy Regulation Authority of Romania (“ANRE”). The GC accreditation is enforced by the transmission system operator Transelectrica SA (“Transelectrica”) which monitors energy production and awards the GCs based on this production. The regulatory licenses for all of our Projects remain valid and up to date.

The Romanian Green Certificate Program

Domestic incentive programs for renewable power vary across Europe, with some markets adopting a feed-in tariff (FIT) system (e.g., Spain and Germany) and other markets adopting a quota-based system (e.g., Italy, the UK, Sweden and Poland). Romania has had a supplier quota system of GCs in place since 2005.

Depending on the source of energy they use, producers receive a different number of GCs. The list of eligible technologies includes wind, solar and biomass generation, as well as hydroelectric plants with a capacity less than or equal to 10 MW, commissioned or modernized from 2004 onwards. All of the Projects meet these criteria. Producers using different technologies receive a different number of GCs per MWh of renewable electricity generation. For most producers (including Corabia, Power LIVE, Rott and Zagra), the GC system is available for the first 15 years of operation from the date that the plant receives

accreditation (approval into the GC program once a plant is operational). For others, including Suha which consists of refurbished plants, it is available for 10 years. The incentive scheme will close to new entrants on December 31, 2016 and accreditation into the program is no longer possible after this date. A GC is valid for 12 months from the date of issuance (or the day it is no longer suspended for trading) and need not be utilized in the calendar year in which it was issued.

GCs must be purchased by the energy suppliers from the producers of energy to whom they are issued, or parties to whom such producers have transferred such GCs, according to the expected value for renewable energy calculated by ANRE annually (the “Procurement Quota”). The Procurement Quota is established by ANRE on an annual basis in December of each year using calculation methodology set by law which takes into account forecasted information including percentage of gross energy consumption to come from renewable generation, the associated Banding level and the estimated final electricity consumption. There is a defined maximum amount of renewable electricity that can be derived from the GC system.

ANRE checks the Procurement Quota approximately half way through the year and may update the Procurement Quota if a difference of at least 10% is found between the Procurement Quota established in December and the recently calculated quota. In March following the year in question, ANRE publishes a final Procurement Quota with which suppliers must comply, based on outturn generation and demand in the preceding year.

Electricity suppliers are obliged to hold GCs in accordance with the amount of electricity they supply to customers on a quarterly basis. Based on laws implemented during 2015, within 45 days of the end of each quarter, ANRE checks the number of GCs that each supplier should have acquired for the supplied energy to their end consumers. Suppliers holding insufficient GCs (less than 90% of the required GCs) will be liable to a fine for each one outstanding. The fine is adjusted annually. GCs are awarded to producers on a monthly basis (approximately 15 days following month-end) by the Transmission and System Operator ‘TSO’ and can be traded on a central market administered by the Romanian Gas and Electricity Market Operator, ‘OPCOM’.

GCs are awarded to producers on a monthly basis by the TSO and can be traded on a central market administered by OPCOM. GC transactions are subject to a minimum and maximum price per GC. This mechanism gives power producers a hedge against inflation by linking the range of potential revenues realized from GC sales to prevailing inflation rates.

In the summer of 2013, the Romanian government issued a law which, among other items, restricted the ability to trade specific numbers of GCs for the period between July 1, 2013 and March 31, 2017. With respect to energy produced by hydroelectric plants, this law restricts the trading of one of the three GCs issued for each MWh produced by new hydroelectric plants with installed power up to a maximum of 10 MW with the parameters set out in the table below. With respect to energy produced by solar plants, this law restricts the trading of two of the six GCs issued for each MWh produced by solar plants with the parameters set out in the table below.

Number of GCs Awarded Per MWh by Technology

	Awarded to Projects Accredited prior to Jan. 1, 2014⁽¹⁾		Awarded to Projects Accredited after Jan. 1, 2014⁽²⁾	
Technology	Number of GCs (GCs/MWh)	Restriction of Trading of GCs (GCs/MWh)	Number of GCs (GCs/MWh)	Support Period⁽³⁾ (years)

New hydro ≤ 10 MW	3	Restriction on trading of 1 GC until 31/03/2017	2.3	15
Refurbished hydro ≤ 10 MW	2	-	2	10
Existing hydro ≤ 10 MW	0.5	-	0.5	3
Solar	6	Restriction on trading of 2 GCs until 31/03/2017	3	15
Wind (New equipment)	2 until 2017, 1 from January 1, 2018	Restriction on trading of 1 GC until 31/03/2017	1.5 until 2017; 0.75 from January 1, 2018	15
Wind (second hand equipment)	2 until 2017, 1 from January 1, 2018	Restriction on trading of 1 GC until 31/03/2017	1.5 until 2017; 0.75 from January 1, 2018	7

Notes:

- (1) Applicable to Rott, Corabia, Power LIVE and Baia.
- (2) Applicable to the Zagra and Suha Projects, Zagra as a new hydro project, Suha as a refurbished project.
- (3) New projects are guaranteed to receive GCs under the condition that they are put into operation before December 31, 2016.

Prior to the commissioning dates noted above, the Hydro Projects were being developed and were incurring costs while not being available for power generation. Therefore, the Hydro Projects did not realize any revenues from the sale of GCs prior to becoming operational.

Rott is accredited to receive three GCs for each MW delivered into the grid, of which: (i) one GC is receivable by the Trust and is tradable immediately; (ii) 0.96 of a GC is granted and restricted from trading until March 31, 2017; and (iii) 1.04 GCs are used to retire an interest-free EU loan on Rott (the “EU Loan”).

Rott received the EU Loan in February 2014. Based on the terms of this loan, the number of tradable GCs issued to Rott to date were re-assessed, as the project operated with two tradable GCs between receiving approval for the EU Loan and the actual funding of this loan. The project was re-assessed with: (i) a lower number of tradable GCs (0.96 GCs); and (ii) with a GC clawback to cover the period that the project received the full number of tradable GCs. The clawback period is now complete and Rott is now entitled to receive the 1.96 GCs as set out above.

Zagra was re-licensed and re-accredited in June 2014 to receive 2.3 immediately tradable GCs for each MW delivered into the grid while Suha receives two immediately tradable GCs for each MW delivered into the grid.

The Solar Projects, are entitled to four immediately tradable GCs plus another two GCs which are restricted from trading until March 31, 2017 for each MW delivered into the grid.

Green certificate accreditation for Baia is as follows:

Park	Installed capacity (MW)	GCs granted and restricted (GC/MWh)	GCs granted in the period (GC/Mwh)	Total No. of GC granted/ MWh
Baia 1	2	1	1	2
Baia 2	5	0.35	1	1.35
Baia 4	10	1	1	2
TOTAL Baia Wind	17			

Competitive Conditions

Competitive conditions do not play a significant role in Transeastern's operations. From an operational perspective, power produced by the Projects is sold through one or more bilateral contracts that are posted on the Centralized Market for Bilateral Contracts, on OPCOM 'CMBC'.

From an acquisition perspective, the hydroelectric, solar and wind power markets in Romania are fragmented with many small power producers. The size of project that Transeastern anticipates focusing on for future acquisitions will not generally be the target of larger power production companies. As Transeastern completes acquisitions, aggregates more power projects and becomes a larger power producer, it expects that its market position and competitive factors may change.

Hydro Projects

Run-of-river power plants typically have a weir or diversion structure across the width of the river. This weir contains an intake structure, often consisting of a trash rack, an intake screen, and de-sanding elements to conduct the water into the penstock. These installations have a small reservoir behind the diversion to keep the intake flooded and reduce icing problems.

The output of a run-of-river hydroelectric plant is generally dependent on the watershed or drainage basin that feeds the particular river where the project is located. Apart from the constant flows of the river and constant runoff from variable annual precipitation, the spring snow melt and seasonal precipitation create periods of high flow, while flows generally diminish during the winter and summer dry seasons. A run-of-river power plant has little or no capacity for energy storage and therefore periods of low flow create periods of low electricity production.

In order to mitigate Transeastern's dependence on one watershed or one predominant weather system or micro climate, Transeastern chose to acquire the Hydro Projects on different water basins and on different sides of the mountain range. In Romania run-of-river hydro projects are generally located on the Carpathian Mountains. This range stretches across Romania like a horseshoe and because of this shape there are distinct weather systems that come from the south, north and west that push up against the mountains and deposit precipitation. The Hydro Projects are located in two regions which are geographically close to each other but are located on different areas or slopes of the mountains. Although the Hydro Projects will all be influenced by the same regional climate, all the projects will be influenced by different micro climates as they sit on different regions and aspects in the greater Carpathian Mountain range. Although Transeastern plans to mitigate hydrology risk further through additional future acquisitions, the Hydro Projects give Transeastern some diversity by mitigating the hydrology risk that would exist for assets located in one weather system.

Generally, production will reach a peak after the gradual meltdown of snow that has accumulated on the mountains. This is usually called "spring melt" or "runoff". Additionally, the Hydro Projects are located in areas with good rainfall conditions, which add extra flow to the rivers to keep the power plants operational through the year.

Peak consolidated power production by the Hydro Projects is generally expected to occur during the second quarter of the year, with the monthly peak occurring in May.

As Transeastern diversifies its holdings through future acquisitions (including the New Wind Project and New Hydro Projects, monthly production is expected to become less variable through adding wind generation to the portfolio as well as more diversity in the location of the new Hydro Projects.

Solar Projects

The acquisition of the Solar Projects decreased monthly variability in overall production as solar generation peaks during the summer months when run of river production is low due to hydrology. The output of a solar project is generally dependent on the amount of sunlight feeding into the solar cells. The peak period for sunlight runs from April to October and is highly correlated to the number of hours of sunlight in a day. A solar park has little or no capacity for energy storage and therefore periods of low sunlight create lower electricity production.

Peak consolidated power production by the Solar Projects is generally expected to occur during the third quarter of the year, with the monthly peak occurring in July.

Wind

The acquisition of the Wind Project further decreases the monthly variability in overall production as wind generation peaks during the winter months when solar production is low. The output of a wind project is generally dependent on the speed and availability of wind. The peak period for wind in the area of the Wind Project runs from January to April and from September to December. A wind project has no capacity for energy storage and therefore periods of low wind create lower electricity production.

Environmental Protection

Run-of-river hydroelectric power generation produces virtually no emissions and returns the original fuel source, water, into the river. Run-of-river facilities provide a smaller hydro generation option with a smaller footprint than traditional reservoir technology and operate with the seasonality of water flow within a given area. Run-of-river facilities also have a minimal impact on surrounding vegetation, fish, bird and wildlife habitats.

Solar power generation produces virtually no emissions. The post-production potential environmental impacts generally associated with solar power production are land use and habitat loss. Solar facilities have a minimal impact on surrounding land and animal habitat.

Wind power generation produces virtually no emissions. The post-production potential environmental impacts generally associated with wind power production are land use, noise effect and interference with the flight patterns of birds. The Wind Project will have a minimal impact on surrounding land, communities and animal habitat, mostly due to the isolated location of the project.

There are a number of different areas of environmental policy that are important to the power sector in Romania and have direct bearing on the Trust and other renewable energy producers in Romania, namely compliance with the following legislation and policies: (i) the Kyoto Protocol and the EU Emissions Trading Scheme; (ii) Large Combustion Plant Directive and the Industrial Emissions Directive; and (iii) the EU Renewables Directive.

These policies impact wholesale electricity prices indirectly by changing asset investment and retirement decisions, as well as directly impacting the costs of generation. The Trust is aware of two current legislative proposals applicable in Romania that would enact a feed in tariff (“FIT”) scheme for renewable energy producers with a name plate capacity of less than 1000 Kw (1 Mw) and 500 Kw (0.5 Mw).

If enacted, such a scheme may have a positive impact on the Trust’s assets by providing long-term fixed pricing with a stable counterparty for the sale of its energy produced as all of the Suha projects are under 1 MW and Zagra 1 and Zagra 2, which share a connection point, are also under 1000 Kw. The 1000 Kw

proposal is currently at the EU parliament for approval while the 500 Kw proposal has been approved at the EU level and by the Romanian regulators and is now at the Romanian competition council for approval as a final step prior to implementation.

The Trust has been advised by ANRE that the 500 Kw FIT scheme can be implemented in the market within 30 days of the approval from the Romanian competition council. The Trust is waiting for further information on such proposals in order to assess its economic viability for the Trust.

Specialized Skills and Knowledge

Transeastern relies on the specialized skills of management and consultants in the areas of evaluation of construction, plant operation and maintenance, business negotiations and management. The loss of any of these individuals could have an adverse effect on Transeastern. Transeastern will continue to engage specialized skilled contractors if and when needed.

Inflation and Foreign Exchange

The key sources of revenue for the Trust are directly linked to inflation in the European Union. The floor and ceiling trading prices for GCs are subject to an annual inflation factor based on the EU inflation index. Local spot electricity prices are a function of market forces including inflation. This mechanism gives power producers a hedge against inflation by linking the range of potential revenues realized from GC sales to prevailing inflation rates. To mitigate these pricing risks, the Trust negotiated and entered into the Power and GC Purchase Agreements.

The Trust's operations are subject to fluctuations in currency. All of the operating assets of the Trust are currently located in Romania. The Projects' revenues are also received in RON or Euros. Interest and principal payments to Netherlands Holdco under certain intercompany loan agreements are denominated in Euros and any distributions paid by the Projects on their shares are denominated in Euros.

The Trust, on the other hand, raises capital and pays interest and principal on the Debentures and any distributions to Unitholders in Canadian dollars. The Trust also expects to raise funds primarily from the sale of offered securities in Canadian dollars and invest indirectly through its subsidiaries in Romanian assets, using Euros and RON. Thus, when the Canadian dollar increases in value against the Euro and/or the RON, the Trust's indirect investments in Romanian assets will be less expensive; however, the value of distributions received by the Trust directly or indirectly from subsidiaries will also be reduced. When the Canadian dollar decreases in value against the Euro and/or RON, the cost of the Trust's indirect investments in Romanian assets will be more expensive. However, the value of distributions received by the Trust directly or indirectly from the subsidiaries will increase.

The Trust may in the future utilize derivative instruments in order to manage exposures to changes in foreign currency rates and to mitigate the currency risk impact on the long-term sustainability of distributions to Unitholders and payments to holders of Debentures. The Trust may also change its offering currency or pursue other measures to mitigate its currency risk exposure.

RISKS AND UNCERTAINTIES

The Trust and its operations are subject to various business, financial and operational risks that could materially adversely affect the Trust's future business, operations and financial condition and could cause such future business, operations and financial condition to differ materially from the forward-looking statements and information contained in this MD&A. For a more comprehensive discussion on the risks

faced by the Trust, please refer to the Trust's management's discussion and analysis for the year ended December 31, 2015.

FORWARD LOOKING INFORMATION

Certain statements contained in this MD&A constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Trust's future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where the Trust participates or is seeking to participate and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Trust's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements, to differ materially include, but are not limited to, the risk factors discussed herein under the section heading "Risks and Uncertainties". Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Trust. These forward-looking statements are made as of the date of this MD&A and the Trust assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Trust's present and future business strategies and the environment in which the Trust will operate in the future, including assumptions regarding expected energy prices, business and operating strategies, future acquisitions and the Trust's ability to operate its facilities on a profitable basis.

Some of the risks which could affect future results and would cause results to differ materially from those expressed in the forward-looking statements contained herein include: risks related to foreign operations (including various political, economic and other risks and uncertainties), the interpretation and implementation of the energy law, expropriation of property rights, political instability and bureaucracy, limited operating history, lack of profitability, high inflation rates, failure to obtain bank financing, fluctuations in currency exchange rates, competition from other businesses, reliance on various factors (including local labour, importation of machinery and other key items and business relationships), risks related to seasonality (including adverse weather conditions, shifting weather patterns, and global warming), a shift in energy trends and demands, a shift in energy generation in the European Union, vulnerability to fluctuations in the world market, the lack of availability of qualified management personnel and stock market volatility.

Risks may materially and adversely affect the Trust's business, financial condition, results of operations and/or the market price of the Trust's securities.