Transeastern POWER

TRANSEASTERN POWER TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014 AND FOR THE PERIOD FROM FEBRUARY 4, 2014 TO SEPTEMBER 30, 2014

BASIS OF PRESENTATION

This Management's Discussion and Analysis ("MD&A") is dated as of December 1, 2014 and should be read in conjunction with Transeastern Power Trust's ("Transeastern" or the "Trust") unaudited condensed interim consolidated financial statements and related notes for the three month and 239 day periods ended September 30, 2014 and the audited consolidated statement of financial position as at February 4, 2014. 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 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 and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

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.

TRUST OVERVIEW

Transeastern Power Trust ("Transeastern" or the "Trust") is an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario on February 3, 2014 pursuant to a declaration of trust, later replaced by an amended and restated trust indenture dated February 4, 2014 (the "Trust Indenture").

The Trust 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"). Netherlands Parent and Netherlands Holdco jointly own 100% of three Romanian companies (the "Romanian Acquisitioncos") formed for the purpose of acquiring the shares or assets of Romanian hydroelectric power projects and a fourth Romanian company which acts as a management company for the Romanian operations. On May 28, 2014, Netherlands Holdco and three of the Romanian Acquisitioncos respectively acquired 100% of the shares of each of two Romanian hydroelectric power companies, Rott Energy Srl ("Rott") and Zagra Hidro Srl ("Zagra"), and the assets of a third hydroelectric power project ("Suha"), from arm's length owners to the Trust (the "Romanian Projects"). Each of the

Romanian Projects is a Romanian hydroelectric power producer that generates and sells or expects to generate and sell electricity to licensed electricity buyers in Romania.

Equity Financial Trust Company, trustee of the Trust (the "Trustee") has delegated most of its powers and duties relating to the operations and governance of the Trust to Transeastern Power Administrator Inc., as administrator of the Trust (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.

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

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.

On May 28, 2014, the Trust completed an initial public offering (the "IPO") issuing 11,045,800 Trust units ("Units") at a price of $1.00 per Unit and issuing 11,763 7.5% convertible unsecured subordinate debentures ("Debentures") at a price of $1,000 per Debenture. The Debentures mature on May 28, 2019 and have interest payable semi-annually. The outstanding principal under the Debentures may, at the option of the holder, be converted into Units at a conversion rate of 800 Units per $1,000 of the principal amount of the Debentures.

The majority of the proceeds of the IPO were used to purchase the Romanian Projects and to set up the business and human resources of the Trust in Romania. The three Romanian Projects are comprised of 11 run-of-river hydroelectric power plants with total capacity of over 5.1 megawatts ("MW"). Each of the Romanian Projects is an independent Romanian hydroelectric power producer that generates and sells, or expects to generate and sell, electricity to licensed electricity buyers in Romania.

OUTLOOK

Following the closing of the IPO and the completion of the acquisition of the Romanian Projects, the Trust's indirect wholly-owned subsidiaries own and operate the three Romanian Projects. Management has negotiated and entered into contracts for the three Romanian Projects with a related party of the seller of Zagra and Suha, namely Industrial Energy SA, which provide a floor bidding price of €44 per green certificate for the first 90,000 green certificates in aggregate for terms ranging from 12 to 16 months and €43.5 per megawatt hour ("MWh") for the first 35,000 MWh of power in aggregate for terms ranging from 12 to 24 months (the "Power and GC Purchase Arrangement"), giving stability to its income flow for this period.

Once the Romanian Projects have achieved the projected operational capacity, the revenues from the Romanian Projects are expected to exceed their projected raw materials and consumables used, general and administrative expenses and to generate pre-tax profits at the operating unit level.

Forecast power production is based on the Trust's independent due diligence and technical assessment of the plants and corresponding river flow data (hydrology). The forecast power price and green certificate price are based on the power and green certificate purchase arrangement described above.

Management expects to source funding required for additional acquisitions and development related to its business, the Trust's primary growth strategy, from operating cash-flows, commercial lenders, and through the issuance of debt and equity securities in the capital markets.

In 2014, the Trust is expected to receive interest payments and principal repayments from Netherlands Holdco under a subordinated promissory note denominated in Euros issued by Netherlands Holdco to the Trust. Netherlands Holdco will, in turn, be entitled to receive interest payments and demand principal repayments on intercompany debt advanced to the Romanian Acquisitioncos. Management expects such payments to be sufficient to allow Netherlands Holdco to satisfy its payment obligations to the Trust. The Romanian Acquisitioncos will make the payments of interest and repayments of principal using cash-flow generated by the Romanian Projects as well as expected proceeds from project level debt financing. In 2014, it is anticipated that 100% of distributions received by Unitholders will be classified as return of capital. Management is currently pursuing project level debt financing for the current Romanian Projects and expects to secure such financing by early 2015.

In 2015 and potentially thereafter, the Romanian Acquisitioncos expect to pay a dividend to Netherlands Holdco and Netherlands Parent based on the income earned in the previous year, in order to permit Netherlands Holdco and Netherlands Parent to make dividend payments to the Trust's Canadian subsidiaries, which in turn are expected to pay dividends to the Trust. In 2015 and subsequent years, management anticipates an increasing component of any distributions to be classified as a dividend.

The Trust intends to make quarterly distributions of a portion of its available cash to Unitholders, and management intends to use the remainder of available cash to fund growth through additional acquisitions and capital expenditures.

The Trust declared distributions totaling $246,071 for the three month period ended September 30, 2014, to Unitholders of record on September 30, 2014. On an annualized basis, the current distribution is equal to $0.0875 per Unit or an 8.75% yield based on a $1.00 initial issuance price. The distribution of cash in the amount of $50,257 occurred on October 15, 2014, with the remaining $195,814 of distributions payable being settled through the issuance of Units in respect to the Trust's distribution reinvestment plan.

SELECTED INTERIM INFORMATION

The following selected financial information has been derived from the unaudited condensed interim consolidated financial statements as of June 30, 2014 and September 30, 2014 and for the three month periods ended June 30, 2014 and September 30, 2014:

	September 30, 2014 ($)	**June 30, 2014 ($)**
Operating Results		
Revenue	130,290	20,375
Operating Expenses	(957,231)	(2,997,301)
Operating Loss	(826,941)	(2,976,926)
Loss for the period	(429,345)	(2,585,917)
Total comprehensive loss after tax	(1,077,699)	(2,761,872)
Loss per weighted average number of Units		
Basic and diluted	(0.04)	(0.23)
Financial Position		
Current assets	927,897	1,740,548
Non-current assets	17,550,151	18,746,916
Total assets	18,478,048	20,487,464
Current liabilities (including current portion of employee incentive liability)		
Current liabilities	2,465,435	2,908,111
Non-current liabilities	10,882,199	11,196,725
Total Unitholders' equity (net assets)	5,130,414	6,382,628
Cash distributions declared per Unit	$0.0221	$0.0081
Units outstanding	11,134,415	11,045,800

REVIEW OF OPERATIONS

The selected financial information in the table below has been derived from the unaudited condensed interim consolidated financial statements for the three month periods ended September 30, 2014 and June 30, 2014.

Three months ended September 30, 2014					
	Rott ($)	**Zagra** ($)	**Suha** ($)	**Corporate Overhead** ($)	**Total** ($)
Revenue and other income					
Sale of electricity	83,212	12,239	548	-	95,999
Sale of green certificates	-	33,543	748	-	34,291
Total operating expenses	**(103,830)**	**(63,403)**	**(167,251)**	**(622,747)**	**(957,231)**
Operating loss	**(20,618)**	**(17,621)**	**(165,955)**	**(622,747)**	**(826,941)**

Three months ended June 30, 2014					
	Rott ($)	**Zagra** ($)	**Suha** ($)	**Corporate Overhead** ($)	**Total** ($)
Revenue and other income					
Sale of electricity	20,375	-	-	-	20,375
Sale of green certificates	-	-	-	-	-
Total operating expenses	**(37,400)**	**(40,140)**	**(84,511)**	**(2,835,250)**	**(2,997,301)**
Operating loss	**(17,025)**	**(40,140)**	**(84,511)**	**(2,835,250)**	**(2,976,926)**

The three Romanian Projects are comprised of 11 hydroelectric run-of-river plants in Romania totalling approximately 5.1 MW of installed power. The Romanian Projects have installed power capacities and were commissioned and became fully operational on the following dates:

Romanian Project	Capacity	Commission Date	Fully Operational Date
Rott	1.657 MW	May 2012	May 2012
Zagra	1.43 MW	August 2014	See Note (1)
Suha	2.02 MW	September 2014	See Note (2)

Notes:

(1) Two of the three Zagra projects became fully operational in September 2014. The third Zagra project, which the Trust is completing capital improvements on, is expected to be operational in the second quarter of 2015.

(2) As of December 1, 2014, five of the six Suha projects, representing approximately 95% of capacity, were operating at full availability and producing subject to hydrology. The sixth project is expected to be operational by mid-December 2014.

Operations and Capital Improvements

Zagra

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)
ZAGRA							1.430		
Zagra 1	Completed in April 2014	Pelton	45	880.0	126.0	0.42	.450	3027	600
Zagra 2	Completed in April 2014	Pelton	45	754.9	74.0	0.600	.310	2383	700
Zagra 3	Projected for June 2015	Pelton	45	680.0	138.0	0.600	.670	5604	800

Zagra was purchased after initially being commissioned by the turbine manufacturer, but before the control system was fine-tuned, the turbines were calibrated and testing with the grid operator was completed. As a result, there were a number of calibration related issues that management of the Trust experienced with Zagra 1 and 2 during the three months ended September 30, 2014, which limited the projects' ability to operate at expected capacity.

The Trust was able to put Zagra 1 and 2 into full operation by the end of September 2014. In order to comply with the water permit on the project, the Trust had to complete work on the fish ladder and had to install electronic water meters to monitor the water flows. The Trust plans to seek reimbursement of the costs associated with such improvements from Zagra's vendors under the terms of the share purchase agreement.

During the three months ended September 30, 2014, it became evident that the internet communication system and internet provider subscription did not have the appropriate bandwidth necessary to properly monitor the project. Consequently, the Trust has changed the internet service provider and communication system from satellite to a combination of satellite and line of sight radio, which has allowed for increased connectivity and bandwidth for monitoring the project. The new internet connection and subscription will allow the Trust to implement a more robust system control and data acquisition ("SCADA") and security system to monitor and archive the data points generated by the project. The data gathered will enable the Trust to analyze performance, optimize the plants and to monitor and take preventive measures if the data so suggests. The Trust plans to implement these systems by early 2015 and is currently calling tenders for the software and control system development.

The Trust has also called for tenders for the installation of the remaining 3.7 km of penstock to connect Zagra 3 and Zagra 2. It is expected that the capital improvements on Zagra 3 will be completed and Zagra 3 will be fully operational in the second quarter of 2015.

The Trust has hired an additional operator for Zagra 1 and 2 in November 2014. Zagra is now fully staffed in accordance with the Trust's human resource plan. The Trust does not anticipate the need to create any new positions related to the project.

The turbine manufacturer has been engaged as part of post commissioning operations to assist with the optimization of Zagra 1 and 2 and its controls before the end of 2014. Site visits are expected to be scheduled during the height of the spring flows in order to fine-tune the projects under full flows**.**

Zagra 1 and 2 have been fully operational, subject to hydrology, from September 30 2014 until the date of this MD&A.

Rott

Project Name	**Operational Construction Status**	**Turbine Type**	**Years of Historical Hydrologic al Data Available**	**In-Take Height (mdMN)**	**Gross Drop (Δh)**	**Installed Flow (m^3/s)**	**Capacity Power (MW)**	**Pipe (m)**	**Pipe Diameter (mm)**	**Annual Est. Production MWh**	**Green Certificates Available/ MW**
ROTT							1.657			8,870	3.00
Plant 1	Completed in June 2012	Pelton	63	513.0	122.5	0.98	.928	3635	800		
Plant 2	Completed in June 2012	Pelton	63	412.0	99.5	0.98	.729	3845	800		

The Trust purchased Rott on a fully commissioned and operational basis. Rott has been fully operational, subject to hydrology, for the duration of the three months ended September 30, 2014 and for the period from October 1, 2014 to the date of this MD&A. Similar to Zagra, the Trust has been working to implement a new SCADA system, which is expected to be fully implemented by early 2015. The SCADA system will record and archive data points that will be analyzed to gauge performance, optimize the plants and to monitor and take preventative measures as necessary. The Trust is currently calling tenders for the software and control system development for the project.

During the three months ended September 30, 2014, it became evident to management that there was a control logic issue between the water level in the loading chamber and the turbine speed at Rott 2. The system was unable to adjust the turbine speed quickly enough to compensate for changes to the water level in the loading chamber, resulting in water spillage and lost energy production. Towards the end of November 2014, the Trust was able to rectify the situation by physically increasing the height of and fully closing the overflow gate in the loading chamber. The solution implemented by management has addressed the problem based on the current river flows, but management has not had the opportunity to test Rott 2 under full flows. Management is in the process of engaging a third party consultant to fine-tune the existing Rockwell Automation control logic to address this issue, which they anticipate to be completed in December 2014.

Suha

Project Name	Operational Construction Status	Turbine Type	In-Take Height (mdMN)	Gross Drop (Δh)	Installed Flow (m^3/s)	Capacity Power (MW)	Pipe (m)	Pipe Diameter (mm)
SUHA						2.021		
Suha Mare	Completed in September 2014	Francis	688.0	47.0	0.800	.289	2040	1000
Valeni	Completed in September 2014	Pelton	640.0	119.0	0.600	.233	8300	600
Poiana	Completed in September 2014	Francis	520.0	73.0	1.100	.565	6405	1000
Maleni	Completed in September 2014	Francis	446.0	42.5	0.850	.249	4525	1000
Gainesti	Projected for December 2014	Francis	519.0	80.0	1.050	.122	7366	1000
Slatina	Completed in October 2014	Pelton	438.0	70.0	0.230	.563	2590	600

Suha was purchased as an asset deal prior to commissioning. As a result, during the three months ended September 30, 2014, the Trust focused on obtaining the transfer of several licences and permits in order to receive the final production licence and accreditation. The Trust requested the transfer of the water permit from the Romanian water authority and received the transfer in November 2014. The Trust requested the transfer of the connection permit and applied for a new connection certificate with E-On Moldova as well as signing a new connection contract with E-On Moldova. The Trust received the transferred connection permit and the connection certification in October 2014.

The Trust also applied for the necessary municipal and building related permits for the capital works program for river bank protection and received the applicable permits in November 2014.

The Trust has also undertaken the implementation of a capital improvement plan so that Suha could be fully commissioned and put into operation. The following capital projects were completed during the three months ended September 30, 2014:

- replaced the communication and internet system and provider from a satellite system to a combination satellite and line of sight radio system, resulting in much higher bandwidth and connectivity;

- replaced the internet provider and changed the subscription from a fixed bandwidth to an unlimited bandwidth plan, which will allow the Trust to better monitor the project;

- cleaned all of the intakes, penstocks and channels throughout the system;

- repaired and completed concrete work on the Slatina compensation basin and channels, as necessary;

- repaired and completed waterproofing of concrete work on the compensation basins and channels throughout the system, as necessary;

- replaced and upgraded all of the electrical components of the power plant connections; and

- repaired all of the power house roofs and replaced two power house roofs on Valeni and Poiana Marului.

Following the completion of the capital improvements, the Suha project was recommissioned and the Trust evaluated the penstock integrity under full pressure. It was then discovered that there were over 100 small holes in the penstock averaging a few centimetres in diameter grouped in several sections. The Trust was able to conduct tests on the penstock steel at the University of Cluj Napoca, which determined the steel was still expected to maintain its useful life over the next several decades and that the failures were the result of inclusions in the steel in certain sections. The Trust made a decision not to replace whole sections of penstock, as was indicated in the MD&A for the three months ended June 30, 2014. Instead, the Trust replaced only one 30 meter section of penstock on Velani and then conducted spot welding repairs on the remaining areas of penstock, as required. These sections are associated with Poiana Marului, Slatina and Gainesti. Following the completion of the repairs in mid-November 2014, the Suha projects: Mare; Valeni; Poiana Marului; Maleni; and Slatina (collectively representing 95% of the capacity of the project), were recommissioned. The penstock continues to be tested under full pressure and has maintained its integrity. The Suha projects are currently fully available for production and are producing energy and earning green certificates. The Trust is currently repairing the Gainesti penstock and is expected to put Gainesti into operation by mid-December 2014. Once the repairs to the penstock have been fully tested under operational conditions and the integrity is confirmed, subject to proper ongoing monitoring and maintenance, the penstock is expected to maintain its integrity going forward. The Trust has also inventoried a section of spare penstock that can be used for repairs if necessary.

During the recommissioning of Suha, as was the case with Zagra and Rott, it was identified that the project's control system and SCADA required optimization. Similar to Zagra, the turbine manufacturer has been engaged as part of post commissioning operations to assist with the optimization of the Suha projects and its controls before the end of 2014. Site visits are expected to be scheduled during the height of the spring flows in order to fine-tune the projects at maximum capacity.

The Trust is currently refining its 2015 capital plan (the "**2015 Capital Plan**") and plans to undertake the following capital improvements:

- repairing the Slatina intake;

- replacing some of the gates throughout the projects; and

- implementing a new SCADA System. There is currently a tender process underway for the software and control system development. The implementation of a SCADA system will allow for recording and archiving of data points that will be analyzed to gauge performance, optimize the plants and to monitor and take preventive measures as necessary.

After completion of the capital improvements in the 2015 Capital Plan, and subject to proper ongoing monitoring, maintenance and associated capital requirements, the Trust does not foresee any further significant capital expenditures.

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) green certificate accreditation which grants the producer a certain number of green certificates per MWh of production. Both licenses are granted by National Energy Regulation Authority of Romania ("ANRE"). The green certificate accreditation is enforced by the transmission system operator Transelectrica SA ("Transelectrica"), which monitors energy production and awards the green certificates based on this production.

The acquisitions of the Romanian Projects by the Trust involved both share acquisitions (Zagra and Rott) as well as an asset acquisition (Suha). Pursuant to a share acquisition, the licenses remain with the company that owns the assets and, as a result, with both Rott and Zagra, it was not necessary to transfer the power license and green certificate accreditation. Pursuant to the asset acquisition of Suha, the license needed to be transferred post-closing. Under Romanian law, the granting of a temporary production license is part of the transfer protocol in connection with an asset acquisition to enable the continuity of generation under the license during and subsequent to the transfer period so that the new owner is able to receive all of the necessary permits or take all of the necessary steps for granting of the permanent production licence and accreditation. These permits and steps include: i) confirmation of a grid connection certificate or new ATR (connection contract); ii) grid usage convention signed with the grid operator; iii) evidence of an application for the environmental permit; and iv) water permits.

As required by Romanian law, the Trust and the vendors filed a joint notification with the competent authorities for the transfer of the environmental permit. The Trust and the vendors also filed a joint notification with the competent authorities at closing for the granting of the new water permit. The water permit was received by the Trust on November 28, 2014. The Trust also applied and received a new connection certificate and signed a new grid usage convention in October 2014 with E-On Moldova. Including the above steps, the Trust has commenced the procedure and submitted all necessary documentation to obtain the permanent production license and green certificate accreditation for Suha and expects to receive them by mid-December 2014. Until such time, the Trust will continue to sell its electricity and produce green certificates under the temporary license, which is valid until December 18, 2014. The Trust does not anticipate any foreseeable risk in receiving the permanent license and accreditation by such date as the file for the final licence and accreditation is scheduled to be in front of the ANRE committee in early December 2014.

Rott is accredited to receive three green certificates for each MW delivered into the grid, of which: (i) 0.96 of a green certificate is receivable by the Trust and is tradable immediately; (ii) one green certificate is granted and restricted from trading until March 31, 2017; and (iii) 1.04 green certificates 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 green certificates issued to Rott to date were re-assessed, as the project operated with two tradable green certificates 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 green certificates (0.96 green certificates); and (ii) with a green certificate clawback to cover the period that the project received the full number of tradable green certificates. The clawback is issued by Transelectrica and is rated as a green certificate equivalent but given in MWh. The amount to be repaid as assessed by Transelectrica and ANRE for Rott was 3,825 MWh with a start date in February 2014. Given the production during this period, based on management's calculations, this hurdle has been reached and management is in the process of confirming the release of the green certificates and confirmation of satisfaction of the clawback to Transelectrica and ANRE.

Revenue from Sale of Electricity

Four of the six Suha projects were operational as at September 30, 2014, one Suha project became operational in October 2014 and the sixth and final Suha project is expected to be operational by mid-December 2014.As a result of the required maintenance and repairs to the penstock, there was limited production from Suha from October 1, 2014 through mid-November 2014. Over the last two weeks of November, the penstock repairs have held at full pressure and as of November 27, 2014, five of the six projects, representing around 95% of the installed capacity, are fully available for production, subject to hydrology. The remaining project, Gainesti, is expected to be fully available for production and recommissioned by mid-December 2014, subject to hydrology.

Zagra 1 and Zagra 2 also became operational near the end of September 2014 after installation of a new communication system and, therefore, also had limited production during the three months ended September 30, 2014. In October and November 2014, Zagra 1 and 2 have been fully operational and available for production, performing at 90% of the Trust's long term average estimates as disclosed in the Trust's prospectus. Zagra 3 is expected to be operational in the second quarter of 2015, following the completion of its capital improvements plan.

The following table lists the actual production of the Romanian Projects for the three months ended September 30, 2014 and their expected annual production:

Romanian Project	Actual Generation for three month period ended September 30, 2014 (MWh)	Expected Annual Generation Per Year (MWh)
Rott	1289.32	8,870
Zagra	202	3,500
Suha	54	5,700

Revenue from Green Certificates

Prior to the commissioning dates noted above, the Romanian Projects were being developed and were incurring costs while not being available for power generation. Therefore, the Romanian Projects did not realize any revenues from the sale of green certificates prior to becoming operational. As noted above, for energy produced and sold, Rott is accredited to receive three green certificates for each MW delivered into the grid, of which: (i) 0.96 of a green certificate is received by the Trust and is tradable immediately; (ii) one green certificate is granted and restricted from trading until March 31, 2017; and (iii) 1.04 green certificates are used to retire the EU Loan. Under the terms of the clawback arrangement, Rott will begin to receive the 1.96 green certificates, referred to in (i) and (ii) above, once it has produced another 1170.377 MWh. Based on management's calculations, this production hurdle has been reached and management is in the process of confirming the release of the green certificates and satisfaction of the clawback to Transelectrica and ANRE.

Zagra was relicensed and reaccredited in June 2014 to receive 2.3 immediately tradable green certificates for each MW delivered into the grid while Suha is expected to receive 2 immediately tradable green certificates for each MW delivered into the grid.

Operating Expenses

Operating expenses for the Romanian 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 quite stable. For the periods related to this MD&A, however, the one-time upfront transaction costs related to the acquisition of the Romanian Projects ($626,184) and the financing costs related to the Debentures ($1,890,725) totalling $2,516,909 comprise the largest component of these costs. For the three months ended September 30, 2014, operating expenses relating to employee costs of $413,637, milestone unit expense of $237,090 and depreciation expense of $198,657 make up the material components of the operational expenses.

During the three months period ending September 30, 2014, the Trust's operations were not at full capacity. Management continued to focus on establishing the new operations and undertook the process of hiring appropriate staff for an operation and maintenance team to oversee the Trust's portfolio of hydro assets. As discussed above, the focus has been to implement the planned capital improvements program and bring both Zagra 1 and 2 and Suha online to achieve expected production.

Key Factors Affecting the Trust's Business

The Trust's operations are subject to seasonality. 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-the-river power plant has little or no capacity for energy storage and therefore periods of low flow create periods of low electricity production. 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".

In order to mitigate the Trust's dependence on one watershed or one predominant weather system or micro climate, the Trust has chosen to acquire Romanian Projects on different water basins and on different sides of the mountain range. Although the Romanian 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. The Romanian Projects are located in areas with good rainfall conditions, which adds extra flow to the rivers to keep the power plants operational through the year. Although the Trust plans to mitigate hydrology risk further through additional future acquisitions, the Romanian Projects give the Trust some diversity, mitigating the hydrology risk that would exist for assets located in one weather system.

The Trust is reviewing the monitoring and control packages of all of its assets with a view to creating a common platform in order for its management and operations staff to monitor water flows, plant availability and various other metrics so that it can establish plant performance benchmarks.

Due to the age of some of Romanian Projects, there is a potential risk of capital works failures. Such capital works failures would affect the operational time of the assets and could have a significant impact on the Trust's revenues. The Trust plans to mitigate this risk by implementing a rigorous monitoring program of its capital works and to hire experienced operators who are able to perform routine maintenance and capital repairs in order to minimize operational downtime.

The key sources of revenue for the Trust are directly linked to inflation in the European Union. The floor and ceiling trading prices for green certificates 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 green certificate sales to prevailing inflation rates. To mitigate these pricing risks, the Trust negotiated and entered into the Power and GC Purchase Arrangement referred to in the section entitled "Outlook" above.

The Trust's operations are subject to fluctuations in currency. All of the operating assets of the Trust are currently located in Romania. The Romanian 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 Romanian 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.

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. 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 to the Trust.

Update on Use of Proceeds

The following table sets forth a comparison of the disclosure regarding the Trust's intended use of proceeds set out in the prospectus related to the IPO dated March 31, 2014 (the "IPO Prospectus") and the estimated use of proceeds as at September 30, 2014:

	Estimated Use of Funds (as of the date of the IPO Prospectus)	**Actual Use of Funds (as of September 30, 2014)**
Proceeds		
Net proceeds from the Offering	$19.1(1)	$19.1(6)
Use of Proceeds:		
Acquisition price of Rott	$5.9(1)(2)	$5.3(7)
Acquisition price of Zagra	$5.3(1)(2)(3)	$6.7(8)
Acquisition price of Suha	$5.0(1)(3)	$4.9(9)
Total acquisition price for the Romanian Projects	$16.2	$16.9
Additional Financing:		
Bank financing	$1.5(4)	-(10)
Additional Expenditures:		
Completion of Zagra Plant 3	$1.5(1)(5)	-(11)
Suha capital expenditures	$0.8(1)(5)	0.1(12)
General corporate purposes	$2.1	$1.5(13)
Cash on hand		$0.6
	$19.1	$19.1

Notes:

(1) Previously disclosed in the IPO Prospectus based on noon rate of exchange of $1.52:€1.00 as posted on March 28, 2014 by the Bank of Canada.

(2) The acquisition prices for Rott and Zagra are payable in two instalments with the second instalment being subject to post-closing reconciliations.

(3) Net of vendor take-back loans in the amount of €1,000,000 (equal to approximately $3,060,000 based on the noon rate of exchange of $1.52:€1.00 as posted on March 28, 2014 by the Bank of Canada for conversion of Euros to $) on each of Zagra and Suha.

(4) At the time of the IPO Prospectus, the Trust was in receipt of a term sheet with a European based bank for a term loan in the amount of €1,000,000, the terms of which were still subject to negotiation. The closing of the loan was expected to occur within 60-90 days after the closing of the IPO.

(5) These estimates were based on expected costs of €1,000,000 for completion of the third powerhouse of Zagra between June and August 2014 and capital expenditures of €500,000 on Suha within one month of completion of the acquisition.

(6) The Trust raised a net amount of $9,872,275 through the issuance of convertible debentures and $9,234,508 through the issuance of Trust units.

(7) The acquisition price for Rott was $5,412,436 (€3,662,000). The first instalment of $5,319,618 (€3,599,200) was paid at the closing of the acquisition; the second instalment of $92,818 (€62,800) is payable within six months of the closing of the Rott acquisition. The second instalment was adjusted from €100,000 to €62,800 based on post-closing reconciliations.

(8) The acquisition price for Zagra was $6,651,000 (€4,500,000), the first instalment of $5,284,511 (€3,575,447) was paid on closing, the balance of the purchase price was in the form of a non-interest bearing loan provided by the Zagra sellers to the buyers in the amount of $1,366,489 (€924,553), secured by way of a fixed charge against the Zagra assets. This loan amount has been fully paid.

(9) The acquisition price for property, plant and equipment of Suha is $6,243,836 (€4,224,517). The first instalment of $4,877,400 (€3,300,000) was paid on closing. The balance of the purchase price was in the form of a non-interest bearing loan provided by the Suha sellers to the buyers in the amount of $1,478,000 (€1,000,000), repayable on the date that is 14 months from closing and secured by way of a fixed charge against the Suha assets The fair value of the vendor-take back loan was calculated using a discount rate of 7%, which resulted in a fair value of $1,366,436 (€924,517). The amount was included in the determination of the acquisition price.

(10) The Trust is in discussions with financial institutions regarding debt financing at the project level and anticipates closing such a financing by the end of 2014 or early 2015. The Trust anticipates using the proceeds of said financing to complete the capital expenditure programs on Zagra and Suha and for general working capital requirements.
(11) The Trust has not yet incurred these expenses but management has budgeted for these amounts over the next nine months.
(12) The Trust has initiated the Suha capital expenditures, with the balance of these expenses anticipated to be incurred over the next 12 months.
(13) General corporate costs of $1.5 million consist of transaction costs, legal and professional fees and other general and administrative expenses.

The Trust is currently on target with respect to its anticipated expenses for completion of Zagra Plant 3 and Suha capital projects. Most of the other anticipated uses of funds included in the table above are scheduled to be incurred by end of fiscal 2015, with operational equipment scheduled to be purchased in fiscal 2014. Other than as disclosed below, there are no variances on uses of funds which have impacted the Trust's ability to achieve its business objectives and milestones.

SUMMARY OF QUARTERLY RESULTS

Given the Trust acquired the Romanian Projects on May 28, 2014, a comparison of operations between the three months ended June 30, 2014 and the three months ended September 30, 2014 is not relevant. It is difficult to compare operations over different parts of the year due to the seasonal nature of hydrology for the respective projects. A comparison to the same quarter from preceding year is much more relevant. However, the Trust did not prepare financial statements for any quarters prior to becoming a reporting issuer. The following table provides the available summary financial data for the Trust's last eight quarters.

	Three months ended September 30, 2014 ($)	**Three months ended June 30, 2014 ($)**	**Period from February 4, 2014 to September 30, 2014 ($)**
Revenue	130,290	20,375	150,665
Operating Expenses	(957,231)	(2,997,301)	(3,954,532)
Other Expenses	402,047	396,143	798,190
Net Loss for the period	(429,345)	(2,585,917)	(3,015,262)
Total Comprehensive Loss After Tax	(1,077,699)	(2,761,872)	(3,839,571)
Basic & Diluted loss per Unit	(0.04)	(0.23)	(0.52)

SUMMARY OF FINANCIAL POSITION

Summarized selected consolidated financial information with respect to the Trust as at February 4, 2014, June 30, 2014 and September 30, 2014 is as follows:

	September 30, 2014 ($)	**June 30, 2014 ($)**	**February 4, 2014 ($)**
Total Current Assets	927,897	1,740,548	15
Total Current Liabilities	2,465,435	2,908,111	-
Working Capital	(1,537,538)	(1,167,563)	15

	September 30, 2014 ($)	June 30, 2014 ($)	February 4, 2014 ($)
Total Assets	18,478,048	20,487,464	15
Total Liabilities	13,347,634	14,104,836	-
Trust Capital	9,306,079	9,234,523	15
Retained Deficit	(3,351,356)	(2,675,940)	-
Other Comprehensive Income	(824,309)	(175,955)	-
Total Liabilities and Equity	18,478,048	20,487,464	15

The changes in the financial position from February 4, 2014 to June 30, 2014 reflect the IPO, the acquisition of the Romanian Projects as well as the operations of the Trust during the period. The changes from June 30, 2014 to September 30, 2014 reflect the operations during the period.

LIQUIDITY AND CAPITAL RESOURCES

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

Financial Condition

	September 30, 2014 ($)	June 30, 2014 ($)
Cash and Cash Equivalents	596,384	1,483,848
Percentage of total assets	3.2%	7.2%
Working Capital	(1,537,538)	(1,167,563)

Cash flows from operations are generally impacted by hydrology levels as well as the availability of the generation assets. Going forward, management expects to have sufficient liquidity to fund the planned operations for the foreseeable future. Generally, four sources of funding for future expenditures are expected by management to be available: (i) internally generated cash flow from operations; (ii) existing working capital; (iii) external debt financing, when appropriate; and (iv) external equity financing through the issuance of additional Units or other trust securities, if available on suitable terms.

Management anticipates that the Romanian Projects will be fully operational by the second quarter of 2015. Once the Romanian Projects are fully operational, management anticipates internally generated cash flow to fund operations thereafter. The forecasted revenues of the Romanian Projects are expected to exceed projected raw materials and consumables used, general and administrative expenses, including interest payable on intercompany debt owing to Netherlands Holdco, generating pre-tax profits. However, the delays in achieving full operation of the Romanian Projects has resulted in limited cash being generated during the three months ended September 30, 2014. The Trust required short term financing to ensure it is able to meet upcoming financial commitments, such as interest payments on the Debentures and distributions on the Units. The Trust has entered into a $600,000 short term debt financing arrangement on December 1, 2014 in the form of a promissory note, maturing on February 1, 2015. The note carries interest of 6% per annum, payable upon maturity and a 10% upfront structuring fee. The loan is secured against assets of the Trust and the Trust's subsidiary, Transeastern Power Holdings Inc. The Trust plans on repaying the note through securing project level financing prior to the maturity date.

The Trust has received a term sheet from a Romanian bank regarding debt financing at the project level and anticipates closing the financing by early 2015. The Trust anticipates using the proceeds of such financing to complete the capital expenditure programs on Zagra and Suha, and to repay the bridge facility and the vendor take back loan owing to the Suha vendors.

The Power and GC Purchase Arrangement has been entered into in order to provide the Trust with stability in pricing. Based on the anticipated electricity output volumes and green certificate entitlements of the Romanian Projects, management expects this minimum bidding price arrangement to last for the first 12 to 18 months of the Trust's operations, giving stability to its income flow for this period.

OFF-BALANCE SHEET ARRANGEMENTS

The Trust had no off-balance sheet arrangements as at September 30, 2014.

SUMMARY OF OUTSTANDING SECURITIES

The authorized capital of the Trust consists of an unlimited number of Units, of which 11,349,122 Units are issued and outstanding as of the date of this MD&A. In addition, the Trust has CDN$11,763,000 principal amount of Debentures outstanding.

Assuming the exercise or conversion of all of the outstanding Debentures, an aggregate of 20,759,522 Units will be issued and outstanding on a fully diluted basis.

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 of the risks faced by the Trust, please refer to the IPO Prospectus available at www.sedar.com.