

# Letter to Unitholders

Our business performed well this quarter, with strong operating results, growth ahead of our targets and development in-line with plan. We continued to deliver solid FFO growth, advanced our development program with a record 5,000 megawatts of capacity expected to be delivered this year, and agreed to invest approximately \$2.2 billion of equity capital (~\$450 million net to Brookfield Renewable) in a number of investments across the globe.

Our financial position remains strong. We expect to execute just short of \$20 billion of non-recourse financing this year, generating over \$800 million in upfinancing proceeds to Brookfield Renewable, while maintaining our strong investment grade credit rating. We ended the quarter with \$4.4 billion of available liquidity, providing significant flexibility to continue executing on our growth and development strategy.

With several new and previously announced large acquisitions now closed or expected to close before year end, we continue to be well positioned to deliver in excess of our 10% FFO per unit growth target for the year.

## **Our returns remain robust**

The renewables sector traded down in the public markets on the back of higher interest rates and a perceived tightening of industry margins. Even though we are well positioned to benefit in this environment, and insulated from the challenges that are seemingly impacting others in our sector, we have not been immune to the lower market prices. And while we are never pleased when our share price is down, we are long-term focused investors and we believe the outlook for our business is better than ever. As we continue to deliver on our growth targets and execute on our strategic priorities, our share price should respond and better reflect the intrinsic value of the business.

Most importantly, we are not seeing a reduction in the return we are able to generate on our capital. In fact, quite the opposite, we are seeing plentiful opportunities to deploy capital at or above our target returns, as demand for clean power from corporations continues to accelerate. This opportunity is more pronounced in the current market where access to capital is becoming increasingly scarce for some market participants – creating a favorable environment for those such as ourselves, with the capital, capabilities, and pipeline of projects to deliver for our clients. Notably, there are particularly attractive opportunities to acquire high quality businesses with strong pipelines but lack the access to capital or scale operating capabilities to build out the projects.

In this environment, our ongoing approach to M&A is particularly effective. We are leveraging our existing capabilities and development pipeline to capture the growing demand, while at the same time using our access to capital to add leading platforms in core markets around the world. These additions further enhance our capabilities and position us as the clean energy and decarbonization partner of choice for leading corporations.

And by consistently enhancing our business, we expect to be even more well positioned to capture a greater portion of the market demand in the future. It is a powerful and virtuous cycle.

Over the last five years, the amount of clean energy procured annually by corporates has increased almost 10 times and, looking forward, we do not expect this trend to slow down. Access to energy is now the key constraint for a number of these businesses which acquire large amounts of power, including leading global technology companies, to execute their growth plans.

As one of the only scale multi-technology global clean energy businesses in the world with an almost 150,000 megawatt development pipeline, we are uniquely positioned to benefit. With our extensive energy marketing and operational capabilities, our ability to offer 24/7 clean power solutions from our technologically diversified fleet, and our ability to credibly deliver scale projects on time across all key global markets, we have become a go-to partner providing bespoke solutions to meet the needs of the largest procurers of clean energy globally.

As a result, we continue to see a very robust market to contract our capacity and have been successful in signing contracts at prices that appropriately compensate us for higher construction and financing costs. As an example, by leveraging our development pipeline, our existing hydro facilities, and our power marketing capabilities, we recently signed an agreement with one of the leading global tech companies to provide them with a total of 18 terawatt hours (equal to the annual electricity consumption of almost 2 million homes in the U.S.) over the next five years to serve their growing requirements in the U.S.

Our approach to development continues to be focused on delivering appropriate risk-adjusted returns and focusing on investment opportunities that we can de-risk quickly. We do not build on spec and reduce risk in our investments by simultaneously securing power purchase agreements, construction contracts and financing before committing significant capital. We limit construction risk by using a localized approach to construction and development and manage our investment spend by leveraging our central procurement capabilities. Lastly, we leverage our commercial teams to source the highest quality offtakes and focus on the most mature and lowest cost renewable power technologies (solar and onshore wind) in the highest growth regions to ensure our projects produce the most de-risked high quality cash flows. This approach has served us well for decades and allows us to deliver consistent performance in all market conditions.

We are also crystalizing and proving out our returns through our asset recycling initiatives. In the current environment, we continue to see strong demand for de-risked assets with long-term contracts and fixed rate financing in place. As an example, we recently agreed to the sale of a 150-megawatt solar facility in Europe that we commissioned earlier this year for proceeds of \$100 million, representing almost three times our invested capital. This marks the continuation of a successful asset recycling program that in the last 18-months has generated ~\$1.4 billion of proceeds (~\$600 million net to Brookfield Renewable), which on average represents an almost three times multiple of our invested capital. Looking forward, we expect that our capital recycling program will continue to be a key component of our overall source of funds and a means of generating value above our underwriting targets for investors.

### **We are set to benefit from the closing of a number of highly accretive M&A transactions**

We are making good progress closing our previously announced acquisitions. We recently closed the acquisition of 50% of X-Elio, our leading global solar developer, bringing our ownership interest in that business to 100%. We also closed the acquisition of Deriva Energy (formerly Duke Energy Renewables), one of the largest renewable platforms in the U.S. with 5,900 megawatts of operating and under construction wind, utility scale solar and storage assets, and a 6,100 megawatt development pipeline.

We continued to advance the regulatory approval process for our acquisition of Westinghouse Electric, and we expect to satisfy all conditions to closing this week with closing imminently thereafter. We have also progressed our acquisition of Origin Energy, receiving authorizations from the Australian Competition and Consumer Commission in October, and received a unanimous recommendation from Origin's board having increased our offer to the top end of their independent expert's valuation range providing a compelling opportunity for Origin's shareholders to realize the value of their investment. With the shareholder vote scheduled for late November, we are targeting to close the acquisition in early 2024.

We are also seeing an increasing number of opportunities to acquire scale portfolios and platforms, given the recent move in public market valuations, combined with the increasing need for capital across the sector. This environment plays to our strengths as we can invest at attractive risk-adjusted returns when others are pulling back.

Recently we agreed to acquire Banks Renewables for ~\$600 million (~\$120 million net to Brookfield Renewable), a leading independent UK renewables developer with ~260 megawatts of onshore wind assets, ~800 megawatts of near-term development and another 3,000 megawatts of later stage projects. We expect the Banks transaction to close prior to year-end. We also agreed to partner with Axis Energy, a leading renewable developer in India with whom we have successfully developed 1,800 megawatts of capacity with over the past two years, creating a new development platform with 1,200 megawatts of advanced stage capacity and another ~5,000 megawatts of projects in the development phase. Under the agreement, we are targeting to invest up to \$850 million (up to \$170 million net to Brookfield Renewable) over the next 3 years to develop approximately 2,500 megawatts of wind and solar capacity.

In total, over the coming months we expect to have closed transactions totaling \$9.2 billion (\$1.5 billion net to Brookfield Renewable) of capital that will be immediately accretive adding ~\$200 million in expected incremental annual FFO and continuing to grow the value of the business, positioning ourselves to continue to deliver on our decade long track record of 10%+ FFO per unit annual growth.

In light of public market conditions and our strong conviction in the intrinsic value of our business and growth trajectory, we have also started to allocate capital to repurchase shares. Starting this quarter, we repurchased almost 1.5 million units under our normal course issuer bid. Looking forward, we will continue to allocate capital based on where we are seeing the best risk-adjusted returns and remain confident that we will continue to create meaningful value for our investors.

## **Operating Results**

We generated FFO of \$253 million, or \$0.38 per unit in the third quarter, bringing our year-to-date FFO per unit to \$1.29, a 7% increase compared to the prior year. Our business continues to deliver strong results, benefiting from our highly diversified operating platform, inflation indexed cash flows and strong all-in pricing.

Our business is backed by high-quality cash flows, in large part from our perpetual hydro portfolio which generates dispatchable, clean, baseload power that has become increasingly valuable in today's environment. We are also well positioned to benefit from the increased demand for reliable, carbon-free generation with significant capacity available for re-contracting over the next five years in a very positive environment for prices of electricity. We expect to be able to execute new contracts which will contribute additional FFO and allow us to up-finance many of the assets due to their low levels of debt.

Our hydroelectric segment delivered FFO of \$129 million. Our hydro assets globally continue to exhibit strong cash flow resiliency given our increasingly diversified asset base, inflation-linked power purchase agreements, and ability to capture strong power prices.

Our wind and solar segments generated a combined \$145 million of FFO. We continue to benefit from contributions from acquisitions and the diversification of our fleet, which is underpinned by long duration power purchase agreements that provide stable revenues. Our distributed energy and sustainable solutions segment generated \$39 million of FFO, benefiting from both acquisitions and organic growth across the portfolio.

Our renewable power development pipeline stands at almost 150,000 megawatts, nearly one and half times larger than it was at this time last year. We also continue to be successful starting development on projects earlier than had been planned and scaling our development to meet growing demand for clean power. We have approximately 5,000 megawatts on track for commissioning this year, and ~7,000 and ~8,000 megawatts on track for delivery in 2024 and 2025, respectively. Much of the capital for these projects is already invested, and we will see the returns on that capital when the projects begin producing cash upon commissioning. We expect newly commissioned capacity this year to contribute approximately \$70 million in additional FFO annually and commissioned capacity in the following two years to contribute a combined \$180 million in additional FFO annually.

### **Balance Sheet & Liquidity**

Our financial position remains excellent, and our available liquidity is robust, providing significant flexibility to fund our growth. We are resilient to rising global interest rates, with ~90% of our borrowings being project level non-recourse debt, with an average remaining term of over 10 years, no material near-term maturities in the next five years, and only 3% exposure to floating rate debt.

Despite market volatility, we continue to have access to deep and varied pools of capital, differentiating our business. We finished the quarter with \$4.4 billion of available liquidity, giving us significant optionality during periods of capital scarcity. So far this year, we have secured over \$10 billion of non-recourse financing across the business and expect to raise an additional \$8 billion in non-recourse financing by year-end, generating over \$800 million in total upfinancing proceeds to Brookfield Renewable for the year.

### **Outlook**

We are benefiting from almost all of today's major global themes and the outlook for our business is as strong as ever. We remain focused on our goal of delivering 12-15% long-term returns for investors while remaining disciplined allocators of capital, leveraging our deep funding sources and operational capabilities to enhance value and de-risk our business.

On behalf of the Board and management of Brookfield Renewable, we thank all our unitholders and shareholders for their ongoing support.

Sincerely,



Connor Teskey  
Chief Executive Officer  
November 3, 2023

### **Cautionary Statement Regarding Forward-looking Statements**

*This letter to unitholders contains forward-looking statements and information within the meaning of Canadian provincial securities laws and “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. The words “will”, “intend”, “should”, “could”, “target”, “growth”, “expect”, “believe”, “plan”, derivatives thereof and other expressions which are predictions of or indicate future events, trends, or prospects and which do not relate to historical matters identify the above mentioned and other forward-looking statements. Forward-looking statements in this letter to unitholders include statements regarding the quality of Brookfield Renewable’s assets and the resiliency of the cash flow they will generate, Brookfield Renewable’s anticipated financial performance, future commissioning of assets, contracted portfolio, technology diversification, acquisition opportunities, expected completion of acquisitions and dispositions, future energy prices and demand for electricity, , global decarbonization targets and related government incentives, economic recovery, achieving long-term average generation, project development and capital expenditure costs, energy policies, economic growth, growth potential of the renewable asset class, the future growth prospects and distribution profile of Brookfield Renewable, Brookfield Renewable’s access to capital and future dividends and distributions made to holders of LP units and the exchangeable shares of Brookfield Renewable Corporation. Although Brookfield Renewable believes that these forward-looking statements and information are based upon reasonable assumptions and expectations, you should not place undue reliance on them, or any other forward-looking statements or information in this letter to unitholders. The future performance and prospects of Brookfield Renewable are subject to a number of known and unknown risks and uncertainties.*

*Factors that could cause actual results of Brookfield Renewable to differ materially from those contemplated or implied by the statements in this letter to unitholders include (without limitation) general economic conditions and risks relating to the economy, including unfavorable changes in interest rates, foreign exchange rates, inflation and volatility in the financial markets; changes to resource availability, as a result of climate change or otherwise, at any of our facilities; supply, demand, volatility and marketing in the energy markets; our inability to renegotiate or replace expiring power purchase agreements on similar terms; an increase in the amount of uncontracted generation in our portfolio or adverse changes to the hydrological balancing pool administered by the government of Brazil (“MRE”); availability and access to interconnection facilities and transmission systems; our ability to comply with, secure, replace or renew concessions, licenses, permits and other governmental approvals needed for our operating and development projects; our real property rights for our facilities being adversely affected by the rights of lienholders and leaseholders that are superior to those granted to us; increases in the cost of operating our existing facilities and of developing new projects; equipment failures and procurement challenges; dam failures and the costs and potential liabilities associated with such failures; uninsurable losses and higher insurance premiums; changes in regulatory, political, economic and social conditions in the jurisdictions in which we operate; force majeure events; adverse changes in currency exchange rates and our inability to effectively manage foreign currency exposure; health, safety, security and environmental risks; energy marketing risks; the termination of, or a change to, the MRE balancing pool in Brazil; involvement in litigation and other disputes, and governmental and regulatory investigations; counterparties to our contracts not fulfilling their obligations; the time and expense of enforcing contracts against non-performing counterparties and the uncertainty of success; foreign laws or regulation to which we become subject as a result of future acquisitions in new markets; our operations being affected by local communities; our reliance on computerized business systems, which could expose us to cyber-attacks; newly developed technologies in which we invest not performing as anticipated; advances in technology that impair or eliminate the competitive advantage of our projects; increases in water rental costs (or similar fees) or changes to the regulation of water supply; labor disruptions and economically unfavorable collective bargaining agreements; fraud, bribery, corruption, other illegal acts or inadequate or failed internal processes or systems; the COVID-19 pandemic, as well as the direct and indirect impacts that a pandemic may have, or any other pandemic; our inability to finance our operations and fund growth due to the status of the capital markets or our ability to complete capital recycling initiatives; operating and financial restrictions imposed on us by our loan, debt and security agreements; changes to our credit ratings; the incurrence of debt at multiple levels within our organizational structure; adverse changes in currency exchange rates and our inability to effectively manage foreign currency exposure through our hedging strategy or otherwise; our inability to identify sufficient investment opportunities and complete transactions; the growth of our portfolio and our inability to realize the expected benefits of our transactions or acquisitions; changes to our current business, including through future sustainable solutions investments; our inability to develop the projects in our development pipeline; delays, cost overruns and other problems associated with the construction and operation of generating facilities and risks associated with the arrangements we enter into with communities and joint venture partners; Brookfield’s election not to source acquisition opportunities for us and our lack of access to all renewable power acquisitions that Brookfield identifies, including by reason of conflicts of interest; we do not have control over all of our operations or investments, including certain investments made through joint ventures, partnerships, consortiums or structured arrangements; political instability or changes in government policy negatively impacting our business or assets; some of our acquisitions may be of distressed companies, which may subject us to increased risks; a decline in the value of our investments in securities, including publicly traded securities of other companies; we are not subject to the same disclosure requirements as*

a U.S. domestic issuer; the separation of economic interest from control within our organizational structure; future sales and issuances of LP Units, preferred limited partnership units in the capital of Brookfield Renewable or securities exchangeable for LP Units, including BEPC exchangeable shares, or the perception of such sales or issuances, could depress the trading price of the LP Units or BEPC exchangeable shares; our dependence on Brookfield and Brookfield's significant influence over us; the departure of some or all of Brookfield's key professionals; our lack of independent means of generating revenue; changes in how Brookfield elects to hold its ownership interests in Brookfield Renewable; Brookfield acting in a way that is not in our best interests or our shareholders or our unitholders; being deemed an "investment company" under the Investment Company Act; the effectiveness of our internal controls over financial reporting; failure of our systems technology; any changes in the market price of the LP Units and BEPC exchangeable shares; and the redemption of BEPC exchangeable shares by us at any time or upon notice from the holders of the BEPC class B shares. For further information on these known and unknown risks, please see "Risk Factors" included in the Form 20-F of BEP and in the Form 20-F of BEPC and other risks and factors that are described therein.

The foregoing list of important factors that may affect future results is not exhaustive. The forward-looking statements represent our views as of the date of this letter to unitholders and should not be relied upon as representing our views as of any subsequent date. While we anticipate that subsequent events and developments may cause our views to change, we disclaim any obligation to update the forward-looking statements, other than as required by applicable law.

No securities regulatory authority has either approved or disapproved of the contents of this letter to unitholders. This letter to unitholders is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

#### **Cautionary Statement Regarding Use of Non-IFRS Measures**

This letter to unitholders contains references to FFO, FFO per Unit, which are not generally accepted accounting measures under IFRS and therefore may differ from definitions of Adjusted FFO and FFO per Unit, used by other entities. We believe that FFO and FFO per Unit are useful supplemental measures that may assist investors in assessing the financial performance and the cash anticipated to be generated by our operating portfolio. None of FFO and FFO per Unit should be considered as the sole measure of our performance and should not be considered in isolation from, or as a substitute for, analysis of our financial statements prepared in accordance with IFRS. For a reconciliation of FFO and FFO per Unit to the most directly comparable IFRS measure, please see "Reconciliation of Non-IFRS Measures – Three Months Ended September 30<sup>th</sup>" included elsewhere herein and "Financial Performance Review on Proportionate Information - Reconciliation of Non-IFRS Measures" included in our unaudited Q3 2023 interim report.

References to Brookfield Renewable are to Brookfield Renewable Partners L.P. together with its subsidiary and operating entities unless the context reflects otherwise.

#### **Endnotes**

- 1) Any references to capital refer to Brookfield's cash deployed, excluding any debt financing.
- 2) Available liquidity refers to "Part 5 - Liquidity and Capital Resources" in the Management Discussion and Analysis in the Q3 2023 Interim Report.