

# Letter to Unitholders

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2024 was another record year for our business. We delivered our strongest operating and financial results ever and positioned the business for significant further growth and value creation in the future. We derisked our business plan with strong operational execution and have clear line of sight on our growth prospects as we enter 2025, setting us up to build upon our proven track record of value creation for shareholders. We continue to be focused on deploying our capital in a disciplined manner into the most attractive risk-adjusted opportunities on a global basis.

In light of the vast number of opportunities we saw in 2024, we exceeded our capital deployment targets, investing \$12.5 billion (\$1.8 net to Brookfield Renewable) in some outstanding businesses, including our investment in Neoen, Ørsted's portfolio of operating offshore wind assets in the U.K., and our investment in eFuels manufacturer Infinium.

Through these acquisitions, we added significant operating cash flows and an attractive pipeline of ready-to-contract, advanced development projects to our business. These transactions further cement our position as the preeminent global clean energy supermajor with an unmatched set of solutions, scale, and global reach that we can offer our partners. In a market with unprecedented corporate demand for electricity, our platform increasingly is gaining a competitive advantage, differentiating our growth prospects and ability to invest for value.

In addition to our success deploying capital into attractive opportunities, we closed numerous asset sales that enabled us to crystalize strong returns for our shareholders and generated a record \$2.8 billion of proceeds (over \$1 billion net to Brookfield Renewable) to fund future growth for the business. In 2025, we expect to continue to build on our track record of completing select asset sales across our business and recycling capital into new growth opportunities.

Broader market conditions continue to be very constructive for us, with electricity demand accelerating significantly, led by corporate customers and specifically the global technology players, who continue to invest vast sums of capital in the build-out of data centers to enable digitalization and AI supported applications. Investment by these firms grew 50% year-over-year in 2024, and it is expected that this will continue to increase tremendously throughout the rest of the decade.

Further, actions taken by the new U.S. administration to drive greater industrial, manufacturing, and data center activity in the U.S. are expected to dramatically accelerate electricity demand in the country. As this demand is incremental to the generational step-change in electricity demand that was already taking place, we believe the growth prospects for low-cost, mature renewables technologies are better than at any point in history, as they will play the leading role in the requirements for "any-and-all" increases in generation capacity. This will significantly benefit those with existing and actionable large-scale pipelines of development

projects that are available to meet this opportunity. In this environment, we feel few, if any, are as well positioned as us.

Our global scale and operating and development capabilities position us as the partner of choice for the largest buyers of clean power globally. This year alone we signed contracts to deliver over 100,000 gigawatt hours of generation to commercial and industrial customers, representing over 80% of our new contracts signed for commissioned assets. We also signed the landmark renewable energy framework agreement with Microsoft, where we are on track to not only meet, but exceed our delivery targets.

We had strong financial performance this year. And with these record results, in conjunction with our solid liquidity and robust outlook for our business, we are pleased to announce an over 5% increase to our annual distribution to \$1.492 per unit. Since Brookfield Renewable was publicly listed in 2011, we have delivered 14 consecutive years of annual distribution growth of at least 5% each year.

Additional highlights for the year include that we:

- Generated record FFO for the year of \$1.2 billion, or \$1.83 per unit, a 10% increase over last year benefitting from our inflation-linked and contracted cash flows, contributions from acquisitions and execution of various organic growth and value creation initiatives across our business.
- Secured contracts to deliver an incremental ~19,000 GWh per year of generation to our partners, including signing the landmark renewable energy framework agreement with Microsoft.
- Continued to scale our development activities commissioning ~7,000 megawatts of new renewable energy capacity and are on track to reach a ~10,000-megawatt run rate per annum by 2027.
- Strengthened our sector leading balance sheet and liquidity, completing almost \$27 billion in financings across the business, including \$800 million in upfinancings which allowed us to end the year with over \$4.3 billion of available liquidity at the corporate level.

## **Dislocated Markets Create Opportunity**

The renewables sector has traded down in the public markets on weaker sentiment stemming from the new U.S. administration's announced executive orders and potential policy changes for renewables. Even though we are well positioned to significantly benefit in this environment, our shares have not been immune to lower public market prices across the sector. And while we are never pleased when our share price is down, we remain focused on the long-term and 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 our business.

Following several decades of modest electricity demand growth, we are experiencing a dramatic shift driven by the AI revolution, one of (if not) the most significant advancements in technology in our lifetime. This is driving demand for our product, which has never been higher, supporting the highest development returns we have seen in over a decade. The current power market fundamentals mean that demand for derisked, long-life operating power assets is also very robust, which is allowing us to recycle assets and crystalize our development gains at extremely attractive levels.

We saw this in the past year, where we closed the sales of Saeta and a 50% interest in Shepherds Flat as well as reached agreements to sell several other assets that generated average returns of approximately

25% IRR, or nearly double our return targets. This is enabling us to not only secure strong returns for our shareholders but also fund our growth without the use of public equity markets, at a time when the opportunity to invest is greatest.

Over many years, we have consciously focused our business on the lowest-cost and most mature renewable technologies that have the greatest demand from corporate customers and are not reliant on government subsidy. This strategy has positioned us very favorably in the current market – we are not exposed to the sectors of the market seeing reduced support and, instead, are seeing record demand for our product. Given our scale, technology focus, and available capital, we feel we are the best positioned across the industry to capture the accelerating corporate demand.

We feel that executing our business plan will create significant value in our company and as market sentiment passes we will see that translate into our shares. And our strong position, combined with lower public share prices across the sector and increased uncertainty for some private market investors, could create significant opportunity to acquire assets for value and further grow our business.

### **Our Growth Outlook is Strong, Especially in the U.S.**

Our pipeline of growth opportunities is as robust as ever and is specifically focused on adding platforms and projects that can meet the growing demand from corporate buyers of electricity. We are in various stages of advancing several large-scale transactions where we will provide capital or strategic solutions at good value. With our global team, capabilities and scale capital we can source and execute opportunities that few other players can, in the most attractive jurisdictions that offer the highest risk-adjusted returns.

Recently there has been much discussion around the impact of potential regulatory changes on the renewables sector in the U.S. While we see potential for regulatory changes, we do not expect any material adjustments to the policies that have the greatest impact on our business, as these largely have bipartisan support.

More important to our business are the current fundamentals for clean power, which are strong in the U.S. and abroad, and being driven by corporate customers and the demand from digitalization and electrification. We also expect that supportive fiscal policy in the U.S., which we typically see following an election, will drive further growth in manufacturing, data center development and industry in the country, requiring more power on top of the already significant demand growth we are seeing today.

Given the accelerating power needs of large corporate customers to support the expansion of their businesses, and the position of our renewable technologies as the lowest cost source of bulk power regardless of incentive schemes, we are well positioned to deliver the most viable solution to meet their needs across all our key markets.

The opportunity to capture this demand is immense, but it is most valuable to those who already have a pipeline of advanced projects and development pipeline that can be accelerated. From this perspective, our significant investment in the U.S. in recent years, before this increase in demand became apparent, is proving fortuitous. Our pipeline of projects, alongside our relationships with the largest buyers of power and access to capital to fund the buildout, places us at the epicenter of this opportunity.

As one of the largest operators and developers of renewable power assets we also have very strong relationships with a diverse group of global suppliers. We have further strengthened our relationships and

secured our development pipeline through the execution of framework agreements with a number of global and U.S. based OEMs to mitigate the impact of potential policy changes and maintain our commissioning timelines. Our supply chain strategy has helped maintain our development growth schedule and return targets, and we remain focused on our procurement process, which is a differentiator for our business.

With this supportive backdrop and our competitive advantages of scale capital, deep operating, development and procurement capabilities and market positioning we are more confident than ever on the growth prospects of the business, particularly in the U.S.

### **Our Capital Recycling has Scaled and is Now a Regular Part of the Business**

Increasingly we have been able to demonstrate our full cycle value creation through the sale of derisked operating assets and integrated platforms. Since 2020, we have generated almost \$6 billion in proceeds (\$2.3 billion, net to Brookfield Renewable) at an average IRR of ~22% and 2.1x multiple of invested capital. By monetizing assets and platforms to lower cost of capital buyers, we are capturing higher returns and accelerating the rotation of capital to redeploy into growth.

Our development pipeline now stands at approximately 200,000 megawatts and our pace of commissioning projects is tracking towards 10,000 megawatts a year and growing. The scale of our business and our growing development activities have translated into more asset recycling opportunities for us than ever before, as we deliver an increasing number of high-quality, derisked, cash-generating assets into operation, which are in high demand today from investors.

We are also selling our scale platforms with in-house development capabilities and development projects. In December, we closed the sale of Saeta, where we realized the significant value we created through operational enhancements and the build-out of their development function, generating 3 times our invested capital over our relatively short hold period.

In 2024 alone, our commissioned capacity and asset recycling proceeds tripled from the average of the prior three years, highlighted by the delivery of ~2,400 megawatts into production in the U.S. and ~2,700 megawatts in APAC, the closing of the sales of Saeta and a 50% interest in Shepherds Flat, and the signing of agreements to sell First Hydro and a portfolio of assets in India.

Going forward, asset recycling will continue as a reliable and consistent way for us to deliver strong returns for our shareholders and generate capital to fund growth. We expect to build off of this strong momentum in 2025 and deliver even larger and more recurring monetizations in the future at similarly healthy returns.

### **Operating Results**

We generated FFO of \$1.2 billion, or \$1.83 per unit, up 10% year-over-year. These strong results reflect the benefits of our increasingly diverse business and robust growth levers, despite historically weaker hydrology at our North American hydro assets.

We continue to target 10%+ FFO per unit growth going forward and today have more visibility on achieving this target than ever before. Almost 90% of our generation is contracted with approximately 70% of revenue linked to inflation, helping to expand the operating margins we earn. We also have significant re-contracting opportunities with our staggered contract profile. We continue to successfully recontract available generation

at substantial increases to expiring contracts. These activities will continue to enhance our FFO in the current rising pricing environment over the medium term and provide substantial capacity to fund future growth.

Our asset rotation is scaling and we will continue to crystalize gains on an ongoing basis from asset sales, contributing to our earnings. We will also generate incremental FFO going forward from our development activities, as we bring assets online from our large pipeline of advanced staged projects, in addition to our recently closed acquisitions that we expect to contribute to growth meaningfully in 2025 and beyond.

Our hydroelectric segment delivered FFO of \$511 million, helped by stronger results in the back half of the year from our Colombian assets where we had higher generation and realized pricing on the back of a robust energy price environment. Our Colombian business, Isagen, ultimately generated FFO that was up year-over-year in the local currency after challenging hydrology in the first half due to dry El Niño conditions, demonstrating the resilient performance of the platform.

While recent performance across the North American fleet has been challenged due to unusually low precipitation, we expect this to normalize over the long-term and contribute to growth in 2025 from the lows this year. We continue to see the long-term strategic benefits of our hydro portfolio and our commercial relationships. Demand for dispatchable clean generation in our markets is very strong on the back of growing electricity needs to support data center build-out and broader electrification. And this is translating to favorable contract terms for our hydros, highlighted more recently by two agreements signed with U.S. utilities in the third quarter of 2024 at an average price of almost \$90/MWh for an average duration of almost 15-years.

Our large portfolio of hydro assets with their rolling contract profile has us well positioned to execute additional long-term contracts in the current market with favorable terms similar to those recently signed. We have ~6,000 GWh per year of generation coming available for contract over the next five years, which we expect to provide a significant uplift on cash flows from higher realized pricing and significant funding for growth from upfinancing opportunities on the back of executing new contracts.

Our wind and solar segments generated a combined \$833 million of FFO, up 30% from the prior year as we benefited from a full year of contributions from our recent acquisitions. We expect to see further growth from our wind and solar segments in 2025 with the close of our investments in Neoen, Ørsted's ~3,500-megawatt operating offshore wind portfolio in the U.K., Leap Green and other various growth initiatives.

Our distributed energy, storage, and sustainable solutions segments also saw significant growth year-over-year generating a combined \$329 million of FFO, up 78% from the prior year, with strong performance from Westinghouse where we continue to see positive momentum. Nuclear power is increasingly being recognized as an integral part of the energy supply solution going forward given its scale baseload and clean characteristics. Westinghouse is well positioned to capture the increasing demand for nuclear power with its fuel supply business benefitting from global capacity growth and increasing interest in Westinghouse's proven reactor solutions to expand baseload capacity and meet the needs of our partners.

We also closed our investment in leading eFuels manufacturer Infinium this quarter, which will start to contribute to our results via our initial investment to build a production facility in Texas. The investment provides us with significant growth optionality to deploy more capital into the scaling eFuels market, as well

as build the renewables projects to support these activities, on a basis that is in line with our expectations for risk-adjusted returns.

## **Balance Sheet & Liquidity**

We finished the year with over \$4.3 billion of available liquidity maintaining significant flexibility and our best-in-class balance sheet. Our diverse and robust funding model and continued commitment to sizing debt on investment grade metrics has positioned us to opportunistically deploy scale capital.

We successfully completed nearly \$27 billion in financings in 2024, a record for our business, opportunistically extending average maturities and optimizing our portfolio's capital structure, including executing \$800 million of upfinancings.

In the fourth quarter, we took advantage of favorable market conditions issuing C\$200 million of green subordinated hybrid notes at 5.45%. The reset spread on the notes was the lowest ever achieved in the Canadian corporate hybrid market and had the lowest coupon since the start of 2022 for this type of note.

## **Senior Appointments**

We are pleased to announce the appointment of Jennifer Mazin and Wyatt Hartley as Co-Presidents of Brookfield Renewable Partners. Jennifer and Wyatt are key members of our senior leadership team, and these appointments will improve our ability to scale the business and expand our capabilities on a global basis.

Jennifer will continue to serve as General Counsel. Wyatt will assume the role of Head of our North American Asset Management group, overseeing the operations we have in the region. Wyatt will succeed Mitch Davidson, who will remain active within our business going forward and we will therefore continue to benefit from his counsel.

We are also pleased to announce the appointment of Natalie Adomait as Chief Operating Officer and Patrick Taylor as Chief Financial Officer. Natalie joined Brookfield in 2011 and has held various positions focused on origination, investment strategy, and asset management, including most recently as the Head of Transition Investments. Patrick also joined Brookfield in 2011 and has held a series of senior finance positions within overall Brookfield.

Jeh Vevaina will continue as Brookfield's Global Chief Investment Officer for renewable and transition investment activities, and will be supported by Ignacio Paz-Ares, who has assumed the role of Deputy Global Chief Investment Officer for this business.

## **Outlook**

The business is entering 2025 with tremendous momentum and we are well positioned to capitalize on the current opportunity set and deliver strong value for shareholders. We remain focused on our goal to deliver 12-15% long-term total returns for investors through our disciplined approach to allocating capital and driving performance through improved operations.

We look forward to continuing to execute on our strategy, and on behalf of the Board and management, we thank all our unitholders and shareholders for their ongoing support and look forward to updating you on our progress throughout the year.

Sincerely,

A handwritten signature in blue ink, appearing to read 'CT', with a stylized flourish at the end.

Connor Teskey  
Chief Executive Officer

January 31, 2025

## 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 and its subsidiaries’ businesses and our expectations regarding future cash flows, distribution growth and the success of growth initiatives. They include statements regarding Brookfield Renewable’s anticipated financial performance, future commissioning of assets, ability to execute on the development pipeline, contracted nature of our portfolio (including our ability to recontract certain asset), technology diversification, acquisition opportunities, expected completion of acquisitions and dispositions, financing and refinancing opportunities, 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 and Brookfield Renewable’s access to capital. These forward-looking statements and information are not historical facts but reflect our current expectations regarding future results or events and are based on information currently available to us and on assumptions we believe are reasonable. 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. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us or are within our control. If a change occurs, our business, financial condition, liquidity and result of operations and our plans and strategies may vary materially from those expressed in the forward-looking statements and forward-looking information herein. 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; increased regulation of and third party opposition to our nuclear services business’ customers and operations; failure of the nuclear power industry to expand; our ability to comply with regulations (including with respect to indemnification requirements) related to our nuclear services business; 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 and our ability to manage commodity and financial risk; 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 cyberattacks; 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;; 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 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; 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 EBITDA, 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 - Year Ended December 31" included elsewhere herein and "Financial Performance Review on Proportionate Information - Reconciliation of Non-IFRS Measures" included in our audited Q4 2024 annual 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 2024 Annual Report.