

Letter to Unitholders

The business performed well in the second quarter as we continued to deliver strong availability rates, advance our development and operating initiatives and benefit from recent acquisitions. This was achieved despite lower than expected generation. With liquidity of \$1.7 billion at quarter end, an investment grade balance sheet and no near-term material maturities, we are well positioned to execute on our investment and operating priorities.

Operating and Financial Results

We reported Funds From Operations (FFO) of \$172 million or \$0.55 per unit in the second quarter. The business continues to perform well across all regions, however we experienced low water levels in North America this quarter. On a normalized basis, we would have achieved FFO of \$206 million this quarter, which represents year-over-year growth of 16% on a per unit basis, reflecting the continued strength of our operating business as well as contributions from recent acquisitions.

Our hydroelectric assets contributed \$181 million of FFO. While hydrology remains close to long-term average levels in South America, we experienced lower rainfall in Ontario and New York impacting generation levels. During the quarter, we continued to focus on extending our contract profile at premium pricing. At PJM's recent capacity auction, we sold 964 megawatts into strong markets, securing \$17 million of revenue (net to BEP) for the 2021/2022 delivery period – 70% higher than the prior year. In Colombia, we signed almost 20 new contracts with 5 to 10 year terms. In Brazil, we secured five new contracts at average pricing of approximately R\$260 per megawatt-hour (~U.S.\$70 per megawatt-hour). We also commissioned our 28 megawatt Brazilian Verde 4A hydroelectric facility.

Our wind segment delivered \$34 million of FFO in the second quarter, \$10 million ahead of prior year as we continue to benefit from new acquisitions and development projects coming online. At TerraForm Power, wind performance has been consistent with our expectations and we continued to progress outsourcing of the wind fleet's operations and maintenance, which is expected to drive meaningful operating cost savings over the next few years. Our Brazilian wind business continues to deliver very strong results with capacity factors consistently around 40%.

Our solar business delivered \$16 million of FFO this quarter, as our global fleet continues to perform well, with strong availability across the portfolio. Our storage facilities delivered \$7 million of FFO in the second quarter as these facilities continue to provide essential grid-stabilizing ancillary services and large-scale back-up capacity. At our First Hydro business, we continue to work with our partner to optimize asset operation, dispatch and trading.

We continue to pursue development across all business lines. We are currently advancing two hydro facilities in Brazil totaling 49 megawatts, two wind farms in Europe totaling 47 megawatts, and a 63 megawatt storage expansion project in the U.S. Our total equity investment in these projects is approximately \$75 million, the majority of which has already been funded and all projects are advancing on scope, schedule and budget. Once completed, these assets should contribute an additional \$20 million to our FFO.

Transaction Update

During the second quarter, we invested \$450 million into growth and development initiatives. This includes our investment in additional shares of TerraForm Power bringing the total ownership between ourselves and our partners up to 65% (from 51%) and increasing BEP's interest from 16% to 30%. The share issuance from TerraForm Power was used to fund its acquisition of Saeta Yield – a high quality, stable, 1,028 megawatt European solar and wind portfolio with a \$1.2 billion equity valuation. Saeta's revenues are underpinned primarily by a stable regulated rate base in Spain which supports over 80% of the company's EBITDA and protects the business from production variability. The balance of the business' revenues are subject to long term power purchase agreements which exceed 16 years in term. Looking forward, the portfolio provides a number of operational and balance sheet enhancement opportunities which should provide meaningful margin expansion over time, consistent with our operations-oriented approach to investing.

We made our first investment in Europe five years ago with the acquisition of 320 megawatts of operating wind farms in Ireland. With this recent acquisition, we now have approximately 5,100 megawatts of operating and development assets throughout Europe and the U.K. and a diversified portfolio comprised of wind, solar and pumped hydro. We continue to see Europe as a strong growth market over the long term and accordingly, continue to grow our operating and development capabilities in the region across multiple technologies.

Balance Sheet and Capitalization

Factoring in recent investments, we ended the quarter with \$1.7 billion of liquidity and continue to focus on strengthening our investment grade balance sheet. Our priorities remain the same: terming out our debt, extending maturities on a fixed rate basis, reducing borrowing costs and monetizing mature assets to redeploy capital into higher value opportunities.

During the quarter we extended the duration of our corporate credit facility to five years and executed \$1.1 billion of refinancing initiatives across the portfolio. In the process, we increased the average duration of our asset level debt to over 10 years and lowered our interest costs by 25 basis points. We have minimal interest rate exposure having locked-in low, long-term rates over the last several years. As a result, today only 14% of our debt is floating rate, of which less than 8% is in North America and Europe.

We also advanced our capital recycling initiatives. Post quarter-end, we entered into an agreement to sell 100% of our 178 megawatt South African wind and solar portfolio for total proceeds of \$166 million, with BEP's share totaling approximately \$50 million. These assets were acquired as part of broader TerraForm Global portfolio in late 2017 and the sale will allow us to focus our investments on our core markets where we see considerable opportunity.

Investment Outlook

While the growth of renewables was initially driven by growing support for carbon reduction, with continued declines in the cost for newer renewables, adoption is increasingly being driven by economic rationale. Even with declines in subsidies for renewables, we continue to see higher renewables targets from governments around the world. These targets will require significant investment over the coming decades, and as subsidies decline or fall away, this opportunity will increasingly favor those investors who can drive value and enhance cash flows from operating expertise as opposed to financial or tax-driven buyers.

Accordingly, we continue to execute our long-term business plan of establishing strong operating and growth capabilities in our core markets across multiple technologies such that we can pursue acquisitions and development opportunities and integrate new assets efficiently. Over the last decade, we have grown our operating capabilities, built a global business, and have been patient, but opportunistic, in deploying capital. In the last five years, we have invested nearly \$3.5 billion of capital into new opportunities globally, resulting in a portfolio of 8,000 megawatts of utility scale hydro, 6,000 megawatts of wind and solar facilities,

and 3,000 megawatts of storage through our pumped hydro and battery facilities. In addition, we are now one of the largest owners of distributed solar generation in the United States and are targeting expanding this capability to key markets around the world.

Globally, over the last five years, approximately \$1 trillion of capital has been invested into renewables and over 1 million megawatts of new renewables have been added to the global power market. This is equal to replacing the entire electrical capacity in the United States with renewable power. In spite of all of this, wind and solar still account for less than 8% of global power supply and even if one assumes current annual pace of investment of approximately \$300 billion continues, the level of overall renewable penetration will remain modest for many years. We are in the early stages of a transformation of the global power grid, moving from fossil fuels to renewables. This will require significant investment over multiple decades. We estimate that replacing the non-renewable capacity in our core markets with wind and solar will require over \$10 trillion of investment. Accordingly, the opportunity to invest and grow our business should be substantial for many decades.

As always, we remain focused on delivering our unitholders long-term total returns of 12% to 15% on a per unit basis. We thank you for your continued support and we look forward to updating you on our progress in that regard.

Sincerely,



Sachin Shah
Chief Executive Officer

August 3, 2018

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Cautionary Statement Regarding Forward-looking Statements

This unitholder letter 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”, “should”, “could”, “target” “future”, “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 unitholder letter include statements regarding the quality of Brookfield Renewable’s and its subsidiaries’ businesses and our expectations regarding future cash flows and distribution growth. They include statements regarding the expected benefits to unitholders of re-financing debt at low, long-term interest rates in a rising rate environment, as well as acquisitions, and the availability of acquisition opportunities. They also include statements regarding the progress towards completion of development projects, including by way of joint ventures with institutional partners, and the expected contribution of development projects to future generation capacity and cash flows as well as statements regarding the prospects of future growth in core markets. Additionally, they include statements regarding the expected benefits to Brookfield Renewable of redeploying recycled capital from non-core assets into new, value-based opportunities. 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 unitholder letter. 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 unitholder letter include economic conditions in the jurisdictions in which we operate; our ability to sell products and services under contract or into merchant energy markets; weather conditions and other factors which may impact generation levels at our facilities; our ability to grow within our current markets or expand into new markets; our ability to complete development and capital projects on time and on budget; our inability to finance our operations or fund future acquisitions due to the status of the capital markets; the ability to effectively source, complete and integrate new acquisitions and to realize the benefits of such acquisitions; health, safety, security or environmental incidents; changes to government regulations; regulatory risks relating to the power markets in which we operate, including relating to the regulation of our assets, licensing and litigation; risks relating to our internal control environment; our lack of control over all of our operations; contract counterparties not fulfilling their obligations; and other risks associated with the construction, development and operation of power generating facilities.

We caution that 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 unitholder letter 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. For further information on these known and unknown risks, please see “Risk Factors” included in our Form 20-F.

Cautionary Statement Regarding Use of Non-IFRS Measures

This unitholder letter contains references to Funds From Operations (FFO), Funds from Operations on a normalized basis and Funds From Operations per Unit, which are not generally accepted accounting measures under IFRS and therefore may differ from definitions of Funds From Operations, Funds from Operations on a normalized basis and Funds From Operations per Unit used by other entities. We believe that these are useful supplemental measures that may assist investors in assessing the financial performance and the cash anticipated to be generated by our operating portfolio. Neither Funds From Operations, Funds from Operations on a normalized basis nor Funds From Operations 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.

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