

Brookfield

Renewable Energy Partners

LETTER TO SHAREHOLDERS

We are very pleased to report an excellent first quarter in which we generated adjusted EBITDA of \$360 million and funds from operations (FFO) of \$185 million, both among the highest of any quarter in our history. These results are well above our plans and reflect the improving market fundamentals we saw in all of our markets during the quarter. As outlined in greater detail below, we continue to meet our strategic objectives, with our primary goal being to grow cash flow on a per-unit basis.

Positioning the Portfolio for Organic Growth

We have previously shared with you our view that the prevailing low power price environments in North America and Brazil are not sustainable over the long term. Accordingly, in the last 24 months we have acquired more than 2 million megawatt-hours of annual generation underwritten at historically low power prices. These acquisitions have the potential to add significant value to the business in three key ways:

1. We underwrote much of this merchant volume at \$40-\$50 per megawatt-hour and have therefore embedded the business with an option on rising power prices, which our track record demonstrates we can capture. To put this in perspective, on the assumption power prices in North America increase to \$70-\$80 per megawatt hour, we could add approximately \$60 million to our FFO annually.
2. The assets pay us a reasonable cash return while we wait for markets to improve.
3. We have the ability to surface value over the long-term through contracts, refinancings and up-financings, which have proven to be important sources of capital that we redeploy to further grow the business.

The first quarter of this year has shown early signs of our thesis playing out. The cold winter, combined with a changing supply mix and years of underinvestment, have put significant pressure on North American power markets, resulting in prices that were much higher this winter than in recent years. Similarly, in Brazil, an exceptionally hot and dry summer has led to further reductions in total reservoir levels and electricity prices have regularly reached their daily cap in excess of R\$800 per megawatt-hour (roughly \$365 in US dollars).

The events of the last few months have demonstrated tight conditions in our core markets which bode well for the long-term value of our assets. We continue to benefit from a robust, stable business with predominantly contracted cash flows, and an ability to capture organic upside which we would seek to lock in through long-term contracts when prices are more consistently in line with our long-term view.

Development Pipeline

On the development front, we continue to commercialize our growing pipeline of renewable projects. Together with our partners, the 'Namgis First Nation, we recently commissioned a 45 MW hydro project in western Canada from which we expect to achieve returns in line with our development targets of 17-20%. With the addition of a significant construction and wind development pipeline through the Bord Gáis transaction discussed further below, our renewable power development pipeline will exceed 2,000 MW. Our development efforts are now focused on commercializing the construction and advanced-stage Bord Gáis wind projects, as well as a late-stage 25 MW hydroelectric project in Brazil. We expect to invest approximately \$500 million of equity into organic development over the next five years with the potential to add \$80-100 million of FFO to the business over that time frame.

Strong Capitalization

Our financial position continues to be very strong and provides us with significant flexibility to carry out our growth objectives while keeping a low-risk profile. In addition to strong operating cash flows, we have

continued to bolster our financial position through operating cost savings and lower borrowing costs. Among the more notable capital markets initiatives in Q1 was a refinancing of our hydroelectric portfolio in northern Ontario which generated incremental proceeds of C\$150 million.

All of the above positions us well to grow our annual distributions to shareholders at the upper end of our target range of 3% to 5% annually, before considering acquisitions.

Acquisition Growth

In addition to our organic growth initiatives and the solid performance of our North and South American platforms, we are particularly excited about our announced acquisition of the wind portfolio of Bord Gáis Energy (“BGE”) in a transaction valued up to approximately €700 million (US\$960 million). This milestone investment represents our first acquisition outside the Americas and provides us with a strong foundation to build a scalable renewable energy business in Europe.

The BGE wind portfolio comprises 321 MW of operating wind capacity across 17 wind projects and represents approximately 15% of Ireland’s installed wind capacity. The output is contracted on a long-term basis, featuring fixed minimum prices indexed to inflation and an ability to benefit from rising market prices over time. A primarily gas-fired market, Ireland’s strong wind resources allows wind power to be an attractive and cost-effective source of long-term electricity supply, positioning the portfolio for future growth given its more than 400 MW pipeline of in-construction and development projects.

Our objective in Europe is to build a leading renewable power platform with the full range of operating, development and investment capabilities supporting further expansion on a continental basis. With a significant share of the world economy, a large investable universe of renewable power assets, and strong support for renewable policy, further expansion in Europe – on a prudent basis – will represent a core area of focus and will complement and diversify our substantial North and South American platforms.

During the quarter we completed two acquisitions with our institutional partners – a 33% interest in the 417 MW Safe Harbor hydroelectric facility, one of the largest in the United States, and the 70 MW Black Bear hydroelectric portfolio with 10 generating stations in New England. Both investments are consistent with our strategy of buying hydroelectric facilities with market-based cash flows in this environment.

Our quarterly distribution was recently increased to \$1.55 per unit on an annualized basis, representing an increase of approximately 7 percent over last year. With acquisition growth adding to our organic initiatives, we have exceeded our stated distribution growth target since our inception.

Looking ahead, we remain encouraged by our prospects for continued growth and value creation for shareholders. Brookfield Renewable was recently added to the S&P/TSX Composite Index, the benchmark measure for the Canadian equity markets which brings with it greater capital markets visibility and liquidity. We also look forward to closing the BGE wind transaction in the second quarter and to welcoming its experienced team of professionals whose expertise and passion for the renewable power business will contribute meaningfully to our global expansion in the coming years.

Thank you for your continued support.

Sincerely,



Richard Legault
President and Chief Executive Officer

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This shareholder letter contains forward-looking statements and information, within the meaning of Canadian 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" of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations, concerning the business and operations of Brookfield Renewable. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Forward-looking statements in this shareholder letter 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, future energy prices and demand for electricity, economic recovery, achieving long term average generation, project development and capital expenditure costs, diversification of shareholder base, energy policies, economic growth, growth potential of renewable asset class, the future growth prospects and distribution profile of Brookfield Renewable and Brookfield Renewable's access to capital. Forward-looking statements can be identified by the use of words such as "plans", "expects", "scheduled", "estimates", "intends", "anticipates", "believes", "potentially", "tends", "continue", "attempts", "likely", "primarily", "approximately", "endeavours", "pursues", "strives", "seeks", or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information in this shareholder letter are based upon reasonable assumptions and expectations, we cannot assure you that such expectations will prove to have been correct. You should not place undue reliance on forward-looking statements and information as such statements and information involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: our limited operating history; the risk that we may be deemed an "investment company" under the Investment Company Act; the fact that we are not subject to the same disclosure requirements as a U.S. domestic issuer; the risk that the effectiveness of our internal controls over financial reporting could have a material effect on our business; changes to hydrology at our hydroelectric stations or in wind conditions at our wind energy facilities; the risk that counterparties to our contracts do not fulfill their obligations, and as our contracts expire, we may not be able to replace them with agreements on similar terms; increases in water rental costs (or similar fees) or changes to the regulation of water supply; volatility in supply and demand in the energy market; our operations are highly regulated and exposed to increased regulation which could result in additional costs; the risk that our concessions and licenses will not be renewed; increases in the cost of operating our plants; our failure to comply with conditions in, or our inability to maintain, governmental permits; equipment failure; dam failures and the costs of repairing such failures; exposure to force majeure events; exposure to uninsurable losses; adverse changes in currency exchange rates; availability and access to interconnection facilities and transmission systems; health, safety, security and environmental risks; disputes, governmental and regulatory investigations and litigation; our operations could be affected by local communities; losses resulting from fraud, bribery, corruption, other illegal acts, inadequate or failed internal processes or systems, or from external events; risks relating to our reliance on computerized business systems; general industry risks relating to operating in the North American and Brazilian power market sectors; advances in technology that impair or eliminate the competitive advantage of our projects; newly developed technologies in which we invest not performing as anticipated; labour disruptions and economically unfavourable collective bargaining agreements; our inability to finance our operations due to the status of the capital markets; the operating and financial restrictions imposed on us by our loan, debt and security agreements; changes in our credit ratings; changes to government regulations that provide incentives for renewable energy; our inability to identify sufficient investment opportunities; and complete transactions; risks related to the growth of our portfolio and our inability to realize the expected benefits of our transactions; our inability to develop existing sites or find new sites suitable for the development of greenfield projects; risks associated with the development of our generating facilities and the various types of arrangements we enter into with communities and joint venture partners; Brookfield Asset Management's election not to source acquisition opportunities for us and our lack of access to all renewable power acquisitions that Brookfield Asset Management identifies; our lack of control over our operations conducted through joint ventures, partnerships and consortium arrangements; our ability to issue equity or debt for future acquisitions and developments will be dependent on capital markets; foreign laws or regulation to which we become subject as a result of future acquisitions in new markets; and the departure of some or all of Brookfield's key professionals.

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 shareholder letter and should not be relied upon as representing our views as of any date subsequent to May 2, 2014, the date of this shareholder letter. 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.