

BROOKFIELD RENEWABLE PARTNERS L.P.

Q4 2017 Supplemental Information

Year Ended December 31, 2017

Brookfield

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS Brookfield

This Supplemental Information 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” provisions 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 Supplemental Information 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 and payout ratio, future commissioning of assets, contracted nature of our portfolio, technology diversification, acquisition opportunities, expected completion of acquisitions, financing and refinancing opportunities, future energy prices and demand for electricity, 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. In some cases, 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”, “targets”, “believes”, or variations of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “should”, “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 Supplemental Information 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, the following: we are not subject to the same disclosure requirements as a U.S. domestic issuer; the separation of economic interest from control or the incurrence of debt at multiple levels within our organizational structure; being deemed an “investment company” under the U.S. Investment Company Act of 1940; the effectiveness of our internal controls over financial reporting; changes to hydrology at our hydroelectric stations, to wind conditions at our wind energy facilities or to crop supply or weather generally at any biomass cogeneration facility; counterparties to our contracts not fulfilling their obligations; 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; the increasing amount of uncontracted generation in our portfolio; industry risks relating to the power markets in which we operate; increased regulation of our operations and in the markets in which we operate; contracts, concessions and licenses expiring and not being renewed or replaced on similar terms; increases in the cost of operating our plants; our failure to comply with conditions in, or our inability to maintain, governmental permits; equipment failures; dam failures and the costs of repairing such failures; force majeure events; 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 being affected by local communities; fraud, bribery, corruption, other illegal acts or inadequate or failed internal processes or systems; our reliance on computerized business systems; 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; our inability to effectively manage our foreign currency exposure; 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; 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; delays, cost overruns and other problems associated with the construction, development and operation of our generating facilities; the 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 all our operations; our ability to issue equity or debt for future acquisitions and developments is dependent on capital markets; foreign laws or regulation to which we become subject as a result of future acquisitions in new markets; the departure of some or all of Brookfield Asset Management’s key professionals; our relationship with, and our dependence on, Brookfield Asset Management and Brookfield Asset Management’s significant influence over us; and risks related to changes in how Brookfield Asset Management elects to hold its ownership interests in the Partnership.

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 Supplemental Information 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 Supplemental Information contains references to Adjusted EBITDA, Funds From Operations, Adjusted Funds From Operations and Funds From Operations per Unit which are not generally accepted accounting measures under IFRS and therefore may differ from definitions of Adjusted EBITDA, Funds From Operations, Adjusted Funds From Operations and Funds From Operations per Unit used by other entities. We believe that Adjusted EBITDA, Funds From Operations, Adjusted Funds From Operations and Funds From Operations 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. Neither Adjusted EBITDA, Funds From Operations, Adjusted Funds From Operations 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, which are available on our website at <https://bep.brookfield.com> as well as at www.sec.gov/edgar.shtml and www.sedar.com.

Summary of Operational Information and Financial Performance

Brookfield

YEAR ENDED DECEMBER 31

(MILLIONS, EXCEPT AS NOTED)

	2017	2016
Operational Information		
Capacity (MW)	16,369	10,731
Total generation (GWh)		
Long-term average generation	42,334	38,982
Actual generation	43,385	34,071
Proportionate generation (GWh)		
Long-term average generation	23,251	22,362
Actual generation	23,968	20,222
Average revenue (\$ per MWh)	70	73
Selected Financial Information		
Consolidated Adjusted EBITDA ⁽¹⁾	1,751	1,499
Proportionate Adjusted EBITDA ⁽¹⁾	1,142	942
Funds From Operations ⁽¹⁾	581	419
Adjusted Funds From Operations ⁽¹⁾	513	352
Funds From Operations per Unit ⁽¹⁾⁽²⁾	1.90	1.45
Distributions per LP Unit	1.87	1.78

(1) Non-IFRS measures. For reconciliations to the most directly comparable IFRS measure see "Reconciliation of Non-IFRS Measures" and "Cautionary Statement Regarding Use of Non-IFRS Measures".

(2) For the year ended December 31, 2017, weighted average LP Units, Redeemable/Exchangeable partnership units and GP interest totaled 305.8 million (2016: 288.7 million).

(MILLIONS, EXCEPT AS NOTED)

	2017	2016
Liquidity and Capital Resources		
Available liquidity	\$ 1,539	\$ 1,191
Debt to capitalization	39%	38%
Borrowings non-recourse to Brookfield Renewable	70%	69%
Floating rate debt exposure	13%	18%
Corporate borrowings		
Average debt term to maturity	6.4 years	7.4 years
Average interest rate	4.5%	4.5%
Subsidiary borrowings on a proportionate basis		
Average debt term to maturity	10.3 years	9.5 years
Average interest rate	5.9%	6.1%

24.0 TWh

PROPORTIONATE
GENERATION

\$581M

FUNDS FROM
OPERATIONS

31%

YOY FFO PER
UNIT GROWTH

Performance Highlights

- FFO increased 39% to \$581 million supported by the return to proportionate long-term average generation, advancement of our organic initiatives and contributions from new acquisitions
 - Proportionate generation increased by 19% to 23,968 GWh due primarily to stronger hydrological conditions in North America and Colombia
 - In 2017, we deployed approximately \$625 million of equity in new transactions and development, providing approximately an additional 2.1 TWh of proportionate generation and \$95 million of FFO on a run-rate basis (contributed 415 GWh and \$18 million of generation and FFO, respectfully in 2017)
- FFO per Unit of \$1.90 increased 31% from the prior year
- Distributions of \$1.87 per LP Unit represents an increase of 5% over the prior year
 - 92% payout ratio including full year contribution of development and acquisitions
- Liquidity remains strong with \$1.5 billion available at year-end
- Financed \$3.1 billion of long-term debt at average rates of 4.5% reducing our proportionate floating rate exposure to 13% and extending our proportionate average term to maturity to 10 years

One of the **largest public pure-play renewable** businesses globally

100 years of experience in power generation

Full operating, development and power marketing capabilities

Over **2,000** operating employees

\$40 billion

TOTAL POWER ASSETS



841 power generating facilities

16,400

MEGAWATTS OF CAPACITY



24 markets in **14** countries

82%

HYDROELECTRIC GENERATION



Situated on **81** river systems

Overview of Our Operations

As at December 31, 2017	River Systems	Facilities	Capacity (MW)	LTA ⁽¹⁾ (GWh)	Storage Capacity (GWh)
Hydroelectric					
North America ⁽²⁾					
United States	30	136	2,886	11,982	2,523
Canada	19	33	1,361	5,177	1,261
	49	169	4,247	17,159	3,784
Colombia ⁽³⁾	6	6	2,732	14,476	3,703
Brazil ⁽⁴⁾	26	42	899	4,647	-
	81	217	7,878	36,282	7,487
Wind ⁽⁵⁾					
North America					
United States	-	24	1,888	6,426	-
Canada	-	4	484	1,435	-
	-	28	2,372	7,861	-
Europe	-	23	513	1,313	-
Brazil	-	19	457	1,777	-
Other	-	6	250	412	-
	-	76	3,592	11,363	-
Solar ⁽⁶⁾	-	537	1,511	2,492	-
Storage ⁽⁷⁾	2	4	2,698	-	5,220
Other ⁽⁸⁾	-	7	690	-	-
Total	83	841	16,369	50,137	12,707

(1) LTA is calculated on a consolidated and an annualized basis from the beginning of the year, regardless of the acquisition or commercial operation date on a consolidated basis. On a proportionate basis, the annualized LTA is 24,785 GWh. See 'Segment Performance Measurement' for an explanation on the Solar and Storage segments introduced this year and see 'Presentation to Stakeholders' for why we do not consider long-term average generation for our Storage and Other facilities.

(2) North America hydroelectric LTA is the expected average level of generation, as obtained from the results of a simulation based on historical inflow data performed over a period of typically 30 years.

(3) Colombia hydroelectric LTA is the expected average level of generation, as obtained from the results of a simulation based on historical inflow data performed over a period of typically 20 years.

(4) Hydroelectric assets located in Brazil benefit from a market framework which levelizes generation risk across producers.

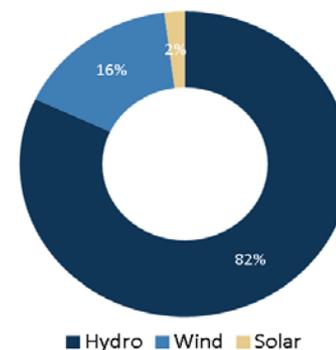
(5) Wind LTA is the expected average level of generation, as obtained from the results based on simulated historical wind speed data performed over a period of typically 10 years.

(6) Solar LTA is the expected average level of generation based on the results of a simulation using historical irradiance levels in the locations of our projects from the last 14-20 years combined with actual generation data during the operational period.

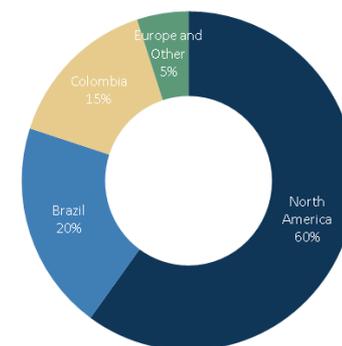
(7) Includes battery storage in North America (10 MW) and pumped storage in North America (600 MW) and Europe (2,088 MW).

(8) Includes one Co-gen plant in Colombia (300 MW), two Co-gen plants in North America (215 MW) and four biomass facilities in Brazil (175 MW).

Long-term Average Generation by Source of Energy (proportionate basis)



Long-term Average Generation by Region (proportionate basis)





Generation and Financial Review for the Year Ended December 31, 2017

Segmented Information

Following the investments in First Hydro, TerraForm Power and TerraForm Global and as we continue to build out our solar and storage businesses, the CODM has commenced reviewing these business along with our Co-gen and biomass businesses on a aggregate basis. To reflect the way in which the CODM now reviews results, manage operations and allocate resources, with effect from the fourth quarter of 2017, our operations are segmented by technology – 1) hydroelectric, 2) wind, 3) solar, storage, and other (Co-gen and biomass), and 4) corporate – with hydroelectric and wind further segmented by geography (North America, Colombia, Brazil and Europe). The Colombia segment aggregates the financial results of its hydroelectric and Co-gen facilities. A pumped storage facility in North America, that was previously included in the hydroelectric segment, is now included in the “Solar, storage and other” segment. Our corporate segment represents all activity performed above the individual segments for the business. We report our results in accordance with these segments and present prior period segmented information in a consistent manner.

Proportionate Information

Information on a proportionate basis reflects our share from facilities which we account for using consolidation and the equity method whereby we either control or exercise significant influence or joint control over the investment, respectively. The total proportionate financial information is not, and is not intended to be, presented in accordance with IFRS. Proportionate information provides a net to Brookfield Renewable perspective that management considers important when performing internal analyses and making strategic and operating decisions. Management also believes that providing proportionate information helps investors understand the impacts of decisions made by management and financial results allocable to Brookfield Renewable’s LP Unitholders. Tables reconciling IFRS data with data presented on a proportionate consolidation basis have been disclosed. As a result, segment revenues, other income, direct operating costs, interest expense, depreciation, current and deferred income taxes, and other are reconciling items that will differ from results presented in accordance with IFRS as these reconciling items (1) include our proportionate share of earnings from equity-accounted investments attributable to each of the above-noted items, and (2) exclude the proportionate share of earnings (loss) of consolidated investments not held by us apportioned to each of the above-noted items.

The presentation of proportionate results has limitations as an analytical tool, including the following: The amounts shown on the individual line items were derived by applying our overall economic ownership interest percentage and do not necessarily represent our legal claim to the assets and liabilities, or the revenues and expenses; and other companies may calculate proportionate results differently than we do. Because of these limitations, our proportionate financial information should not be considered in isolation or as a substitute for our financial statements as reported under IFRS. We do not control those entities that have not been consolidated and as such, have been presented as equity-accounted investments in our financial statements. The presentation of the assets and liabilities and revenues and expenses do not represent our legal claim to such items, and the removal of financial statement amounts that are attributable to non-controlling interests does not extinguish our legal claims or exposures to such items.

We provide additional information on how we determine Adjusted EBITDA, Funds From Operations, and Adjusted Funds From Operations. See “Presentation to Stakeholders and Performance Measurement”. We also provide reconciliations to IFRS Measures. See “Reconciliation of Non-IFRS Measures”.

Proportionate Results for the Year Ended December 31

For each operating segment, this Supplemental Information outlines Brookfield Renewable's **proportionate** share of results in order to demonstrate the impact of key value drivers of each operating segment on the partnership's overall performance

	(GWh)				(MILLIONS)						
	Actual Generation		LTA Generation		Revenues		Adjusted EBITDA		Funds From Operations		
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
Hydroelectric											
North America	13,942	11,960	13,059	12,977	\$ 945	\$ 819	\$ 665	\$ 548	\$ 486	\$ 367	
Brazil	3,426	3,078	3,874	3,761	243	187	178	130	148	97	
Colombia	3,683	2,419	3,488	2,994	191	182	99	88	52	46	
	21,051	17,457	20,421	19,732	1,379	1,188	942	766	686	510	
Wind											
North America	1,765	1,421	2,019	1,780	161	151	119	115	74	74	
Europe	490	571	513	605	46	56	26	32	15	18	
Brazil	278	266	245	245	26	17	22	13	16	6	
	2,533	2,258	2,777	2,630	233	224	167	160	105	98	
Solar, Storage & Other											
Corporate	384	507	53	-	67	58	39	31	21	19	
	-	-	-	-	-	1	(6)	(15)	(231)	(208)	
Total	23,968	20,222	23,251	22,362	\$ 1,679	\$ 1,471	\$ 1,142	\$ 942	\$ 581	\$ 419	

Hydroelectric Operations on Proportionate Basis

21,051 GWh
PROPORTIONATE GENERATION

\$686M
FFO

The following table presents our proportionate results:

(MILLIONS, EXCEPT AS NOTED)	2017	2016
Generation (GWh) – LTA	20,421	19,732
Generation (GWh) – actual	21,051	17,457
Revenue	\$ 1,379	\$ 1,188
Other income	15	40
Direct operating costs	(452)	(462)
Adjusted EBITDA	942	766
Interest expense	(240)	(237)
Current income taxes	(16)	(19)
Funds From Operations	\$ 686	\$ 510

FINANCIAL RESULTS

FFO increased 35% or \$176 million to \$686 million

- FFO at our North American business was \$486 million versus \$367 million in the prior year driven by a 2.0 TWh (17%) increase in generation due to strong hydrology. Average revenue per MWh was in-line with the prior year as the benefit of stronger market pricing was offset by the final step down in pricing at our Louisiana facility
- FFO at our Brazilian business was \$148 million versus \$97 million in the prior year. While hydrology in Brazil was lower than long-term average, our business benefitted from an 11% increase in generation driven by the contribution from development projects and an outage at one of our facilities that impacted the prior year. Average revenue per MWh increased 16% due to strong market pricing
- FFO at our Colombian business was \$52 million versus \$46 million in the prior year, as 2017 benefitted from a full year of ownership
 - Same store FFO was in-line with prior year as the benefit of strong hydrology (6% above LTA) was offset by lower market prices

The following table presents our proportionate results for this operating segment by geography:

(MILLIONS, EXCEPT AS NOTED)	Actual Generation (GWh)		Average revenue per MWh		Adjusted EBITDA		Funds From Operations	
	2017	2016	2017	2016	2017	2016	2017	2016
North America								
United States	8,030	6,745	\$ 71	\$ 74	\$ 360	\$ 284	\$ 248	\$ 165
Canada	5,912	5,215	64	61	305	264	238	202
	13,942	11,960	68	68	665	548	486	367
Brazil	3,426	3,078	71	61	178	130	148	97
Colombia	3,683	2,419	52	75	99	88	52	46
Total	21,051	17,457	\$ 66	\$ 68	\$ 942	\$ 766	\$ 686	\$ 510

2,533 GWh

PROPORTIONATE GENERATION

\$105M

FFO

The following table presents our proportionate results:

(MILLIONS, EXCEPT AS NOTED)	2017	2016
Generation (GWh) – LTA	2,777	2,630
Generation (GWh) – actual	2,533	2,258
Revenue	\$ 233	\$ 224
Other income	-	-
Direct operating costs	(66)	(64)
Adjusted EBITDA	167	160
Interest expense	(61)	(62)
Current income taxes	(1)	-
Funds From Operations	\$ 105	\$ 98

FINANCIAL RESULTS

FFO increased 7% or \$7 million to \$105 million

- FFO at our North American business was \$74 million, consistent with prior year as a 24% increase in generation from improved resources and the contribution from our acquisition in Terraform Power was offset by a 14% decrease in average revenue per MWh as the prior year benefitted from a settlement for lost revenue due to the impact of wake effect at one of our U.S. facilities
- Adjusting for the sale of our 137 MW wind farm in the first quarter of 2017, FFO at our European business increased to \$15 million versus \$11 million in the prior year as contributions from acquisitions and development were partially offset by same store generation that was slightly below prior year
 - Generation and FFO were impacted by 106 GWh and \$7 million, respectively, as a result of the asset sale
- FFO at our Brazilian business was \$16 million versus \$6 million in the prior year due to a 5% increase in generation caused by an above average wind resource and a 47% increase in average revenue per MWh due to strong market pricing

The following table presents our proportionate results for this operating segment by geography:

(MILLIONS, EXCEPT AS NOTED)	Actual Generation (GWh)		Average revenue per MWh		Adjusted EBITDA		Funds From Operations	
	2017	2016	2017	2016	2017	2016	2017	2016
North America								
United States	658	452	\$ 91	\$ 119	\$ 37	\$ 35	\$ 17	\$ 21
Canada	1,107	969	91	100	82	80	57	53
	1,765	1,421	91	106	119	115	74	74
Europe	490	571	94	98	26	32	15	18
Brazil	278	266	94	64	22	13	16	6
Total	2,533	2,258	\$ 92	\$ 99	\$ 167	\$ 160	\$ 105	\$ 98

384 GWh

PROPORTIONATE GENERATION

\$21M

FFO

The following table presents our proportionate Solar, Storage and Other results:

(MILLIONS, EXCEPT AS NOTED)	2017	2016
Generation (GWh) – LTA	53	-
Generation (GWh) – actual	384	507
Revenue	\$ 67	\$ 58
Other income	6	(1)
Direct operating costs	(34)	(26)
Adjusted EBITDA	39	31
Interest expense	(17)	(12)
Current income taxes	(1)	-
Funds From Operations	\$ 21	\$ 19

FINANCIAL RESULTS

FFO was \$21 million which was consistent with prior year

- FFO at our pumped storage business was \$17 million versus \$3 million in the prior year due to the addition of our First Hydro facility and improved performance at our facility in New England
- Our solar business is operating in line with expectations following close of our acquisition of TerraForm Power
- In 2016, our Co-gen assets in Ontario benefited from a settlement pertaining to the price escalator for power sold under power purchase agreements which contributed \$18 million in FFO

The following table presents our proportionate Corporate results:

(MILLIONS, EXCEPT AS NOTED)	2017	2016
Revenue	\$ -	\$ 1
Other income	19	8
Direct operating costs	(25)	(24)
Adjusted EBITDA	(6)	(15)
Management service costs	(82)	(62)
Interest expense	(89)	(91)
Preferred LP Units and Shares	(54)	(40)
Funds From Operations	\$ (231)	\$ (208)

FINANCIAL RESULTS

- Realized gains on our toehold positions in the TerraForm companies contributed \$15 million to Other income
- Management fees increased primarily due to the increased unit price over the prior year
- Distributions attributable to Preferred LP Units and Preferred Shares increased \$14 million compared to the prior year as a result of the C\$250 million (\$190 million) Preferred LP Units issuance completed in the first quarter of 2017

Capitalization and Available Liquidity

A key element of our financing strategy is to raise the majority of our debt in the form of asset-specific, non-recourse borrowings at our subsidiaries on an investment grade basis. The following table summarizes our capitalization as at December 31:

(MILLIONS, EXCEPT AS NOTED)	2017	2016
Credit facilities ⁽¹⁾	\$ 887	\$ 673
Corporate borrowings ⁽²⁾	1,665	1,556
Subsidiary borrowings ^{(3) (4)}	8,774	7,953
Long-term indebtedness	11,326	10,182
Deferred income tax liabilities, net of deferred income tax assets	3,411	3,652
Equity	14,282	12,672
Total capitalization	\$ 29,019	\$ 26,506
Debt to total capitalization	39%	38%

(1) Comprised of \$685M borrowed under unsecured corporate credit facilities guaranteed by Brookfield Renewable and \$202M borrowed under a subscription credit facility made available to a Brookfield sponsored private fund.

(2) Amounts are unsecured and guaranteed by Brookfield Renewable.

(3) Asset-specific, non-recourse borrowings secured against the assets of certain Brookfield Renewable subsidiaries.

(4) Net of cash and cash equivalents on TerraForm Global's balance sheet which, under the indenture, is not available for distribution.

We operate with sufficient liquidity to enable us to fund growth initiatives, capital expenditures, distributions, withstand sudden adverse changes in economic circumstances or short-term fluctuations in generation, and to finance the business on an investment-grade basis. Principal sources of liquidity are cash flows from operations, our credit facilities, up-financings on subsidiary borrowings and proceeds from the issuance of securities through public markets. The following table summarizes the available liquidity as at December 31:

(MILLIONS)	2017	2016
Consolidated cash and cash equivalents ⁽¹⁾	\$ 359	\$ 223
Less: cash and cash equivalents attributable to participating non-controlling interests in operating subsidiaries	(191)	(135)
Brookfield Renewable's share of cash and cash equivalents	168	88
Available-for-sale securities	159	136
Credit facilities		
Authorized credit facilities	2,090	1,890
Draws on credit facilities ⁽²⁾	(685)	(673)
Issued letters of credit	(193)	(250)
Available portion of credit facilities	1,212	967
Available liquidity	\$ 1,539	\$ 1,191

(1) Net of cash and cash equivalents on TerraForm Global's balance sheet which, under the indenture, is not available for distribution.

(2) Draws were comprised of \$685 million borrowed under unsecured corporate credit facilities guaranteed by Brookfield Renewable. Excludes \$202 million borrowed under a subscription credit facility made available to a Brookfield sponsored private fund.

Long-Term Debt and Credit Facilities

The following table summarizes our undiscounted principal and scheduled amortization repayments on a proportionate basis as at December 31:

(MILLIONS)	2018	2019	2020	2021	2022	Thereafter	Total
Principal repayments							
Corporate borrowings and credit facilities	159	202	384	-	977	835	\$ 2,557
Subsidiary borrowings							
Hydro ⁽¹⁾	104	145	396	237	215	2,644	3,741
Wind	76	73	77	84	290	862	1,462
Solar, storage and other ⁽¹⁾	14	15	15	81	115	428	668
	194	233	488	402	620	3,934	5,871
Total	353	435	872	402	1,597	4,769	\$ 8,428

(1) Adjusted to reflect the financing initiatives, associated with a hydroelectric and a storage facility, finalized subsequent to year-end.

We remain focused on refinancing near-term facilities on acceptable terms and maintaining a manageable maturity ladder. We do not anticipate material issues in addressing our borrowings through 2022 on acceptable terms and will do so opportunistically based on the prevailing interest rate environment.

Since the beginning of 2017, we secured \$3.1 billion of long-term, fixed rate, interest only debt that increased the proportionate average term of our debt to 10 years and reduced the proportionate floating rate debt exposure to 13%.

Our sole near term maturity is our C\$200 million (\$159 million) Series 3 medium-term note in November 2018.

The overall maturity profile and average interest rates associated with our borrowings and credit facilities on a proportionate basis as at December 31 are as follows:

	Average term (years)		Average interest rate (%)	
	2017	2016	2017	2016
Corporate borrowings	6.4	7.4	4.5	4.5
Credit facilities	4.5	4.5	2.6	1.9
Subsidiary borrowings ⁽¹⁾	10.3	9.5	5.9	6.1

(1) Adjusted to reflect the financing initiatives, associated with a hydroelectric and a storage facility, finalized subsequent to year-end.

The following table sets out our contracts over the next five years for generation output in North America, Europe, and other countries in Asia and Africa on a proportionate basis, assuming long-term average. The table excludes Brazil and Colombia, where we would expect the energy associated with maturing contracts to be re-contracted in the normal course given the construct of the respective power markets. In these countries we currently have a contracted profile of approximately 90% and 70%, respectively, of the long-term average and we would expect to maintain this going forward.

FOR THE YEAR ENDED DECEMBER 31	2018	2019	2020	2021	2022
Generation (GWh)					
Contracted ⁽¹⁾					
Hydroelectric ⁽²⁾	12,177	12,062	9,890	9,190	7,836
Wind	3,098	3,084	2,989	2,947	2,929
Solar	456	456	456	456	456
	15,731	15,602	13,335	12,593	11,221
Uncontracted	1,438	1,567	3,834	4,576	5,948
Long-term average on a proportionate basis ⁽³⁾	17,169	17,169	17,169	17,169	17,169
Non-controlling interests	12,768	12,768	12,768	12,768	12,768
Total long-term average	29,937	29,937	29,937	29,937	29,937

Contracted generation - as at December 31, 2017

% of total generation on a proportionate basis	92 %	91 %	78 %	73 %	65 %
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Price per MWh - total generation on a proportionate basis	\$ 75	\$ 76	\$ 81	\$ 82	\$ 88
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(1) Assets under construction are included when long-term average and pricing details are available and the commercial operation date is established in a definitive construction contract. In the years 2018-2022 there is up to 38 GWh contributed from assets under construction that meet the aforementioned conditions.

(2) Includes generation of 820 GWh for 2018 and 705 GWh for 2019 secured under financial contracts.

(3) Long-term average on a proportionate basis includes wholly-owned assets and our share of assets we manage.

Weighted-average remaining contract durations on a proportionate basis are as follows:

- North America: 20 years
- Brazil: 8 years
- Colombia: 2 years
- Europe: 9 years
- Other: 15 years

In North America, over the next five years, five contracts at our hydroelectric facilities are expiring, including one in 2020, two in 2021 and two in 2022. Based on current market prices for energy and ancillary products, we do not foresee a negative impact to cashflows from contracts expiring over the next five years. In our Brazilian and Colombian portfolios, we continue to focus on securing long-term contracts while maintaining a certain percentage of uncontracted generation so as to mitigate hydrology risk.

The overall composition of our contracted generation on a proportionate basis under power purchase agreements is comprised of Brookfield (42%), public power authorities (21%), distribution companies (18%) and industrial users (19%).

The following table summarizes the 124 MW of assets currently under construction and the expected Funds From Operations on an annualized basis:

Project Name	Country / Region	Technology	Capacity (MW)	Expected date of commission	Expected Funds From Operations (annualized)
Slievecallan	Europe	Wind	28	Q1-2018	2.9
Silea Verde 4A (Phoenix)	Brazil	Hydro	28	Q1-2018	2.8
Silea Verde 4 (Savana)	Brazil	Hydro	19	Q4-2018	2.0
Tralorg	Europe	Wind	19	Q4-2019	3.4
Foz do Estrela	Brazil	Hydro	30	Q1-2020	9.1
			124		\$ 20.2

We also have **124 MW** of construction ready assets which, when commissioned, are expected to contribute **\$20 million** in Funds From Operations on an annualized basis.

Proportionate Results – Three Months Ended December 31

	(GWh)				(MILLIONS)						
	Actual Generation		LTA Generation		Revenues		Adjusted EBITDA		Funds From Operations		
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
Hydroelectric											
North America	3,076	2,589	3,143	3,142	\$ 217	\$ 162	\$ 144	\$ 91	\$ 100	\$ 47	
Colombia	978	924	935	989	51	56	26	28	14	13	
Brazil	867	451	978	891	64	46	43	33	33	26	
	4,921	3,964	5,056	5,022	332	264	213	152	147	86	
Wind											
North America	648	404	693	454	53	38	37	29	22	19	
Europe	128	149	146	181	12	15	7	8	6	3	
Brazil	74	74	82	82	7	5	6	4	5	2	
	850	627	921	717	72	58	50	41	33	24	
Solar, Storage & Other	119	143	53	-	26	10	22	2	14	(1)	
Corporate	-	-	-	-	-	1	10	(6)	(51)	(55)	
Total	5,890	4,734	6,030	5,739	\$ 430	\$ 333	\$ 295	\$ 189	\$ 143	\$ 54	

FINANCIAL HIGHLIGHTS

- FFO increased by \$89 million to \$143 million supported by the return to proportionate long-term average generation, advancement of our organic initiatives and contributions from new acquisitions
 - Generation increased by 24% primarily as a result of improved hydrology in North America, as well as the contribution from our recent acquisitions and commissioned development projects. In Q4 2016, we experienced an unplanned outage at one of our Brazilian hydroelectric facilities resulting in 377 GWh of lost generation
 - Average realized pricing of \$73 per MWh increased by 4% due primarily to strong market pricing in North America
- Contributions from our recent acquisitions and the commissioning of development projects contributed \$10 million to FFO for the quarter. The 137 MW Irish wind facility sold in the first quarter of 2017 would have contributed \$2 million of FFO in the fourth quarter



Reconciliation of Non-IFRS Measures

Segment Reconciliation on a Proportionate Basis – Year Ended December 31, 2017

The following table reflects Adjusted EBITDA, Funds From Operations and provides reconciliation to IFRS financial data for the year ended December 31, 2017:

	Attributable to Unitholders					Total	Contribution from equity accounted investments	Attributable to non-controlling interests	Total
	Hydroelectric	Wind	Solar, Storage and Other	Corporate					
(\$ MILLIONS)									
Revenues	1,379	233	67	-	1,679	(74)	1,020	2,625	
Other income	15	-	6	19	40	(11)	18	47	
Direct operating costs	(452)	(66)	(34)	(25)	(577)	28	(429)	(978)	
Share of Adjusted EBITDA from equity accounted investments	-	-	-	-	-	57	-	57	
Adjusted EBITDA	942	167	39	(6)	1,142	-	609	1,751	
Management service costs	-	-	-	(82)	(82)	-	-	(82)	
Interest expense - borrowings	(240)	(61)	(17)	(89)	(407)	21	(246)	(632)	
Current income taxes	(16)	(1)	(1)	-	(18)	1	(22)	(39)	
Distributions attributable to Preferred limited partners equity	-	-	-	(28)	(28)	-	-	(28)	
Preferred equity	-	-	-	(26)	(26)	-	-	(26)	
Share of interest and cash taxes from equity accounted investments	-	-	-	-	-	(22)	-	(22)	
Share of Funds From Operations attributable to non-controlling interests	-	-	-	-	-	-	(341)	(341)	
Funds From Operations	686	105	21	(231)	581	-	-	581	
Adjusted sustaining capital expenditures ⁽¹⁾	-	-	-	-	(68)	-	-	(68)	
Adjusted Funds From Operations	686	105	21	(231)	513	-	-	513	

(1) Based on long-term sustaining capital expenditure plans.

Segment Reconciliation on a Proportionate Basis – Year Ended December 31, 2016

The following table reflects Adjusted EBITDA, Funds From Operations, and provides reconciliation to IFRS financial data for the year ended December 31, 2016:

	Attributable to Unitholders				Total	Contribution from equity accounted investments	Attributable to non-controlling interests	Total
	Hydroelectric	Wind	Storage and Other	Corporate				
(\$ MILLIONS)								
Revenues	1,188	224	58	1	1,471	(37)	1,018	2,452
Other income	40	-	(1)	8	47	-	17	64
Direct operating costs	(462)	(64)	(26)	(24)	(576)	16	(478)	(1,038)
Share of Adjusted EBITDA from equity accounted investments	-	-	-	-	-	21	-	21
Adjusted EBITDA	766	160	31	(15)	942	-	557	1,499
Management service costs	-	-	-	(62)	(62)	-	-	(62)
Interest expense - borrowings	(237)	(62)	(12)	(91)	(402)	12	(216)	(606)
Current income taxes	(19)	-	-	-	(19)	-	(25)	(44)
Distributions attributable to Preferred limited partners equity	-	-	-	(15)	(15)	-	-	(15)
Preferred equity	-	-	-	(25)	(25)	-	-	(25)
Share of interest and cash taxes from equity accounted investments	-	-	-	-	-	(12)	-	(12)
Share of Funds From Operations attributable to non-controlling interests	-	-	-	-	-	-	(316)	(316)
Funds From Operations	510	98	19	(208)	419	-	-	419
Adjusted sustaining capital expenditures ⁽¹⁾	-	-	-	-	(67)	-	-	(67)
Adjusted Funds From Operations	510	98	19	(208)	352	-	-	352

(1) Based on long-term sustaining capital expenditure plans.

Segment Reconciliation on a Proportionate Basis – Three Months Ended December 31, 2017

The following table reflects Adjusted EBITDA, Funds From Operations, Adjusted Funds From Operations and provides reconciliation to IFRS financial data for the three months ended December 31, 2017:

	Attributable to Unitholders					Total	Contribution from equity accounted investments	Attributable to non-controlling interests	Total
	Hydroelectric	Wind	Solar Storage and Other	Corporate					
(\$ MILLIONS)									
Revenues	332	72	26	-	430	(39)	266	657	
Other income	2	-	6	18	26	(10)	6	22	
Direct operating costs	(121)	(22)	(10)	(8)	(161)	13	(114)	(262)	
Share of Adjusted EBITDA from equity accounted investments	-	-	-	-	-	36	-	36	
Adjusted EBITDA	213	50	22	10	295	-	158	453	
Management service costs	-	-	-	(24)	(24)	-	-	(24)	
Interest expense - borrowings	(60)	(17)	(8)	(23)	(108)	12	(59)	(155)	
Current income taxes	(6)	-	-	-	(6)	-	(6)	(12)	
Distributions attributable to									
Preferred limited partners equity	-	-	-	(7)	(7)	-	-	(7)	
Preferred equity	-	-	-	(7)	(7)	-	-	(7)	
Share of interest and cash taxes from equity accounted investments	-	-	-	-	-	(12)	-	(12)	
Share of Funds From Operations attributable to non-controlling interests	-	-	-	-	-	-	(93)	(93)	
Funds From Operations	147	33	14	(51)	143	-	-	143	

Segment Reconciliation on a Proportionate Basis – Three Months Ended December 31, 2016

The following table reflects Adjusted EBITDA, Funds From Operations, Adjusted Funds From Operations and provides reconciliation to IFRS financial data for the three months ended December 31, 2016:

	Attributable to Unitholders				Total	Contribution from equity accounted investments	Attributable to non-controlling interests	Total
	Hydroelectric	Wind	Storage and Other	Corporate				
(\$ MILLIONS)								
Revenues	264	58	10	1	333	(9)	247	571
Other income	3	-	-	1	4	-	5	9
Direct operating costs	(115)	(17)	(8)	(8)	(148)	5	(115)	(258)
Share of Adjusted EBITDA from equity accounted investments	-	-	-	-	-	4	-	4
Adjusted EBITDA	152	41	2	(6)	189	-	137	326
Management service costs	-	-	-	(16)	(16)	-	-	(16)
Interest expense - borrowings	(59)	(17)	(3)	(23)	(102)	3	(60)	(159)
Current income taxes	(7)	-	-	-	(7)	-	(17)	(24)
Distributions attributable to Preferred limited partners equity	-	-	-	(4)	(4)	-	-	(4)
Preferred equity	-	-	-	(6)	(6)	-	-	(6)
Share of interest and cash taxes from equity accounted investments	-	-	-	-	-	(3)	-	(3)
Share of Funds From Operations attributable to non-controlling interests	-	-	-	-	-	-	(60)	(60)
Funds From Operations	86	24	(1)	(55)	54	-	-	54

Long-Term Debt Reconciliation

The following table provides a reconciliation to IFRS financial data as at December 31, 2017:

	2017
<small>(MILLIONS EXCEPT AS NOTED)</small>	
Corporate borrowings	\$ 1,670
Credit facilities	887
Proportionate subsidiary borrowings	
Hydroelectric	3,741
Wind	1,462
Solar, storage and other	668
Total proportionate subsidiary borrowing	5,871
Total proportionate debt	\$ 8,428
Proportionate unamortized financing fees, net of unamortized premiums	(47)
Brookfield Renewable's share	8,381
Subsequent financings ⁽¹⁾	(33)
Equity accounted borrowings	(834)
Non-controlling interests	4,252
As per IFRS Statements	\$ 11,766

(1) Adjusted to reflect the financing initiatives, associated with a hydroelectric and a storage facility, finalized subsequent to year-end.



Appendix 1 – Consolidated Generation and Segment Financial Information

Consolidated Results – Year Ended December 31

	(GWh)				(MILLIONS)					
	Actual Generation		LTA Generation		Revenues		Adjusted EBITDA		Funds From Operations	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Hydroelectric										
North America										
United States	11,647	9,486	11,983	11,631	\$ 771	\$ 682	\$ 497	\$ 406	\$ 248	\$ 165
Canada	6,017	5,353	5,177	5,173	379	320	307	269	238	202
Brazil	17,664	14,839	17,160	16,804	1,150	1,002	804	675	486	367
Colombia	4,148	3,792	4,639	4,528	287	212	216	157	148	97
	15,282	10,600	14,476	13,221	797	819	414	385	52	46
	37,094	29,231	36,275	34,553	2,234	2,033	1,434	1,217	686	510
Wind										
North America										
United States	2,309	907	2,639	1,113	93	104	68	71	17	21
Canada	1,107	969	1,197	1,197	101	98	83	80	57	53
Europe	3,416	1,876	3,836	2,310	194	202	151	151	74	74
Brazil	1,235	1,443	1,294	1,531	111	136	70	81	15	18
	669	639	588	588	60	35	54	31	16	6
	5,320	3,958	5,718	4,429	365	373	275	263	105	98
Solar, Storage & Other	971	882	341	-	26	45	48	34	21	19
Corporate	-	-	-	-	-	1	(6)	(15)	(231)	(208)
Total	43,385	34,071	42,334	38,982	\$ 2,625	\$ 2,452	\$ 1,751	\$ 1,499	\$ 581	\$ 419

Consolidated Results – Three Months Ended December 31

Brookfield

	(GWh)				(MILLIONS)						
	Actual Generation		LTA Generation		Revenues		Adjusted EBITDA		Funds From Operations		
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
Hydroelectric											
North America											
United States	2,389	1,963	2,926	2,924	\$ 171	\$ 123	\$ 98	\$ 57	\$ 42	\$ 12	
Canada	1,447	1,204	1,218	1,217	97	72	76	52	58	35	
	3,836	3,167	4,144	4,141	268	195	174	109	100	47	
Colombia	4,065	3,634	3,888	3,888	214	218	109	113	14	13	
Brazil	1,059	624	1,171	1,073	76	54	55	37	33	24	
	8,960	7,425	9,203	9,102	558	467	338	259	147	84	
Wind											
North America											
United States	1,639	175	1,745	219	20	18	19	11	3	1	
Canada	341	320	343	343	31	30	26	25	19	18	
	1,980	495	2,088	562	51	48	45	36	22	19	
Europe	321	376	369	458	31	35	22	20	6	3	
Brazil	178	177	197	197	16	11	14	10	5	2	
	2,479	1,048	2,654	1,217	98	94	81	66	33	24	
Solar, Storage & Other	474	255	341	-	1	9	24	7	14	1	
Corporate	-	-	-	-	-	1	10	(6)	(51)	(55)	
Total	11,913	8,728	12,198	10,319	\$ 657	\$ 571	\$ 453	\$ 326	\$ 143	\$ 54	



Appendix 2 – Additional Information

Annualized Long-term Average Generation

GENERATION (GWh) ⁽¹⁾	Q1	Q2	Q3	Q4	Total
Hydroelectric					
North America ⁽²⁾					
United States	3,404	3,474	2,178	2,926	11,982
Canada	1,228	1,508	1,223	1,218	5,177
Colombia ⁽³⁾	4,632	4,982	3,401	4,144	17,159
Brazil ⁽⁴⁾	3,508	3,509	3,571	3,888	14,476
	1,147	1,159	1,170	1,171	4,647
	9,287	9,650	8,142	9,203	36,282
Wind⁽⁵⁾					
North America					
United States	1,738	1,728	1,288	1,672	6,426
Canada	400	345	273	417	1,435
	2,138	2,073	1,561	2,089	7,861
Europe	393	283	252	385	1,313
Brazil	334	393	588	462	1,777
Other	113	117	75	107	412
	2,978	2,866	2,476	3,043	11,363
Solar⁽⁶⁾	521	720	747	504	2,492
Total	12,786	13,236	11,365	12,750	50,137
Long-term average on a proportionate basis	6,333	6,760	5,502	6,190	24,785

- (1) LTA is calculated on an annualized basis from the beginning of the year, regardless of the acquisition or commercial operation date. See Presentation to Stakeholders and Performance Measurement.
- (2) North America hydroelectric LTA is the expected average level of generation, as obtained from the results of a simulation based on historical inflow data performed over a period of typically 30 years.
- (3) Colombia hydroelectric LTA is the expected average level of generation, as obtained from the results of a simulation based on historical inflow data performed over a period of typically 20 years. Colombia includes generation from both hydroelectric and Co-gen facilities.
- (4) Hydroelectric assets in Brazil benefit from a market framework which levelizes generation risk across producers.
- (5) Wind LTA is the expected average level of generation, as obtained from the results based on simulated historical wind speed data performed over a period of typically 10 years.
- (6) Solar LTA is the expected average level of generation based on the results of a simulation using historical irradiance levels in the locations of our projects from the last 14-20 years combined with actual generation data during the operational period.



Appendix 3 – Presentation to Stakeholders and Performance Measurement

Actual and Long-term Average Generation

For assets acquired or reaching commercial operation during the period, reported generation is calculated from the acquisition or commercial operation date and is not annualized. As it relates to Colombia only, generation includes both hydroelectric and Co-gen facilities. “Other” includes generation from North America Co-gen and Brazil biomass.

We compare actual generation levels against the long-term average to highlight the impact of an important factor that affects the variability of our business results. In the short-term, we recognize that hydrology, wind and irradiance conditions will vary from one period to the next; over time however, we expect our facilities will continue to produce in line with their long-term averages, which have proven to be reliable indicators of performance.

Our risk of a generation shortfall in Brazil continues to be minimized by participation in a hydrological balancing pool administered by the government of Brazil. This program mitigates hydrology risk by assuring that all participants receive, at any particular point in time, an assured energy amount, irrespective of the actual volume of energy generated. The program reallocates energy, transferring surplus energy from those who generated an excess to those who generate less than their assured energy, up to the total generation within the pool. Periodically, low precipitation across the entire country’s system could result in a temporary reduction of generation available for sale. During these periods, we expect that a higher proportion of thermal generation would be needed to balance supply and demand in the country potentially leading to higher overall spot market prices.

Generation from our North American pumped storage and co-generation facilities is highly dependent on market price conditions rather than the generating capacity of the facilities. Our European pumped storage generates on a dispatchable basis when required by our contracts for ancillary services. Generation from our biomass facilities is dependent on the amount of sugar cane harvested in a given year. For these reasons, we do not consider a long-term average for these facilities.

Brookfield Renewable’s consolidated equity interests

Brookfield Renewable’s consolidated equity interests include the non-voting publicly traded limited partnership units (“LP Units”) held by public unitholders and Brookfield, redeemable/exchangeable partnership units held by Brookfield (“Redeemable/Exchangeable partnership units”), in Brookfield Renewable Energy L.P. (“BRELP”), a holding subsidiary of Brookfield Renewable, and general partnership interest (“GP interest”) in BRELP held by Brookfield. Holders of the GP interest, Redeemable/Exchangeable partnership units, and LP Units will be collectively referred to throughout as “Unitholders” or “per Unit”. The LP Units and Redeemable/Exchangeable partnership units have the same economic attributes in all respects.

One of our primary business objectives is to generate reliable and growing cash flows while minimizing risk for the benefit of all stakeholders. We monitor our performance in this regard through four key metrics – i) Net Income (Loss), ii) Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization, iii) Funds From Operations, and iv) Adjusted Funds from Operations. It is important to highlight that Adjusted EBITDA, Funds From Operations, and Adjusted Funds From Operations do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other companies.

- **Net Income (Loss)** – Calculated in accordance with IFRS. Net income (loss) is an important measure of profitability, in particular because it has a standardized meaning under IFRS. The presentation of net income (loss) on an IFRS basis for our business will often lead to the recognition of a loss or a year-over-year decrease in income even though the underlying cash flows generated by the assets are supported by strong margins and stable, long-term power purchase agreements. The primary reason for this is that accounting rules require us to recognize a significantly higher level of depreciation for our assets than we are required to reinvest in the business as sustaining capital expenditures.
- **Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (Adjusted EBITDA)** – EBITDA is a non-IFRS measure used by investors to analyze the operating performance of companies. Brookfield Renewable uses Adjusted EBITDA to assess the performance of its operations before the effects of interest expense, income taxes, depreciation, management service costs, non-controlling interests, unrealized gain or loss on financial instruments, non-cash gain or loss from equity-accounted investments, distributions to preferred limited partners and other typical non-recurring items. Brookfield Renewable adjusts for these factors as they may be non-cash, unusual in nature and/or are not factors used by management for evaluating operating performance. Brookfield Renewable believes that presentation of this measure will enhance an investor's understanding of the performance of the business. As compared to the preceding years, we revised our definition of Adjusted EBITDA to include our proportionate share of Adjusted EBITDA from equity-accounted investments. In preceding years, we included our proportionate shares of Funds From Operations from equity-accounted investments. We revised our definition as we believe it provides a more meaningful measure for investors to evaluate our financial and operating performance on an allocable basis to Unitholders.
- **Funds From Operations and Funds From Operations per Unit** – Funds From Operations is a non-IFRS measure used by investors to analyze net earnings from operations without the effects of certain volatile items that generally have no current financial impact or items not directly related to the performance of the business. Brookfield Renewable uses Funds From Operations to assess the performance of the business before the effects of deferred income taxes, depreciation, non-cash portion of non-controlling interests, unrealized gain or loss on financial instruments, non-cash gain or loss from equity-accounted investments and other typical non-recurring items as these are not reflective of the performance of the underlying business. In our audited consolidated financial statements we use the revaluation approach in accordance with IAS 16, *Property, Plant and Equipment*, whereby depreciation is determined based on a revalued amount, thereby reducing comparability with our peers who do not report under IFRS as issued by the IASB or who do not employ the revaluation approach to measuring property, plant and equipment. We add back deferred income taxes on the basis that we do not believe this item reflects the present value of the actual tax obligations that we expect to incur over our long-term investment horizon. Brookfield Renewable believes that analysis and presentation of Funds From Operations on this basis will enhance an investor's understanding of the performance of the business. Funds From Operations per Unit is not a substitute measure of performance for earnings per share and does not represent amounts available for distribution to LP Unitholders.

- **Adjusted Funds From Operations** – Adjusted Funds From Operations is a non-IFRS measure used by investors to analyze net earnings from operations without the effects of certain volatile items that generally have no current financial impact or items not directly related to the performance of the business but also adjusted for sustaining capital expenditures. Adjusted sustaining capital expenditures are an estimate made by management of the amount of ongoing capital investment required to maintain the condition of all our facilities and current revenues. Annually, Brookfield Renewable determines the fair value of its property, plant and equipment using a 20-year discounted cash flow model with each operational facility having a 20-year capital plan. In addition, the useful lives of property, plant and equipment are determined periodically by independent engineers and are reviewed annually by management. Management considers several items in estimating adjusted sustaining capital expenditures. Such factors include, but are not limited to, review and analysis of historical capital spending, the annual budgeted capital expenditures, management's 5-year business plan, and independent third-party engineering assessments. Capital expenditures do not occur evenly over the life of our assets. Adjusted sustaining capital expenditures are intended to reflect an average annual spending level based on the 20-year capital plan. Accounting rules require us to recognize a significantly higher level of depreciation for our assets than we are required to reinvest in the business as sustaining capital expenditures. This higher level of depreciation is primarily attributed to: 1) our election to annually fair value property, plant and equipment under IFRS; and 2) accounting useful life is not always reflective of the perpetual nature of a hydroelectric facility. Brookfield Renewable uses Adjusted Funds From Operations to also assess performance of the business and defines it as Funds From Operations less Brookfield Renewable's proportionate share of adjusted sustaining capital expenditures (based on long-term sustaining capital expenditure plans) which are recurring in nature and used to maintain the reliability and efficiency of our power generating assets over our long-term investment horizon. Neither Funds From Operations nor Adjusted Funds From Operations are intended to be representative of cash provided by operating activities or results of operations determined in accordance with IFRS. Furthermore, these measures are not used by the CODM to assess Brookfield Renewable's liquidity.

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