LETTER TO UNITHOLDERS

We achieved a total return of 20% for shareholders in 2016, deployed approximately $1 billion of equity into hydro-based growth initiatives, advanced 300 megawatts of projects through construction and late stage development, and expanded our reach into a number of new geographies. Looking ahead, we see a continued positive investment environment in all our markets and believe that our patient approach to acquiring wind and solar assets over the last five years is starting to bear fruit and will lead to significant step changes in the business over time.

Operations Update

We reported Adjusted EBITDA of $1.5 billion and FFO of $419 million during 2016. We experienced low water levels during the year so if we assumed normalized generation, we would have achieved $1.6 billion and $527 million of cash flows, respectively.

Our assets in North America continue to perform at industry-leading availability rates. Inflows in the United States were below average in 2016, disproportionately impacting results. However, our Canadian portfolio performed in line with the long term average, mitigating the overall impact. Over the last ten years, generation from our North American portfolio has been within 1% of the long-term average. Generation variability is a normal part of our business, however this year was particularly impacted by low water levels at 100% owned assets with strong PPA rates. As always, we manage our operations, capital plans and growth based on how the business performs over the long-term and as result, we are able to continue to grow the business while maintaining a strong balance sheet and healthy liquidity position.

Our European wind assets recorded strong performance in 2016, with production at 95% of the long-term average. We have also continued to progress our power marketing business in Europe. We entered a power supply agreement with Facebook in 2016 and are in advanced discussions with other major global companies to supply them with green energy. We are nearing completion of the implementation of a wind farm monitoring system which would enable us to further enhance results by optimizing turbine performance and minimizing downtime. We are also advancing with the potential sale of approximately 130 megawatts of contracted wind farms from our Irish portfolio.

These projects were part of the development pipeline that we secured during our acquisition of the 700 megawatt Bord Gais portfolio in 2014. We subsequently advanced these projects through construction, secured long-term power contracts and non-recourse project financing, and are now looking to monetize a portion of the portfolio and recycle capital into higher yielding opportunities. When we acquired this portfolio, Ireland was a market under significant financial pressure with weak growth and looking to repay EU and IMF debt. Since that time, the Irish economy has rebounded strongly, with unemployment declining sharply from 12% at the end of 2013 to 7.2% at the end of 2016. Real GDP is estimated to have grown by 3.8% in 2016, and we believe it will continue to outperform the broader Eurozone. Accordingly, we believe we can sell select assets from our Irish portfolio at very compelling returns and recycle most of the capital we invested.

In Brazil, our operations continue to do well, with hydrological conditions continuing to improve and wind generation exceeding the long-term average. We continue to see gradual improvement in the Brazilian economy which we expect to be reflected in rising power demand and wholesale market prices. Accordingly, we are being patient and looking for opportunities to capture premium pricing for the uncontracted portion of our output. We continue to engage many commercial and industrial customers
seeking contracting opportunities and over the course of the last year signed 15 contracts for the sale of power at prices in the R$200-R$270 per megawatt hour range for the next two to three years.

It has been a year since we made our initial investment in Colombia, acquiring a controlling stake in the 3,000 megawatt Isagen portfolio. We are extremely pleased with the quality of the assets, the management and operating teams, and are working together to optimize the business going forward. In our first full year of operations, we were able to increase our group’s ownership to 100% and have started the process of delisting the company from the Colombian stock exchange. Results have modestly exceeded the company’s budget and our underwriting expectations, and as a nice surprise, our team has been advancing 100 megawatts of hydro development from the pipeline we secured and have conviction that the development pipeline will provide further opportunities to grow. Our objectives going forward are focused on enhancing the operations and surfacing efficiencies which we believe will add to the value of this portfolio over the long run.

Development

As we look forward to 2017, we have 300 megawatts of assets under construction or in late stage development representing an additional $700 million of growth capital ($240 million of which is our share) that should contribute an incremental $45 - $50 million to Funds From Operations when commissioned. These projects are spread across North America, South America and Europe and all target high-teen returns on invested capital. Approximately 80 megawatts relate to wind projects in Europe with the balance being hydro in North and South America. Currently, 150 megawatts of these projects are under construction and scheduled to be commissioned by the end of 2018.

All projects under construction are progressing on scope, schedule and budget. In Brazil, we recently commissioned a 25 megawatt hydro facility and continue with the construction of two other hydro projects, totalling 47 megawatts. In Europe, we continue to advance two wind projects totaling 43 megawatts in Ireland, and are also moving our first 19 megawatts of wind in Scotland and a further 19 megawatt wind project in the Republic of Ireland towards the construction phase.

Finally, in the fourth quarter we agreed to acquire two early-stage, greenfield solar development projects representing an aggregate 120 megawatts. These projects will allow us to replenish our pipeline and continue to deliver strong organic growth to the business.

Balance Sheet and Liquidity

We maintained high levels of liquidity throughout the year and ended 2016 with approximately $1.2 billion of available liquidity. In 2016, we successfully accessed the debt and equity capital markets, raising $1.2 billion in new funding and completing over $2.7 billion in non-recourse financings. This included successfully refinancing all of our outstanding 2016 debt maturities. We have extended the duration of our debt portfolio and locked in rates in this continued low interest rate environment. With our financings predominantly locked in at fixed rates, and with a weighted average duration of approximately nine years on a proportionate basis, we are well insulated from interest rate fluctuations.

Investment Environment

Hydro, wind and solar portfolios continue to trade hands at premium valuations across our core markets. The levels at which these assets are transacting speaks to the continued value proposition of renewables while highlighting the intrinsic value of our own portfolio. We continue to identify a range of new investment opportunities with strong return potential and where we possess competitive advantages. Accordingly, we are focused on opportunities that require operating and development expertise, access to large-scale capital, restructuring capabilities and a long term counter-cyclical investment approach.
During the year, there were a considerable number of developments in our sector that we believe will position the business positively for continued growth.

**North America**

The U.S. election outcome has highlighted a number of issues in the renewable power sector that could evolve over the next four years. This includes the potential cancellation of the Clean Power Plan, breaking away from global initiatives to establish carbon targets (i.e. the Paris Agreement), and cutting federal subsidies for wind and solar. We do not believe the first two changes will have a meaningful impact on our business as renewable policy is largely set at the state level and participating in global initiatives such as the Paris Agreement will not change the long term trend of decarbonisation. Reductions or cuts to federal subsidies for wind and solar however, could change the investment prospects for these assets, making them more attractive to investors like ourselves, at the expense of low cost of capital financial or tax-driven investors who were previously actively pursuing these assets.

At present, federal subsidies for wind and solar are expected to diminish by 2021 and 2022, respectively, unless policy makers decide to extend them as they have in the past. These subsidies have generally had the effect of providing additional compensation to an asset class that was not naturally competitive, and therefore facilitated the replacement of thermal coal generation with non-carbon emitting technologies. For example, it was only a few years ago when installed utility-scale PV solar costs exceeded $3 per watt, prior to incentives. Today, utility-scale PV solar costs have declined to approximately $1.10 - $1.20 per watt in the U.S., making the technology cost competitive with traditional thermal generation (i.e. “grid-parity”) meaning that federal subsidies are not needed as much as they used to be.

Looking ahead, we believe that installed solar costs will continue to decrease, trending into the range of $1 per watt by the end of the decade. This is relevant for two reasons. First, as discussed above, it will mean that even without politics, subsidies will likely naturally fade away. Second, without subsidies, investors who will generate the greatest risk-adjusted returns will be those who can enhance margins through operational expertise rather than chasing government incentives. It is in that environment that we are best suited to invest capital and as a result, we expect wind and solar to be areas of strong future growth for us and a natural extension of our generation diversification strategy.

Given our patient approach, and our view that the market is moving in our favour, we have spent the better part of the last two years looking at a number of wind and solar opportunities to begin our growth into these areas. One such opportunity which materialized from capital market volatility and balance sheet stress was TerraForm Power. Over the last year, we and our partners acquired a 34% stake in the public float of TerraForm Power as its sponsor SunEdison filed for bankruptcy protection. TerraForm Power and its sister company TerraForm Global own and operate nearly 4,000 megawatts of contracted wind and solar assets across the globe, with the bulk of the assets located in North America.

We are currently working with the Board and management of both Terraform companies under an exclusivity arrangement, to help the companies, their employees and all stakeholders move forward with a growing, viable business once again. We believe these companies, partnered with Brookfield, can stabilize their operations, strengthen their balance sheets, restore access to capital and commence growing again, in what we believe will be an improved investment environment for operationally focused and broadly diversified power companies.

**South America**

We continue to see gradual improvement in the Brazilian economy. The pace of the GDP contraction has slowed, and we believe the economy will resume growth in 2017. In addition, monetary policy is easing as inflation comes under control and investment is now starting to take hold. From a power market
perspective, we expect demand to begin rising again at approximately 1% - 1.5% annually and wholesale market prices to continue to rebound. Current spot power prices range from R$130/MWh – R$160/MWh versus the lows of approximately R$50/MWh reached in early 2016. With the currency still weak and capital scarce, we continue to see a very attractive investment environment in the country.

In Colombia, the government has begun implementation of a revised peace agreement with the FARC that should further improve the security environment, and accelerate investment and growth. While GDP growth has slowed recently, it remains positive despite the low oil price environment as a result of the country’s strong economic foundation. Inflation has fallen sharply recently, which will support continued interest rate cuts, stimulate demand and boost investment.

Europe

We continue to look for tuck in wind, solar and hydro opportunities in Europe to take advantage of our operating scale in that market. Returns for operating assets continue to reflect the very low rate environment and as a result we are focused on our wind development pipeline and opportunities that require substantial operating expertise.

Dividend Increase

Our board has declared a dividend increase which brings our annual payout to $1.87 per unit. In light of the significant potential growth in front of us, we have increased the dividend by 5% and will assess our dividend rate throughout the year based on the success of some of our near-term growth initiatives.

Outlook

As we start 2017, we are well positioned to grow the business in a prudent manner with a focus on the long term. Accordingly, our strategy remains the same — to deliver 12%-15% total shareholder returns on a per-share basis over time.

On a final note, I would like to express my sincere appreciation to our employees, directors, shareholders and many business partners for their contributions to our success. We are looking forward to the opportunities that 2017 will bring and we thank you for your continued support.

Sincerely,

Sachin Shah
Chief Executive Officer

February 2, 2017

Cautionary Statement Regarding Forward-looking Statements

This shareholder 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”, “potential”, “tend to”, “target” “future”, “growth”, “expect”,
“believe”, “goal”, “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 shareholder letter include statements regarding the quality of Brookfield Renewable’s business, the expectation for future cash flows and distribution growth, the availability of acquisition opportunities, liquidity, and the timing and completion of acquisitions, dispositions and development projects. 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 shareholder 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 shareholder 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; changes to government regulations, including incentives for renewable energy; 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; 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 shareholder 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 shareholder letter contains references to Adjusted EBITDA and Funds From Operations, which are not generally accepted accounting measures under IFRS and therefore may differ from definitions of Adjusted EBITDA and Funds From Operations 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 Adjusted EBITDA nor Funds From Operations 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.