

## Brookfield Infrastructure Partners L.P (Q2 2021 Results)

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### Corporate Speakers:

- David Krant; Brookfield Infrastructure Partners L.P.; CFO of Brookfield Infrastructure Partners Limited & MD of Infrastructure
- Dave Joynt; Investment Professional, Transport Sector; Brookfield Infrastructure Partners L.P.
- Sam Pollock; Brookfield Infrastructure Partners L.P.; CEO of Brookfield Infrastructure Partners Limited
- Ben Vaughan; Brookfield Infrastructure Partners L.P.; COO of Brookfield Infrastructure Partners Limited

### Participants:

- Robert Kwan; RBC Capital Markets; MD & Energy Infrastructure Analyst
- Rupert Merer; National Bank Financial, Inc.; MD and Research Analyst
- Frederic Bastien; Raymond James Ltd.; MD & Equity Research Analyst
- Robert Catellier; CIBC Capital Markets; Executive Director of Institutional Equity Research
- Naji Baydoun; Industrial Alliance Securities Inc.; Equity Research Analyst

## PRESENTATION

**Operator:** Ladies and gentlemen, thank you for standing by, and welcome to the Brookfield Infrastructure Partners L.P. Second Quarter 2021 Results. At this time I would turn call over to David Krant, CFO. Sir, please go ahead.

**David Krant:** Thank you, operator, and good morning, everyone. Thank you all for joining us for Brookfield Infrastructure Partners' second quarter earnings conference call for 2021. My name is David Krant, and I am the Chief Financial Officer of Brookfield Infrastructure Partners. Joining me today is Sam Pollock, our Chief Executive Officer, and our guest speaker this quarter, Dave Joynt, an investment professional responsible for the transport sector.

Following our remarks, we look forward to taking your questions. At this time, I'd like to remind you that in responding to questions as well as talking about our growth initiatives and our financial and operating performance, we may make forward-looking statements. These statements are subject to known and unknown risks, and future results may differ materially. For further information on known risk factors, I would encourage you to review our annual report on Form 20-F, which is available on our website.

Now with respect to performance, we are pleased to report that Brookfield Infrastructure had another strong quarter. Funds from operations, or FFO, totaled \$394 million or \$0.85

per unit, an increase of 18% compared to the second quarter of 2020. Results were fueled by the ongoing economic recovery, which is driving growth within our base business.

Over the last three months, we have also advanced a number of strategic initiatives that strengthened our balance sheet and demonstrated a robust access to capital markets. Conditions supporting capital markets activity and our global operations remain favorable, allowing us to complete almost \$7 billion of asset level refinancing activity across our portfolio. In combination with over \$1.3 billion of net proceeds from two recently completed asset sales, our balance sheet is in excellent shape to fund an extensive investment pipeline.

Now, as it relates to our results for the second quarter, the 18% increase in FFO was supported by strong growth from our base business, contributions from new investments and higher volumes attributable to the continued economic rebound. Excluding the recovery of shutdown related volume declines in the prior year, our organic growth for the quarter was 9%. This solid level of growth included inflationary tariff increases and the commissioning of approximately \$900 million in new capital projects in the last 12 months. Adding the recovery of both connections income at our U.K. regulated distribution business and toll road volumes, our base business grew by 16%, relative to the prior year. These positive factors were partially offset by the impact of asset sales completed in the last year, which have resulted in nearly \$2 billion of proceeds as we deploy that capital at higher returns, it should accelerate our earnings base.

Now focusing on the key highlights of our operating segments, starting with the utilities segment, which generated FFO of \$190 million, an improvement of 21% over the prior year. All businesses within this segment continue to perform well in the current environment, with results reflecting 10% organic growth due to inflation indexation and the commissioning of almost \$400 million into rate base during the last year. Results also benefited from the acquisition of the remaining interest in our Brazilian regulated gas transmission operation, and these contributions were partially offset by the impact of asset sales as part of our capital recycling program.

Specifically, at our U.K. Regulated Distribution business, we reported another strong quarter. New connection activity more than doubled relative to the shutdown impacted levels in the same period last year, and our connection sales have grown nearly 30%. This increase in connection sales was in part driven by robust take up for water connections, which exceeded plan by 45%. As the water market continues to open, future sales are expected to include a much more meaningful percentage of water network connections, which will complement our existing gas, electricity and fiber offerings.

FFO from the Transport segment was \$173 million, an increase of 36% compared to the prior year. On a same-store basis, segment results grew by 26% as the economic expansion is propelling higher volumes in our business. Operations with volume sensitivity are seeing strong year-over-year increases and continue to build momentum for the second half of 2021. Further, Transport FFO benefited from contributions from

our U.S. LNG export terminal that closed in September of last year, which has partially been offset by the partial sale of our Australian export terminal completed in December.

Focusing on volumes for the quarter, activity across our transport networks continues to accelerate as government-imposed restrictions ease. At our rail operations, volumes increased 4% relative to the prior year and were supported by a recovery of pre-pandemic cargo levels and record operating efficiency metrics at our North American rail business. Strong activity across both container and bulk products resulted in aggregate volume growth at our core assets of approximately 18%.

Lastly, traffic across our toll roads increased approximately 30% as commuter volumes returned and heavy traffic levels remain robust. During the quarter, our U.K. port operation secured several new commercial wins and contract enhancements. Together, these opportunities should require approximately \$30 million of capital and increase the company's run rate EBITDA for the business by over \$10 million annually. These initiatives will increase container and bulk capacity and are anchored by long-term inflation-linked to contracts protected by minimum volume guarantees.

Moving to our Midstream segment, where FFO totaled \$60 million, an increase of 14% from the prior year on a same-store basis. Results for the quarter reflect strong gas transportation volumes as well as the commissioning of the second phase of the Gulf Coast expansion project, both at our U.S. gas pipeline. Results were offset by a previously announced sale on the 12.5% stake in the pipeline, which was completed in March.

Our Midstream businesses continued to benefit from a strengthening of commodity environments, supporting customer growth plans and initiatives. This has led to several longer-term commitments from our customers, including a 15-year multi-facility contract from a major producer that will support the modernization of a key asset in Western Canada. In addition, with the support of customers and community stakeholders, we are advancing several projects that, once operational, will continue to reduce carbon emissions and are evaluating the feasibility of hydrogen opportunities across our existing asset base.

Finally, the Data segment reported FFO of \$60 million, which was 40% higher than the prior year. This increase was primarily due to the contribution from the Indian telecom business acquired last year as well as organic growth supported by the build-to-suit tower and fiber to the home programs at our French telecom operation, which have led to local currency EBITDA increasing 13% relative to the prior year.

Our Asia Pacific data center operation commenced construction of a facility in New Zealand and initiated a large-scale expansion at an existing location in Adelaide, Australia. The site in New Zealand is our first in the country and is anchored by a contract of a leading global hyperscale customer. These projects will require approximately \$135 million of capital with BIP's share being approximately \$40 million and are scheduled for completion in the second half of 2022.

Now, before turning the call over to Dave Joynt, I'll briefly highlight the strength of our balance sheet. We maintain a dynamic approach to managing our debt maturity profile and de-risking the balance sheet. And with interest rates low everywhere, we are pushing out our maturities and lowering our overall cost of debt. During the quarter, we completed several initiatives to further strengthen our balance sheet and enhance our debt profile. Across our portfolio, we raised nearly \$7 billion to refinance existing debt at attractive long-term rates, while extending maturities between five and 10 years in most instances.

As we advance our pipeline of investment opportunities and organic growth projects, which Sam will touch on shortly, we have a robust balance sheet to support these initiatives and remain opportunistic in our approach. Following the completion of the sale of our U.S. district energy operation in mid-July, total liquidity currently stands at \$6.5 billion, of which approximately \$5 billion resides at the corporate level. These levels position us extremely well to fund Brookfield Infrastructure's upcoming investment opportunities.

Now with that, I will pass the call over to Dave.

**Dave Joynt:** Thanks, David, and good morning, everyone. This is Dave Joynt and I'm pleased to be joining today's call to provide a spotlight on our North American transport operations. As many of you know, U.S. GDP grew 6.5% in the second quarter, and the economy now exceeds pre-pandemic size. Many of our businesses are benefiting from the economic recovery and are well-positioned to deliver even stronger performance against this favorable economic backdrop.

We have two assets in North America that exemplify the growth potential we're seeing across the platform: Genesee & Wyoming, or G&W, and Trapac. I'll spend a few minutes touching on each business.

G&W is a large-scale rail operation with 113 short line railroads and 22,000 kilometers of track, forming a key component of the North American rail network. It also operates three railroads in Europe. G&W generates resilient cash flows as a provider of critical first and last mile transportation for industrial customers and Class 1 railroads. We've seen carloads for our core North American business increase by 20%, relative to the prior year and are now back in line with the same period of 2019.

G&W's critical infrastructure connects customers with their end destinations via Class 1 railroads, and this affords G&W the opportunity to outperform underlying industrial growth in two ways. First, growth through organic projects. One example of this would be our recent agreement with the Georgia Ports Authority to expand rail services at the Port of Savannah. G&W will provide safe, reliable and efficient rail services for the port authority's new Mason Megara Terminal. This project will double the rail capacity at Savannah, which is already one of the country's largest and fastest-growing ports. Second, growth through follow on opportunities, G&W is well-positioned to acquire, integrate and drive value into smaller rail operations.

In addition, G&W benefits from consolidation and M&A activity in the sector more broadly. When Class 1 railroads combine or acquire smaller networks, competition and/or operational considerations can lead to unique transaction opportunities. G&W's expanded network and strong reputation as an independent, reliable and safe operator make a logical partner for any Class 1 going through this process. As an example, when CSX announced the acquisition of PanAm Rail in 2020, there were both ownership and operational complexities that created the opportunity for G&W to become the operator of the PanAm Southern, a critical rail connection in the Boston area after the transaction receives regulatory approval. Current merger activity in the sector, which I'm sure everyone has read about, could unlock similar opportunities.

Moving over to Trapac, this is our container terminal business with locations in Los Angeles and Oakland, the largest and ninth largest ports in North America. These deepwater ports are near irreplaceable and provide critical infrastructure for the import and export of goods into and out of the United States. We invested in Trapac in 2014 and introduced automation of the Los Angeles terminal early in our ownership. We have developed one of the most environmentally friendly and lowest cost terminals in North America.

Trapac, therefore, has a significant competitive advantage over other terminals, better able to weather various market conditions and will capture higher margins as economic activity accelerates. Driven by robust customer demand, year-to-date volumes are up 24% and 13% in Los Angeles and Oakland, respectively. And we expect this trend to continue as the economic recovery differentially benefits the U.S.'s largest import and export facilities. At Trapac, our industry-leading turnaround time positions the terminal of choice for shipping line seeking to improve their transit time between Asia and North America.

Over the last few months, shipping lines from all three global alliances have contacted Trapac to inquire but available capacity, noting our strong reputation for reliable service as e-commerce penetration expands and retailers demand shorter and shorter lead times, Trapac is uniquely positioned to capture more services, increase its volumes, and grow its market share.

I'm going to stop there. Thank you for your time this morning. And I'll turn the call over to Sam.

**Sam Pollock:** Thank you, Dave. Good morning, everyone. Today, I will discuss the exciting strategic initiatives we currently have underway, and I'll conclude the call with our outlook for the balance of 2021.

As David mentioned earlier in the call, we ended the quarter with a significant cushion to our liquidity position as we recently completed the latest phase of our capital recycling program. We received proceeds totaling nearly \$1.8 billion thus far in 2021. And this is nearly half of our planned capital recycling activity that we expected through 2023.

With respect to our asset rotation initiatives, the divestment of our Canadian and U.S. district energy platforms closed in June and July, respectively, and resulted in aggregate proceeds to Brookfield Infrastructure of approximately \$1 billion. In addition, we received net proceeds of approximately \$350 million for the previously announced carve-out of our smart meter portfolio at BUUK.

Now turning to our growth initiatives. We continue to progress a number of acquisitions and organic opportunities. With respect to our bid to privatize Inter Pipeline, we believe our patience has paid off. On July 27, IPL's Board of Directors formally recommended that existing shareholders accept our offer. This follows the termination of the proposed transaction from another company and recommendations from two leading independent proxy advisers to vote against that transaction. We now expect a clear path to acquire the company with the tender offer expiring tomorrow, August 6.

Based on conversations today with many IPL shareholders, we are confident that we will progress with privatization. BIP will deploy approximately \$2 billion in this essential midstream operation. The completion of this acquisition is expected in the third quarter and will mark the start of the next expansionary period for our business, which should drive strong FFO per unit accretion. We look forward to discussing our plans for this business at our upcoming Investor Day event in September.

In July, we announced a joint venture with Digital Realty to develop and operate data centers in India. Our intention is to replicate our successful partnership in Latin America, where we have jointly developed nine data centers since 2019. India is a burgeoning center market with the opportunity to develop urban sites for high-quality counterparties in the global cloud computing space.

Our outlook for the balance of the year is strong. The global economy is experiencing solid growth, low interest rates and a need for additional CapEx to fund large-scale investments in both developed and emerging markets. The combination of these market forces should go well for our business. IPL is poised to be a meaningful contributor to our results going forward as we shift focus to value creation. During our extended diligence period, we identified a number of strategic priorities for the company that will help drive top line growth for years to come. We are also progressing new investment initiatives in our data business. We are focused on using our competitive advantage of size, operating expertise and access to significant capital to differentiate ourselves and secure new investment opportunities.

As global growth expectations continue to pick up, we are well-positioned across each segment to capitalize on the increased economic output and customer demand. Organic growth has historically provided sustainable cash flow growth and is picking up momentum. Inflation in the markets in which we operate is at higher-than-normal levels, and GDP growth rates are near highs not experienced since the period following the global financial crisis. This economic rebound should benefit our volume sensitive businesses, which primarily consist of our transport assets and certain utility and midstream operations.

We're also seeing elevated levels of customer-led expansion projects, which have added to our growing backlog of contracted commercialized projects. This leads to increased visibility into organic growth for the next year. In combination with elevated inflation levels and a contracted backlog of over \$2 billion, we expect annual organic growth at or above our high-end of the 6-9% target range in the near term.

Lastly, capital recycling activity remains robust and is a key contributor to our solid balance sheet. The latest phase concluded with approximately \$2 billion of net proceeds, and we continue to progress more processes to monetize other mature and de-risked businesses. We anticipate generating approximately \$1.5 billion to \$2 billion of proceeds in the next 12 to 18 months to recycle into new investments.

Now that concludes my remarks for today, and I'll pass the call back over to the operator to open the line for Q&A.

## QUESTIONS AND ANSWERS

**Operator:** The first question will come from the line of Robert Kwan of RBC Capital Markets.

**Robert Kwan:** A lot of talk about the building backlog here. And I'm just wondering, when you look at the returns that you've locked in on your backlog, how does that compare to history? And if you can even just as well numerically frame where the backlog fits expected return wise versus your 12-15% equity IRR hurdles.

**Sam Pollock:** Maybe I'll start with that one, Robert, and then maybe David or Dave will jump in with some of their perspective. I think for the most part, when it comes to organic growth, these are the types of projects that you tend to have less competition for because they relate to a franchise area or specific business perimeter, where you don't have as much competition. So, you don't see the same cost of capital pressures that you do on new investments where people are utilizing various means to compete.

So, what that means is our return levels tend to be more consistent throughout the cycles, and we don't see the highs and lows to the same degree that you do in the M&A cycles. And so, I think our plus or minus 15% returns are still consistent. We haven't seen a big drop-off in that. In fact, in some respects, with lower interest rates, maybe, in fact, we might benefit a bit during this period of time because a lot of those projects are evaluated on an unlevered basis, not a levered basis.

And as for the amount of projects, as we telegraphed on the call, we're seeing an increase in the level of backlog. I think if you look forward six months to a year, our hope would be that our backlog will be at a level higher than what we traditionally have. And that's just because that's a reflection of the growth in the economy that we're seeing. And just the number of customer-initiated projects that are coming our way. So obviously, things can change with all these new variants, whether it's Lamda, Epsilon or Delta, those could

always slow things down. But if we don't see a slowdown because of that, then I think there could be a great level backlog going forward.

**David Krant:** The only thing I would add, Robert, just from a quantum standpoint, I think our backlog is around \$2.3 billion, which is pretty near to the last few years, but we've taken out our smart meter buildout that we sold. Our district energy operations have come out of that. So, from a like-for-like basis, we're probably near \$2.5 billion, \$2.6 billion, which would be elevated for our business. So, I think that's really what's driving some of the reported backlog and hence we're seeing a lot of customer-initiated demand.

**Robert Kwan:** Just turning to acquisitions. Can you talk about the geographies and the asset classes where you're seeing the best opportunities and more importantly, good value? But also on the flip side, are there asset classes you're really interested in acquiring. I don't know if that's going to be airports, which you've talked about in the past, where valuations just seem very high relative to your own views on value.

**Sam Pollock:** So today, the large majority of opportunities are in Europe and North America. If I look at our pipeline, it's probably more than usual. I'd say we still have situations that we're progressing in South America and in Asia, but probably less than what we've seen in the past on a relative basis. And then I'd say that's from a geographic perspective. Looking from a sector perspective, there's no doubt we are seeing lots of opportunities in data, and that remains a big focus for us. Just the amount of capital that's being invested to just improve the connectivity of both fixed and wireless networks is off the charts. And so, we're in discussions probably with every single strategic player out there about how we can help out. And so, I think that will continue to be a big focus for us. I'm encouraged by the level of transfer opportunities.

So, Dave is extremely busy, looking at a number of situations where there appears to be a lot more capacity constraints. And so, people are looking at expanding their networks to deal with that increased capacity and the various bottlenecks that they have in their systems. And so, I think the engagement with the shipping companies, in particular, is higher than it's been in a long, long time. So, I think we're very encouraged by that. And we continue to look for opportunities in the utility sectors, where, while traditionally, from a bid perspective, returns might have been a bit lower, but the capital needs are higher as electrification of society takes off. So, I think we're hoping there could be opportunities for us in those sectors as well.

**Robert Kwan:** And just on any asset classes that you're really interested in acquiring, but your views on value are much lower than where the market is?

**Sam Pollock:** Yes. So, look, maybe you mentioned, I think, airports earlier, I didn't touch on that. That's a sector we've been looking to get into. There's been noise in Australia about transactions over there with a great asset. It does feel like a lot of these assets are trading at levels that maybe today don't make sense. But we're always trying to see if we can come up with a value proposition for those type of assets that we can make work.



So, there's no sector that we're avoiding because we're seeing it doesn't make sense. But what I would say is we have a large set of opportunities. And so, we're picking the ones where we think we can get the best risk-adjusted returns. So, we're not trying to force getting into an area. We're still going to focus on driving returns and deploying capital where we have our advantages.

**Operator:** The next question comes from the line of Rupert Merer of National Bank.

**Rupert Merer:** Looking at your liquidity, quite a high liquidity level right now, \$6.5 billion, and you mentioned the capital recycling initiatives remain robust. Now looking at the IPL deal, it looks like you could be issuing stock there, so maybe liquidity will remain high following that deal, too. How should we be thinking about pace of investment going forward versus capital recycling? And where do you think this liquidity level will stand maybe at the end of this year or the end of next year?

**Sam Pollock:** I'll start there and then maybe Dave will jump in as well. But first of all, I can't speculate or predict where liquidity will end up because it obviously depends on a number of transactions that may or may not take place, both on the sale and divestiture side. We always look to maintain healthy levels of liquidity so that we can be opportunistic to take advantage of investment opportunities as they arise. We have, I'd say, an extremely robust pipeline of opportunities to invest. And I can't say whether or not we will succeed in all of them. But if we do, I think it could be at a level that's higher than what we've seen over the last number of years. And so that's one of the reasons why we've maintained our high level. And as it relates to the capital recycling, I think we have a number of people asking questions about how we pace those processes.

And typically, while this is a great time to sell assets. And I think we've mentioned that in the past, we don't try to accelerate transactions ahead of when we typically try to time them from a business plan perspective. Each investment we make, we have a buy, fix or improve and then sell strategy to it, and we try to get as much of those business plan initiatives done before we sell a de-risked business. That's always been our plan. And typically, in spite of whatever environment we have, we'll follow that strategy. Other than if we just feel that someone is prepared to pay us even if a project isn't quite 100% done.

So, if we get fully paid for that, then maybe we might accelerate a bit. But for the most part, we just follow our long-term investment strategy, bring investments to the market when it makes sense and utilize the many tools that we have in our toolkit to finance new investments, whether that's from capital recycling, whether it's taking advantage of issuing debt or equity in the capital markets. We have lots of ways of financing growth.

**Rupert Merer:** Looking at results in Q2. Can you give us some color on what you think the residual impact of the pandemic could be, how much of a headwind would you say the pandemic was in the quarter? And if you're looking at your crystal ball, maybe what's the outlook for the next few months barring any impact from a fourth wave, of course.

**Ben Vaughan:** Rupert, it's Ben here. Look, I think what we're seeing is a tremendous recovery from the pandemic across the board. So, we're seeing it in all regions. There may still be some fits and starts as there's a lot of media attention on variants, as Sam mentioned a couple of them earlier. But at this point, we're seeing a lot of momentum. Like I said, the momentum is heavily on the side of a return to normal and growth across the board. So, while there may be little fits and starts here and there. At this point, we have no reason. We're not seeing any change in that direction of momentum across the global portfolio. So, I don't know if that's helpful, but that would be my color on that.

**Rupert Merer:** Are you seeing any residual impacts on some of your businesses like toll roads? Or are you able to quantify what the impact is today?

**David Krant:** Yes, Rupert. I'd say it's very, very modest. I'd say the only region where we had sequentially quarter-over-quarter, a little step back was just in India this quarter. We lost, I am going to guess, \$1 million or \$2 million of FFO. So very nominal. The other businesses that were impacted in the prior year, like our U.K. connections business is back up to pre-shutdown levels. Our Brazilian toll road is continuing to have strong, heavy traffic. So, I'd say it's just that, I'd say, as Ben said, fits and starts in India in April or early May was the only impact on our financial results this quarter.

**Operator:** And our next question will come from the line of Frederic Bastien of Raymond James.

**Frederic Bastien:** There was no mention of foreign exchange headwinds or tailwinds in your prepared comments. Can you provide some color on any related impact in the quarter and whether you remain appropriately hedged on that front?

**David Krant:** Yes, Rupert, it's David here. I can handle that one. I think I'll tackle it in reverse order. From a hedging perspective, we're extremely happy with where we're at today. Roughly 80% of our FFO over the next 24 months is either denominated in USD or hedged back to it. So, I think that pretty much leaves Brazil as the only unhedged currency in our portfolio.

In terms of the impact this quarter, I'd say they were very, very modest. I think the Real finished pretty flat year-on-year, it might have been up 1%. So very nominal on a quarterly average. And our hedge currencies are all in line with the prior year. So hence the minimal mention, it might have been \$1 million or \$2 million of FFO impacts, plus or minus the currencies.

**Frederic Bastien:** And David, what do you expect the impact to be if currencies stay the same maybe for the second half?

**David Krant:** Yes. The second half, the Real, if it stays where it is, it would be a bit of a tailwind, maybe 3%, 4% at the current levels. And our hedge currencies are in line. So, I'd say it's modestly positive.

**Frederic Bastien:** Now, I appreciate that the devastating floods from a few weeks back in Germany and China weren't in your jurisdiction, but they caused stress in already fragile global supply chain. Have the related disruptions had any knock-on effects on either your transport business or any other of your platforms broadly speaking?

**Dave Joynt:** It's Dave here. What I would say is, despite a lot of headlines around supply chain shortages and disruptions, et cetera, I think what we're seeing on the ground is very strong demand across our ports businesses, our rail businesses. So, I can appreciate that there's probably pockets of the economy that are experiencing certain disruptions, but we're not seeing it.

**Operator:** And we do have a follow-up from the line of Robert Catellier of CIBC.

**Robert Catellier:** I just wanted to touch on IPL briefly here. During that long process, there was some discussion about trying to get into trilateral discussions with the other suitor, which I believe was for a potential carve-out. So now that you have a clear line of sight on acquiring IPL. Is the possibility of carve-out still in play?

**Sam Pollock:** Robert, it's Sam here. But as you know, I'm very superstitious when it comes to transactions. So, I tend not to look too far forward until they are completed. And so, we tend not to speculate on what we might or might not do with the assets until we own them. So, I think we're, right now, looking forward to a positive outcome over the next coming weeks, where we can get the tender levels at the appropriate amounts and then move forward with the privatization.

I think if we are successful in acquiring the business, we'll be very commercial in how we look at maximizing the value and reducing risk across the portfolio. And so that could involve conversations with a host of parties, including the one that you're alluding to. But today, I think it's too early to talk about that and rather do that maybe at a later date.

**Robert Catellier:** Just on the \$7 billion of refinancing here. I know extension of the term is equally important. But I wondered if it's a ballpark, can you give us some potential annual savings from that refinancing activity?

**David Krant:** Yes, Rob, it's David here. As you alluded to, the \$7 billion is a gross asset level number. So, by the time we look at our ownership, I'd say the interest savings won't be overly material. Probably, I'm heading to give you a number right now, but we can follow-up with that.

**Robert Catellier:** Yes. No, that's okay. It's not material, then I think that's the answer. It's more the extension of...

**David Krant:** It's more the duration, to your point.

**Sam Pollock:** I'm just going to add, the real benefit was when we bought the businesses, we would have had to assume various refinancings over the next couple of years and to

be able to accelerate those financings so that they're now out of the way, and we've taken that risk off the table. I mean, that just positions us well for that investment. And I'd say, we feel very good about what we've accomplished.

**Robert Catellier:** And then last question for me is just on the North American residential infrastructure business. I'm wondering how much capital you expect to deploy on tuck-in acquisitions there? And if you could compare that to the organic growth expectations?

**Sam Pollock:** Look, the tuck-in acquisitions there are all going to be relatively small. Other than if we can combine or acquire one or two of the other major players. It's a highly fragmented market, and it's really only two or three businesses of scale. And we know who they are, they know who we are. And we'll continue to have those conversations. But I think for the most part, this is an organic growth story. We've got a number of initiatives underway of how we can, much like we have in the U.K., increase the products that we sell through the channel and increase the various adoption partner, if you want to call it that, the various dealer networks where we can leverage each other's distribution channels in order to increase the amount of rental product that we can surface. So, we've got a whole bunch of initiatives underway that are organic in nature that I think can grow that business very substantially.

**Operator:** And the next question will come from the line of Naji Baydoun of Industrial Alliance.

**Naji Baydoun:** I just want to start with maybe some background on the Digital Realty JV. Maybe you can just talk about why it was the right time to establish this partnership and maybe a potential scale or magnitude of the investments you'd be looking at?

**Sam Pollock:** Sure. I'll start, and again, others might pipe in. But I think the place to begin is just with our initial joint venture initiative with Digital Realty going back a couple of years ago, where we joined forces to buy what we thought was a growth platform in Latin America. It was a business, I think, that had maybe eight existing data centers in Brazil and plans to grow that substantially.

And I think both Digital and ourselves thought that by combining their, I describe it as, industry-leading expertise in design and customer contacts with our knowledge of Brazil and South America, we thought would make a very formidable team, and that's proven to be the case. We've had tremendous success in that particular investment where we now more than double the size of the business, we'll be in operating in four or five different countries over the next couple of years. We've already moved to Chile and Mexico, and we're also looking to go into Colombia. And then there will be other markets in the country we can expand into.

So, we've just really, I think, hit one out of the park with them down there. And given that strong relationship we developed with them, we thought the next natural place to go to, where both of us saw opportunities to grow, was India. And we'd each eyed the market separately and then decided that combining our resources, we could accelerate

and be more aggressive in growing that business. So that's what we look to do. We see India as an equally or maybe even higher growth market than Latin America. There's just rapidly growing data consumption in that country, and we were talking earlier, but just the fact that the streaming that goes on with the population there is just off the charts. And so, the data consumption, it's going to fuel the need for significant in-country urban data centers. And so, we think we're well positioned to do that. We've already secured land in Navi Mumbai. We're going to be looking at other markets like Chennai. And I think the opportunity to invest, I think, collectively, between us and Digital Realty, over \$1 billion over the next number of years, I think, is very strong. So, while those may be very ambitious goals, we think that with the two of us, we can build a very formidable franchise there.

**Naji Baydoun:** And just to clarify, the JV, it's 50% ownership to BIP and not other partners with Brookfield, correct?

**Sam Pollock:** No, it's 50-50 with the fund and Digital Realty. And BIP is 25% of the fund.

**Naji Baydoun:** And just my other question is about the comment that you made about being at the high end of organic growth, I guess, over the near term. It really sounds like all the drivers of organic growth are kind of firing on all cylinders. So, I'm trying to understand, do you think it's fair to say that this sort of pace can be sustained for not just the near-term but maybe a number of years if some of the same dynamics continue to play out?

**Sam Pollock:** Look, it's hard to say exactly, predicting too far in the future, but there's no doubt the tailwinds for the next 12 to 18 months, I think, everyone can feel very confident that they'll be there. And hopefully, if the various governments and central banks can ensure that the economy doesn't get too overheated and have to increase interest rates too much, then I think this could be sustainable for an extended period of time, but that's what we'll have to keep an eye on.

**Operator:** Thank you. I will now turn the call over to Sam Pollock, CEO for closing remarks. Sir, you may begin.

**Sam Pollock:** Okay. Well, thank you, operator, and thank you, to everyone who joined us on the call today. We appreciate you listening and hearing about our progress, and we look forward to speaking to you again next quarter. And I'd just like to wish those of you in the Northern Hemisphere at least, a great summer holiday. Thank you.

**Operator:** And thank you for your participation in today's conference call. You may now disconnect.