Brookfield

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Sam Pollock, Chief Executive Officer, Brookfield Infrastructure Partners

Good morning and thanks for joining Brookfield Infrastructure's Investor Day Presentation. I'm pleased to welcome people online who are joining us, as well as everyone who was able to join us in person today.

Presenting with me will be two of our regional CIOs; Scott Peak and Sikander Rashid, as well as our Chief Financial Officer, David Krant.

My name is Sam Pollock and I'll be doing a quick summary of our year to-date, and I'm pleased to say that it has been another fantastic year for us and over the next couple of slides, I'm going to take you through some of our accomplishments.

First and foremost, our capital deployment for this year has been excellent. Each year, one of the key focuses that we have is to deploy as much capital as we can into assets with attractive risk-adjusted returns. Last year, at this time, I foreshadowed that we expected to enter a cycle where we would deploy more capital than we historically have.

And I'm pleased to say that this year we're on track to deploy approximately $3 billion, which is about 50% higher than our run-rate levels over the past several years. Furthermore, our pipeline of opportunities heading into 2022 is extremely robust.

Now, as most of you probably know, the most significant investments that we've made this year was into Inter Pipeline. We have now secured a controlling stake in the company, and we will fully privatize it by the end of the year.

Now, Scott's going to come up in a little bit and take you through the transaction in a lot more detail and why we're really excited about it, but one of the things that's really important to note is that it's a large scale, highly contracted business and we were able to make a significant investment into the company back just after the market fell in March of 2020.

We've built up a fairly large toehold position and because of that toehold position, the transaction's going to be extremely accretive for us. To date, we've invested about $1.8 billion into the transaction, and this will grow to about $2.5 billion once it's fully privatized.

Now, we've also been highly successful in our capital recycling initiatives. As we've mentioned many times in the past, capital recycling is a key element of our full cycle investment strategy.

This year, we've already generated about $2 billion of proceeds from asset sales and we've done those at extremely attractive values. We are going to continue our asset recycling initiatives during the balance of the year. We have about three processes underway, and we expect to generate about $1 billion from those processes in the next six months or so.

Furthermore, we intend to continue this strategy of ours, given the strong market appetite for de-risked businesses, and we'll look to start up a new set of asset disposal processes during 2022. And I think our medium- to longer-term goal in that regard is to generate about $5 billion in the next three to five years from those processes.

At the same time as we've been repositioning our portfolio, the operating results for the business have been extremely strong. This has been primarily a result of the good economic recovery we've seen. We've also seen elevated levels of inflation and we have lots of inflation indexation built into our revenue frameworks.

And on top of that, with the strong economy, there's been a lot of customer-initiated growth capex that's helped fuel organic growth.

Our year-to-date FFO is up approximately 20% and it's over 15% higher than pre-pandemic levels. These results have benefited from about 9% organic growth, which is at the upper level of what we would normally target for the business.

And then lastly, you're probably curious about how our transport businesses are doing, given that they're the ones impacted by the pandemic, and I'm pleased to say that they're all performing well and we're experiencing strong year-to-date growth and volumes from almost all the different sub-segments. Roads are up 21%, ports 16% and our rails, which were pretty steady through the pandemic, are up 5%.

Our financial position is also as strong as it's ever been. Our investment to-date in IPL has been funded by about $1.4 billion of BIPC shares, and this was done as part of the offer to IPL shareholders. And what's very interesting is the fact that our offer to IPL was an all-cash offer, but IPL shareholders pretty much maxed out on the number of BIPC shares they could take, which shows you the interest that investors have in our shares.

We have further insulated our business with about $9 billion of refinancing at the asset levels. And what this has done is protected us from rising rates, but in addition to that, we've pushed out the average duration on the maturities by about five years on those businesses.

Lastly, one of the things that many of you don't know about our business is that we have some FX volatility, but with the IPL transaction, about 85% of our FFO will now be generated in, or hedged to, U.S. dollars. And this is going to significantly reduce the volatility of FX in our business going forward.

All those initiatives have contributed to us having a strong balance sheet, lots of liquidity to fund new investments, and we don't have any significant maturities for the next five years, and our credit ratings are strong at BBB+.

I want to take a second to talk about ESG, because this is something that has brought increased scrutiny to ESG-related risks in many companies and particularly our own. Our business has

always been well-placed in this regard, and we've taken a number of steps to ensure that we continue to improve upon our ESG position.

Last week, we published our inaugural ESG report, and this summarizes our approach to sustainability across our businesses. If you're interested in learning more about what we're doing on the ESG front, you can go to our website, you can see our ESG report, and this will be updated annually so that we can keep you up to speed on what we're up to.

Now, in addition to that, at the corporate level we've recently issued $400 million of preferred securities, which is a good testament of the market receptivity to our ESG principles. At the portfolio company level, we've identified a number of opportunities where we can reduce carbon emissions at each of our assets. And in addition to that, we're also looking at ways where we can start to process or think about how we might transition some of our businesses in the future. One good example of that is where a customer of ours was looking at doing a feasibility study for a green hydrogen export facility, and this has taken place at our Australian regulated terminal.

This is a summary of how we've done and we're always happy to show it. This has been another great year for the company from a market perspective. The total return of the business has performed well from both an absolute basis and also on a relative basis to the market and peers.

I'm going to shift gears a little bit and look forward and talk about our outlook. I'm going to start with the near-term which I think is quite favorable. Our results are going to significantly improve as a result of the benefits of our asset rotation strategy. We anticipate that our $2.5 billion investment in IPL will generate a 13% going-in FFO yield, and this will increase over the next couple of years as we bring on the large petrochemical facility, Heartland, which is one of the reasons we bought IPL.

The funding for this business has come from proceeds from our district energy business, which we sold for about a 5% FFO yield, as well as the issuance of the BIPC shares I mentioned earlier, which were taken up by the IPL shareholders as a part of the consideration for that transaction. Upon completion of the IPL privatization, we expect the combined impact of our asset rotation strategy to result in about 12% FFO per unit accretion for the company. We think this is another great example of our asset recycling strategy at work.

If we look at the number, our 2021 exit run-rate FFO for the business should be about 20% higher than it was last year. This is a combination of both the strong organic growth I talked about a little bit ago, as well as the asset rotation strategy that we executed this past year. At the same time, our payout ratio, a metric we talk about quite a bit given that we are a yield orientated vehicle, will drop back into our target range of 60-70% which we are very pleased about.

Let's talk about the longer-term outlook. At last year's presentation, we talked about how we are in the beginning stages of the infrastructure super-cycle. I realize that that is a pretty dramatic expression. Things have played out as we've anticipated, if you start with the situation with government and corporates, debt has continued to rise to unprecedented levels. In addition to that, governments have realized that the best way to stimulate growth is to invest in infrastructure. If you take the combination of those two factors, we think that is going to result in a significant number of transactions for us.

Second, we talked about what is going on in the world of telecom and data. Data infrastructure systems are going to have to be significantly upgraded to be able to keep up with the global demand for data. To cope with these capacity needs, telecom operators are in the process of a

100-year re-investment cycle of all their systems and they are going to need infrastructure investors to help them fund all that capex.

Third, I mentioned ESG, and ESG trends are creating opportunities for us in the midstream sector. Capital is becoming scarcer for midstream companies and that alone is creating opportunities for us. But what perhaps is more important on a longer-term basis is that these companies are going to need capital to help them transition their businesses into a net zero world. Scott is going to talk about how those businesses are well-placed to transition into a net-zero environment.

Lastly from a transport perspective, these assets are going to need capital to de-bottleneck and add capacity to their networks in-order to be able to meet the global increase in demand for goods and commodities. While the super-cycle continues to blow positive tailwinds in our favor and for our business.

We will continue to do what we've always set out to do from a strategic perspective and that's buying high-quality assets for value and de-risking those businesses with our operations orientated approach. I know you hear that a lot when you come to a Brookfield presentation, those are strategies that we have likely talked a lot about in the past.

This year though we've chosen to focus on another part of our strategy for creating value and that's about building platforms. David and Sikander are going to talk a little bit about how we do that and give you a more detailed sense of that, but I want to give you a bit of an overview of what we are going to talk about.

Usually, Bahir comes up and does the Brookfield dictionary, we often introduce new terms to our investors and couple years ago we talked about "grow-tility" and today we are going to be talking about "platform" a lot, I apologize for the reputation. The term "platform" means for us, a business that has substantial that has medium to long-term organic and consolidation growth potential, the ability to consolidate smaller businesses in a fragmented industry. In addition to that it must also have the resources, the human, the technical and the financial resources in place to execute that growth strategy.

The posterchild for this would have been our district energy business, which we have just sold. But what we're excited about is that we have many more example to tell you about, and we're going to tell you about some of them today.

Why is it important to tell you about this? The reason is that we think this strategy can create a significant amount of value for our shareholders over the longer-term. Platform businesses can create recurring streams of organic growth, and as we've probably mentioned many times in the past, the best source of capital deployment for us is organic growth because this is the highest returning, lowest risk capital that we can ever invest.

What we think can happen because of all the initiatives underway is the ability to increase our capital backlog by over 50% over the next couple of years from where it is today. Now second, we believe that there is the potential to realize outsized returns on the exit of platform businesses. David is going to go in his presentation and explain the embedded value that we have in a number of our businesses and the fact that we only realize these when we usually exit the business, and often people don't see it because it is hard to appreciate what value is there.

What we do know is that when we sell a platform business, we achieve superior returns, and those characteristics are highly sought after by other investors. I'll stop there and we have another couple of presenters to come up, and I think the first one will be Scott to talk about IPL.

Scott Peak – Chief Investment Officer, North America, Brookfield Infrastructure Partners
Welcome everyone, I'm Scott Peak and a managing partner and I am our Chief Investment Officer for North America, based in our office in Houston. I will provide a spotlight on Inter Pipeline. But before I do, a question you may have is – what is our midstream investment strategy? And in particular, how does it align with the future transitioning away from fossil fuels? Let me provide a refresher on that strategy and I will cover how we incorporate the energy transition.

We have eight objectives that we look to satisfy for any midstream investment to be suitable. When we combine these opportunities and these strategies together, we come with an opportunity that is strategically located, is an appropriate scale, and is comprised of infrastructure that has been responsively operated and well-maintained. We then position ourselves to invest on a value basis.

We look for opportunities that have a high degree of contracted cash flow. This contracted cash flow provides us the opportunity to get not just the return of our capital, but the minimum return on our capital. All with a low reliance on material growth or future exit value.

Then, as ESG is one of the points on our strategy, we position to answer three questions. The first is – is our investment increasing emissions or in any other way harming the environment? I'd note that midstream assets typically have very low emissions profiles, in particular, operating pipelines where we focus. Two, how is our downside protected in the instance of an accelerated transition, and this is where our focus on contracted cash flow, and a quick payback of our capital is critical. Lastly, how can the investment be re-purposed or otherwise enhance our ability to participate in attractive transition midstream investments.

We actually see midstream opportunities ideally suited in midstream companies that are able to lead decarbonization because they have the execution skills and they have the operating skills, not to mention the incumbent customer relationships. Therefore, we see certain midstream companies as having an embedded hedge or even an upside option that we can buy with no cost and enable us to opportunistically participate in transition investments.

Now, onto Inter Pipeline, we are obviously very excited about this opportunity. Prior to closing this year, Inter Pipeline has traded on the Toronto Stock Exchange where it has traded since 1998. It is headquartered in Calgary, it has a $13 billion enterprise value, a $7 billion market cap, and it is rated at investment grade.

BIP's equity investment will be approximately $2.5 billion for an approximate 50% interest. Our journey for IPL began in March 2020 when we established a deep value toehold position in the company. This toehold solidified us as the company's largest shareholder and provided a strategic advantage for us to facilitate the take private. Early this year we launched a tender offer for the remaining shares of IPL we didn't already own.

We received formal support from the two leading independent proxy advisors as well as the IPL special committee. To-date, we've taken up approximately 76% of IPL shares and earlier this month we executed a plan of arrangement which facilitates our full acquisition and privatization later this year.

IPL provides us with an ideal platform in a strategic region of North America. 80% of EBITDA is contracted, 63% of EBITDA is contracted on a take-or-pay basis with a remaining life of approximately 12 years. The incremental 17% of EBITDA is on a fixed-fee arrangement with customers that are integrated with predictable volumes, and so when we combine our appropriate access to capital, with IPL's strategic position and relationships, this combination should position us as a decarbonization capital partner of choice for our customers.

IPL checked all our boxes and aligned well with those objectives that I referenced a few slides ago. Our underwriting returns are at the higher end of BIP's 12-15% target range, sourced primarily from long term pipeline contracted cash flow. We have a target multiple of capital of 2.5x, we acquired on a run-rate EBITDA multiple of approximately 10x, and will enjoy immediate, mid-teen FFO yield and a payback on our capital with eight years.

So why were we successful? Three reasons come immediately to mind. First is that we covered IPL for many years out of our North American offices. We had an active investment file that we kept active, and we then were patient, we waited for a catalyst. That catalyst came with a COVID-led broad market sell-off early last year. That provided us with an opportunity to buy-in our 20% toehold at a value below $12 a share. And this was a company that was trading between $20 to $30 a share for the couple years prior to our toehold.

Lastly, we were able to offer a unique and flexible form of consideration. Our offer to IPL shareholders was comprised of three things. One, they could have 100% cash at $20 a share, two, they could have 0.25 shares of BIPC up to an aggregate limit, or three, they could have a combination thereof.

We thus had cash for those IPL shareholders requesting and requiring immediate liquidity, and we also had shares for those looking to remain invested. Ultimately this combination proved to be a powerful differentiator and was key to our success.

As Sam mentioned, BIPC continues to generate strong market interest. When BIPC was spun out in 2019, we communicated certain goals, including to increase BIPC's float and to utilize the currency when advantageous. IPL achieved both objectives. IPL shareholders made strong elections for BIPC which exceeded the maximum allotment that we had. And while we were pleased by that, we were also pleased by the diversity of the elections we received, as we had demand for both retail and institutional shareholders.

The transaction served as a clear validation of the BIPC currency and consequentially increased BIPC's float by approximately 50%. Let's now review IPL's operations and the Brookfield vision for the company.

IPL is a highly contracted and strategic platform with EBITDA primarily sourced from contracted pipelines. In the transportation and facilities segment, which accounts for over 60% of IPL's EBITDA, it's weighted towards long haul and conventional pipelines. This segment includes 7,000 pipelines with a 17-year weighted average life and notably this segment supplies roughly half the input required to run the Heartland petrochemical complex.

Heartland, which will represent approximately 30% of pro-forma EBITDA, is nearly 90% complete and will be operational next year. Heartland will convert low-cost propane into high-quality polypropylene. Heartland's output is used for everyday products, which will be relevant for decades to come.

For example, infant car seats, automobile car bumpers, whether that be for conventional or electric vehicles, moldings, carpeting, diapers, etc.

Heartland is advanced not only from a construction perspective, but also from a commercialization and contracting perspective. All the input needed to run the facility is in place. Approximately 70% of the output has been contracted with nine customers on a nine-year weighted average life, and these customers – these contracts are cost of service contracts, which have mechanisms for cost pass through.

And lastly, the marketing segment, which is where any residual commodity exposure is housed and managed and hedged, represents less than 10% of the EBITDA of the company.

As usual, we'll be assuming an active role at IPL. We'll be rolling out our Brookfield policies and procedures, our network of best practices, and we'll have a particular focus on three things: risk management, stakeholder engagement and proper alignment and accountability across the business planning process.

And we have already made significant progress. Our 100-day plan has been initiated and the IPL board has been reconstituted. Progress is being made quickly with great team collaboration. There's a lot of excitement at IPL around both the integration with Brookfield and the transition to a private company and the opportunities that that brings.

Obviously, a lot of work is being done on the business plan on a segment-by-segment basis. But in summary, our top priorities across the business are harvest the contracted cash flows, complete Heartland on time, on budget next year, rationalize the public company costs that are no longer necessary, streamline internal operations, reduce bureaucracy and make the company fit for purpose, and lastly, to increase and expand contractual relationships.

From an ESG and transition perspective, we will undertake a dual path. Path A is externally focused around serving our customers and expand the transition opportunities. Notably IPL's largest customers have publicly committed to net zero targets. Carbon sequestration will be an important element for them to achieve those targets.

Path B is internally focused, we're going to do what we can do reduce our own carbon footprint. We're going to do this through renewable generation and electrification of our assets and two, by expanding upon the hydrogen production capabilities that are already in place and in progress at IPL today.

In conclusion, IPL represents and exciting accretive investment of scale and a new platform for Brookfield Infrastructure. We've already hit the ground running and have begun to implement our business plans.

We look forward to the opportunity to update you over the coming year on our progress. Thank you, I'll now hand it over to David.

David Krant – Chief Financial Officer, Brookfield Infrastructure Partners
Thank you, Scott. And good morning, everyone. As introduced, my name is David Krant, and I'm the Chief Financial Officer of Brookfield Infrastructure.

In recent years, the focus of this portion of the presentation had been on the resiliency of our business, and rightfully so. However, as Sam mentioned, this year, we're going to focus on the outsized growth opportunities ahead of us.

Let me demonstrate one of the ways in which we'll be able to do this. Now, following the outstanding results of our capital recycling program to date, we're often asked how do we achieve premium exit multiples?

Well, to answer that question, we're going to focus on a concept called building platform value. Now, what I hope you take away from our time today is not just how we build platform value, but more importantly that can often go unnoticed and not reflected in the valuation of our business.

In its simplest form, the value of a business has two main elements: the first is the in-place cash flows that are there today. For a mature de-risked standalone investment, this generally represents the majority of the value. And frankly, a market based multiple is very appropriate for those types of businesses.

The second element, however, is the value a buyer will ascribe to future growth potential or opportunities. For the accountants in the room, this is goodwill. For the lucky people who aren't accountants, the important thing to know about goodwill is that when you are building it internally, you can never recognize or reflect it in your financial statements or results, meaning this value can often go unnoticed or unrecognized.

From our experience through our capital recycling program, the value a buyer ascribes to this growth potential can be significant, and in many instances, actually exceeds the value they ascribe to the in-place cash flows or business.

So, to elaborate on what Sam had mentioned earlier, let's look again at how meaningful the difference can be from an illustrative return perspective.

Say we invest in a business and target somewhere between our 12% to 15% targeted IRRs on an investment, over that seven-year period, we should realize a multiple of capital of two times our money.

Now, say we're successful in building a platform around that investment, over the same seven-year period, if we're successful, we should be able to generate returns in excess of 20% annually and more importantly, double the profit and multiples capital we earn on our day one investment.

Now, not only will we generate more proceeds when we sell these businesses, but our results will also benefit, as the cost of capital associated with realizing a platform can be significantly lower than a traditional asset sale.

So how do we build platform value? Well, we do it in a variety of ways. Many of the elements listed here today are typical of Brookfield's asset management approach, including building strong teams and proactively managing our balance sheet. However, the first step in building a successful platform is selecting an asset class with the right growth potential and in the right market.

Now our local presence in the countries that we invest in, combined with our decades of experience in owning and operating infrastructure assets uniquely positions us to identify the right growth platforms.

Looking at this list here, the important thing to note is that there are few others who have the ability and appetite to do this type of strategy. Now, rather than running through the list here, let's use the recent sale of our district energy platform to demonstrate these value drivers.

Many of you will be familiar with our district energy business, Enwave. Our investment thesis began with identifying that there was a significant opportunity to build a North American sustainable energy platform with scale. This market is unregulated and was highly fragmented, and as Sam alluded to, made it the ideal candidate to build a platform around.

So, in 2012, we acquired the largest geothermal district energy system in Canada. This business gave us the initial investment that we could leverage for scale, as well as future growth opportunities.

Now, as I said, this market was highly fragmented, which led us to complete a series of tuck-in acquisitions across a number of cities in the most densely populated places in North America. This includes Los Angeles, Seattle, Houston, just to name a few.

Now, soon after acquiring the business, we hired a strong management team, paring experienced executives with Brookfield grown talent, a strategy you'll see us replicate many times to drive business growth.

Now, in addition to growing through M&A, we also commercialized the utility, meaning we applied a leasing strategy to promote the economic and environmental benefits that our system provided customers.

This change in mindset and culture took many years, but as a result, by the time we were ready to exit, had resulted in a much more proactive approach to growth and business development.

Now, the culmination of these activities and initiatives led to a significant increase in EBITDA and more importantly, resulted in a well-attended sales process that allowed us to generate significant shareholder returns. After agreeing to sell the Canadian business and U.S. business separately, we were able to achieve a 30x EBITDA multiple on our exit.

Now, as Sam alluded to earlier, this raised $1 billion of net proceeds for BIP, which implied on a AFFO basis, an exit yield of under 4%. Most importantly, it resulted in a multiple of our investment capital of 6x.

Now, because building platform value can be incremental, it can take time, and as I said, it can go unnoticed, let's take a look at where we're building these platforms today.

Today, we're trying to emulate the returns that we've earned on Enwave across a number of our businesses. Today, we've chosen to highlight only eight of them, but as opposed to going through each one, I'll group them into three broader categories to give you a flavor of what we're doing.

The first would be taking a leading position in a home or domestic market and copying that strategy abroad into higher growth regions. An example of this would be our residential infrastructure business, our North American sub-metering business where we're taking a Canadian proven strategy and growing into the U.S., the U.K. and more recently, Europe.

The second bucket would be those asset classes or businesses where we believe we can generate superior returns by building greenfield developments. What comes to mind here would be our Brazilian electricity transmission systems, as well as our Fiber-to-the-Home networks globally.

And the last category would be those businesses that have scale today that are building into an adjacent or complementary infrastructure asset class. The perfect example of this is our U.K. last mile connections business. It did this five years ago by entering smart meters, which we have recently sold and now today, we've entered the fiber market as well as the water business.

Similarly, in our telecom tower portfolio, we're entering indoor systems, leveraging Brookfield's leading real estate portfolio to grow in the U.S., the U.K. and most recently, India.

And the most exciting platform opportunity we probably have in front of us today is on the hyperscale data center business, Sikander will join us in a few moments to dive a bit deeper into this.

So based on the visible growth outlook that we have in front of us today, we believe that BIP can deploy over $5 billion of capex into these eight platforms alone in the next five years. As Sam mentioned earlier, and just to build upon a little bit more, these projects provide us some of the best risk adjusted returns.

This is because we know the customers well, we have the business and the management team in place already today, and there's little to no competition as we are the incumbent.

Now, one of the ways that we'll be able to track our progress and build platforms as we go will be through the growth of our capital backlog. We expect this growth to be significant. Looking back over the last 10 years, you can see we've had a steady increase in our capital backlog as we've built out scale in many of these asset classes.

Ten years ago, we averaged about $1 billion of backlog in our business, fast forward five years, we've averaged around $2 billion, which is roughly where we are today.

Now, building these eight platforms alone, we believe we can increase our backlog to over $3 billion in the next two to three years if we're successful in our strategies.

Now, that backlog growth will certainly help tell us where and how we're building platform value, as we do it, as I said, but I think the truest and most important signal of our success will be the exit multiples we achieve.

Continuing on with my earlier example of Enwave, had you looked at consensus street estimates of how that business was valued prior to our sales, you would have seen an EBITDA multiple of roughly 15x. Now, 15x is a very appropriate EBITDA multiple for a standalone district energy system or a regulated utility, however you can see was clearly inadequate for a North American leading district energy platform, in which we were able to achieve an exit multiple of twice that.

Now, it wasn't the first time that we were able to generate outside returns through our capital recycling program, and more importantly, it won't be the last. Using just the businesses we've chosen to highlight today, we have summarized the consensus EBITDA multiples used implicit in our value today versus the platform value we believe we can achieve at exit if successful in building these strategies.

These platform values are very achievable in our minds. They're consistent with how many of these small portfolios either trade in the public markets today or have transacted privately in the last year alone.

As you can see, there's tremendous value in our business today. If we're able to do our jobs and execute on the strategic priorities within these businesses, we should be able to recreate the previous success that we've had in our capital recycling program over the next five years. In doing this, we'll be able to achieve exit valuations that should be general, 25% to 50% higher than those implicit in our stock price today.

Now thank you for your time this morning. I'll now turn the presentation over to Sikander, who will be joining us from London.

Sikander Rashid – Chief Investment Officer, Europe

Thank you, David, and hi, everyone. My name is Sikander Rashid. I've been with Brookfield for almost a decade and currently serve as a managing partner in the firm's London office.

Over the last few years, data centers have become an important segment of our digital infrastructure strategy. If we are successful in executing our plans, we expect to deliver $2 billion of profit to our investors. To elaborate on this today, I will answer two key questions: number one, we are we excited about data centers, and two, how are we building a global platform?

We're excited about data centers for two main reasons. Data centers make a great infrastructure business, contracted cash flows, high margins and high barriers to entry for scaled platforms. Data centers are also a high growth vertical, by 2024, public cloud revenues are expected to increase $350 billion.

At the same time, annual leasing revenues for data center businesses will surpass $50 billion. Today, every minute, that's every 60 seconds, we send 200 million emails, 70 million text messages and generate 500 hours of YouTube content. These activities generate 50 trillion gigabytes of data annually.

All this data is to be stored, processed, and re-accessed through data centers. To support the data growth, we need over 6,000 megawatts of data center capacity in the next three years alone. That's a capital requirement of $50 billion. We, at Brookfield, started observing these trends several years ago and realized our two investment options were to either buy an existing global platform and scale it up, or we build our own regional platforms.

Valuations for established platforms act as a catalyst for rich and the level of goodwill required to acquire these platforms was incredibly high. So, we instead focused on a greenfield strategy where we had the conviction to deliver 15% plus returns for investors.

So how did we go about it? We acquired a high-quality, hyperscale data center business with fantastic customer relationships. We then evaluated other growth markets and added resources in those markets.

We also developed strategic partnerships with customers and operators, and once we had this base established, we provided the capital to these businesses to help them scale up.

For a hyperscale platform, it all started in 2019 when we bought Ascenty in a transaction worth over $2 billion. We liked this idea at the time for four key reasons: it was a scalable business with a great management team, it was an opportunity to team up with Digital Realty, one of the largest hyperscale global data center operators, the business came with a stable asset base of 36 megawatts of capacity and had a strong growth pipeline. And lastly, the business had great customer relationships with some of the fastest growing technology firms in the world.

To give some sense of the size and scale of our Ascenty data centers, let's look at one of our key sites, Vinhedo, located in the state of Sao Paulo in Brazil. This campus covers 215,000 square meters of space and has over 70 megawatts of power capacity. That's enough power to meet the demands of 220,000 households.

This business is also 100% renewable powered. In 2019, when we acquired Ascenty, it was a Brazilian hyperscale business. Since our acquisition, we have added seven new locations to the platform and have grown the business to two new geographies, Chile and Mexico. As a result of these growth initiatives, today Ascenty is the largest data center business in Latin America.

So, let's take a look at the numbers. Today, the business is generating $112 million in EBITDA and has approximately 100 megawatts of capacity. By 2025, we expect the total capacity to be in excess of 200 megawatts with total EBITDA of $300 million dollars.

Data privacy laws and enterprise public cloud adoption are creating incredible tailwinds for the data center industry, not just in Latin America, but throughout the world.

So, with the positive experience at Ascenty, and to identify the next set of growth markets, we scanned the rest of the world using four key criteria: Do we have the local real estate expertise on the ground to identify strategic sites? Do we have customer relationships required to commercialize the business? Do we have access to development and construction expertise? And lastly, do we have access to renewable power?

We appreciate that technology firms who are some of the largest data center customers today have immense power needs, preferably renewable power, due to their ambitious carbon neutrality objectives. Our data center capability, coupled our access to renewable power, make us an ideal partner for these firms.

So, the conclusion of this exercise was that India, Asia Pacific and Europe were the next new high priority markets for Brookfield. So, what did we do next?

In India, we moved quickly and replicated our partnership with Digital Realty. India is a fantastic data center market for three key reasons, it's high growth – 97% of Indian consumers access the internet wirelessly. As a result of that, data consumption by individuals has increased 20 times over the last five years.

On the enterprise side, cloud penetration in India is expected to increase from 20% today to 50% in 2025. And lastly, India is a highly fragmented market, with no international player of scale operating on the ground. For these reasons, we expect to build a data center business and deploy $1 billion of capital through this JV, which we're really excited about.

Next up, in Asia Pacific, we acquired a portfolio called DCI that had two high-quality sites in Sydney and Adelaide. At the time of the acquisition, we liked DCI for three key reasons: it had contracted in place cash flows and a customer base, it's a scalable business in a great market that came with 40 megawatts of pipeline capacity in Sydney alone.

The size of the opportunity in Asia Pacific is massive. Cloud spending, as a percentage of I.T. spend, is a fraction of what it is in mature markets. What that means is that there's a huge runway ahead of DCI and we are on our way already, leveraging the DCI platform to require strategic sites in Tokyo, South Korea and Singapore.

Lastly, Europe remains an amazing growth story as well. To give you some context, Frankfurt, London, Amsterdam and Paris alone accounted for 370 megawatts of capacity in 2021. Brookfield recently closed on a 100-megawatt project in Amsterdam, which will be the largest and the greenest data center asset in the City of Amsterdam.

We see a huge opportunity throughout Europe and are constantly on the lookout for opportunities, not only in the FLAP markets, but also elsewhere.

So, what does a data center platform mean for BIP? David mentioned earlier, we're building platforms in many of our businesses around the globe. Hopefully, I've been able to provide a real-life example of how we're creating platform value for the benefit of our investors.

Over the next five years, we expect to see EBITDA increase fivefold from where it is today. And more importantly, if we're successful in realizing our data center platform value, we expect to generate $2 billion of profits for BIP over the next five to seven years.

And this is why we're excited about this sector and expect to tell you a lot more about it in the future. And with that, I'll pass it back to Sam to wrap up the presentation.

Sam Pollock – Chief Executive Officer, Brookfield Infrastructure Partners

OK, so we're at the end now. Thank you so much for listening to our presentation, and I hope – as far as takeaways, you can appreciate that our strategy is going to continue to be investing on a value basis where we can continue building platforms as we described today and recycling capital, taking advantage of these markets to improve our cost of capital by selling our businesses at great values.

And if we do that, we'll continue the business model, the growtility that we talked about over the last couple of years.

Q&A – BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

Sam Pollock, Chief Executive Officer, Brookfield Infrastructure Partners

So, I'm going to take a couple of questions from the iPad and then I'll take a few from the floor, and the first question I have is from Frederic Bastien, and his question is: BIP mainly acquires infrastructure assets as a second owner, but do you see a need to start investing in greenfield projects or early-stage developments as Brookfield Renewables is doing?

So, I guess that question is appropriate, given what we talked about today. I wouldn't say that we are starting, because we have for a long time, invested in early stage or greenfield businesses. We had a number of transmission projects in Texas and in Brazil, that we literally built from the ground up. I would say it's never been the focus for our business to start with something that long dated or really that early stage.

I'd say most of what we like to do is what Sikander described or what we described in the past with our BUUK business, where we have repeatable small projects that we can continue to execute. Those are ones that have lower risk, a lot more visibility as to the cost and demand outlook, and so I'd say that will be where our focus is as opposed to large scale, early stage, shovel in the ground type projects.

And then the next question is how do you plan to exit or monetize midstream assets, given the transition to renewable energy? And this is from Dimitry Khmelnitsky – I hope I pronounced that OK. So, I think the place to start with that question is, when we buy a midstream business what are we thinking about these days?

And the first thing is, and Scott mentioned this, in his presentation, we're not looking to enter into a midstream business that needs to be commercialized. We're looking to buy assets that are well-established, generating cash flow, and we're valuing them on a very discrete lifespan, typically between 20 and 30 years maximum, and trying to get our capital back within five to eight years.

And so, the reliance that we have on terminal values is actually pretty modest. Now, having said that, to get attractive values, obviously we want to get something for the backend, and the opportunity to earn an attractive return will be really twofold.

One is these are going to be highly cash generative businesses, and there's always buyers for cash generating businesses, so to the extent it's got a high yield, we know there'll be a buyer for it. And to extent that the timeframe has extended farther than what we underwrote, then we'll create value that way.

In addition, though, as we mentioned earlier, we think many of these midstream businesses are going to be repurposed, these are going to be the businesses of the future that will transition and help society move from a fossil fuel or carbon-based society to a renewable one. So, we think a lot of these businesses will have that backend. And we paid nothing for that optionality, so we think there's great opportunity.

I have one more question here, but before I go here, because I know I don't have much time, I'll see if there's a question out in the audience. Anything?

I'll take this question here and then I think we'll have time for one more. So, historically, you've looked to monetize mature assets, i.e. those where the value is mostly the in place cash flows, based on highlighting value for and an organic growth engine, do you see a greater tilt to sales of segments that are still growing?

This is a question from Robert Kwan. So, yes, I think the gist of this question is the lifecycle of how we think about when we buy, fix, sell, are we are we going to move that forward and maybe sell businesses earlier on in their maturation. And I think what we'll try to do is no matter what business it is, we're always trying to continue to build a growth story to that entity.

So, even if we've completed what we initially underwrote and what we initially set out for, we're always trying to think of new ways to extend the growth profile and the excitement of that entity.

And so, I think the main takeaway from our business platform is to the extent that we can leave something there or leave some excitement for investors, they'll pay us for that excitement, even if it's a bit farther out.

And so, I think that will be our focus as opposed to what I think the question was; are we going to sell them sooner and maybe the if the amount of time we'll hold an asset will be shorter than it would have been in the past.

I think we'll still own assets seven to 10 years, but we'll just keep on working on generating that growth engine.

So, I think I'm getting the hook. So, I think that's all we have for today. Thank you very much and look forward to seeing everyone next year.