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Corporate Speakers:
- David Krant; Brookfield Infrastructure Partners L.P.; CFO & Managing Partner
- Sam Pollock; Brookfield Infrastructure Partners L.P.; CEO & Managing Partner
- Ben Vaughan; Brookfield Infrastructure Partners L.P.; COO & Managing Partner

Participants:
- Cherilyn Radbourne; TD Cowen; Equity Research; Analyst
- Robert Kwan; RBC Capital Markets; MD & Energy Infrastructure Analyst
- Devin Dodge; BMO Capital Markets; Equity Research; Analyst
- Robert Hope; Scotiabank; Equity Research; Analyst
- Robert Catellier; CIBC Capital Markets; Energy Infrastructure; Analyst
- Frederic Bastien; Raymond James; MD & Equity Research; Analyst
- Patrick Kenny; National Bank Financial; MD, Energy Infrastructure; Analyst

PRESENTATION

Operator: Thank you for standing by. And welcome to Brookfield Infrastructure Partners' Third Quarter 2023 Results Conference Call and Webcast. (Operator Instructions) As a reminder, today's program is being recorded. And now I'd like to introduce your host for today's program. David Krant, Chief Financial Officer. Please go ahead, sir.

David Krant: Thank you, Operator. And good morning, everyone. Welcome to Brookfield Infrastructure Partners' Third Quarter 2023 earnings conference call. As introduced, my name is David Krant and I'm the Chief Financial Officer of Brookfield Infrastructure. I'm also joined today by our Chief Executive Officer, Sam Pollock.

For the call this morning, I will begin with a discussion of our strong financial and operating results. I will then touch on our balance sheet strength and the success we've had in our asset sale program this year. I'll then turn the call over to Sam, who will provide an update on our strategic initiatives and capital allocation. Following our commentary, we will be joined by Ben Vaughan, our Chief Operating Officer for our question-and-answer period.

At this time, I'd like to remind you that in our remarks today, 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 20F, which is available on our website.

Beginning with our financial and operating results, we're pleased to report another quarter of excellent financial results due to good operating performance and the successful execution of our asset recycling strategy. Funds from operations or FFO for the quarter was $560 million, an increase of 7% compared to the same period in 2022. Results benefited from our businesses unique ability to capture current inflation levels, combined with the commissioning of nearly 1 billion of capital projects over the last 12 months.

Looking ahead, we are well positioned for a strong end of the year, considering that our European hyperscale data center platform was the only new investment to contribute this quarter, with the remaining $1.6 billion of new investments having closed at quarter end or shortly thereafter.

Taking a closer look at our results by segment, our utilities businesses generated FFO of $229 million, an increase of 17% from the comparable period last year. Organic growth for the segment was over 10% reflecting inflation indexation and the commissioning of approximately $500 million of capital into rate base during the last 12 months. Current quarter results benefited from the expansion of our residential decarbonization infrastructure platform in North America and Europe, following the acquisition of HomeServe earlier this year. This positive contribution was partially offset by the sale of our interest in our Australian regulated utility in August of this year.

Moving to our transport segment, FFO for the quarter was $205 million, with organic growth of 7% compared to the same period last year. Rates at each of our businesses have increased reflecting the positive impact inflation has on our results. Specifically, our global toll road tariffs have increased 8% and our rail networks are passing through rate increases of approximately 7% relative to last year. Overall, volumes remain consistent across our portfolio reinforcing the criticality of our assets despite softness in the broader global transportation network.

A bright spot within our transport statement is VLI, our integrated rail and logistics provider in Brazil. Brazil's competitive advantages in the export of key agricultural commodities such as soy, corn and sugar, combined with strong fertilizer imports have supported growing rail volumes and tariffs. Over the past decade, we have been able to realize average annual volume and tariff increases of 5% and 9% respectively. As a result, EBITDA has increased nearly 6x during our ownership.

Our midstream segment FFO was $163 million, a decrease of 5% compared to the prior period. This was due to the partial sale of our interest in a U.S. gas pipeline in June, and the normalization of market sensitive revenues at our Canadian diversified midstream business. Results were supported by increased utilization and higher contracted cash flows across the segment compared to last year, as well as the initial contribution from the Heartland Petrochemical complex. During the third quarter, Heartland ramped up production and sold over 200 million pounds of polypropylene. We are operating at target production levels, and we expect to continue with these levels into 2024. All commercial arrangements underpinning approximately 70% of the capacity are in service, and the fourth quarter is expected to provide a full period contribution to results.

Lastly, FFO from our data segment was $66 million, representing an increase of 10% from the same period last year. The increase is attributable to the acquisition of a European telecom tower operation in February of 2023, and a European hyperscale data center platform this August. The prior period included contributions from a New Zealand integrated data distribution business that we sold in June of this year.

At our data center businesses, we continue to experience strong industry tailwinds driving elevated demand for capacity. In North America, our U.S. retail colocation business had record capacity bookings during the past two quarters, and recently initiated a densification program to create incremental capacity at existing sites. At our U.S. hyperscale platform we acquired a 200-acre site in Chicago that can accommodate 200 megawatts of capacity. Chicago is a fast-growing Tier-1 market for data centers with under 5% vacancy rates and we have already received advanced indications of interest from major hyperscale customers.

In the Asia Pacific region, we commercialize our inaugural data center development in Seoul, South Korea. We executed a 15-year contract with a global hyperscaler for 13 megawatts of capacity that has built in inflation escalation and a pass-through of electricity costs. Construction has commenced and is forecasted to be completed by the end of 2025. In India, Reliance Industries are joining our existing joint venture on an equal basis. The current development platform includes two land parcels in Chennai and Mumbai, with total capacity potential of up to 160 megawatts.

Transitioning from our resilient and growing financial results into remarks on our balance sheet and liquidity position. The fundamentals of our business remain strong as the benefit of inflation escalation and a disciplined financing approach have largely insulated us from rising rates. Furthermore, the debt capital markets have been extremely favorable for infrastructure assets providing an overall net positive backdrop to business conditions.

We have proven our ability to deliver on our strategy through market cycles, sourcing several value-based investments during this period of capital dislocation, while completing our annual capital recycling objectives. In total, we have raised nearly $2 billion of proceeds this year from our program.

Achieving our capital recycling objectives has required additional focus as the current market backdrop favors buyers. We continue to execute in this environment as we benefit from owning a high-quality and diversified asset base across sectors and geographies that we leverage to monetize assets at the highest valuations. We also tailor the size and structure of our assets to attract the most suitable buyers.

Our capital recycling success has resulted in a strong liquidity position. At the end of Q3, our corporate liquidity was approximately $2.1 billion, which reflects the funding of all announced transactions. This available liquidity combined with our target $2 billion of asset sales in 2024 provides a solid foundation for us to capitalize on the current investment landscape that favors well capitalized buyers with access to capital.
That concludes my remarks for this morning. I'll now turn the call over to Sam.

Sam Pollock: Thank you, David, and good morning, everyone. From my remarks today, I'm going to provide an update on our strategic initiatives and conclude with a brief discussion on the operating environment and our favorable outlook.

The market environment we've been operating in has created a strong environment for capital deployment. We've surpassed our annual new investment objective for the third year in a row, closing the acquisitions of two marquee data center platforms, as well as a leading global logistics business, Triton International. The risk adjusted returns we expect to generate and these investments are well in excess of our targets and are representative of the value entry points that can be achieved in this market.

The take-private of Triton closed on September 28. We invested approximately $1.2 billion for a 28% interest that was funded primarily using new BIPC shares as transaction consideration. We expect to generate a base case IRR above our targets, derived largely from the in-place cash yield. The leading market position and highly cash generative nature of the business provides strong operational flexibility to invest in fleet replacements and growth during favorable markets, or to harvest cash in less attractive markets.

We're also very excited about the opportunities across our data center platform, which has grown significantly following the acquisitions of Data4 and Compass, which closed in August and October respectively. Overnight, we signed an agreement to acquire a portfolio of data centers out of bankruptcy from Cyxtera. We believe we will generate strategic value by combining Cyxtera with Evoque to create a leading retail colocation data center provider with over 330 megawatts of capacity deployed in high demand areas across North America. The combined platform will have the scale, assets and capabilities required to provide critical infrastructure for its over 2,500 customers to support the exponential increase in demand from industry tailwinds, including artificial intelligence and cloud deployments. Funding has been fully secured for the transaction, which is expected to close in the first quarter of 2024.

Touching briefly on the current operating environment, it is clear that there are considerable impacts from geopolitical and macroeconomic factors. Also of note is that we are witnessing diverging economic conditions in several of our key markets. For instance, in Brazil, interest rates are expected to decline as the inflationary pressures have waned. In the U.S., a relatively strong economic background will likely result in interest rates at current levels for a while longer. Other regions seem to be somewhere in the middle. Our global footprint should allow us to arbitrage varying economic circumstances to recycle capital on favorable terms in certain markets, while taking advantage of capital scarcity in others. This has always been our playbook, and we will continue to execute the same business strategy which has been successful over many years.

I'd like to make a few comments in relation to our share price. Despite achieving solid financial results throughout the year, and delivering on our strategic initiatives, Brookfield Infrastructure's unit price has disappointingly underperformed recently. This

is not unique to us, ass utility infrastructure companies have generally traded off as investors focused on credit or other sector strategies. As we've noted in the past, the utility and infrastructure sectors are highly resilient asset classes that generate growing and sustainable cash flows. Indicative of those attributes, we have grown FFO per unit and distributions per unit at compound annual rates of 11% and 8%, respectively, over the past decade.

Now, looking ahead, there are several elements to our current situation that are worth highlighting.

First, our sizable organic growth consists largely of embedded inflationary escalators and secured capital expansion projects. This benefit compounds over long periods of time and provides us with a natural hedge to higher interest rates. Also, our capital backlog is largely self-funded from a combination of committed CapEx facilities and retained cash flows.

Second, we have exceeded our new investments target for three consecutive years. As a result, we have substantial built in growth that provides us the flexibility to pace our investment activity in accordance with our capital recycling achievements.

Third, we have locked in interest rates for over 90% of our debt, with an average maturity of approximately seven years. This provides us with great visibility into our cash flow going forward.

Fourth, in light of our strong conviction in the intrinsic value of our business and its growth trajectory, we see the merit in deploying capital to repurchase our equity. During the quarter, we began repurchasing equity and have bought close to 1 million units under our normal course issuer bid. Going forward, we will consider further buybacks in conjunction with our ability to earn strong risk adjusted returns by deploying capital in new investment opportunities.

In summary, we have demonstrated our ability to use our size, scale and diversification to continue recycling capital at good valuations, while earning higher returns on our new investments. On recycling, over the last three years, we've generated approximately $4.5 billion of proceeds from 16 asset sales. Each was completed at a premium to the IFRS carrying value at the time of sale, and the combined gain over book value was approximately 70%. On deployment, our 2023 investments are expected to provide us with some of the best risk adjusted returns we have seen in the last decade. Combining these acquisitions with our existing platform investments provides significant embedded growth in our business today.

We remain committed to providing unitholders with a stable and growing distribution within the 5% to 9% range annually, while maintaining a payout ratio between 60% and 70% and a strong balance sheet. We have a track record of returning capital to investors with nearly $9 billion of distributions paid to unitholders. Ultimately, we believe

providing strong cash flow and income growth creates unitholder value, which will be reflected in our unit price over time.

This concludes my remarks. And I'll now pass it back to the operator for questions.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions) Our first question comes from the line of Cherilyn Radbourne from TD Cowen. Your question please.

Cherilyn Radbourne: Thanks very much, and good morning. I was wondering if you could start by expanding on your comments in the letter on the investment landscape in terms of where you're seeing the most attractive opportunities by geography and by sector, and also how you think about pacing your investments in an environment where the stress associated with higher interest rates, arguably hasn't been fully absorbed yet?

Sam Pollock: Hi, Cherylin. Thank you for those questions. I think there's two of them in there. I think the first is just where we see value and just the tone of the market. And then the second one, just on our own pacing of investments. On the first portion of your question, we do see attractive opportunities in most regions that we operate in. Frankly, we've probably focused our attention in North America and Europe in the past year or two. And obviously, given our base currency being U.S. dollars, it's always favorable for us to invest in U.S. dollar businesses, so that we don't have to deal with FX issues. And so we tend to focus in this market when we see great opportunities, but we are seeing interesting opportunities coming our way in Asia at the moment. We do have a new team and a focus in South Korea in particular.

We also have done generally very well, in Australia and because of the team we have down there. They have hit above our weight, I guess in terms of the amount of capital we've been able to deploy in that market. So I think, in the next little while, I'm optimistic that we will find some very interesting opportunities in those two markets.

But I'd say as a general comment, we do see good opportunities pretty much everywhere. As far as sectors, as I probably said, on the previous call, and maybe a couple of calls before that, the best value tends to be in those businesses that need capital for growth. A lot of companies are starved for growth capital, and particularly the telecom sector, have tremendous capital projects in front of them and so, they need capital and that's, frankly, where we can invest for value today.
But we are seeing interesting opportunities across transportation and utilities as well. So I realized I've covered up almost the whole universe of the infrastructure sector, but I do think there's value to be had pretty much across the board.

And as far as our own pacing, as we mentioned in our letter, we have been very successful in recycling capital and using our liquidity to invest boldly when we've seen good opportunities in the last couple of years. I think we're going to benefit from that for the foreseeable future.

And as far as, what we will do in the future, I think it will be similar, if we see some amazing opportunities, we will find the capital to take advantage of them. But at the same time, we don't feel any pressure to invest and reduce our liquidity, except in those circumstances where we see exceptional opportunities. So I think you'll see us being patient, but also investing boldly if we see a great opportunity.

Cherilyn Radbourne: Great. That's a great overview. I'll keep my second one short since that one had a few inside it. With respect to your pipeline of assets sales for 2024, would some of that pipeline have debt that is portable to the prospective buyers, which is presumably an advantage in this market?

Sam Pollock: Yes. Hi, Cherilyn. I would say the vast majority of the ones that we're selling have portable debt. And yes, that's one of the characteristics that we do look for at the moment in order to be selling businesses, because I think that is embedded value in those capital structures and allows us to continue to create value in this market environment.

Operator: And our next question comes from the line of Robert Kwan from RBC.

Robert Kwan: Great. Good morning. If I can just touch on or ask you just around the capital allocation, specifically how you are approaching buybacks? Do you think about buybacks, especially at this unit price as being an investment in your own assets, and the return you would get based on buying back the stock at these levels versus what you think intrinsic value is? And then, more broadly, are there any other tangible options that you see as on the table to support the share price?

Sam Pollock: Hi, Robert. So on the first question on the buyback, I think you've done a better job of describing how we think about it, then I probably could. Yes. We do consider it as buying back businesses we know and understand well, and have a good view on their future prospects. And so we weigh that against making investments in new assets and the type of returns we can get on that. So that is the decision we weigh.

Obviously, what is attractive about finding your own assets is, they're very much de-risked because you know what you're getting and you understand them well. And so in some respects, you have a slightly lower return threshold than you would for new investments. But we do weigh those two things, and obviously, take a long-term perspective on it. We're not just looking for an initial hit, it's about, are we investing our capital for good long-term value. So that definitely is how we look at buybacks.

As far as things we can do in the short-term, I think it's hard to do anything in particular, other than, continuing to describe the strength of the business and the prospects and the long-term value creation of the franchise. I think we've always tried to convey to our unitholders that Brookfield Infrastructure is a long-term compounder of wealth. And that people should buy because they want to know that putting aside where volatility might take place in the market, because that is what the capital markets do, we will continue to

deliver them with high assurance, the dividend that they have today plus that 5% to 9% growth. And we have a long track record of doing that. And when we look at our business, for the long term, we feel as comfortable or more comfortable in our ability to do that. And I think that's the story we just need to reinforce with investors.

Robert Kwan: Great. Thanks. And just for my second question, just to ask around at BUUK. I guess, first, can you talk about your take on the housing market there, housing starts? And then, just more broadly, this is one of the assets that you've owned the longest, although it's not in a limited life fund. So can you talk about your long-term perspective on the business? How you think about the growth and valuation and even just a little bit of the evolution from where you started with this business, to where you are today and where do you think that businesses is going to go in the future?

Sam Pollock: Okay. Thanks, Robert. For shareholders and analysts who have been with us for a long time, they know this is one of mine and our company's favorite businesses. We have owned it since we bought Babcock & Brown's business back in 2009,and then, we've done a number of tuck-in acquisitions and organic growth projects to build the company up to where it is today.

But let me just deal with the first part of your question on housing starts. This is a business, for those of you who are less familiar with it, that really participates in the housing growth, or the increase in the stock of housing in the whole United Kingdom.

What the business does is it basically works with developers to install all the last mile connections, and over time, what's special about this business is the fact that, when we first bought, we used to install just gas connections today, we provide five different connections into the home, including water, electricity, fiber, and different heating pumps as well, and so it's unique business.

Today, the housing market has pulled back quite a bit, I think it's somewhere in the range of 20% pullback from the prior year. So I'd say housing is definitely weaker in the U.K. What's great about this business is the fact that even though housing has pulled back pretty dramatically in this one year, our connections that will be installed will in fact be higher than what they were last year, we'll have another record year of installations. And we have a backlog of housing connections that represent about 7-8 years of our annual connections. So we have a big, big backlog.

And I think the only other thing I'd mention with the housing is, even though it's been down this year, the amount of housing deficit that exists in the market is pretty substantial. Typically, there's about 200,000 plus new homes built in the U.K. every year, and the government has had a long-term ambition to see that grow to over 300,000. And so there's always lots of programs to encourage it. And like most countries, including Canada, the need for housing is pretty dramatic. So we expect, while there's a pullback this year in housing starts, that will rebound pretty quickly.

Just maybe just a couple of final comments on, you asked about the business and our thoughts on it. We like this business, because it basically is a perpetual asset base with inflation linked, and highly diversified regulated cash flows. And it's been growing FFO at about 20% per annum over the past 10 years. So the growth in the businesses is tremendous. We do have many investors in the fund. Most of them are on the debt side, we've issued about $2 billion of investment grade debt into the U.S. markets. And it's a regular issuer into the debt markets and has a very strong following.

And we also have a institutional investor who's been alongside us for the whole time for about 10 years, a big European institution who owns 20% of the company. And they have seen growth in the company as have we. And this is a company that today we don't typically talk about value but is a very meaningful value to us. We prepare valuations for them each year as we do for many of our other institutional investors.

To give you a sense, a big four accounting firm put a value on this business at over £3.1 billion, which is almost U.S.$4 billion. So a very sizable company, very successful. And one that I hope we keep for a long, long time.

Operator: And our next question comes from the line of Devin Dodge from BMO Capital Markets. Your question, please.

Devin Dodge: Yes. Good morning. So we've been getting questions from investors on your ability to recycle capital in this type of market? I know you talked about it at the Investor Day, as well as in the prepared remarks earlier. But should we expect a bit of a low on monetizations until long-term interest rates stabilize? And then, maybe in the general sense, where are you seeing the most interest from potential buyers?

Sam Pollock: Hi, there. So obviously, it's hard to predict exactly what the market will look like. But what I would say, though, is that, we will bring to market those businesses that we think will be highly sought after, what I can say is that on the businesses that we've already launched processes at the moment, and it's obviously early days, the number of interested parties looking at it is substantial. So there is lots of investors out there looking for high-quality businesses, that's not stopped, and even over the last while has been relatively robust. And we still see large transactions being done.

I think, in this market environment, if I had to say where the sweet spot is, probably more mid-market transactions than large-scale transactions. There's a lot more players in that segment. I think given the uncertainty around growth, highly contracted businesses tend to have less divergence in views as far as valuations than, say, businesses with growth wedges. So again, that's something to keep in mind.

But then you also have the dynamic that, some regions are in a different spot than others. I mentioned South America and Brazil, they got ahead of the curve, as far as tackling inflation and increasing interest rates and rates there now are expected to drop pretty meaningfully over the next couple of months. And I'd say the market has improved

significantly, and the enthusiasm in that market is actually quite high, compared to some markets where people are a little more skittish.

So I think one of the big benefits and this is where we highlight in our letter, and we said in the past, is having a business that's very diversified across many regions. We can bring assets to sale in regions where people are more constructive, and there's lots of access to capital, and then in those regions where things are less constructive, we tend to be looking for opportunities there to buy.

Devin Dodge: Okay. No, I appreciate that. That's good color. Okay. I'll switch over to the deal announced this morning, within a general sense, but I think it's fair to say that your initial investment in a retail colocation data center business has been at least a bit of a challenge. Can you talk about the improvements that have been made at Evoque over the last couple of years and how the addition of the Cyxtera assets will further those efforts?

Sam Pollock: Okay. So maybe I'll start and I will turn over to Ben here to talk about the things that we've done. And yes, I think it's fair comment that the first couple years have been challenging as we work through our tenant base there. But it has been a business that over the last I'd say year and a bit, we've seen a real turnaround in its leasing profile, and leasing success. So maybe Ben will touch on that.

But as far as this Cyxtera, the real opportunity here is, the ability to not only buy for value but also execute a multifaceted transaction where we can reunite some of the underlying land leases that are associated with the Cyxtera assets. Combine some of those, as well as the data centers in Cyxtera. And then take that set of assets, combine it with our business, which is largely data centers with real estate that's owned, and take advantage of significant synergies from a sales and cost perspective where we can really reduce the overhead as a percentage of revenue quite dramatically, because of the combination of the two businesses.

And then, efficiently finance the businesses, because now you have much more scale, as well as mostly owned real estate. So it really is a very, very different business than what the two were separately. And so we're very excited by that, and obviously, I think the real win is going to be the fact that we're buying at a time when the tailwinds are really just starting for the edge type centers that we have. Ben, did you want to add a little bit more on what we've done with Evoque.

Ben Vaughan: Yes. Maybe as we've talked about on a few calls in the past, what we've been up to at Evoque is, when we bought the business, it was in a moment when some enterprise clients, there was a significant migration towards the cloud. So what we did is, we worked to improve our data centers, and position them both to be attractive to hyperscalers, as they need to move to the edge, continue to be attractive to enterprise clients. And also, today we're seeing large demand from smaller companies engaged in AI businesses. And so, with the underroof upgrades that we undertook over the last many years, the business today has a tremendous call on its capacity utilization is going up

tremendously. We've had record sales quarters, like I said, enterprises coming back into retail colo, hyperscalers are looking for edge applications and AI clients have tremendous demand.

I think as Sam mentioned in his opening comments, as part of our underroof upgrades, we also identified an ability to bring on a fairly significant amount of additional capacity at a very low cost per megawatt. So going forward, we are executing that now that the centers will reach full utilization, and we're going to add capacity in the coming years to meet the demand that we see in the market. So it's been a real turnaround in the business.

Operator: And our next question comes from the line of Robert Hope from Scotiabank. Your question, please.

Robert Hope: Hi. Good morning. Just given the markets focus on funding liquidity across a variety of sectors, how do you think about your existing liquidity position? And could you accelerate asset sales to further bolster the balance sheet or look for other levers like marketable security sales?

David Krant: Hi, Robert, it's David here. Look, I think, first and foremost, we feel very good about our current liquidity position, as you'll see it is over $2 billion at the corporate level, and a lot of the existing liquidity in each of our businesses so that they can fund a lot of the organic growth that we talked about as you've seen throughout our materials.

I think from a liquidity perspective, the $2 billion of asset sales that we have earmarked for next year, is a very actionable plan as you heard from Sam. We also have many pockets in the business where we think we can find additional liquidity if we need to accelerate our new investment opportunity. But when you pro forma that with 4 billion of total liquidity, we think that's a significant amount to be operating at in this environment and going forward.

Robert Hope: Thanks for that. And then, maybe just going back to the commentary on pacing, like when we take a look at the environment, which could be full of opportunities, how is that balanced with a market where it could be more difficult to sell assets, or your unit price implies a higher cost of capital. How do you balance the potential for significant accretive acquisitions versus what we call your higher cost of capital as well as a little bit higher cost of capital?

Sam Pollock: Rob, I guess all I can say is that we just closely monitor our liquidity. So we know what we have to live with as far as our capacity, and once we have visibility on our capital recycling program that will gauge our aggressiveness in pursuing big opportunities. In the meantime, we'll continue to look at the tuck-in acquisitions or the opportunities like this Cyxtera opportunity, which didn't really require any capital. And we'll take advantage of those. There's lots of things we can do to create value in our businesses that doesn't require a lot of capital. And those larger ones, as we said, will match up with the cash that comes in from our asset sales.

Operator: And our next question comes from the line of Robert Catellier from CIBC Capital Markets. Your question, please.

Robert Catellier: Hi. Good morning, and thank you for your comments so far. I do want to get back to the capital allocation subject, it looks like you've become considerably more active under the NCIB following quarter end. I'm just wondering if there's something more substantial that you can do there over time.

And you've touched on this- comparing repurchases versus investments, but I'm wondering how you're looking at this capital allocation in terms of some of your other options, like perhaps deleveraging, just given that seems to be what the market is focused on in general.

Sam Pollock: Hi, Robert. So you had a couple of different elements to your question there. I think just to repeat from the buyback of shares, we will do that on a periodic basis with the existing programs that we have in place, and to the extent that once we've done some capital recycling, we may do something larger, as opposed to making investments in new transactions. So I think that's all we're telling people is, it's part of our investment decision framework today, given where we are trading.

In relation to de-levering, we feel very comfortable with our balance sheet today, which has been strong, and our maturities are as well laddered as they probably have ever been. We really don't have any maturities at the corporate level for many years, and at the asset level, it's not only extremely manageable, but very comfortable what we have. So there's nothing that we're looking to deliver in any particular case.

I think the other thing which we did flag in our letter, even as interest rates go up, the inflation compounding within our business exceeds the amount of any increase in interest rates. So, from that perspective we are always de-levering just because the businesses are growing. So I think I will leave it at that.

Robert Catellier: Okay, thanks for that. I just want to clarify something. In recent years, you've been talking about the value of your platform investments. And if I understand your comments correctly this morning, you said that in terms of monetizing assets, the sweet spot is more middle market -- mid market rather than large scale. And given that you're looking to pace your new investments for the recycling, can we expect more in the next year or so in terms of tuck-ins rather than large acquisitions in the current environment?

Sam Pollock: No. I wouldn't say that. And I hope I didn't give people the wrong impression. I think all we want to do is flag was what was in the letter, namely that we've made lots of investments. There's no pressure that we feel to deploy capital, we will be optimistic, and as our liquidity increases with capital recycling, we will be on the lookout for great opportunities, whether it's buying our shares or making a big investment, we'll continue to do that.

The tuck-ins are things that I would say is a constant thing we're always doing. Those generally don't require any capital, we can usually do them on our lines of credit in each of the businesses, those are just part of the regular business plans of creating value and will continue to do particularly in this market where we're seeing good opportunities.

Operator: And our next question comes from the line of Frederic Bastien from Raymond James. Your question, please.

Frederic Bastien: Hi. Good morning. Just wanted to close the loop on this latest Cyxtera investment, can you reconcile the total purchase price of $1.3 billion you highlighted in your prepared remarks and the $775 million that has been quoted in the press? And what is BIP's actual commitment to this $1.3 billion?

Sam Pollock: Yes. Sorry. The $1.3 billion includes all the purchases of the land leases, in addition to the 775 going to Cyxtera. So as I mentioned earlier, it's really a multifaceted transaction with many, many different parties. Think of it as a true recapitalization of that business before we combine it with ours. The funding is in place from a group of lenders to complete all the acquisitions, it's not requiring any capital from us, and closing is expected in the first quarter of 2024.

Frederic Bastien: Okay. Thanks for that color, Sam. Just a couple more questions quickly. In prior periods of market volatility, we've seen you make toehold investments in depress public stocks, obviously, you have been buying your own stock. But have you made such investments recently in other companies?

Sam Pollock: We can't really comment too much on specifics. But we do periodically make investments in companies that that trade down, and to monitor them. And it's safe to say that at any given point in time, we probably have one or two that we've done that with, but I'd rather not comment more than that.

Frederic Bastien: Okay, fair enough. Lastly, where do you see the best opportunities for organic and inorganic growth in the midstream segment right now?

Sam Pollock: Okay. Yes. I'd say most of what we're focused on in the midstream sector is on the organic side, maybe Ben, you want to touch upon a little bit of what we're doing in IPL and North River in relation to some of the customer-related projects.

Ben Vaughan: Mostly what we're focusing on in those businesses are, what I would consider, fairly smaller scale, but important projects for our clients to just help them with additional capacity needs, we're seeing utilization rates increase and reach pretty high levels across our midstream fleet. And so most of what we're engaged in is, I call them bite sized capital projects to allow our customers to bring either more barrels or gas through our facilities, and they're very smaller scale and relatively lower risk CapEx projects that are highly accretive for us. So that's our main area of focus.

Sam Pollock: I would say on a total dollar basis though, probably over the next couple of years, we've been investing $400 million of capital with relatively low EBITDA to the CapEx ratios. So they are very accretive. They represent a diversified number of clients, and we've been doing this both at IPL as well as at North River.

Operator: And our next question comes from the line of Patrick Kenny from NBF. Your question, please.

Patrick Kenny: Thank you. Good morning. Just coming back to the balance sheet, you reference (technical difficulty) non-recourse debt maturing over the next 12 months. Could you maybe (technical difficulty). Just wanted to confirm whether or not there may be any businesses (technical difficulty) might be in sub-liquidity support over the next 12 months?

David Krant: I didn't catch much of that, admittedly, Pat. It's David here. I think what I did catch and feel free to jump in. What I think you're asking about was upcoming refinancings that we referenced in our materials, and then the need for liquidity or support from the business or from Brookfield Infrastructure. And I think we highlighted the well laddered maturity profile in our materials. We have no concerns around the leverage in any of our businesses that we have, or the need for financial support for them. As we've alluded to in the past, these are structured predominantly to investment grade levels, very sustainable amounts of leverage at the underlying businesses. And the reason we do that is for the ability to operate through cycles. And we've seen that come to fruition this year.

So I'd say, from a maturity standpoint, we have about 5% in the next 12 months. When we think through the cost of that financing, depending on when that debt was raised, if it was in the last five years, it was probably, somewhere in the 150- 200 basis points, more expensive on base rates. Spreads for the sector have remained relatively constructive, because the market has been very open for high-quality infrastructure businesses like ours. So we're not fielding any concerns at the portfolio company or upcoming refinancings.

Patrick Kenny: Okay. No, that's great, David. Thanks. And then, you guys provided a quick recap of your Investor Day highlights. And I apologize if I missed it, but just wanted to confirm on the back of the Cyxtera transaction here that you continue to expect that 12%+ FFO per unit growth over the next one to three years.

David Krant: Yes. Nothing has changed in the environment from last month when we provided that.

Operator: Thank you. This does conclude the question-and-answer session of today's program. I'd like to hand the program back to Sam Pollock for any further remarks.

Sam Pollock: Okay. Thank you, Operator. And thank you to everyone for joining the call this morning. We'd like to wish everyone a very happy upcoming holiday season, and

we look forward to providing you our fourth quarter and year end results, early in the new year. All the best. Thank you.

Operator: Thank you ladies and gentlemen for your participation in today's conference. This does conclude the program. You may now disconnect. Good day.