

## Brookfield Affiliates 2025 Investor Day – BIP

September 25, 2025

### Corporate Speakers:

- Sam Pollock, Brookfield Infrastructure Partners, CEO
- Lief Williams, Brookfield Infrastructure Partners, Managing Director
- Scott Peak, Brookfield Infrastructure Partners, President
- David Krant, Brookfield Infrastructure Partners, CFO

### Participants:

- Cheryl Radbourne; TD Cowen; Analyst
- Robert Catellier; CIBC Capital Markets; Analyst
- Maurice Choy; RBC Capital Markets; Analyst

## PRESENTATION

**Sam Pollock:** Good afternoon. I guess the only bad news is unfortunately there's not going to be a break that I think we had planned at this moment, but it's been a pretty exciting day so far. We had Bruce Flatt, we had a fire drill, and then BBU wowed us just now. So, we're going to try and keep the momentum going and welcome you to Brookfield Infrastructure's portion of today's event. The theme for our presentation is growth, and more specifically our view on our current growth trajectory.

I'm going to begin by providing context on our historical growth and where we think we're headed. Essentially, what we're going to describe is our inflection point. My colleagues will then come up and provide more details on our playbook and how we're going to achieve that growth. To set the stage not dissimilar to what Anuj did, I want to start with what our mission is and a lot of you would've heard this in prior years, but essentially it's to own highly contracted and regulated businesses that generate long-term consistent growth with minimal variability. And if we do that well, we should be able to generate FFO growth of about 10% or more annually, and this will lead to growing distributions within our 5% to 9% target range.

Now, to meet our goals, we're going to execute a full cycle business strategy that has three primary pillars. The first is we deploy capital at or above a 12% to 15% hurdle rate. Second, we'll crystallize value through our capital recycling plan. And third, we'll maintain a strong financial position to ensure that we always have ample liquidity to take advantage of opportunities that may arise.

This approach has delivered a long-term track record of stable and growing cash flow with FFO per unit increasing at a compound annual rate of 14% since our inception. This in turn has allowed us to increase distributions for 16 straight years at a compound rate of 9%.

Now, while we're proud of our long-term record, we recognize that our share price will reflect either current and expected growth rates. So, it's a fair question to ask, how have we done lately?

So we thought we'd look at a more recent time period, if we just look at the past five years, we've still delivered strong financial performance across all our metrics. Absolute FFO has grown about 13% per annum, cash flow per unit has increased 10% annually, and we've reduced our payout ratio by 11% from 78% to 67%.

These are good results when you compare them to our Canadian midstream and utility peers that have generally grown their cash flow per unit over the same period by about 5%, but it's still lower than our long-term average of 14%. And there's probably two macro reasons that largely explain the difference. The first headwind our business faced was as a result of being an international company and was the tremendous strength of the U.S. dollar. From 2020 to the beginning of this year, we saw the U.S. dollar strengthen approximately 15% versus global currencies. In terms of our results, if you adjusted for the impact of FX, we would've delivered a 12% FFO per unit growth instead of the 10% annually.

The second headwind was higher borrowing costs from the rising global interest rates. As everyone knows, the world transitioned from a decade of low interest rates into a higher rate environment at a very rapid pace. The federal funds rate increased by 500 basis points from the trough to the peak, and similarly, the U.S. 10-year treasury rose by a magnitude of about 400 basis points. If you adjusted our results for the impact of higher interest rates, our FFO per unit would've increased by 2% to 3% with some offsetting benefit, obviously, from higher inflation in our revenues.

Now, longer term, we are better off having had the benefit of higher inflation, as that will continue to compound in our results over the long run, but in the short run, we were negatively impacted.

Okay, so you're asking why am I telling you all this? Well first, the macro environment has changed and our business is better than ever. Today, we are at an inflection point and we think we'll see substantially higher growth rates in our business than we've achieved in the last five years.

So, let's start with how the business has evolved. In the last five years, the embedded organic growth from our business, which is reflected in our capital backlog, has grown 4x.

This is important because our organic growth is the highest returning investments that we can make in the business. In a similar vein, the number of high growth platform businesses that we own has more than doubled. And lastly, our asset rotation program is also five times bigger, allowing us to self-fund our growth, which is our lowest cost source of capital to fund new investments. The strength of the business and the strategy execution has also been showcased during 2025. We've made significant investments in growth already exceeding our annual goal, deploying \$2.1 billion, \$700 million of that has been deployed into organic growth projects, and \$1.4 billion has been deployed into four new investments at returns we believe will exceed our target returns of 12% to 15%.

We have also been successful this year in recycling capital to self-fund our growth. We have already secured \$2.8 billion of sell proceeds, and that's an annual record for BIP. This includes eight transactions that involve either full or partial exits, and all together these asset sales have results where we've achieved a 20% IRR and a four times multiple capital. These are terrific results and a testament to our ability to crystallize value.

Now, in terms of the macro environment, several factors are trending in a positive direction, from our perspective. First, in most parts of the world, interest rates are stable or decreasing, a positive for our portfolio. One recent example of the benefit of lower rates is a five-year BIP bond that we did just this week where we issued at a coupon of 3.7%. Just two years ago, in 2023, we issued a similar bond that was over 200 basis points higher than that. These are rates that we saw back five to seven years ago when rates were much lower. Another favorable trend has been the softening of the U.S. dollar. For the first time in many years, FX rates may no longer be a headwind for us, and in fact, if this trend continues, it may become a tailwind. And then lastly, as we've been saying for a few years, we are in a massive investment cycle across all our segments. We've been calling this an infrastructure super cycle. Now you've probably heard lots of big numbers, but it's estimated that the world needs a \$100 trillion dollars in investment going up to 2040 in order to meet the new and updated infrastructure requirements across the world, and that probably is underestimated, given that AI estimates are only growing from year to year to year.

So, let's just bring this all together. BIP delivered strong FFO growth of 10% annually over the past five years in spite of interest rate and FX headwinds. We believe that with FX and interest rates normalizing, along with the strategic enhancements that we've made to the business, this will result in BIP returning to annual growth rates for the next five years approaching where we have those long-term rates of above 14%. Higher growth rates ultimately will enable us to increase dividends at the higher end of our 5% to 9% range, and we'll do that without increasing our payout ratio.

The content for the remainder of our presentation today will be on our execution playbook, and this is how we're going to deliver higher FFO growth. Now, first up is Lief Williams, a Managing Director in our AI infrastructure business, and he'll come up and preview AI infrastructure and explain why we believe this new investment category will be a massive opportunity for BIP. After Lief, Scott Peak, President of our infrastructure business, will come up and walk you through our deployment this year and how we expect to outperform our return targets. And then lastly, David Krant, our CFO, will discuss the evolution of our capital recycling program and how it creates value and growth for the company. And with that, I'll ask Lief to come up.

**Lief Williams:** Thank you, Sam. We thought we would start by recapping a little bit about what we said last year at this event, which was really two main themes. Firstly, the digitalization tailwinds continue to accelerate, and secondly, BIP is well positioned to participate both through our existing asset base and through new opportunities.

With the passing of a year and the benefit of hindsight, we will be the first to admit that we may have underestimated the sheer scale of the opportunity set.

The growth is exponential and is much, much larger than we imagined a year ago. To take a couple of data points, Hyperscaler capex in 2024 was already at an all-time high at \$270 billion. A year later, it's increased by 50% year over year up to \$400 billion. We're now at the point where this is impacting U.S. economic statistics with this making up about 1% to 2% of U.S. GDP. That's already higher, for the sake of context, than the fiber build-out of the early 2000's and it's starting to approach the build-out of the railroads during the late 1800's. Now, what's driving hyperscale capex is the AI race led by the largest technology companies in the world and this is supported

by advancements in semiconductor chips. So out of interest, to support AI workloads, current chips are using 10 times more power density than for non-AI workloads. And so we're up to about 120 kilowatts per-rack relative to non-AI workloads, which are more like 10 kilowatts per-rack. This is already two times higher than we were forecasting only a year ago. What's even more impressive is, if you look out five or 10 years, the leading chip designers are actually forecasting that we will increase another five to 10-fold from where we are today, and so this will be half a megawatt (MW) or one MW per-rack.

What's really important to emphasize about this is the fact that having more powerful compute infrastructure will enable more powerful agentic AI. For example, even the most powerful compute cluster in the world today is limited by memory bandwidth and by context length. And what we mean by that is that large language models will forget instructions that were previously provided or work that was previously done. And so having more powerful compute will enable us to push out the technology frontier and do things, rather than just a single topic query, it will be able to be a persistent partner that works for hours, days, or even longer periods of time.

And so with that backdrop, it will be no surprise that our data center platform has experienced a step-change in growth. We've sold effectively all of the inventory that we had available and so, in the last few quarters, we've secured additional development capacity. We will be able to deliver this product to our end customers for years to come. This landbank will provide long-term optionality. And what's really exciting about investing in the data center sector is that it hits all of the infrastructure attributes that we target. High barriers to entry, long-term contracted cash flows, investment grade counter parties, inflation protections, and ultimately attractive risk-adjusted returns.

But it hasn't just impacted our existing asset base. We see a whole host of new opportunities to invest capital to support the unprecedented scale required to build out AI. Over the next 10 years we see a \$7 trillion investment opportunity in the physical assets supporting AI. This will start with AI factories, which is a next generation of digital hubs powered by specialized networking and liquid cooling to host hundreds of thousands or millions of chips. In addition, behind-the-meter power generation will be required, given shortfalls on the grid. We will also need to invest in compute infrastructure to support the AI factories and additional portions of the AI value chain.

So to dive into AI factories for a moment, what do we mean by this? Well, firstly, this is a \$2 trillion opportunity set in and of itself. There are really two raw inputs that are required to feed AI: power and compute. These are also the two constraints that are slowing the deployment of AI around the world and delaying the technology frontier.

AI factories are really an extension of our existing investment perimeter. We currently invest about \$10 million per MW into building out cloud data centers. This would include the purchase of land, connecting it to the grid, investing in the building shell, and then investing in the mechanical and electrical systems that support the IT load inside the data center.

AI factories are all the same things, but even more. We would also need to invest an incremental \$30 million per MW of IT load, so up to a total of four times what we invest into a cloud data center. The largest part of this incremental investment is into the chips outright. Now, traditionally, chips have been funded by the data center customers, and so it's been on corporate balance sheets.

But even the largest and best-funded corporate balance sheets are unable to address the physical and immense capital needs going into this space. So again, to provide context, ChatGPT-4 was trained using 25,000 GPUs over a period of 100 days. A modern AI factory will host a million GPUs, and these are more powerful GPUs than the prior vintage of chips. And so the scale here is enormous and technology companies are looking for partners like Brookfield, who have experience owning and operating these assets and have access to capital to deploy into the space.

So, we wanted to spend a few minutes talking about some of the AI factories that we are developing. There are seven AI factories that we are pursuing in five countries. And one thing that's very exciting about the current AI market is that the universe of customers has expanded. Traditionally there were maybe a handful of hyperscale customers who could be the tenants for a data center. Today we see native AI companies, a wave of enterprise companies, and perhaps most interestingly, sovereign governments themselves are looking to be off-takers for this infrastructure.

Governments around the world are looking at AI, realizing that, firstly, for data sovereignty reasons as well as data security reasons and then, perhaps most interestingly, the transformative economic potential that AI offers, AI should be at the top of their agenda. And as a result, they would like to support the buildup of the infrastructure in their region.

The seven AI factories will in total comprise six GW of compute, 3 million GPUs, and \$200 billion of total capital deployment. Now, we realize that these are staggering numbers and so, to contextualize, \$200 billion would occur over time. We have selected these sites to be future proof, where they can be expanded to meet our customer needs over decades to come. In addition, it includes both debt and equity. And in each of these regions we are partnering with technology companies, and so ultimately the equity would be shared between ourselves and our partners. The other thing to note is, in terms of the GPU deployment and the leases that we have with our customers, this will follow exactly the same infrastructure model that we have with the broader data center. And so, these are take-or-pay contracts with investment-grade counterparties, and no technology risk.

To sum it all up, the AI infrastructure super cycle is here. This is a multi-generational investment opportunity. Just as the electric grid build-out took decades but was required to build out a modern world, AI infrastructure will also take many, many years, and this will be required to build out an intelligent world. Brookfield is a partner of choice for large technology companies and for governments around the world. We are excited to be investing in this space at returns that exceed our targets and expect BIP to deploy \$500 million annually to make this future a reality. And so, with that, we'll go next to Scott Peak, the President of our infrastructure business.

**Scott Peak:** Okay. Thanks, Lief. Well, hopefully you're concluding that it has been a very productive 2025 for Brookfield Infrastructure across all of our business. This year we made excellent investments. We've advanced asset management priorities and team activity levels remain very high. Therefore, we thought it's timely to share an update with you on our recent deployment activity and our deployment outlook for the business. Let's set the stage. Three key messages. The first is that the infrastructure super cycle continues to serve as a deployment tailwind for our business, enabling us to be very selective. The second is we have a proven track

record of executing marquee transactions opportunistically across cycles. And third, our active asset management approach generates a return premium incremental to our initial underwriting. And together, we continue to deliver investment returns above our stated targets.

Our results validate that we're focused on the right themes in the right regions at the right time in the market. Digitalization, deglobalization, decarbonization, our longstanding three Ds now, remain the most topical for our business. Each of these Ds continues to require an enormous amount of capital, creating a deployment tailwind, expanding our opportunity set, and enabling us to patiently select only the best investments in front of us and, together, translating to return on performance.

We follow the large-scale capital needs along the economic backbone of the regions where we invest. Ten years ago, our global investment activity was focused on ports, toll roads, gas and electricity transmission, and towers.

Then the opportunity set evolved, primarily due to three reasons. The first is technological evolution led to new businesses which did not previously exist. For example, fiber. The second is certain businesses improved their contracting models to attract large-scale capital, thus becoming more suitable investments for us. Think data centers. And third, with time, frankly, we became more comfortable with certain businesses that we did not previously prioritize, such as residential infrastructure.

And the evolution continues today. This year we've added AI factories, bulk fiber networks, refined products pipelines, rail car leasing, and industrial gas platforms, among others.

We have a differentiated ability to apply our learnings across industry sectors, often from and to businesses that otherwise appear unrelated. And by doing this, we unlock opportunities that others, frankly, just don't see. Let's touch on a few examples. You see here, and you'll remember our partnership with Intel. The first of its kind semiconductor partnership that we announced a few years ago. The market viewed it to be quite innovative, but the component parts of the transaction were simply adapted from our prior investments.

We took the contracting framework from our hyperscale data centers. We took the project finance framework for investments like our LNG tolling facilities, and we took the governance and risk allocation from various large scale corporate partnerships that we've done.

A similar cross-sector approach was applied for our Hotwire acquisition where we weaved together our experience from fiber and residential infrastructure and stabilized asset carve-outs, which you'll have seen us execute on over the past year in which our European data center platform, as well as our container leasing platform.

And cross-sector learnings were also applied this year to our rail car leasing partnership and our investment in Colonial.

Uncertainty often leads to market volatility, creating a buyer's market for those investors who resist the tendency to simply sit on the sidelines. These are the times when we at Brookfield, find that we are the most active and we move decisively with a focus on the highest quality businesses.

The large marquee businesses we acquire are rarely available, particularly on a value basis. They perform essential services typically on a regulated or contracted basis without material cross-border trade activities. The investments we make in uncertain market periods typically outperform. During the pandemic, we acquired several excellent businesses at deep value. During the macro rate shock environment, while most paused for consensus on the trajectory for rates, we quickly acquired great businesses with limited to no competition.

And earlier this year during the trade disputes, we acquired marquee businesses, which are already exceeding our expectations. And while our teams are busy during the uncertain times, there's no vacations at Brookfield, they're also busy in the interim periods characterized by elevated market sentiment when the sidelines clear. These are the periods where we opportunistically recycle capital from our mature businesses.

Our transactions this year covered our sectors and our typical deal structures. In July, we closed the 100% acquisition of Colonial, a value-based acquisition of a highly cash generative and strategic pipeline system, spanning 5,500 miles from Houston to New York. Earlier this month, we closed 100% acquisition of Hotwire, the leading platform of bulk fiber to the home infrastructure.

And we signed a rail car leasing partnership with GATX, a leading corporate strategic and a corporate carve out of an attractive Korean industrial gas platform. I'll now spotlight our investment in Colonial.

Colonial is the largest refined product system in the U.S., supplying almost half of the demand of the U.S. East Coast. With a multi-decade history, as the lowest option for customers with utilization over 90%. Colonial is a large, critical, and marquee midstream business that we acquired at 9x EBITDA with a high cash yield. So how are we able to do this? One, the transaction timeline overlapped with the trade war noise, limiting credible competition, particularly at this scale. Second is our pipeline and FERC experience enabled us to quickly complete due diligence and move quickly as a single buyer on an all cash offer during an uncertain market period, enabling us to successfully sign the transaction.

Four years ago, at this Investor Day, I shared a case study on our take private of Inter Pipeline, and I outlined our self-imposed midstream rules for our investments that we do in the space. I suspect some of you may have been in the audience then, and like Inter Pipeline, Colonial is a critical midstream business which checks all of our boxes. It's highly cash generative with a quick payback. It's FERC regulated with inflation linked tariffs, an investment grade capital structure, and we underwrote it conservatively with long-term declining utilization in a finite life. And importantly, Colonial came with significant untapped opportunity to apply our operationally intensive asset management approach and materially outperform.

Our business plan for Colonial is focused on bridging from our downside protected target return to our outperformance return by focusing on three main priorities.

The first is to align incentives and accountabilities where we eliminate bureaucracy and inefficient work streams. The second is to enhance margins where we look to find win-win arrangements with stakeholders. We look to drive operational excellence while we ensure that safety and reliability remain paramount. And third, to prepare the business for a future opportunistic exit with optionality for diverse products.

Now onto Hotwire. Hotwire is the leading U.S. provider of bulk fiber broadband infrastructure to home and condo owner associations, long-term take or pay contracts, a self-funding model, and an efficient in-place capital structure. We are the natural owners of Hotwire because we bring our experience in residential real estate, our home builder relationships, and our complementary residential infrastructure platforms. We have deep fiber and securitized asset financing expertise and an ability to incorporate the learnings from seemingly dissimilar businesses.

Hotwire had been in operation for 25 years as a single business. Given our prior stabilized asset experience, we quickly recognized Hotwire would be optimized as two businesses. Business number one, a development growth platform, including a proven development engine, 2,000 employees, and 200 home builder relationships. Business number two, a stabilized portfolio of contracted fiber assets, long-term contracts, high cash yield and high renewal visibility. We split Hotwire concurrently with signing the transaction and exited the majority of the stabilized business. We partnered with lower cost of capital, consistent with the low-risk nature of the stabilized business, and together this unlocked value not historically recognized and not shared with the sellers.

So, with that structural change behind us, what's next for Hotwire? Three-step outperformance plan. One, continue to sell down stabilized assets and recycle capital. Two, expand partnerships with large home builders and developers. And three, leverage the Brookfield ecosystem so that we can enhance Hotwire's customer service offering. And if we do this, Hotwire is well-placed to serve as another innovative and outperforming platform for us.

So, in conclusion, our business is ideally positioned. We have a robust and attractive opportunity set in front of us, and we have a differentiated ability to both originate and add value. And taken together, we expect to continue to achieve returns above our stated targets. Thank you. We remain excited for what's next for Brookfield Infrastructure, and I'll now hand the stage over to our CFO, David Krant.

**David Krant:** Thank you, Scott, and good afternoon, everyone. Now, last year we identified a \$5 to \$6 billion target for our capital recycling program. Just nine months in, we have delivered \$3 billion of capital recycling proceeds, and we've done that while crystallizing excellent returns. So today I'm going to focus on how we measure success of that program and how this year's sales alone could unlock up to \$6 billion of value for our shareholders in the years to come. Much of it behind the scenes and outside of our key performance metrics.

Our capital recycling program has scaled with the growth of our business. It is now a key differentiator that will fuel the next phase of our growth that you've heard today.



Let's take a look at what we've achieved so far this year. We've sold \$2.8 billion worth of businesses. We've done this across eight exits, they spanned six different countries, one from at least each of our segments, and truly demonstrate the broad-based global demand for high-quality infrastructure businesses like ours. Now, in addition, we've done it in a variety of ways.

Looking at our toolkit, which won't surprise anyone, we have leveraged a variety of techniques to maximize value for our shareholders. As you heard, we've used stabilized asset pools for the first time this year, identifying it in our European data centers and within Triton. That's a great way of pulling out a lower risk, lower growth stream of cash flows from a broader platform to find the right buyer. It generally results in a broader investor universe and a better outcome for us as sellers.

Now, I'm going to focus the next little while on the three key ways in which recycling capital in our business creates value for us. First, it reduces the reliance on public markets to fund our future growth. Second, it creates a significant amount of value that we build and compound during our investment period. And finally, it is an accretive source of perpetual capital that we can use to redeploy and grow faster.

We'll go through each of these in succession, starting with our funding sources. We've broken up the last 15 years into three distinct five-year intervals. As you've seen our investment pace ramp up, so has our capital recycling. In fact, in the last five years, we have funded over 85% of our new investments with asset recycling. In fact, if I shorten that period to just the last three to four years, 100% of all of our new investments were funded with capital recycling proceeds. That's right, every single dollar we deployed into new investments was funded internally.

Now, the second pillar of the value creation we have here is that it crystallizes the value that we have compounded over our investment period. Now investing at 12 to 15% targets like we do is good, but what's better is if we're able to compound those returns over longer periods of time, or we're able to unlock more value and earn a higher return.

That's when it becomes exceptional. I think that's what I'd characterize this year as. Across the \$2.8 billion of proceeds, you can see our average IRR was 20%. Now considering our hold period for this portfolio averaged about eight to nine years, that translated into a multiple on our capital of four times. These are great returns by any standard, but what's more impressive to me is the fact that these were earned on either regulated utilities or highly contracted businesses.

How do these returns get captured in our reported results? Well, the truth is they don't, and that's what I'm going to elaborate on in a little bit now. In terms of how this profit we earn on these investments gets captured in net income or in FFO.

Starting with net income, as we've said in years past, this measure is not great for how we track our business on an annual performance because most of the FFO or cash flow we generate and distribute is offset by amortization or depreciation.

What that means is that over time, our book value or carrying value of our investments tends to deplete or reduce over time, resulting in a large gain on exit. As you can see here across these four assets, when we dispose of them, we'll recognize a total gain of about a billion dollars net to BIP. Now, you might be wondering, "I thought you revalued your assets under IFRS?" Well, it's true. We do follow that standard. However, there are limitations to what IFRS allows you to revalue.

To put it into non-accounting terms for most of those people in the room, our standards allow us to value the assets in place, the physical pipes, the processing units, the data centers, etc., but it doesn't allow you to value the business. As many know, there's a lot more that goes into running a business than just physical assets. In fact, it doesn't allow us to revalue the growth ahead of it, the intangible customer relationships we've built over time or the platform values we've built during our 10 years of ownership in many cases.

As a result, when you go to exit these businesses, you tend to sell them at premiums. This year, that's no different. We recognized a two times uplift over our book value on exit. What's even more interesting is our key performance metric, funds from operations or FFO, also doesn't capture this benefit either. To highlight this, what we've done is we've taken our realized multiple of capital, which is simply just the cash on cash return we earned over the investment period, divided by our day one investment, and we use that multiple to imply the realized profit that we earned on that investment.

It's simple. For each of them we've highlighted that in the middle there. We then compared that to the cumulative FFO that we recognized on those same investments over our investment period. What it tells us is that no matter which investment we look at, there were hundreds of millions of dollars of profit that we earned as the investor that never went recorded through our FFO. Meaning had we been able to capture the benefit we created over time, our reported results would've been much higher and grown much quicker than they had. Now, recognizing these limitations is the very reason we focus on IRRs and multiples of capital when we're explaining how we did as investors.

Now, the third and final value creator, and probably the most important here today, that I want to highlight is how we can create significant value when we take the proceeds from our asset sales and redeploy them into higher returning investments. This boils down to sources of capital. In terms of cost of capital, we've outlined where we think our target cost of capital is for asset sales. Obviously, it's going to be a little more expensive than issuing corporate debt or preferred shares, but we believe it's highly accretive when compared to the cost of issuing new equity to fund our growth.

This year's program certainly outlines that merit. In terms of some of the key headline metrics we delivered, our sales this year triangulated to an FFO yield of seven percent. Candidly, that's a helpful number in the short term, but tells us nothing of importance over the longer term. Instead, looking at our implied EV to EBITDA multiple on these sales and the buyer's cost of capital can be much more valuable. The 10% to 11% buyer's cost of capital we achieved is an estimate. The buyers of our businesses are going to make assumptions on their own of how they expect these businesses to perform in the years ahead. However, we can imply them by looking at our business plans for these businesses and using the price they paid. This year, we averaged about 10% to 11% for that cost of equity.

I'm going to touch on what that means in a second, but first we thought we would just highlight the disconnect that we're seeing again between the public and private valuations of our businesses. Interestingly, when you compare that 15 times EV to EBITDA multiple that we were able to achieve on our program, which again, not to repeat myself, was across four segments and six countries, so a pretty broad group of our assets, that 15 times EV to EBITDA multiple is three to four turns higher than where BIP overall trades at, meaning there's quite a premium in the private markets for the types of assets that we own.

Pivoting back to that 10% to 11% cost of capital, what does that tell us? Well, it's a really important metric in how we decide or determine how much value we think we can create in the years ahead. To determine that value, there are three key inputs that you need. The first is that cost of capital, so for illustrative purposes, we're using 11% this year. Second is the size of our recycling program. As you've heard, we've delivered nearly \$3 billion this year. The third is our expectation of what we will earn in the years ahead when we redeploy it. As you've heard, we've had some of the best investments we've made in the last 24 months that we believe will exceed our target returns. For illustration purposes, we've used a range of 15% to 17%. When you look at the value you create by reinvesting that \$3 billion at 17% relative to the 11%, it costs us on our balance sheet, we think we can create up to \$6 billion of incremental value by doing this program.

Importantly, that's just this year's sales alone. That is the benefit of this asset recycling programs that we're constantly selling de-risked, mature businesses and reinvesting them into higher growth, higher returning opportunities.

Now, to sum up our capital recycling initiatives this year, there are three things I want to leave you with. The first is that we will meet our \$3 billion target for this year. In fact, we're already there. Second, we believe we'll sell a further \$3 billion of assets in the next 12 to 18 months and then going forward a \$2 to \$3 billion annual run rate for our program. Finally, we expect to create significant value when we redeploy those proceeds into higher returning opportunities. With that, I'll now invite Sam back up for closing remarks and questions & answers. Thank you.

**Sam Pollock:** Well, thank you for listening to our presentation, and I'd like to leave you with a few thoughts before we start Q&A. We coined a phrase that BIP was a "grow-tility" a couple of years ago, and we believe that's not only the case, but that we're an even better one today. As we think about the next five years, what we've talked about is the fact that we're in a moment in time when we have all the macroeconomic trends going in our favor, including the huge investment opportunity related to AI infrastructure. In addition to that, we've had the benefit of all the enhancements that we are putting into the business that we've been able to execute, which is investing at higher returns and also recycling capital at a higher rate, which we think will compound value and increase growth over those next five years. If we do that, that's going to lead to higher FFO growth, which ultimately leads to higher dividend increases.

So, with that, I'd be happy to take any questions that people may have.

## QUESTIONS AND ANSWERS

**Cherilyn Radbourne (TD Cowen):** Thank you. Hi, Cherilyn Radbourne from TD Cowen. I wanted to ask a couple of things that are intertwined on the AI side. Can you talk about how the average contract duration on those assets compare to what is embedded in the business today? And then some might say you're dealing with seven very large counterparties that almost no one thinks won't be here in 10 years, but I'm sure that there's still a counterparty risk assessment that's done. Can you speak about those two things?

**Sam Pollock:** Sure. I could probably get into that for an hour, but maybe just to summarize your first question, when we think of an AI factory, we think of two components. The physical structure, which is your typical data center, and then the components inside, which is the new part for us, let's call it the compute elements.

We think of two different leases that are going to be signed. One lease that will be signed will be a typical 15-to-20-year lease on the data center. And usually, data centers have a 40-year life, but 15 to 20 years will not only pay back all the debt but usually provide a single digit type of return for an equity investor, and then the higher returns will come if you can recontract it. And so, we'll only do that if we get those 15-to-20-year leases and with a creditworthy counterparty.

In terms of the compute element, like the chips, they typically get refreshed within a 5-to-7-year timeframe. Any investment we make related to that is going to be backed by a lease or a contract, that amortizes the full value that we've invested and provide a return over that 5-to-7-year period. And then, we'll have to invest more capital, and we'll only do that if we get another contract.

Your second question was about our view of the counterparties. What I'd say there is we continually refresh our view of the various companies. So, while today, they're all massive and we do take a lot of comfort in that, we do assess how much leverage they have within their business. I'd say of those large seven, there are some that are better than others. I'd say the rating agencies have already picked up some of the differences where businesses have less diversity or less monopolistic values, and those that have signed or taken on financial commitments that are a large relative to the size of their business.

So, we will look at all those things. We'll make sure we won't just rely on rating agencies, we will do our own work and make sure that whatever business we're backing has that capability to sustain itself. Sorry, that was a bit long, I know...

**Robert Catellier (CIBC Capital Markets):** Hi, Rob Cattellier from CIBC. Sam, I have a question. Two of them, one, you certainly are probably prepared for given the transaction with BBU LP and BBUC today converting into a single corporation. I wondered if you could just, at a high level, address the applicability of that type of structure to BIP and maybe focus on the key commonalities and more importantly the key differences in how that could potentially apply to BIP.

**Sam Pollock:** Sure. I never expected this question! So first off, I think BBU has its own particular circumstances that provided the opportunity to do the combination that they contemplated. And BIP has its own unique characteristics from both a tax and regulatory perspective that make the

analysis different. And so, your question is what are some of those things? I would say there's probably three things that come off the top of my mind.

First, where are the assets located, because that will definitely have an impact on that analysis. The nature of the tax profile of the business and the amount of distributions coming out of the business will also change that analysis. That's one of the biggest differentiators between ourselves and BBU, second, we have high cash flowing businesses and so that changes the analysis quite a bit. The third thing is just how much of the business we own, depending on if we own more than 25%, or less than 25%, that could impact things.

And so, it's a mix of all those things that we have to take into account to determine whether or not it makes sense. And just to be honest, it's something we've evaluated in the past and we continue to evaluate. If we ever feel that the benefits of combining into one security outweigh the benefits that we have today by having the dual structure, then obviously we'll consider it.

**Robert Catellier (CIBC Capital Markets):** Thanks so much for that answer. My second question had to do with something you touched on earlier when addressing the macro factors, particularly the currency. The one thing that's unique to BIP is its exposure to Brazil and Brazilian Real is very expensive to try and hedge. But as I look forward here, it does seem like maybe that exposure will naturally diminish over time as you make more investments outside of Brazil and maybe undertake a couple monetizations in Brazil. So, as you look forward two or three years, what do you think ultimately you might end up in terms of your exposure to the Brazilian Real?

**Sam Pollock:** Well, look, our decisions are always dependent on where we think we can get the best risk-adjusted returns. And so, we ended up with a fairly large position in Brazil because back in 2016, we saw a great opportunity to buy NTS, the natural gas transmission business, and to get into our electricity transmission business called Quantum. Those two investments have been home runs. In local currency, they generate 30% IRRs, and in USD, they're still 25%+, amazing businesses. It's hard to predict if those situations might occur again. But given the scale of our business, the fact that we are seeing great opportunities to achieve returns at higher than what we've normally seen in North America, we're investing in the U.S. and Canada at 15 %+ returns. That's obviously tilting us more into this geography. And so, I wouldn't be surprised if, at some point in the not-too-distant future, we were less than 10% in Brazil.

**Maurice Choy (RBC):** Hi, it's Maurice Choy from RBC Capital Markets. Obviously, there's a lot of discussion today about the opportunities in Data, and I assume that the options and energy is also equally as strong as well. Can you speak directionally to over the next five-ish years, where do you think Data is as a proportion of your whole portfolio? Or put differently, what is the outlook for the other two core pillars, which is utilities and transport?

**Sam Pollock:** Yeah, look, I think the world has evolved its view on conventional energy, in particular oil and gas. A number of years ago, it was somewhat out of favor and that created lots of great opportunities for us, which we took advantage of. And we had a little window this year that Scott took us through where we bought an unbelievable business because of the trade war dynamics.

Our view is that natural gas in particular is going to be a transition fuel for a very, very long period of time and a critical element of the power supply network around the world. And so, we don't see

a reduction in that. We think there's going to be expansion in the amount of infrastructure going into developing LNG in particular. And so, I think the opportunity set is increasing in the near term, and I think AI is just going to drive that. As power needs become huge in all parts of the U.S. and parts of the world, those investments will need to be made.

So, I don't have, again, a number for you or anything like that, but I would say that directionally, the investment posture is on the positive side.

I think that's it for questions, so thank you very much. We saved the best for last, which is Connor.