

Brookfield Affiliates 2024 Investor Day – BIP

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Corporate Speakers:

- David Krant; Brookfield Infrastructure Partners L.P.; CFO & Managing Partner
- Alexandra Cohl; Brookfield Infrastructure Partners L.P.; Managing Director
- Scott Peak; Brookfield Infrastructure Partners L.P.; Co-President
- Samuel Pollock; Brookfield Infrastructure Partners L.P.; CEO & Managing Partner

Participants:

- Cherylyn Radbourne; TD Securities Equity Research; Analyst
- Stephanie Ma; Morgan Stanley; Analyst
- Walter Schroeder; Colonial House Capital; Chairman

PRESENTATION

David Krant: Good afternoon, everyone. I'll start off with a little bit of good news, we're in the homestretch here so we appreciate your attention so far and I think the saying goes "saving the best for last", so I'm flattered that we were asked to present third in this agenda.

Now, throughout the presentation today, as you can see on our agenda, you're going to hear about three key themes that I want to flag for you as we go through our presentation. The first is that we have created significant amounts of value for our shareholders in the last year and we're going to highlight the areas in which we have done that. The second is how prevalent the theme of digitalization has been, not only in increasing the value of our existing businesses but providing very exciting growth opportunities in the years ahead. And third, that we're extremely excited about the outlook for our business. In fact, it's probably the most excited I've seen the leadership team here in the decade that I've been with the group.

I'll start our presentation off as we always do with a year in review. I'm happy to report that we have started off 2024 in an excellent fashion and we're on track to achieve all of our strategic priorities that we set out for us this time last year. Now, before jumping into those priorities, I think we can distill a successful year for Brookfield Infrastructure into three critical elements.

The first is how we operate the 46 businesses that we own and how we operate them well in a given year. The second is our ability to recycle capital at accretive valuations and third is the ability to redeploy that capital into growth initiatives. Let's go through each of these in succession starting with our results.

Now, in spite of a higher rate environment, we have again proven that owning high-quality infrastructure assets is a strategy for all market environments. Our ability to compound revenues further again this year as a result of inflation indexation across our business, combined with increasing volumes across the vast majority of our networks and the \$1 billion of capex that we've commissioned into rate base or earnings in the last 12 months, have driven strong organic growth. This, combined with several years of above-average deployment in the last two years, has positioned us to grow top-line FFO by 11% and per unit constant currency FFO by 10% for this

year. This strong financial performance allowed us to increase the distribution by 6% and marks the 15th consecutive year that we've increased our distribution within or above our target range.

As a reminder, our target range over the long term is to provide distribution increases of 5% to 9% annually but doing that while maintaining a conservative payout ratio and a strong balance sheet.

The capital markets allowed us to even enhance the balance sheet we have going into the year and we've been extremely active on refinancings and opportunistic restructurings of our capital structure. In fact, as you can see, we've sourced over \$8 billion of refinancing activities on a net to BIP basis alone in 2024. We've done that to source capital for new acquisitions or follow on investments, we've done it to extend maturities, we've done it to right size capital structures, and we've also done it to reprice transactions to lower our cost of capital.

Doing these transactions reinforces the strength of our balance sheet, where today I'm happy to report that, again, we are underpinned by two BBB+ credit ratings, 80% of our debt is long duration fixed rate and, most importantly, we have seven years to maturity at the asset level and 15 years to maturity on average at the corporate level. Never before has this long duration fixed rate philosophy that we instill been more important than it has been in the last two years, as we've been able to withstand a rising rate environment while opportunistically taking advantage of the lowest credit spreads we've seen in several years.

Now, shifting focus to our second priority, our ability to recycle capital. Last year, we set out a target for ourselves to source \$2 billion of capital recycling proceeds in 2024. To date, we have secured 90% of that target. We've done it through a variety of techniques. We've partially monetized businesses, we've carved out assets from larger portfolios and, as I said, we've right sized capital structures. Now, in the third quarter alone, we secured \$1.2 billion of total proceeds or \$400 million on a net to BIP basis of capital recycling proceeds across two transactions. The first is the monetization of our natural gas transmission pipelines in Mexico. Last month, we signed the definitive agreement to sell the first of those two pipelines and crystallized an IRR on this project of 22% for us. We've now shifted our focus to signing the second pipeline which we expect in the coming month and both of these transactions are expected to close in the fourth quarter of this year generating approximately \$150 million of proceeds net to BIP.

The second transaction we completed was just two weeks ago with the recapitalization of our North American gas storage platform, Rockpoint. Through the transaction, we raised \$1.2 billion in the capital markets to push out our maturity seven years and refinance the business after the re-rating of this company in the last 12 months. This recapitalization allowed us to distribute out \$800 million or \$300 million on a net to BIP basis which, interestingly enough, represents the total invested capital that it took to buy these businesses over the last decade and brings our realized multiple of our capital to 2.5 times. And the best part is we still own the leading independent natural gas storage platform in North America that will generate roughly \$330 million of EBITDA in the next 12 months.

Now, one of the unique features of Brookfield Infrastructure Partners is the various avenues we have at our ability to grow. I can summarize them into three. Through our existing operating platforms, we can complete tuck-in or follow-on investments. We can use one of the 46 different

businesses to secure follow-on capital projects within them or, we can complete large scale M&A. Last year, we were extremely successful on the large-scale M&A so, this year, we thought we'd focus on where we've been the most active and that's around follow-ons and tuck-ins and the embedded organic growth in our business.

Starting with our tuck-ins. We've completed seven transactions to start the year totaling an enterprise value of over \$7 billion. I'll highlight two of them for you today. The first is the acquisition of 40 data centers out of bankruptcy from Cyxtera. This multifaceted transaction combined the underlying real estate with 10 existing sites that we already owned to form a leading U.S. co-location retail data center platform. We have 300 megawatts of operating capability across high demand areas in North America. This transaction now has an enterprise value of over \$4 billion and did not require any new equity from BIP to complete the transaction. The second exciting deal that we've completed which closed just two weeks ago was the acquisition of 76,000 towers in India through a follow-on investment. In January, we secured a \$2 billion transaction to acquire these towers which will be completed as a follow-on to our existing platform Summit Digital.

Now, proforma to this transaction, we are one of the leading tower operators globally and we have now over 250,000 of them in the country. We were excited by this deal as it brought a few things to us. First, it deepened our customer relationships and provided new ones. Secondly, it allowed us to acquire a perpetual asset base in the country. And most importantly, because of our decisiveness and ability to move quickly, we were able to acquire at deep value at just below six times EBITDA. Now, the circumstances that led to each of these transactions were truly unique but the one common thread that they do have is that all of them are expected to generate outsized returns for us. This is because we already have an operating platform in place and know these assets extremely well. In fact, we expect to generate above 20% returns on these follow-ons and, most importantly, we expect them to contribute \$150 million on an annual basis to our FFO.

The second element of our growth that I highlighted was our organic growth. Today, we have a record level of backlog within our system and these are projects that we expect to complete just in the next three years alone. Now, we have, as I said, \$8 billion of projects that are secured and under construction. This is diversified across our four segments but, as you can see, heavily weighted to data given the sheer volume of growth that we expect and our customers are demanding from our assets. Now, why we like these businesses and these follow-on projects is because they provide some of the best risk-adjusted returns that we can find. Why are they the best risk-adjusted returns? Well, on a risk basis, we have a team, we have a business and we know it well. And on a return basis, we can lock in our cash flows at the timing of the project because we sign a revenue framework agreement, a construction contract and any interest rate hedges needed at the same time, giving us highly visible future cash flow growth.

Now, as you can see, we're extremely excited at the start of the year for our business. And now, for the next 20 minutes or so, we're going to showcase and dive a bit further into the areas in which we've unlocked value for you as shareholders in the last nine months.

Shortly, Scott Peak will come up and talk a little bit about how digitalization has not only impacted the value of our existing platforms, but also the investment opportunity ahead of us and what lies ahead for Brookfield Infrastructure Partners. And now, I'll invite Alexandra Cohl, a Managing Director and head of acquisition financing for the infrastructure group up who will share a little bit

about how we've created value through our capital markets philosophy and how we've evolved our philosophy with the market to consistently lower our cost of capital for our shareholders. Thank you very much and, Alex, please come up.

Alexandra Cohl: Thanks, David, and good afternoon. I'm excited to speak to you today about our differentiated access to debt capital and the best-in-class structuring and execution capabilities we bring to financing our business.

Now, our access to debt capital is unparalleled. We have immense scale and breadth, and this alone sets us apart, but we also place an enormous value on relationships. We have long-standing relationships with countless banking partners as well as the largest and most sophisticated institutional investors. And then, these relationships have been strengthened over several decades of being a trusted and consistent borrower. Our unmatched access to capital is complemented by an ever-expanding universe of financing options and this creates an opportunity for us to flex our muscles in new markets and deliver value for our shareholders.

Just to put this in context, the universe of non-bank financing options has grown about threefold since our inception in 2008. And at the same time, we've consistently demonstrated that we can deliver market-leading results in terms of pricing and terms across each of these markets and this is an important competitive advantage.

And as the financing options have evolved, so have we. Our capital structure today reflects the diversification of our underlying business. We tailor each financing to the specific investment and then we select the financing market that best balances cost, execution and flexibility while also meeting our risk management objectives. And I'll now touch on most of these markets and I'll start with our largest.

The corporate bond market is our largest source of capital and we're very active in this market. This year alone, we've issued over \$5 billion to capitalize on the low spread environment with spreads remaining near post-crisis tight for much of the year and this includes a recent issuance at our U.S. semiconductor foundry investment. In Q2, we raised almost \$4 billion with an average tenure of about 10 years and it spreads well inside of underwriting. The issuance saw peak demand at a remarkable \$25 billion and was allocated to about 200 investors. So, in just 18 months, we built a large and liquid bond program for this investment.

And we'll turn now to the bank market where we have existing lending relationships with about 150 global banks. And now, bank lending continues to provide, not only an important conduit to various capital markets, but it's also a permanent capital structure. And now, on the latter, these are not short-term bridge facilities but instead large-scale and broadly syndicated facilities with tenures of up to seven years. And our proven track record allows us to negotiate bespoke structures but also achieve differentiated economic outcomes at the same time.

Now, the leveraged loan market is roughly a \$1.5 trillion market and we see annual issuance of up to \$600 billion. But despite this depth, it's only about 6% of our total debt profile and we have about \$7.7 billion outstanding. And what do we like about this market? It provides covenant light and highly flexible structures that could be achieved at very attractive pricing for high quality

issuers. And we certainly take advantage of this, but we do so in the deepest and most liquid parts of the market to achieve the appropriate balance between accretion as well as ongoing access to capital.

At our North American rail operation, we raised \$2.7 billion this year, a spread of 200 basis points for seven years. Now, this is the credit spread more often seen in the investment grade market and among the tightest to be achieved in the TLB space. So, a real testament to our ability to deliver market leading results. And lastly, an interesting and also very borrower friendly feature of the TLB market is the ability to reprice existing loans.

Now, the feasibility of this depends on market conditions but 2024 provided a unique opportunity for us to either refinance or reprice every single TLB we have outstanding. Across four loans, we generated \$30 million in annual interest savings by reducing credit spread by 50 to 75 basis points and this is for the remaining six to seven years on these loans. So, these are great results and, again, they're better than the market.

The last market I'll speak about is the securitization market and this has grown for infrastructure assets and our use of the market reflects this. We first used a securitization structure back in 2019 at Enercare with a AAA rated structure to recapitalize the business. And now, if you fast forward to today, we have multiple ABS financings outstanding, and this represents about 8% of our total debt. These are strong investment grade financings that are generally supported by a highly contracted and diversified profile, they have strong counterparties and typically have an essential or valuable asset. And now just to highlight the market growth, given the proliferation of demand for data center capacity and the vast capital required to deliver this, it's no surprise that financing options are expanding and the ABS market is now a key capital source for many large data center operators.

This can be illustrated by our ABS issuances at Compass, our North American hyperscale data center platform. We completed two issuances this year totaling \$1.1 billion, and these were primarily rated AAA. I should highlight that Compass is the only data center issuer with ABS notes rated higher than A+. So, this checks all of the boxes. It was very highly rated; it has an attractive cost of capital, and it offers a scalable program with increasing market depth.

Now, to sum up our approach, the discipline that we employ insulates us from adverse market conditions. And what does this mean for us?

It means we can avoid accessing the market for extended periods of time, enabling us to avoid periods of volatility. And on the other hand, it primes us to be opportunistic to add value through capital markets and it generates a unique profile. We don't have any material capital markets maturities before 2026, our weighted average debt maturity profile is eight years and 80% of our debt is either fixed rate or hedged to a fixed rate. And it also means we're insulated from interest rate volatility.

The table on this slide highlights that we don't have any meaningful maturities exposed to higher rates. And, in fact, if we were to restrike the cost of debt of these maturities at current rates, the impact is negligible, and rates are coming down.

Now, to conclude, I want to leave you with the following takeaways: First, our scale and track record provides differentiated access to capital, we're well positioned to manage through periods of volatility and we have a proven ability to employ a proactive and opportunistic model to deliver value through capital structure. Thank you and I'll now turn it over to Scott Peak, Co-President of Brookfield Infrastructure.

Scott Peak: Welcome, everyone. Well, I guess we're now halfway through the last session and it's late in the day so, if you're still here, I assume you share at least some of our passion for infrastructure so thank you for being here.

I'll spend the next 10 minutes sharing our perspectives on the evolving topic of digitalization, it is a theme we continue to be very excited about and we're excited because we are already observing the significant value creation potential that digitalization presents for our business and we're still just in the early innings.

I'll start with three key messages to frame our discussion. The first is that digitalization demand growth has broad implications across our business, we did not see it all coming. This means that many of the businesses that we own today have higher demand than we assumed when we acquired them, they're more valuable than we thought. The second is that there's trillions of dollars required for the future of digitalization. Some of this capital will be spent on established areas of data infrastructure we all know well, but others is going to be spent on new and emerging categories such as those for artificial intelligence. And third, the digitalization investment opportunity set is deeper than we thought. There's a vast market in a long runway and this means we can be selective and cherry-pick only the opportunities that have the best risk adjusted returns.

So, what's been fascinating for us to watch, and if you bear with me for a little bit of a metaphor here, is digitalization's favorable domino effect across our business. Let's start with the first domino, which is power. The left chart illustrates an increasing power trend which is the most advanced AI chips, have approximately five times the amount of power demand versus chips for non-AI workloads. And as more workloads shift to AI and as more data centers are built, thousands more, over the remainder of the decade, we're going to see that combination result in total U.S data center power demand tripling by 2030. Which then begs the question which is where is that power supply going to come from.

Well, renewables will continue to play a growing and growing role, we see also nuclear playing a large role as well, but natural gas-fired power plants are forecast to represent approximately 60% of that supply. And that natural gas, which will be heading to these new power plants, will create volume demand in our midstream assets. These are our pipelines, our processing facilities and our LNG assets. And the power that is created from those facilities, whether it's from gas or otherwise, will run across our transmission lines, through our utilities and to our data centers. And that data will then go across our fiber optic lines and across our towers to the end users. You see the domino effect now.

And these same five sectors represent more than 60% of BIP's FFO and each is a substantial business for us which has been built over many years. For example, we have tens of thousands of kilometers of pipelines and fiber optics, we have hundreds of thousands of towers, we have

millions of utility fiber and smart meter customers and we have six leading data center platforms on five continents. Many of our sectors rival even the largest strategics in these sectors.

So, I started with our assets that we own are more valuable than we thought and so let's go to two case studies. The first is perhaps a bit more intuitive as it's our retail colocation portfolio Dave alluded to called Centersquare, it's 50 data centers in tier one North American markets. And the second, perhaps, is a little less intuitive for you which is our natural gas storage platform called Rockpoint, it's the largest independent natural gas storage complex in North America.

Starting with Centersquare, it's a story where the right pieces have come together at the right time. In 2018, we carved out a business from AT&T called Evoque, it included a portfolio of high quality data centers with a solid book of contracts, however, the business was sub-scale and it had high G&A but both of those fit very well with our active asset management toolkit. And then, last year, we saw an opportunity to acquire Cyxtera at a very steep discount and Cyxtera had that classic story of good assets with a bad balance sheet, so we conditioned our acquisition on fixing the balance sheet and acquiring a majority of the underlying real estate. And in the process, we recognized significant synergies. We used the data demand tailwinds to secure an excellent book of contracts and we achieved all of this without investing any additional equity. In sum, we increased EBITDA fivefold to 400 million with strong contracts. And so, for our platform, we historically would've underwritten in line with the stated returns of mid-teen and two and a half times multiple of our money, we now expect well north of a 20% return in multiples higher of the return of our capital.

Shifting to the less counterintuitive of the case studies, Rockpoint. Between 2012 and 2016, we patiently built a gas storage platform on a value basis, this business is essential to balance regional gas supplies for utilities and for power producers. And over the last decade, we've restructured the balance sheet, we've opportunistically recycled capital and, like Centersquare, we used the data-driven power demand environment to secure an excellent portfolio of contracts. And so, now, we've tripled Rockpoint's annual EBITDA to over 300 million, we've already exceeded our underwriting expectations on this investment, we've already pulled out more than two and a half times our equity and we have a look through to an exit of, again, well over a 20% return in multiples of our invested capital.

So, let's now look forward together. And while there continues to be ample opportunities in the established infrastructure categories, whether it be fiber towers or data centers, new digitalization categories are emerging. If you listened to BIP's second quarter earnings call, you would've heard Sam identify "AI infrastructure" as the likely term for this asset class which facilitates high compute operations such as AI. Historically, infrastructure perimeter ended at the rack in a data center. Now, with AI infrastructure, it captures a broader AI ecosystem.

As we do with everything across Brookfield, we pay attention where there's a very large capital need. You can see lots of examples of that in the news, three examples here, the estimated capex largely related to AI hardware for only the five leading tech companies is going to exceed \$400 billion and that's just this year. So, imagine, once you start expanding the number of the sample set and the timeline, you get to the trillions very quickly. Or when a \$2 trillion market cap company like Amazon says that AI infrastructure will be a very, very large business for them, that says something. Or when Oracle this month came out and said they forecast the number of data centers they own, is going to increase by 10 times or more.

So, we're clearly excited about what's ahead but, since some of these topics we're discussing are new, it's a good time to pause and revisit our ground rules just so there's no misperceptions. I think, as Bruce said at the start, our investments, we always follow the backbone of the economy, we're following the digital backbone of the economy and so what that means is, periodically, new investments will be required and we will periodically evaluate them, but our disciplined investment approach and risk management remains consistent.

We have a very long list of prerequisites for any investment we make, not to mention any investment we make in infrastructure, so this page is not comprehensive. But any investment we make will be essential to society, essential to the backbone of the economy, it will have predictable cash flows with credit worthy counterparties, it will have limited to no technological risk and we will clear our minimum stated risk adjusted returns.

If we're now in an AI era, if you will, let's put that in a bit of historical context. Let's just remember it was new when we invested in fiber back in 2015, it was new when we invested in colocation data centers back in 2018 and it was certainly new when we established the first-of-a-kind semiconductor foundry partnership with Intel in 2022. Each asset class at the time appeared new and we consistently applied our investment criteria. AI infrastructure will be no different so what is the next new for us?

Well, we're going to follow the money. The capital need is estimated to be over 6 trillion over the next three to five years and over \$8 trillion longer term. And over the next three years, the focus is largely, for us it's going to be on contract manufacturing, compute-as-a-service and that's where a more bundled approach is taken for what was typically outside the data center and inside the data center as a single contract, and for the energy and cooling infrastructure which supports this. In longer term, when the frameworks are ready for infrastructure, it'll be autonomous transportation, robotics and beyond.

So, why is Brookfield positioned to enjoy significant market share and a long runway of new opportunities ahead? Well, this is simply just a natural extension of our business today and we genuinely are uniquely positioned.

We are a proven corporate partner of choice whether it be Brookfield Infrastructure or the Brookfield ecosystem more broadly, we have a leading platform of scale in each of the subsectors that is relevant for digitalization, we have significant capital, we can move quickly, we have established ourselves with a trusted reputation and a critical custodian of essential assets and not to mention the Brookfield economy is very powerful. Our renewable business is the single largest provider of green power to the large tech corporates, our real estate business leases to all the same players whether it be in our premier office buildings, our warehouses or our science parks. And not to mention we're one of the largest owner-operators of data centers around the world.

So, what does this all mean for BIP in conclusion? I think the first one is the majority of our assets benefit from the digitalization tailwinds, they should achieve risk-adjusted returns above our original underwriting, they're worth more than we thought they were worth, and the vast investment opportunity set ahead enables us to pursue only the best risk-adjusted return opportunities and thereby achieve returns on these opportunities that are above our stated

targets. Thank you for your attention, I hope you now share some of our excitement of digitalization and what's ahead for Brookfield Infrastructure, the tailwinds for our business have never been better. I'll now hand the stage over to our CEO Sam Pollock. Thank you.

Sam Pollock: Thank you, Scott, and hi everyone. The good news is I got lots of great things to tell you about BIP and you're only 10 minutes away from getting refreshments so sit back and relax.

For my part of the presentation, I'm going to provide an outlook on our business and I'm going to frame it in the following way. First, I'm going to reflect on BIP's long-term performance, I'm going to then describe how the business is positioned and why we're excited for the future and then I'm going to end on some thoughts of why we think this is a good entry point for investors coming into BIP.

So, our success has come from executing a strategy focused on compounding value over the long term. And so, to set the stage for where we're going, we thought it'd be useful to talk a bit about where we've come from. When we spun BIP out of BAM back in 2008, at that time, we had five businesses, and our market capitalization was around \$500 million. Since that time, we've grown distributions for 15 consecutive years, we've returned over \$10 billion to investors in the form of distributions and we've provided investors a 15% compounded annual return.

Now, to contextualize this, if you purchased a hundred BIP units at BIP's inception, that would've cost you around \$1,900 or \$19 per unit. And if you held onto those units today, you would own about 225 BIP units, that'd be worth approximately \$7,600 and that captures the two stock splits that we've had. You'd also have about 25 BIPC units which are worth over a thousand dollars and that captures the spin out of BIPC and you would've received distributions of nearly \$4,000. So, an aggregate that represents about 6.6 times your initial capital and, if you had reinvested your dividends back in the stock, it would be about nine times your money.

So, we're pretty proud of that track record but we think, looking ahead, things should be even better. And that's because our business is positioned extremely well, in fact, maybe better than it ever has been and there's probably three primary reasons for that.

So, the first has to do with industry trends which, in the infrastructure sector, remain very, very strong. Second, our base business is generating record results. And lastly, we see tremendous growth organically as well as through asset rotation. I know you've heard that a few times today.

As I just mentioned, industry trends are strong and there's probably several factors behind that. First, I think it's no exaggeration to say that the need for infrastructure investment has never been greater than it is today. The digitalization, deglobalization, decarbonization, the three D's that we talked about a few times, that's been a driving force behind massive infrastructure investment, what we call the super cycle, and then the market opportunity has only gotten larger given the capital inflows arising from AI which Scott just talked about.

The punch line is that we think the world needs about \$100 trillion in the next 15 years alone just to maintain, upgrade and build new infrastructure. In addition to that, as many of you're aware, inflation is a tailwind for our business. And while inflation is moderating, it's still higher than it has been and there's always the potential that it could stay high for a lot longer. And then, furthermore,

and Bruce touched on this a bit earlier, interest rates are falling, at the same time, the demand for infrastructure assets by institutional investors is growing and those two factors alone are going to drive higher valuations for high-quality assets like the types that we own in BIP.

Now turning to our base business. Year after year, not only has our business remain highly resilient, it's delivered excellent results and it's only gotten better. Now, in short, if you look at all our headline metrics, they've all been trending in the positive way. So, since 2018, we've been able to increase our FFO per share at a CAGR of about 9%, we've reduced our payout ratio by 8% while, at the same time, growing dividends and we've maintained a highly contracted regulated business and increased the amount of our revenues that are linked to inflation, all great for our business.

And we've done all that, achieved great performance, while reducing risk through asset diversification. In 2018, we had 30 businesses and about five of them generated about 10% each of our FFO. Today, we have exposure to about 50% more businesses at around 45 and those are all diversified across eight different subsegments and only about two of those businesses generate FFO of 10% of our total FFO.

Okay, now here's where I think things get exciting and Dave talked a bit about this and I'm going to expand a bit more on it but this is about growth and embedded within our existing business is a record backlog of organic growth projects. As we touched on earlier, in the second quarter, we reported a record backlog of nearly \$8 billion worth of projects to be built in over just the next three years. However, what gets lost in that calculation or that reported backlog figure is the fact that we have tons of projects that are still being baked in the oven, I guess what we would term our shadow backlog. And so, our shadow backlog basically means those projects that fall just outside of that three-year timeframe or those that we are highly confident will eventually get to reaching our backlog but today just haven't reached a financial investment decision. And so, today, that shadow backlog represents about \$4 billion or maybe even a bit more than \$4 billion and is growing every single year. And the reason that number has grown so much over the last couple of years is because of all those platform businesses we've been telling you about that we bought over the last number of years.

There's one other area that we wanted to talk about in particular and this is in our backlog and shadow backlog and this relates to our data center developers. So, from a cash flow and financial reporting perspective, we are going to start seeing meaningful contributions coming from our world-class data center developers, particularly our North American and European businesses, Compass and Data4. Now, you may recall that we've invested about a billion dollars into these businesses but up to now these businesses have only been yielding around 2% of FFO into our results and that's largely due to the fact that these businesses are largely just under development. However, the return potential is enormous over the next five years as we deliver those projects.

Our plan of those next five years is to sell down around 1.7 gigawatts of stabilized sites in order to crystallize the approximately 400 basis points of developer premium embedded in those sites. At current valuations, that represents over \$700 million in gains at BIP's share. And if you translate that onto how that would look on an annual basis, that represents about \$125 million of additional FFO, about 5% of what we produce today if we sold it on an even basis. It might be a little lumpy

but that's what that developer engine is going to start to produce over the next couple years and it should do that for many years to come.

And then the last area of significant growth in front of us will come from asset rotation. Now, asset rotation has been a key feature of our Brookfield Infrastructure playbook. Over the last 16 years, we've sold over 30 businesses generating proceeds of \$9 billion and we've generated an IRR of 23%, not quite PE-like but pretty darn close. Our playbook involves buying great businesses where we see strong downside protection, creating value by applying our operating expertise and utilizing appropriate capital structures to bring down our cost of capital. And then, like our other sister companies mentioned, we sell mature and de-risked businesses at accretive valuations. So, here we'll put some numbers to it.

The near-term opportunity, as you can see on this slide, to crystallize value is quite large. Our plan is to monetize a number of businesses to generate \$5 to \$6 billion of proceeds in just the next two years. At current valuations, these asset sales are expected to generate great results and we think they'll achieve IRRs at around 20% and a multiple of capital of over two and a half times. The expected proceeds also represent over two times the current IFRS value that we have on our balance sheet. And then the proceeds from these monetizations are going to be reinvested back into our business, a large portion will go into our organic growth backlog that I already talked about as well as the pipeline of new investment opportunities that we're able to source. And then, in addition to opportunities that exist in our existing segments, we see added opportunities coming from AI infrastructure that Scott just spoke about as well as new industrial carveouts and potentially electric and gas utilities given the explosive growth and the demand for power.

Okay, so I'm going to wrap up my results and tell you a little bit about why I think right now is historically a good time for investors to come into BIP. So, first I'm just going to talk about value from a relative perspective. We think Brookfield Infrastructure Partners offers exceptional value when you compare it to the broader utility sector as you can see on this chart which compares BIP to the benchmark index. We provide an approximate 200 basis points higher dividend yield than most utilities and that's coupled with a dividend growth target that's around five to 9% that we've always achieved and that's always exceeded the historical sector average of 4%.

The second consideration is that BIP is trading at a very attractive entry point compared to historic trading levels. And to illustrate this, as you can see on the chart, we're currently trading at about 14 times priced to AFFO multiple which is well below our historic levels.

That basically concludes our presentation. I hope you took from today that we're having another great year and that the outlook is exciting. And then maybe to sum up, I thought I'd go back to some terms we've used in previous investor days, and I'd sum it up this way. Our grow-tility is intact and better than ever and, whether you think there is a soft or hard landing, lower or higher rates or Harris or Trump, BIP is the stock to take you comfortably through all cycles and all seasons. Thank you.

QUESTIONS AND ANSWERS

So, while we made up a little time from the renewable group, who went way over, we don't have too much time. I know you want to get out there to drinks but I can take one or two questions and happy to take questions outside.

Cherilyn Radbourne: To the extent that digitalization has increased the value of your existing asset base maybe in places that would be not as intuitive like the midstream assets, does that make you think differently about capital recycling? In other words, are there assets that you now think you need to hold forever or maybe just sell a stake in and need from a scale perspective to have an overall ecosystem?

Sam Pollock: That's a good question because I think we always struggle with whether or not our timing is right on the divestitures. When we buy an asset, we have a plan of the types of things that we want to execute and, usually, when we've done all those, we think that's the time to exit. What happens in between is sometimes the market might value our assets more than what we think or maybe it doesn't. We are at that point where there have been a few developments that have made us rethink the value of some of our businesses and, frankly, all we do is we make a decision on, from a risk perspective, do we think we'll capture that and it makes sense to hold it a bit longer.

And frankly, I'd say we did that with PD Ports where we thought about selling it a couple years ago, we just didn't think we saw the value that we should get for that trophy asset and we held onto it for a bit longer and we'll probably sell it next year.

There are always a few assets like that and so I won't go through every asset where we're doing that today but that is part of the analysis that we go through every year when we think about what to sell or what not to sell.

Stephanie Ma: You talked a lot about the vast opportunities but, curious, any constraints you see at this point from fundraising, capital raising perspective? Maybe it's deploying at scale or maybe it's just supply and build just needs to match the demand? Thanks.

Sam Pollock: So, the short answer is, no, don't see too many constraints. We've been in a fortunate position where we raised our fund last year that BIP invests alongside and given our brand and maybe good timing, we were able to raise \$28 billion so we have a huge fund available to us. BIP has many sources of capital. I think the biggest challenge this past year while we maybe have not done as much M&A is, frankly, there just wasn't that many great businesses for sale. It was an unusual year in that regard. What I can tell you is things changed dramatically probably mid-summer. All of a sudden, we have seen different corporates, different managers come out with high-quality assets looking to monetize them and so, today, our pipeline is probably as big as it's been in probably two years, and I think we're quite excited about the opportunities to deploy capital in the next couple quarters.

Walter Schroeder: Probably the last question but, when I was an insider with a good 2-300 companies in my career and consistently over 40 years, I've known Brookfield quite well and always ranked Brookfield the top 10 percentile and it is a very well-run company. But if you look at your stock price the last two years, you guys got hammered, BIP, BEP and BAM hammered,

and probably unjustifiably so but you're among the best run companies and certainly among the most respected with just excellent governance.

And I think, other things equal, the interest rates cycle now coming your way, I think you can look forward to a very ... at least the next two, three years I think are going to be very, very thrilling for you because I think you're going to do very well over the next two years with, finally, the interest rate cycle going your way and you are so interest rate cycle sensitive. So, congratulations, I think you're in for two good years at least as things go. I've followed you for 40 years, so I think I know you.

Sam Pollock: Thank you very much and thank you everyone. I think, just to reiterate that comment, I think, and Bruce has said this many times in the past, we can't always affect where stocks will trade, we just try to run the business to create value year after year and hope to narrow the difference between price and value.

I think, in the last 12, 18 months, the increase in short rates in particular impacted maybe some of our stocks a bit more, BIP in particular, because our results have never been better and the business never been better. And I do think as we see short rates come down in the next little while, I think that will provide a great tailwind for the company and we should see that reflected in share price. So, I'll end on that and thank you so much.