



# Expanding Our Investor Base – Introducing BIPC

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**Sam Pollock**

Managing Partner & CEO

## Making Brookfield Infrastructure available to more investors!

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Brookfield Infrastructure Partners L.P. (“BIP LP”) is a category leader, with an **exceptional business and financial profile;**

However...

we believe there remains an **untapped market of investors**

We are launching **Brookfield Infrastructure Corporation (“BIPC”)**

Structured with the intention of being **economically equivalent** to BIP Units

## Transaction overview

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BIPC will be a publicly-listed Canadian corporation, created via an effective stock split

BIP LP unitholders will receive  
**one (1) share of BIPC for every nine (9) units of BIP LP**



We expect to complete the special distribution in the **first half of 2020**<sup>1</sup>

1. Subject to stock exchange and regulatory approvals.

## Shares of BIPC intend to have the same economics as BIP LP units

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**Identical  
dividends/distributions**



**Exchangeable to BIP LP  
units at any time**

We expect BIPC shares and BIP LP units will be considered **equivalent** as a result of these attributes

## We see many benefits in establishing BIPC

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## Expanded investor base

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Opportunity to attract new investors that would not otherwise invest in limited partnerships due to tax reporting or other reasons



Pre-split

■ Unrestricted AUM ■ LP Restricted AUM

**BIPC is expected to expand our universe of potential investors**

- U.S. retail investors
- Index funds / Exchange traded funds
- Active money managers
- Additional indices
- European investors

# Broader index inclusion

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**Today, BIP LP's most notable index memberships include:**

S&P/TSX Composite Index  
S&P/TSX 60 Index



**BIPC shares should be eligible for inclusion into additional indices**

Russell Indices<sup>1</sup>  
MSCI Indices<sup>1</sup>

1. Based on preliminary analysis, and subject to approval by index committees.

# Tax advantages

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BIPC investors will receive:



## Higher after-tax yield (certain investors)

Dividends are expected to be **qualified** for U.S. investors  
*U.S. federal tax rate of  
24% vs. 41%*

“**Eligible**” dividends for  
Canadian investors



## Common dividend reporting slips

Annual Form 1099 (U.S.)  
Annual Form T5 (Canada)

## How will this stock split work?

BIPC will be created via a stock split with an initial **market capitalization of ~\$2B**

	PRE-SPLIT		POST-SPLIT	
	Units/Share	Market Cap	Units/Shares	Market Cap
BIP LP	295	\$ 14,072	295	\$ 12,673
BIPC	-	-	46	1,976
RPU <sup>s</sup> <sup>1</sup>	122	5,819	122	5,241
<b>Total</b>	<b>417</b>	<b>\$ 19,891</b>	<b>463</b>	<b>\$ 19,891</b>

Should have **no impact** on Brookfield Infrastructure's combined market cap

1. Redeemable Partnership Units held by Brookfield Asset Management.  
Figures calculated based on NYSE unit price of \$47.70 at September 20, 2019.

**BIPC:**

Questions You May Have

# 1 Why are we not implementing a full conversion?

The continued existence of BIP LP alongside BIPC provides **three key advantages**:



Allows us to issue **preferred units at a lower cost of capital**



Provides Canadian unitholders with **higher current after-tax yields**



**More cost-effective** way to hold investments in certain jurisdictions

## 2 Is the BIPC float large enough?

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- ✓ Estimated initial market float of **\$2 billion**
- ✓ Investment decisions into BIPC should take into account size of the whole organization (~**\$20 billion** market cap)
- ✓ BIPC is expected to grow over time with:
  - Follow-on equity issuances
  - Potential for additional splits similar to this one
- ✓ Liquidity concerns mitigated through exchange mechanism

### 3 What is the expected impact on BIP financial statements and metrics?

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**FFO**

- No change
  - BIP LP through its control of BIPC will consolidate results going forward
- 



**NAV**

- No change on combined basis
- 



**Market Cap**

- No change on combined basis
- 



**Dividends/Distributions**

- No change on combined basis
- 



**Fees to BAM**

- No change on combined basis
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## BIPC expected to have minimal impact on Brookfield Infrastructure

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**1** **No incremental** tax consequences

**2** **No change** in management oversight or governance

**3** **No impact** to credit ratings expected

**4** **Immaterial** admin costs to maintain

**5** **Minimal** financial reporting implications

# Notice to Recipients

All amounts are in U.S. dollars unless otherwise specified. Unless otherwise indicated, the statistical and financial data in this presentation is presented as of June 30, 2019.

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Factors that could cause actual results of Brookfield Infrastructure to differ materially from those contemplated or implied by the statements in this presentation include general economic conditions in the jurisdictions in which we operate and elsewhere which may impact the markets for our products and services, the ability to achieve growth within Brookfield Infrastructure’s businesses and in particular completion on time and on budget of various large capital projects, which themselves depend on access to capital and continuing favorable commodity prices, the impact of market conditions on our businesses, the fact that success of Brookfield Infrastructure is dependent on market demand for an infrastructure company, which is unknown, the performance of global capital markets, the availability and terms of equity and debt financing for Brookfield Infrastructure, the ability to effectively complete transactions in the competitive infrastructure space (including the ability to complete announced and potential transactions that may be subject to conditions precedent, and the inability to reach final agreement with counterparties to transactions being currently pursued, given that there can be no assurance that any such transaction will be agreed to or completed) and to integrate acquisitions into existing operations, the future performance of these acquisitions, the market conditions of key commodities, the price, supply or demand for which can have a significant impact upon the financial and operating performance of our business, changes in technology which have the potential to disrupt the business and industries in which we invest, uncertainty with respect to future sources of investment opportunities, our ability to achieve the milestones necessary to deliver the targeted returns to our unitholders, our active pipeline of new investment opportunities and growing backlog of committed organic growth capital expenditure projects may not be completed as planned, and other risks and factors described in the documents filed by Brookfield Infrastructure Partners L.P. (the “Partnership”) with the securities regulators in Canada and the United States including under “Risk Factors” in the Partnership’s most recent Annual Report on Form 20-F, its most recent interim report, and the prospectus qualifying the special distribution of BIPC’s shares. The creation of BIPC is subject to stock exchange and regulatory approvals that have not yet been received and there can be no assurances that the stock exchanges on which BIPC intends to apply to list its shares will approve the listing of BIPC’s shares or that BIPC will be included in any indices. Except as required by law, Brookfield Infrastructure undertakes no obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

A registration statement (including a prospectus) has been filed with the SEC for the special distribution. You should read the prospectus in that registration statement and other documents the Brookfield Infrastructure and BIPC have filed with the SEC for more complete information about the special distribution. You may get these documents for free by visiting EDGAR on the SEC web site at [www.sec.gov](http://www.sec.gov). Alternatively, a copy of the prospectus can be sent to you at no cost if you request it by contacting [bip.enquiries@brookfield.com](mailto:bip.enquiries@brookfield.com).

## IMPORTANT NOTE REGARDING NON-IFRS FINANCIAL MEASURES

To measure performance we focus on net income as well as funds from operations (“FFO”), adjusted funds from operations (“AFFO”), adjusted EBITDA, rate base, return on rate base, adjusted EBITDA to interest ratio, consolidated leverage, corporate interest coverage, constant currency basis and adjusted EBITDA margin, which we refer to throughout this presentation. We define FFO as net income excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs and non-cash valuation gains or losses. We define AFFO as FFO less maintenance capital expenditures. We define adjusted EBITDA as net income excluding the impact of depreciation and amortization, interest expense, current and deferred income taxes, breakage and transaction costs and non-cash valuation gains or losses. We define rate base as a regulated or notionally stipulated asset base. We define return on rate base as adjusted EBITDA divided by time weighted average rate base. We define adjusted EBITDA to interest ratio as adjusted EBITDA divided by interest expense on a proportionate basis, taking into account Brookfield Infrastructure’s ownership in operations. We define consolidated leverage as net debt divided by net debt plus the market value of Brookfield Infrastructure based on the closing price of Brookfield Infrastructure’s units on the New York Stock Exchange (assuming full conversion of Brookfield’s interest in Brookfield Infrastructure into units of Brookfield Infrastructure). We define corporate interest coverage as AFFO plus interest expense incurred on corporate debt divided by interest expense incurred on corporate debt. We define constant currency basis as current period earnings translated at prior period foreign exchange rates which allows the Partnership to remove the impact of changes in rates from our operating results. We define adjusted EBITDA margin as adjusted EBITDA divided by revenues. These measures are not calculated in accordance with, and do not have any standardized meaning prescribed by International Financial Reporting Standards (“IFRS”). These measures are therefore unlikely to be comparable to similar measures presented by other issuers. These measures have limitations as analytical tools. See the Reconciliation of Non-IFRS Financial Measures section of the Partnership’s most recent Annual Report on Form 20-F and most recent interim report for a more fulsome discussion including reconciliations to the most directly comparable IFRS measures.