

Brookfield Infrastructure Partners L.P.

A GLOBAL INFRASTRUCTURE COMPANY
Focused on Utilities, Transportation, Timber and Other Social Infrastructure Assets



Infrastructure and Private Equity Fund Investments in the Current Economic Environment

Cartagena, Colombia – April 2010





Agenda

- ▶ Brookfield Overview
- ▶ Infrastructure Investment Characteristics
- ▶ Investment Outlook
- ▶ Areas of Focus
 - Renewable Energy
 - Latin America
- ▶ Conclusions



Brookfield Asset Management

- ▶ Over \$100 billion AUM focused on global property and infrastructure assets
- ▶ 100 cities, 400 investment professionals, 14,000 operating employees




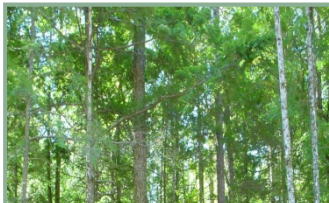



* As of December 31, 2009



Brookfield Infrastructure Group

- ▶ Comprised of power, transportation, timber and energy businesses
- ▶ Diversified portfolio of premier infrastructure assets
 - \$30 billion in assets under management
 - Operations in North America, Europe, Australasia and South America

Power & Utilities		Transportation	Timber	Energy
				
\$15 billion	\$5 billion	\$4 billion	\$4 billion	\$2 billion
Leading producer and developer energy focused on hydroelectric and wind power	Portfolio of utility assets in North and South America, Europe and Australasia	Diversified port and rail operations in Europe and Australia handling over 225M tonnes of cargo per year	2.5 million acres of high quality timberlands in North and South America	Interest in natural gas transmission pipelines and storage systems in the U.S. and Australia delivering over 2.2Tcf of gas per year



Brookfield in South America

100 years experience investing in the region

- Approximately \$11.5 billion of AUM
- Presence in Brazil, Chile, Colombia and Peru
- Recognized as long-standing investor with strong operating platforms
- Approximately 5,000 employees, including 60 investment professionals

Property

- 16 retail properties
- 3.9 million sq. ft. retail
- 61 million sq. ft. of residential development
- 471,000 sq. ft. of retail development

Agrilands and Timber

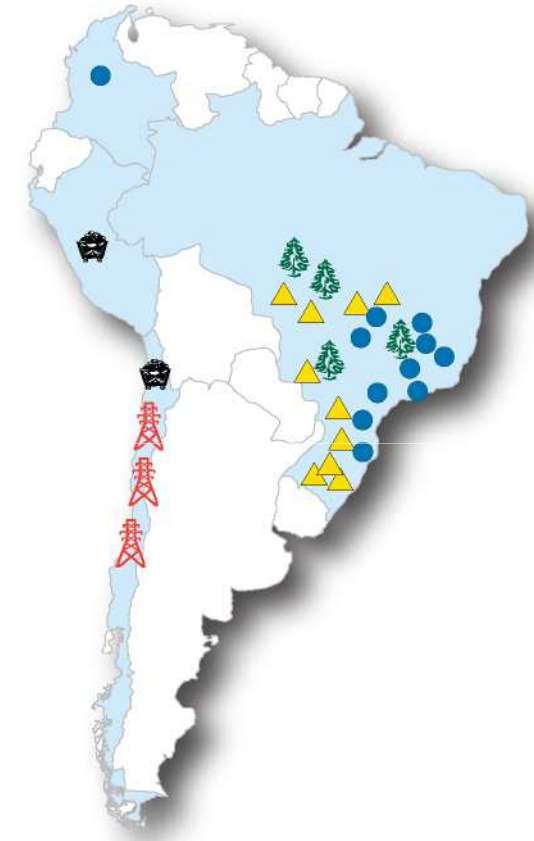
- 370,000 acres of prime agricultural land and 201,000 acres of timberlands

Infrastructure

- 8,300 km of transmission lines and 33 renewable power plants
- Approximately 600 MW capacity of hydroelectric generation and development
- Recently raised ~ \$0.8 billion exclusively for infrastructure investments in Colombia and Peru

Other

- Developed and operated major copper and zinc mines and related infrastructure in Peru and Chile





Brookfield Investment Philosophy

Brookfield's core investment principles are uniform across all target asset classes

Highest Quality Assets and Investment Sectors

- ▶ Long life assets
- ▶ High barriers to entry and sustainable competitive advantage
- ▶ Inherent scarcity value
- ▶ Stable long-term cash flows
- ▶ Value appreciation over time
- ▶ Minimal or predictable maintenance capital expenditure requirements

Operations-Oriented Investment Approach

- ▶ Use best-in-class operating platforms for due diligence to understand current and future value
- ▶ Leverage industry relationships and expertise to identify opportunities
- ▶ Long-term investor
- ▶ Focused on enhancing core operating platforms to build value
- ▶ Generate returns through active operational management

Invest on a Value Basis

- ▶ Identify opportunities that are mispriced relative to long-term fundamental value
- ▶ Prudent capital structures to optimize, not necessarily generate equity returns
- ▶ Participate in auctions only if strong probability of success exists
- ▶ Secure transactions with ability to take on complex situations or creativity in value proposition

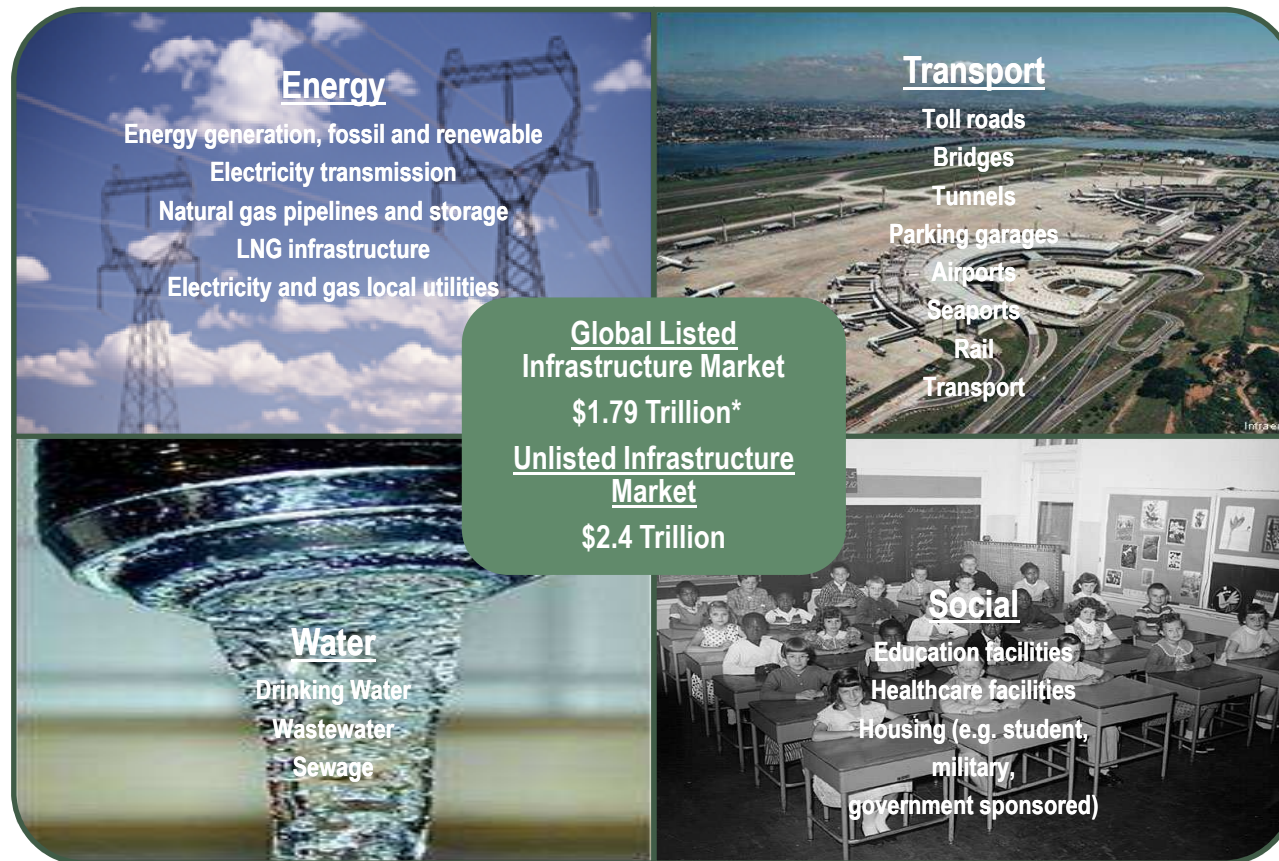


Infrastructure As An Asset Class



What is Infrastructure?

Infrastructure assets represent a broad mix of businesses that provide essential services to society



* S & P Listed Infrastructure Assets - A Primer, March 2009



Investment Characteristics

Long-Life Assets Providing Essential Services

- ▶ Benefit from a relatively inelastic demand profile

Limited or No Competition and High Barriers to Entry

- ▶ Significant economies of scale and high barriers to entry, such as advantageous locations, long-term concession contracts and regulated natural monopolies, resulting in little or no competition

High Operating Margins and Low Maintenance Capital Expenditures

- ▶ Generally highly capital intensive with relatively low operating and maintenance expense required
- ▶ Typically translates into high operating margins once operations commence and enhances ability to support debt commitments and make equity distributions

Predictable and Steady Cash Flows with a Strong Yield Component

- ▶ Long-term assets
- ▶ Regulatory contracts and concessions often last for more than 30 years and can be in perpetuity, with pricing provisions that ensure a predictable return over time

Inflation-Correlated Revenues

- ▶ Cash flows commonly linked to measures of economic growth i.e. GDP and inflation
- ▶ Revenue increases due to inflation can be embedded in concession agreements and licenses
- ▶ Due to competitive position, owners can pass inflation on to consumers via price increases

Low Volatility and Correlation to Other Asset Classes

- ▶ Similar to real estate, these assets tend to have a relatively low correlation to traditional asset classes like equities and bonds, which can enhance the risk-adjusted performance of a balanced portfolio



DBCT Case Study

Asset Description

Description: DBCT is a port facility, which exports metallurgical and thermal coal mined in the Bowen Basin region of Queensland, Australia, DBCT's revenue is underpinned by long term take-or-pay contracts with some of the world's largest mining companies

Location: Queensland, Australia

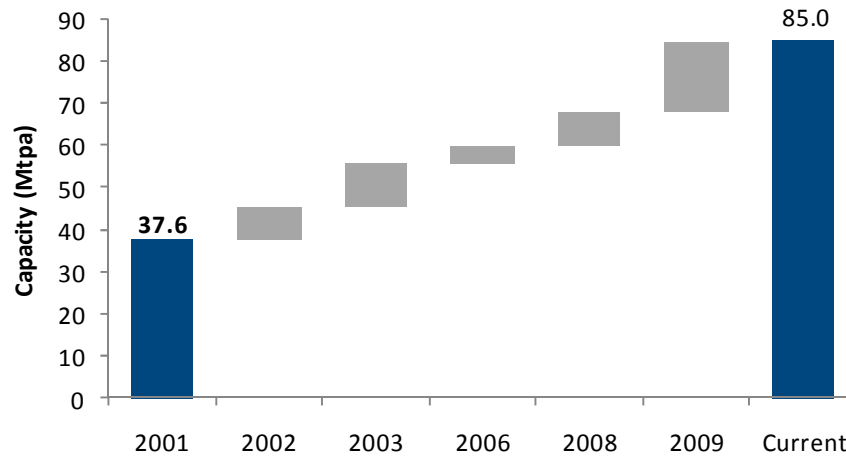
BBI % Ownership: 100% leasehold. 100% economic ownership of a 50 year lease as at September 2001, with an option to extend for a further 49 years

Customer Base: Bowen Basin coal mines. DBCT customers include mines owned by some of the world's largest mining companies. Customer agreements are in the form of long term 100% take-or-pay contracts

Location



Historical Throughput Capacity (Mtpa) ⁽¹⁾



(1) Source: Management provided data.

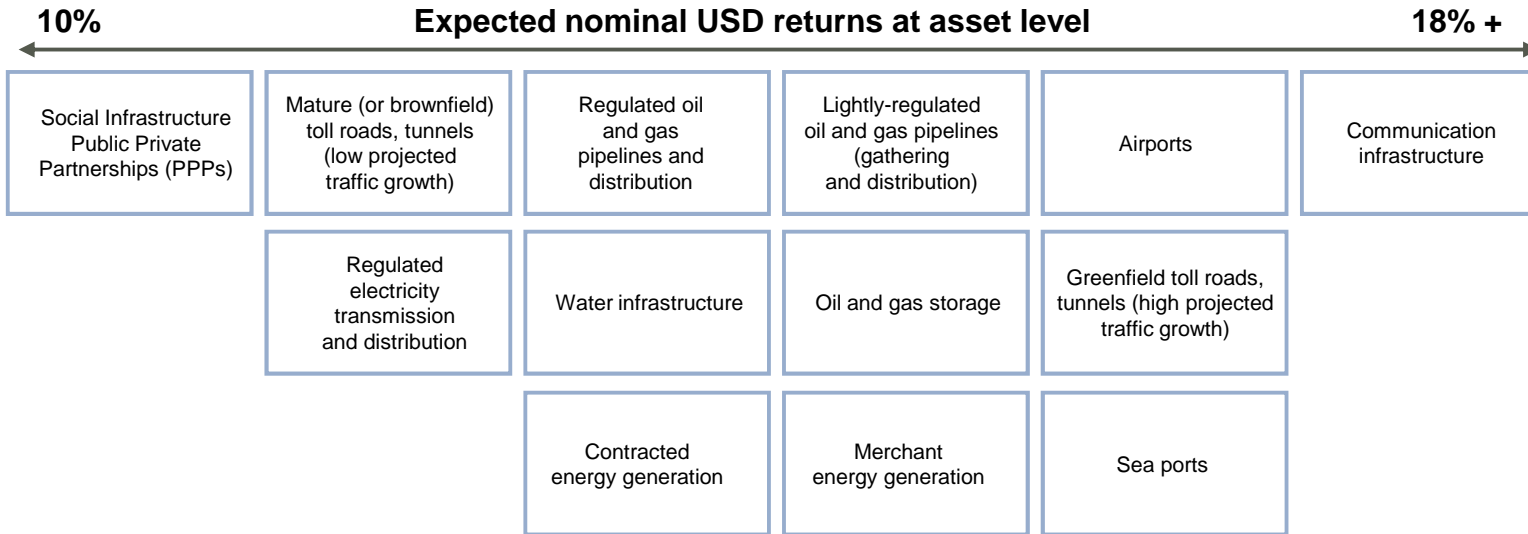




Global Infrastructure Sectors

- ▶ **Lowest risk**
- ▶ **Most stable cash flows**
- ▶ **Lower growth**
- ▶ **Higher dividend yields**
- ▶ **Higher dividend payout ratios**
- ▶ **Lower expected returns**

- ▶ **Higher risk**
- ▶ **Less stable cash flows**
- ▶ **Higher growth**
- ▶ **Lower dividend yields**
- ▶ **Low dividend payout ratios**
- ▶ **Higher expected returns**



Within the asset class there is risk return spectrum that provides investors with a wide range of alternatives to fit their portfolio objectives

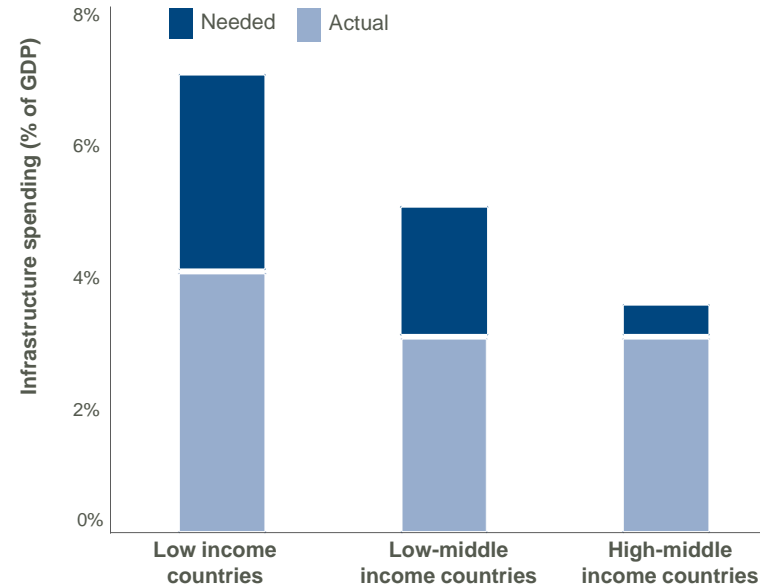


Current Economic and Market Environment



A Sizeable Investment Opportunity

- ▶ \$25 trillion 'infrastructure gap' over the next 25 years⁽¹⁾
 - On a global scale, population and economic growth is increasing, therefore creating a demand for new infrastructure
 - Existing infrastructure around the world, much of it built over 50 years ago, needs to be replaced
- ▶ Government budget constraints encouraging increased investment by private sector
- ▶ Early stages of creation of asset class with potential to be substantially larger than real estate



Governments across the globe will dedicate substantial resources in building and maintaining infrastructure networks to foster economic growth

(1) Based on OECD data



Change in Investor Sentiment



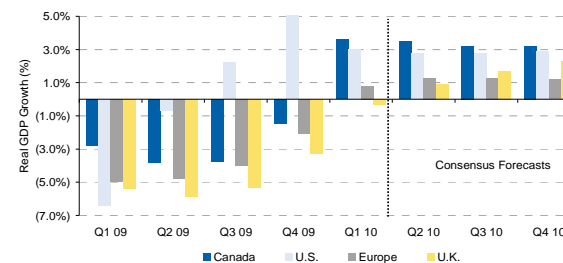
Global Economic Environment Expected to Improve

Economic forecasters expecting economic recovery for early 2010 in Canada and the U.S.

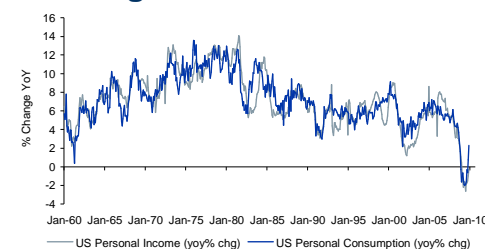
▶ Economic Outlook

- Recovery is being fostered by improved financial conditions, convalescent domestic demand, a synchronized global upturn and highly stimulative policy settings
- Improvement in economic indicators support growth outlook
- Forecasters predict interest rates to remain near historical lows into early 2010, helping fuel further growth
- Sustainability of the recovery will be a key focus in 2010

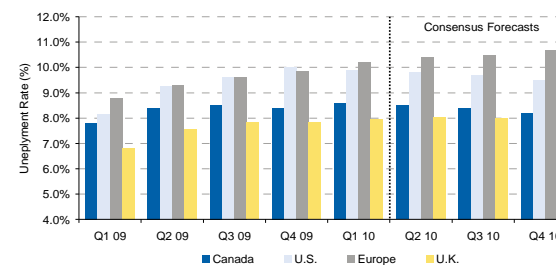
Global GDP Growth (QoQ%)



U.S. Personal Income and Expenditures Recovering



Global Unemployment Rates



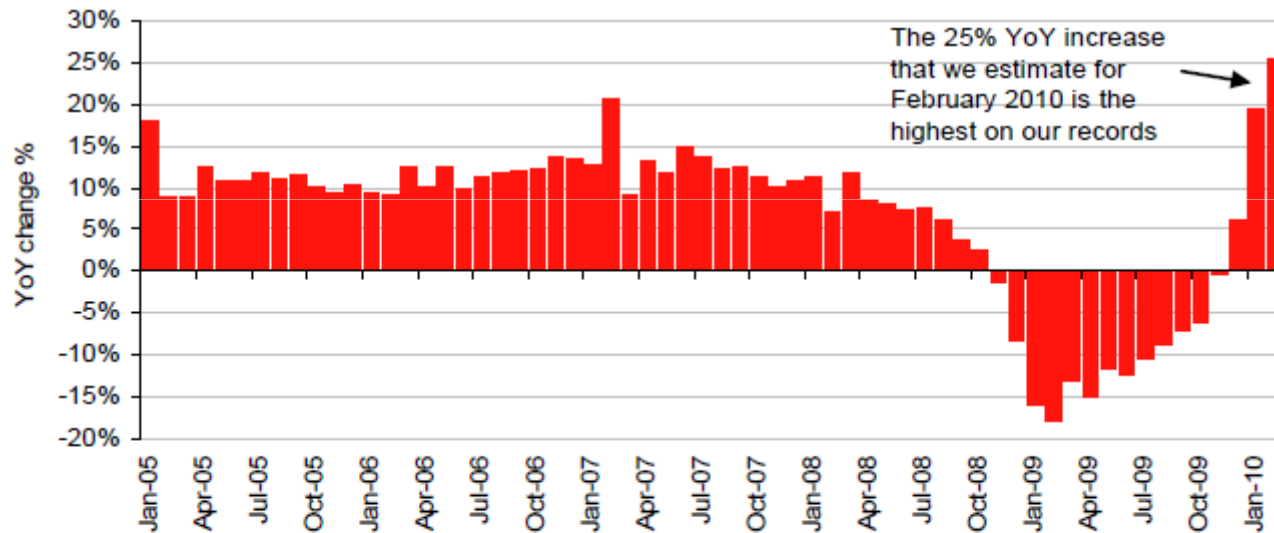
Global economic recovery is broadening and strengthening;
sustainability of the recovery will be a key focus in 2010

Source: RBC Capital Markets, BLS, FRB



Global Trade on the Rebound

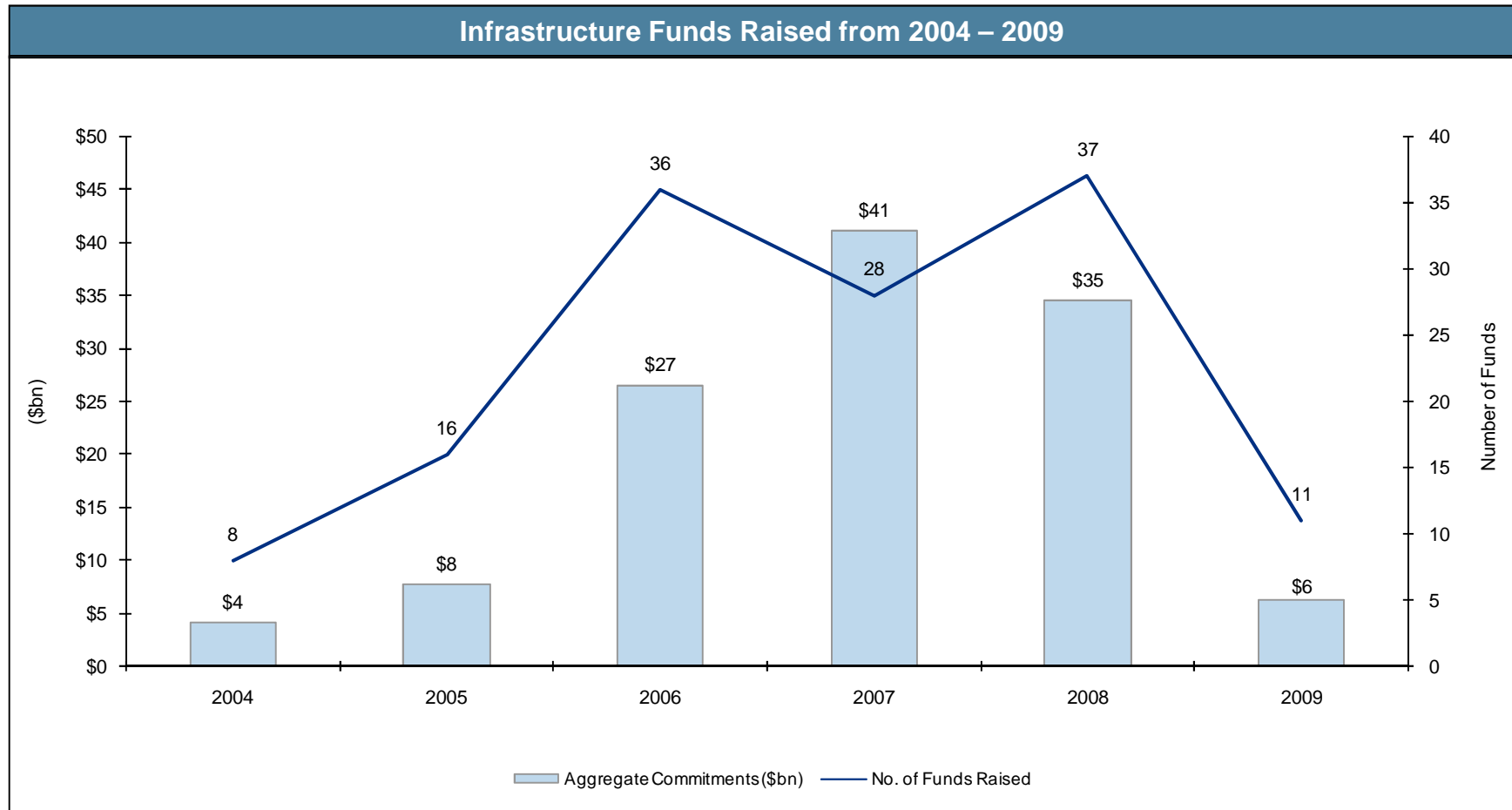
Global container throughput YoY growth, Jan 2005 to Feb 2010



Source: Macquarie Global Container Database, March 2010

Infrastructure Fundraising Market – Historic Dynamics

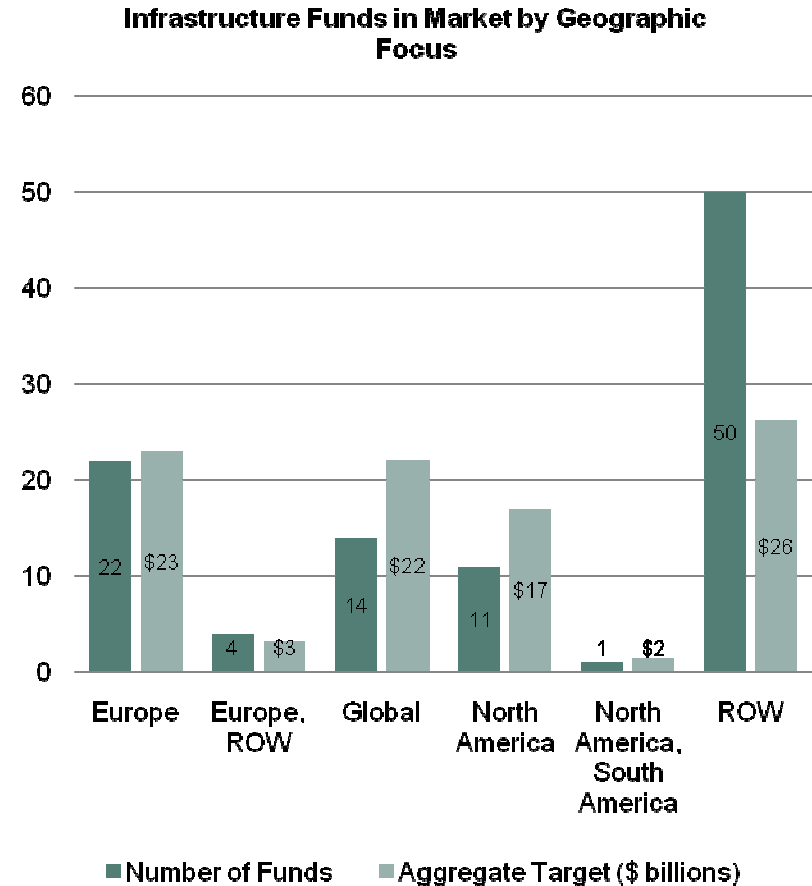
After years of dramatic growth in capital commitments to this "emerging asset" class, new commitments dropped off in 2008 and continued to fall in 2009





Market Dynamics – Funds In Market By Geographic Focus

- ▶ In terms of aggregate capital sought, North America, Europe and Global focused funds are more significant, targeting \$17 billion, \$23 billion and \$22 billion respectively
- ▶ However, a breakdown of the infrastructure fund market by geographic focus shows that more funds on the road are focused on Rest of World than either North America, Europe or Global
 - 31 funds are country specific and targeting approximately \$17.3 billion of capital commitments
 - Average fund size is \$550 million
 - 44 are region specific and targeting approximately \$43.8 billion of capital commitments
 - Average fund size is \$1.2 billion
 - 27 are multi region and targeting approximately \$32 billion of capital commitments
 - Average fund size is \$1.0 billion

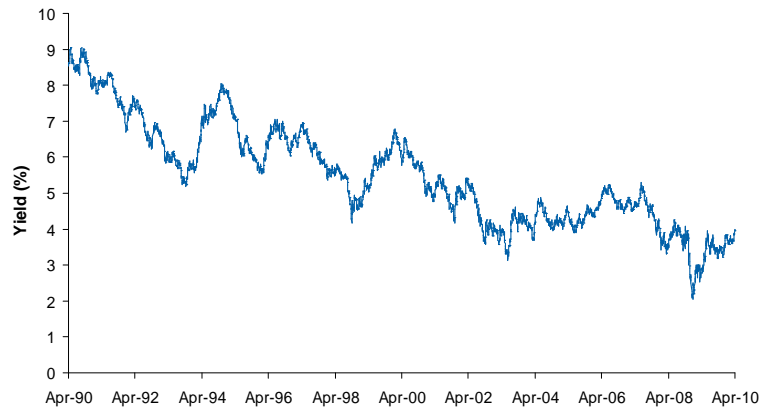


North America and Europe are still the dominant geographies but the rest of the world is increasing its share of capital raising

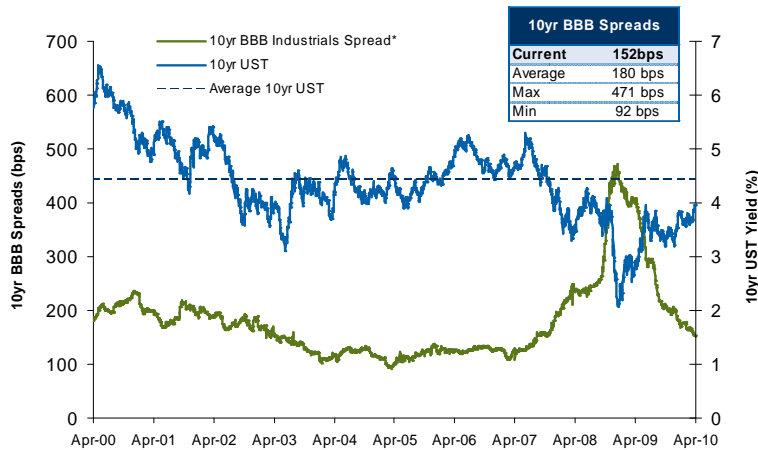
Source: Preqin, February 15, 2010

Historic Low Base Rates Have Combined with Tighter Credit Spreads

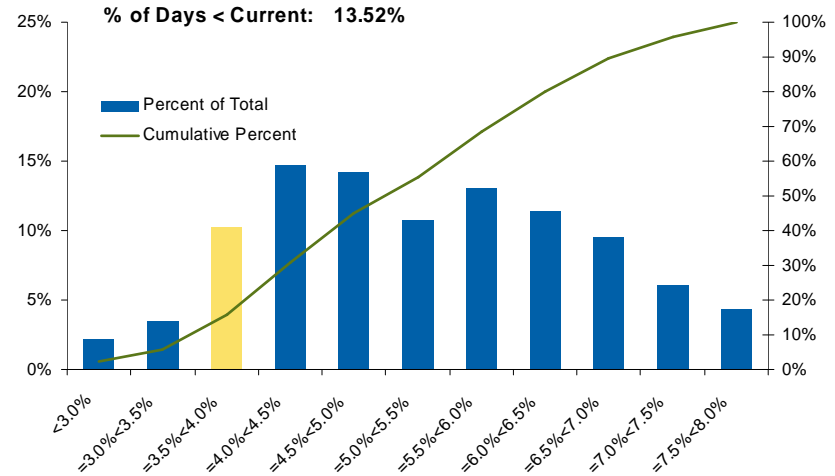
Historical 10yr US Treasury Yields – 1990 to Present



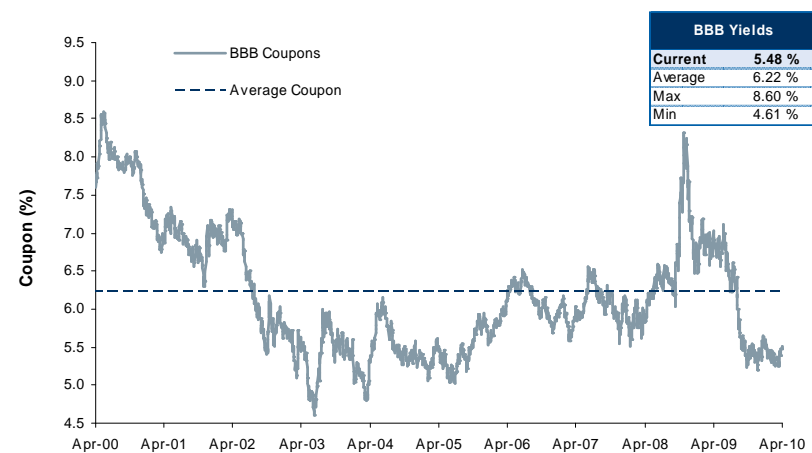
Credit spreads have tightened significantly while UST remain near historical lows...



Source: Bloomberg / 10yr BBB-Rated Industrial Index

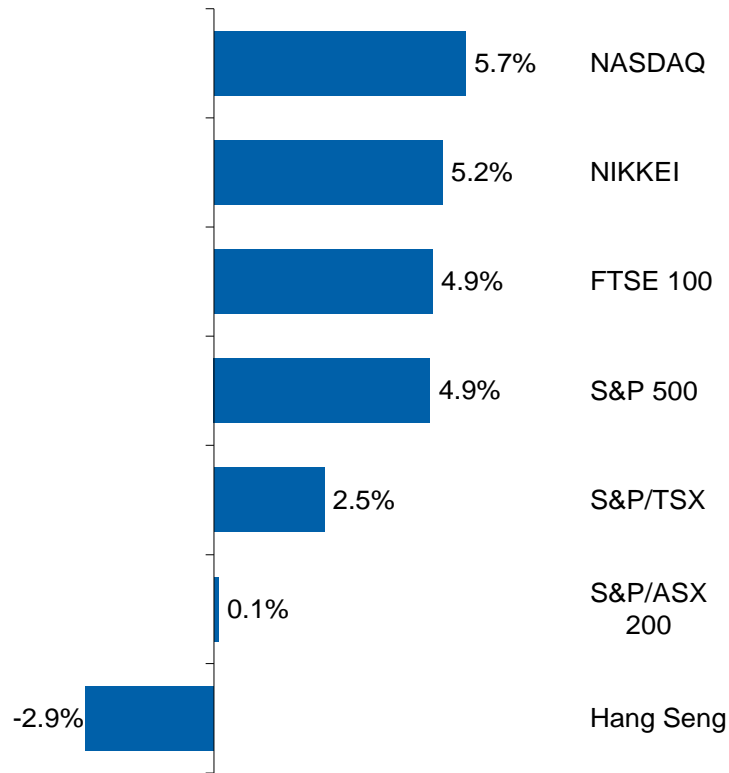


... resulting in lower average yields

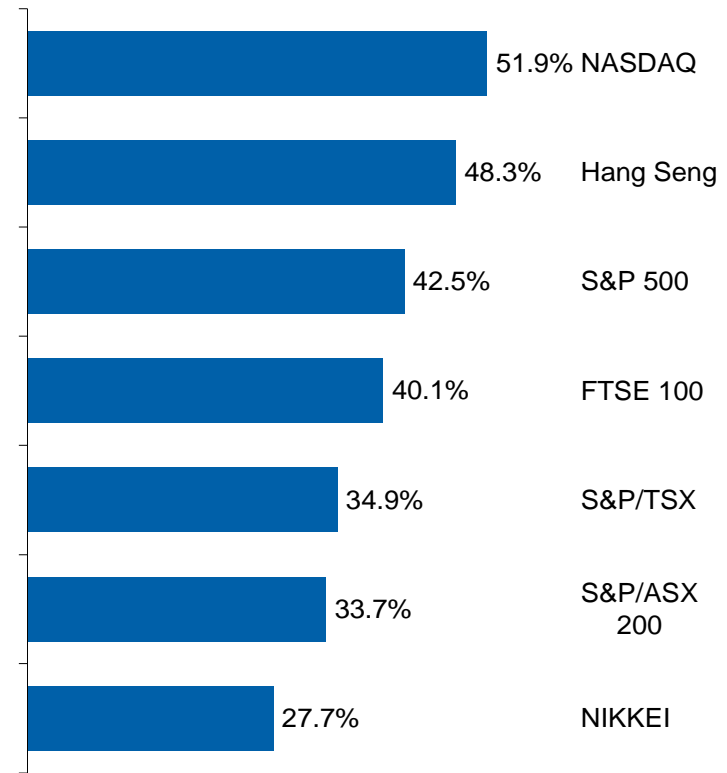


Global Equity Market Performance

Q1 Global Indices Performance



LTM Global Indices Performance





Positive Outlook for Infrastructure Investing

Increased Global Activity

- ✓ Increasing global GDP
- ✓ Stabilization in global employment
- ✓ Recovery of US economy (housing market and consumer confidence)

Improving Capital Markets

- ✓ Equity capital markets increase >50%
- ✓ Equity issuances up 149%
- ✓ Credit spread tightening
- ✓ Liquidity returning to the market

Government

- ✓ Government supported stimulus packages
- ✓ Increase investment in infrastructure to stimulate and facilitate trade

Ideal Infrastructure Investing Environment



Key Themes of 2010+

- ▶ Renewable Energy Initiatives
- ▶ Latin America



Renewable Energy Initiatives



Drivers for Renewable Power Investment Opportunities

- ▶ Global Acceptance of Climate Change Reality
- ▶ Renewable Portfolio Standards
- ▶ Significant Government Incentives
- ▶ Long-term Rising Prices
- ▶ Energy Independence
- ▶ Significant Energy Supply and Infrastructure Replacement Needs
- ▶ Further Growth from Federal and Global Carbon Initiatives



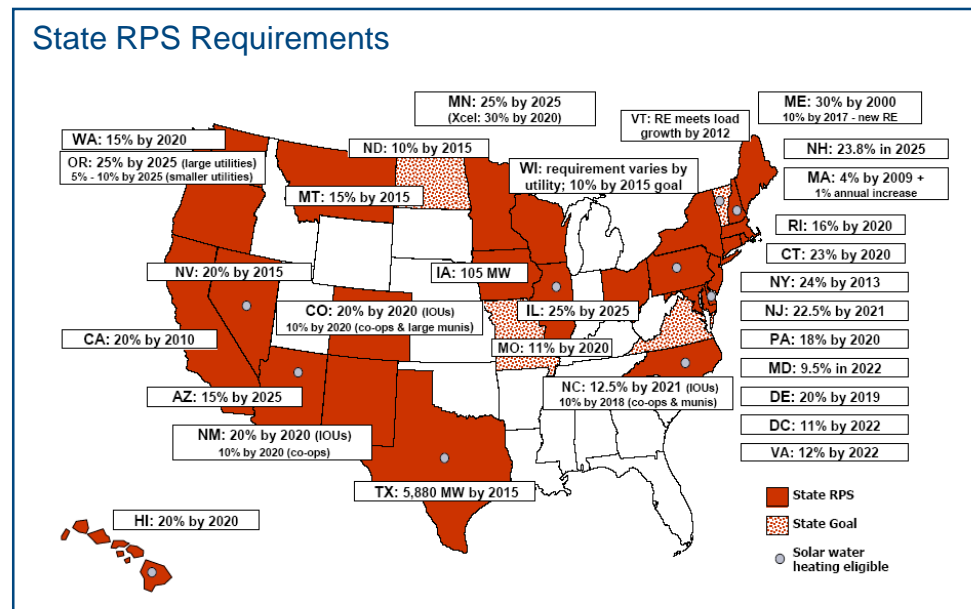
Energy Policy Shift in U.S. and Future Outlook

- ▶ Election of President Obama and Democratic control of Congress signals a shift in U.S energy policy
- ▶ The Bush administration's energy policy emphasized energy independence; however, President Bush did not prioritize CO2 reduction; as a result, he had a much more traditional approach
 - Focused on increasing domestic fossil fuel production through exploration and production in the arctic refuge
 - Had a balanced view toward power generation which included nuclear power, coal and renewable power
- ▶ President Obama similarly emphasizes energy independence; however, he has made CO2 reduction a top priority for his administration; as a result, he has a very different vision
- ▶ Furthermore, President Obama views renewable energy production as a future economic driver for the U.S. with a goal of investing \$150 billion in renewables over the next few years and creating approximately 5 million jobs
- ▶ Strong outlook for future initiatives
 - National renewable portfolio standards
 - Carbon cap and trade legislation
 - Emissions regulations and small coal plant closures



Renewable Portfolio Standards

- ▶ During his campaign, President Obama promised to implement a national portfolio standard that would set a minimum requirement for the share of electricity production derived from renewable energy sources
- ▶ Since that time, both the House and Senate began consideration of RPS bills; both target shares of electricity that utilities must obtain from renewables:
 - House bill calls for 25% by 2025
 - Senate bill calls for 20% by 2021
- ▶ Some states are already instituting more stringent RPS requirements, which could include tighter targets, less inclusive rules for qualifying resources, and restrictions on renewable energy credit trading



Source: FERC



Renewable Incentives

Tax Credits

- ▶ Production Tax Credit (PTC): extended by three years for wind (end of 2012) and four years for other qualifying renewable technologies (end of 2013)
 - ▶ Investment Tax Credit (ITC): project developers can elect to receive a 30% investment tax credit rather than the PTC; ITC provides an up front tax credit whereas the PTC is accrued over a 10-year period
 - ▶ Grants in lieu of ITC: developers can apply to the U.S. Treasury to receive grants equal in amount to the ITC in place of the tax credit
-

Federal Loan Guarantees

- ▶ Department of Energy is authorized to issue loan guaranties for renewable energy and transmission projects
 - ▶ Program estimated to support over \$60 billion of new financing
 - ▶ Projects must begin construction by September 30, 2011
-

Direct Spending

- ▶ A number of initiatives have been authorized including:
 - \$16.8 billion for renewable energy and energy efficiency programs over next 10 years
 - \$2.5 billion for certain renewable energy, energy efficiency research and development and demonstration projects
 - \$4.5 billion to upgrade nations' transmission grid with “smart grid” technology
 - \$6.5 billion for investment in federally managed transmission systems
-



Renewable Power Investment Characteristics

- ▶ Proven Technology
 - Hydro
 - Wind

- ▶ Competitive Cost Advantage

- ▶ High Barriers to Entry

- ▶ Strong Scarcity Value

- ▶ Stable, Creditworthy Cashflow Framework

- ▶ Ability to Realize Price Appreciation
 - Low Cost Advantage of Hydro



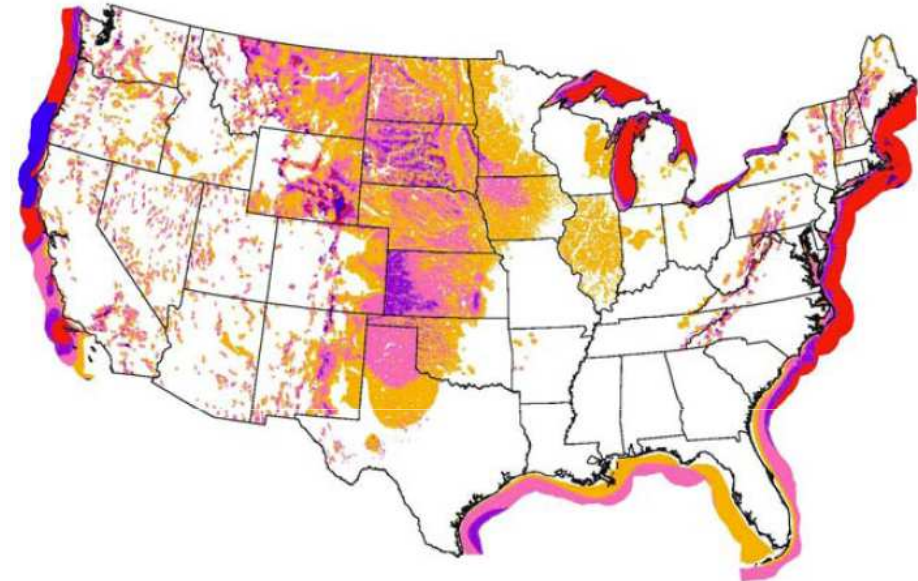
Significant Transmission Required to Support Expansion of Renewables

- ▶ Although wind energy only represents 1% of U.S. electricity supply, in 2007, it represented 30% of electricity generation capacity additions in the U.S.
- ▶ Renewables currently comprise 10% of U.S. generation mix; the Obama administration is targeting 25% by 2025
- ▶ Strong on-shore wind resource is located in the Midwest and Western regions of the U.S., whereas population centers are located on the East and West coasts



Construction of new transmission capacity is required to transmit renewable generation to population centers

Wind Resource Potential (50 meters above ground)



Wind Power Classification

Wind Power Class	Resource Potential	Wind Power Density at 50m W/m ²	Wind Speed* at 50m m/s	Wind Speed* at 50m mph
3	Fair	300 – 400	6.4 – 7.0	14.3 – 15.7
4	Good	400 – 500	7.0 – 7.5	15.7 – 16.8
5	Excellent	500 – 600	7.5 – 8.0	16.8 – 17.9
6	Outstanding	600 – 800	8.0 – 8.8	17.9 – 19.7
7	Superb	800 – 1600	8.8 – 11.1	19.7 – 24.8

*Wind speeds are based on a Weibull k value of 2.0

This map shows the wind resource data used by the WinDS model for the 20% Wind Scenario. It is a combination of high resolution and low resolution datasets produced by NREL and other organizations. The data was screened to eliminate areas unlikely to be developed onshore due to land use or environmental issues. In many states, the wind resource on this map is visually enhanced to better show the distribution on ridge crests and other features.

Source: U.S. Dept. of Energy and National Renewable Energy Laboratory



Latin America: Infrastructure Investment Opportunity



Why Latin America?

Robust Economic Performance

- ▶ Economic growth decline during the global crisis was substantially lower than G-7 economies
- ▶ Recovery will be above long term potential growth
- ▶ Responsible fiscal and monetary policies in recent years were a key factor in the performance of the region during the global crisis

High Demand

- ▶ Attractive demographic trends contribute to long term growth potential
- ▶ Increase in per capita GDP makes local markets more attractive

Infrastructure Gap

- ▶ Lack of infrastructure investment has become a constraint to achieve full growth potential
- ▶ Governments are looking to fill the gap with fiscal and private investment
- ▶ Favorable policies have been put in place to attract private capital

Higher Returns

- ▶ Returns are compressed in North America and European markets
- ▶ Healthier recovery will lead pave the way for better performance
- ▶ Country risk premium has compressed



Latin America Currently Presents Two Competing Political & Economic Framework Approaches

Populist / Nationalist Model

Development Thesis

- ▶ Industrialization
- ▶ Control of strategic industries
- ▶ Isolation from world market forces
- ▶ Leading role of the state

Main Characteristics

- ▶ State ownership / control of economy
- ▶ “Caudillos” dominate politics
- ▶ Weak institutions (check/balances)
- ▶ Corruption
- ▶ High inflation, limited growth

Countries

- ▶ Venezuela, Ecuador, Bolivia, Argentina

Market Oriented Model

Development Thesis

- ▶ Reliance on market forces
- ▶ Open to foreign trade / capital
- ▶ Limited role of government

Main Characteristics

- ▶ Private sector pre-eminence
- ▶ Exports as main driver of growth
- ▶ Limited government intervention
- ▶ Healthy democratic institutions
- ▶ Better performance, but vulnerable

Countries

- ▶ Brazil, Chile, Colombia, Peru, Mexico



Latin America Represents 8.4% of the World's Population and 5.0% of the World's Economic Output

Key Statistics	Latin America	World	Unites States	Japan	Euro Area	China
Population (mm) % World Population	<ul style="list-style-type: none"> • 569 mm • 8.4% 	<ul style="list-style-type: none"> • 6,800 mm • 100.0% 	<ul style="list-style-type: none"> • 310 mm • 4.6% 	<ul style="list-style-type: none"> • 130 mm • 1.9% 	<ul style="list-style-type: none"> • 731 mm • 10.7% 	<ul style="list-style-type: none"> • 1,330 mm • 19.6%
2008 GDP (nominal) % World GDP	<ul style="list-style-type: none"> • US\$ 3.0 bn • 5.0% 	<ul style="list-style-type: none"> • US\$ 60.9 bn • 100.0% 	<ul style="list-style-type: none"> • US\$ 14.4 bn • 23.7% 	<ul style="list-style-type: none"> • US\$ 4.9 bn • 8.0% 	<ul style="list-style-type: none"> • US\$ 18.4 bn • 30.1% 	<ul style="list-style-type: none"> • US\$ 4.3 bn • 7.1%
Real GDP Growth	<ul style="list-style-type: none"> • 2008: 3.8% • 2009E: (2.2)% • 2010E: 4.6% 	<ul style="list-style-type: none"> • 2008: 1.7% • 2009E: (2.0)% • 2010E: 3.5% 	<ul style="list-style-type: none"> • 2008: 0.4% • 2009E: (2.4)% • 2010E: 3.2 	<ul style="list-style-type: none"> • 2008: (0.7%) • 2009E: (5.0)% • 2010E: 2.1 	<ul style="list-style-type: none"> • 2008: 0.6% • 2009E: (3.9)% • 2010E: 1.1% 	<ul style="list-style-type: none"> • 2008: 9.6% • 2009E: 8.7% • 2010E: 9.8%
CPI Inflation	<ul style="list-style-type: none"> • 2008: 8.5% • 2009E: 5.6% 	<ul style="list-style-type: none"> • 2008: 4.4% • 2009E: 1.4% 	<ul style="list-style-type: none"> • 2008: 3.8% • 2009E: (0.3)% 	<ul style="list-style-type: none"> • 2008: 1.5% • 2009E: (1.3)% 	<ul style="list-style-type: none"> • 2008: 3.3% • 2009E: 0.3% 	<ul style="list-style-type: none"> • 2008: 5.9% • 2009E: (0.7)%
Fiscal Balance (% of GDP)	<ul style="list-style-type: none"> • 2008: (0.5)% • 2009E: (2.9)% 	<ul style="list-style-type: none"> • 2008: (2.9)% • 2009E: (6.9)% 	<ul style="list-style-type: none"> • 2008: (3.2)% • 2009E: (10.0)% 	<ul style="list-style-type: none"> • 2008: (8.1)% • 2009E: (10.9)% 	<ul style="list-style-type: none"> • 2008: (1.9)% • 2009E: (6.3)% 	<ul style="list-style-type: none"> • 2008: (0.4)% • 2009E: (2.2)%

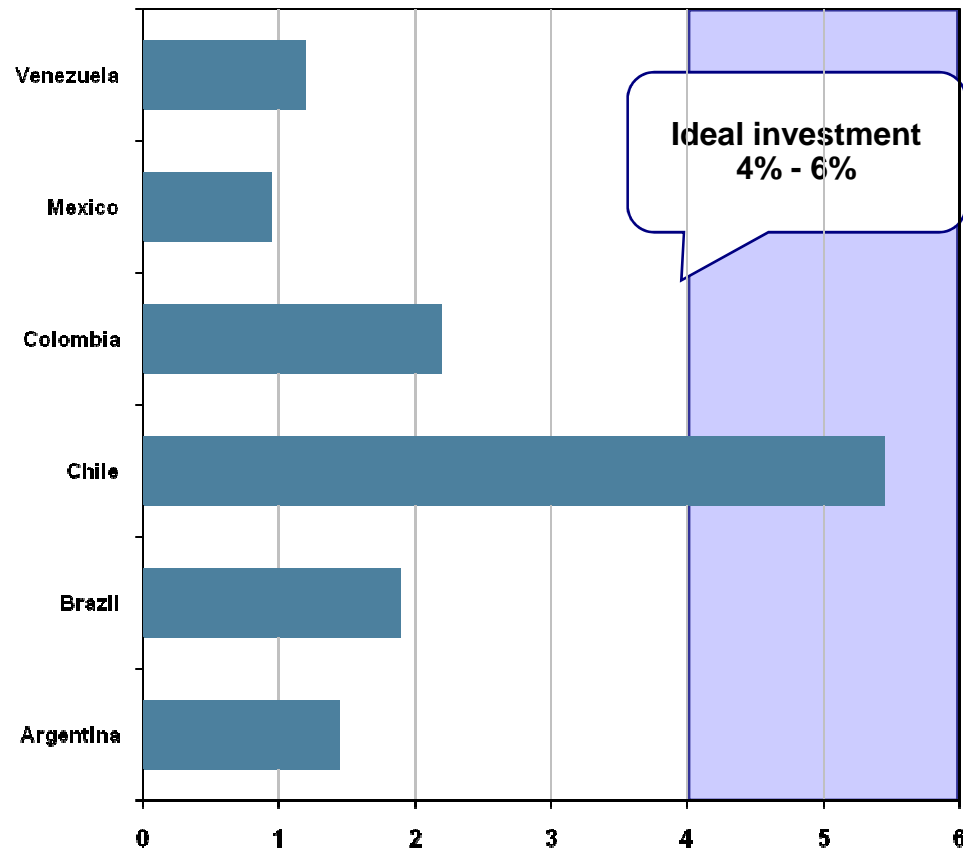
Latin America should continue to attract foreign capital given its relative growth potential and positive performance through the global crisis

Source: International Monetary Fund, Citi



Latin America Must Invest in Infrastructure to Support Economic Growth

Infrastructure in Latin America	Comments
Infrastructure Investment as % of GDP – 1996-2003	



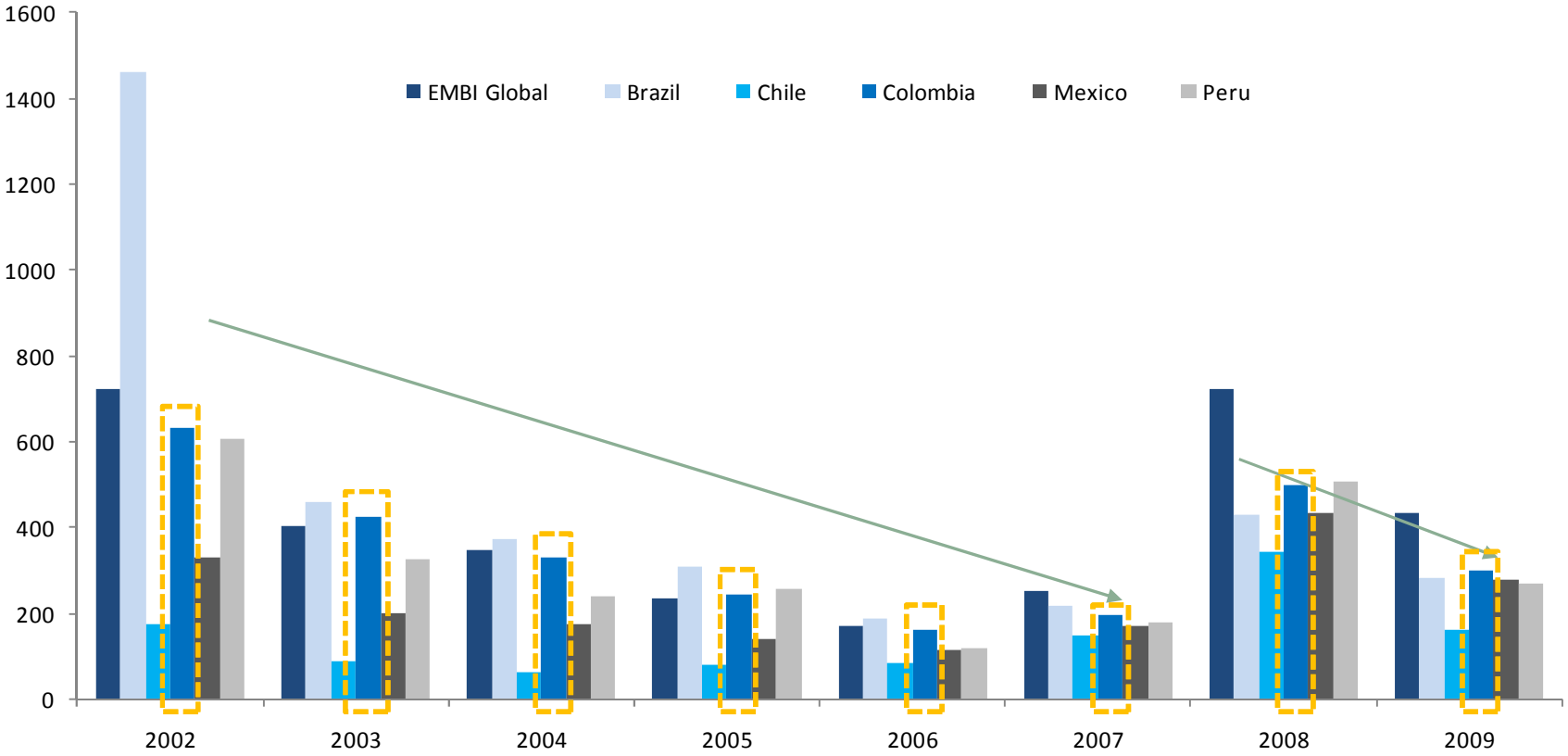
- ▶ In Latin America, current infrastructure investment is around 2% of GDP, which is barely enough to maintain existing base
- ▶ Investment should be more than double to meet new demand, improve competitiveness and boost growth
- ▶ In Latin America, the productivity and competitiveness of many regional companies have been reduced due to inadequate transport infrastructure and logistics costs
- ▶ In contrast, China invested 9% of GDP in infrastructure in 2005

Source: World Bank and CG/LA calculations



Reduction of Country Risk

EOY EMBI Global Yield Spreads (basis points)



Country risk reduction is key in attracting private capital

Source: International Monetary Fund

Brookfield's Initiative in Colombia

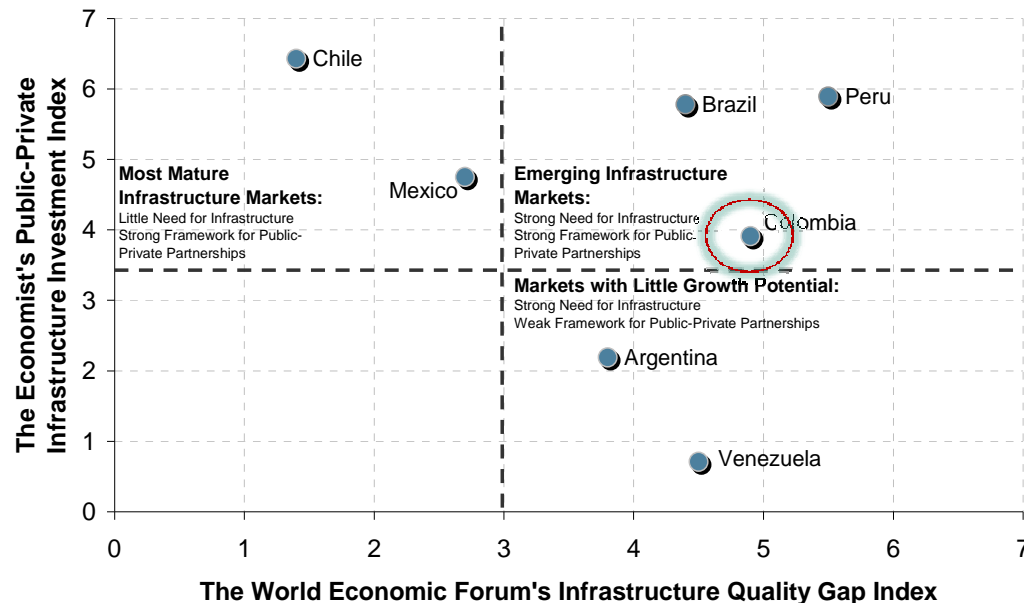
Why Colombia?

- ▶ Market oriented economic model
- ▶ Has one of the largest infrastructure investment needs in the region (as measured by WEF's infrastructure gap index)
- ▶ Security situation has improved considerably in the last eight years
- ▶ Significant growth potential given FDI flows and its high national investment ratio relative to the region (as % of GDP)

Why a country dedicated infrastructure Fund?

- ▶ Government expects that a substantial portion of the infrastructure investment targets will be filled by private investment
- ▶ Local investors willing to participate in along with Brookfield
- ▶ Legal and regulatory framework has been put in place to guarantee fair investment conditions (ability to uphold concessions, strong institutions to award contracts, infrastructure security, etc.)

Infrastructure Potential across Latin America





Conclusions



Conclusions

- ▶ Buy quality assets in favourable markets
- ▶ Never over-leverage your assets
- ▶ Patience
- ▶ Align your interests