Stonepeak+

Stonepeak+ is the dedicated wealth solutions platform from Stonepeak, the world's largest independent infrastructure specialist

What makes infrastructure "infrastructure"?

A deeper look at the common characteristics that make infrastructure a resilient, defensive, and attractive asset class

Understanding the investment traits that drive downside protection with upside potential

Almost all investment activity in infrastructure today fits within three sectors: digital infrastructure, transport and logistics, and energy. What do their underlying assets have in common? What makes infrastructure "infrastructure"?

What was once primarily limited to bridges, airports, and toll roads now encompasses a far broader range of assets than early infrastructure investors could have predicted

Despite this expansion, infrastructure assets remain fundamentally underpinned by a set of core characteristics that make them inherently defensive and resilient across various macroeconomic environments. When looking for infrastructure businesses to invest in, we focus on high-quality assets that:

Provide essential services through hard assets

True infrastructure assets offer services that are mission-critical to the communities and customers they serve, backed by hard assets, such as fiber networks, ports, and natural gas pipelines. The essentiality of these services drives sticky demand and strong cashflow profiles, and their hard to replicate physical assets have intrinsic value that creates downside protection.

Experience stable and growing demand

Due to their essentiality, infrastructure assets often benefit from relatively inelastic demand, or demand uncorrelated to changes in price. As a result of this stability, these assets tend to be significantly less sensitive to business cycles.

Have strong market positions

Infrastructure investing requires a long-term outlook, so it's important to invest behind assets with staying power. The businesses that are still going to be essential in the long term not only have limited risk of redundancy or technology obsolescence, but also strong market positions due to low competition and few substitutes.

Exhibit high barriers to entry

The harder it is to enter a market, the more attractive the asset can be for an infrastructure investor. Typically, such obstacles are technological or financial in nature, but in the case of infrastructure, there is commonly a strong regulatory moat as well. This is often true for assets like electric utilities, natural gas pipelines, and telecommunications networks.

Feature highly predictable cashflows

Infrastructure assets often have long-term and highly structured contracts with governments and blue-chip customers. By locking in pricing for extended periods of time, these contracts can create steady, predictable cashflows, and offer explicit or implicit linkages to inflation that allow the assets to pass through operational costs over time, creating a great inflation hedge.

Benefit from favorable industry megatrends

Lastly, infrastructure assets tend to benefit from favorable tailwinds that are incredibly durable in nature and global in scale. In the case of transport and logistics, energy, and digital infrastructure in particular, there are three transformative megatrends at play: supply chain revitalization, energy transformation, and digitalization.

How these characteristics work in practice

Not every infrastructure asset will exhibit each of these characteristics, but these are the features that we've found, through decades of experience investing in the asset class, tend to minimize risk and achieve attractive risk-adjusted returns.

Of course, identifying assets with these characteristics is only the starting point. Another challenge lies in finding relevant opportunities where we can deploy capital at attractive valuations – a process that requires deep sector expertise, relationships, and a disciplined underwriting approach.

In the next three pages, we'll examine a handful of subsectors and assets from Stonepeak's portfolio that that we believe exhibit certain of these characteristics, across the transport and logistics, energy, and digital infrastructure sectors.

Cold storage
Essential, resilient, high-demand infrastructure for the global food supply chain

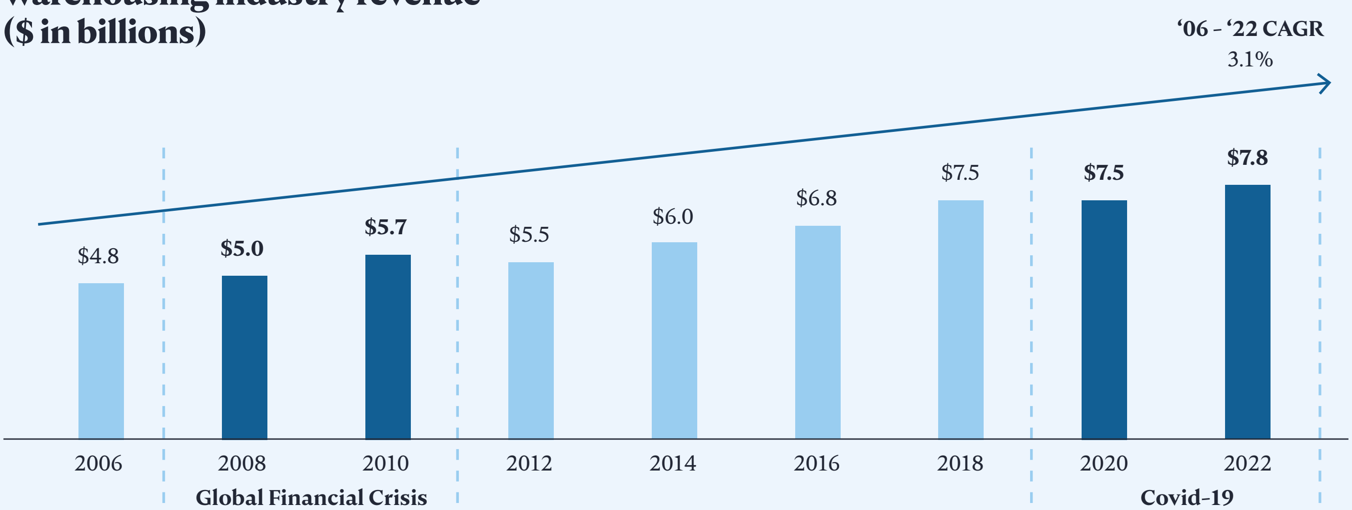
The cold storage sector is responsible for transporting most of the food that we eat every day. Stonepeak was early to develop a thematic view on cold storage recognizing it as a mission-critical segment of the global food supply chain, driven by hard assets that exhibit stable demand growth, price inelasticity, and meaningful barriers to entry.

As we evaluated the sector and potential investments within it, we looked for evidence of resiliency in a variety of macroeconomic environments, a hallmark of many infrastructure investments which ultimately helps deliver downside protection for investors. We were drawn to the fact that aggregate demand for cold storage facilities has demonstrated stable growth over time and resilience during major economic downturns.

Demand for cold storage is positively correlated with growth in food spend, which is underpinned by growth in population and real GDP. As the chart shows, even during the global financial crisis, industry-wide revenues remained stable during 2008-2009 and eventually returned to healthy growth by 2010.

In 2018, we invested behind Lineage Logistics, a leading player in the space, which today handles approximately 33% of North America's temperature-controlled food supply annually.

U.S temperature-controlled warehousing industry revenue ($ in billions)



Source: Lineage Information (2024)

LNG shipping

Stable, predictable, critical infrastructure supporting the global energy matrix

Few sectors have undergone as much change in recent years as energy. At Stonepeak we invest across the entire energy value chain from traditional sources of energy to newer technologies like renewables and battery storage.

As a firm, we have long been big believers in the importance of natural gas globally, given its lower emissions profile relative to traditional fuels and reliability relative to intermittent renewables.

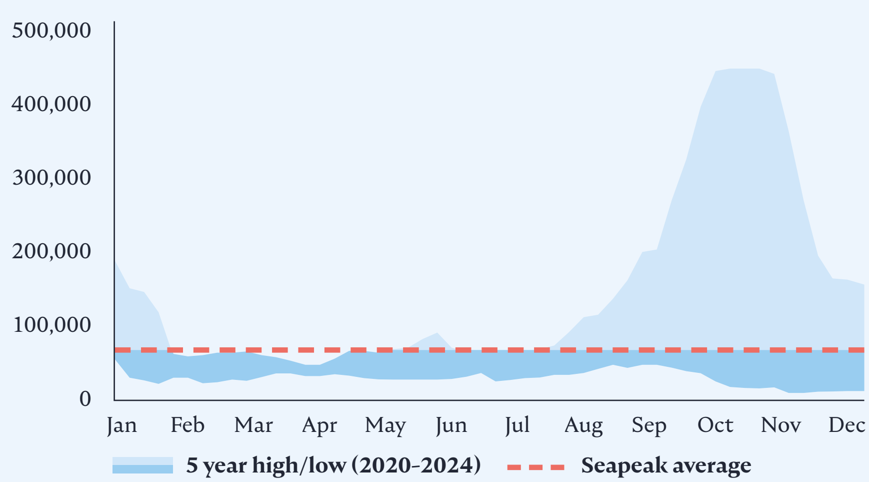
A key consideration when investing behind any heavily commodity-weighted industry is how to reduce exposure to volatile movements in those underlying commodities. We took a view that liquified natural gas (LNG), which can be transported long distances across oceans to markets without strong local natural gas resources, would continue to play a critical role in the global energy supply chain for years to come. We carefully studied the LNG shipping space to identify businesses that exhibited truly resilient and stable cashflow profiles through long-term customer contracts, avoiding unnecessary commodity price risk.

In October 2021, we made a $6.2 billion majority investment in Seapeak which today transports approximately 10% of the world's seaborne natural gas. One of the most attractive infrastructure characteristics of Seapeak's business is the length of its customer contracts, which create highly predictable cashflow and revenue streams that can provide underlying investors with strong downside protection. Contrary to many of its peers that have significant exposure to merchant charter rates, virtually all of Seapeak's fleet operates on multi-year, take-or-pay charters with locked-in fees.

The power and stability of long-term contracting is clear when taken in consideration with the average spot prices of LNG over several years, shown on the chart here. As LNG pricing has hit prices as high as $450,000 / day and as low as $10,000 / day over the last five years for tri-fuel diesel electric (TFDE) ships, Seapeak's TFDE ships have averaged a rate of $76,000 / day under Stonepeak's ownership.

While this commercial approach limits Seapeak from enjoying huge profits when charter rates are high, it safeguards the business from periods of depressed charter rates or periods of lower LNG demand and locks in stable cashflows that help provide an attractive return on each vessel.

TFDE spot earnings ($/day)



Source: Clarksons (2025)

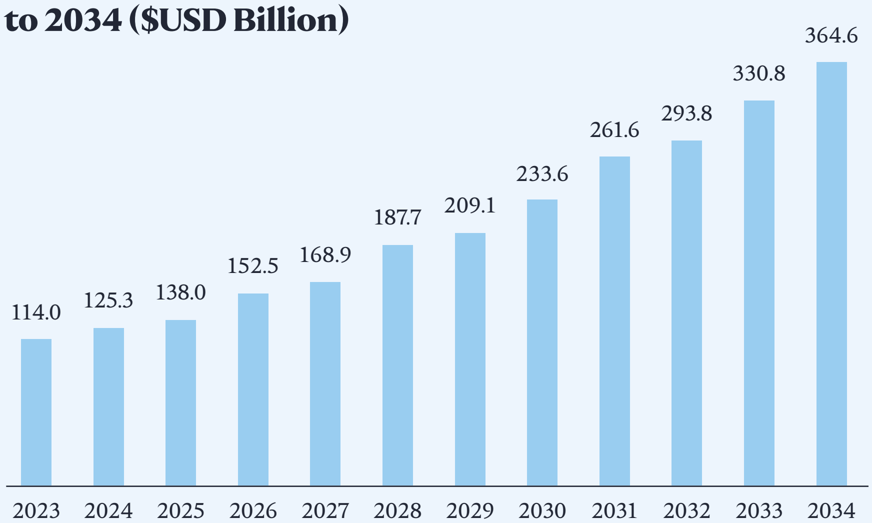
Data Centers

Foundational infrastructure driving the digitalization of our society

One of the most transformative megatrends of the last few decades has been the digitalization of our society. Every day, individuals and organizations are creating more and more data – in fact, it's estimated that global data creation will grow to more than 394 zettabytes (or 394 trillion gigabytes) by 2028. A few factors are driving this growth, including organizations moving their data to the cloud, and more recently, the rise of artificial intelligence.

All of this data relies on various forms of digital infrastructure in order to be stored, processed, and transported. Data centers, the hard assets that form the bedrock of the digital ecosystem, have benefited immensely from this megatrend, becoming not only increasingly critical to daily life, but also incredibly appealing to infrastructure investors.

Data center market size 2023 to 2034 ($USD Billion)



Source: Precedence Research (2024)

Building and operating successful data center platforms in today's environment requires a sophisticated approach across land banking, power procurement, and construction. It also requires a deep understanding of the technology ecosystem and access to key interconnection points, which act as strategic intersections for network traffic. Collectively, these factors can create high barriers to entry and strong recurring revenue profiles that support the platform's pricing power and cashflows over time. When evaluating data center opportunities at Stonepeak, we look to prioritize assets with a combination of these characteristics.

Stonepeak was early amongst infrastructure investors to invest in the digital infrastructure sector, dating back to 2014. We made our first data center investment about eight years ago into North American data center platform Cologix and have since grown the business significantly. Today, we're invested in four additional data center platforms that span the globe, including CoreSite in North America, Cirion in Latin America, and in Asia Pacific, Digital Edge and GTA. In total, our portfolio consists of more than 100 facilities with more than 500 MW of collective capacity, with a pipeline of nearly 400 MW of capacity under development.

Infrastructure Pioneers

Since Stonepeak's founding we have been focused on creating and preserving wealth for many of the world's most sophisticated investors through thoughtful infrastructure investing.

We are the world's largest independent infrastructure specialist with deep sector expertise across energy, transport and logistics, and digital infrastructure.

$70+bn
in assets under management*

275+
employees across 9 offices globally

72
investments across 61 countries

*AUM is as of September 2024, inclusive of subsequent committed capital. All other figures are as of November 2024. Certain of these investments have signed but are pending close, and there can be no assurance they will close or that if they close that it will be on the terms currently agreed.

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