AI Webinar 2025 | Thursday 10th July, 4pm BST

WELCOME, MEMBERS

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Into AI infra

Welcome to your Infrastructure Investor Network member briefing on the investment models around artificial intelligence.

Early July 2025 saw us bring together a powerhouse group from White & Case, Brookfield Asset Management, DigitalBridge and Partners Group to exchange thoughts.

I've broken down this session (full recording here) into key moments such as the transition from training to inference in AI workloads; power sources; community acceptance; and the technical chops needed.

We will be meeting again on AI in person and online. My team can connect member investors, managers and experts around the opportunities and expertise. E-mail us in confidence to use this service at infraconnect@pei.group

The core AI themes

Six key points emerged from the discussion between James Johnson, partner at White & Case, Sikander Rashid, head of Europe at Brookfield Asset Management, Ed Diffendal, co-head of infrastructure Americas at Partners Group, and Jon Mauck, senior managing director and head of data centres at DigitalBridge.

1 The scale and urgency of AI infra investment. It's a generational shift in technology that demands huge long-term investments in data centres, connectivity (fibre, towers) and power infrastructure.

2 Investment criteria is changing. The technical chops among GPs are essential to identify, including limiting investor exposure to speculative builds.

3 Geographic and regulatory considerations. The US lead in AI training could be eroded as Europe sees a surge in demand as AI inference becomes dominant.

25-50GW

Increase in data centre demand to 2030 cited by Partners Group's Ed Diffendal. Dollars required "is insane… there's an immense opportunity for infrastructure investors to participate."

6%

"You've got… cash pay of 6 percent, you've got escalators and you've got the potential for repricing"
Jon Mauck, DigitalBridge

4 Business models and cashflows. Yield-oriented investments in stabilised data centre assets are attractive. Customers can often invest more in the equipment inside data centres than the facility itself, providing comfort to investors about the long-term utility of the asset.

5 Market dynamics and risks. Not all AI infrastructure customers are investment grade. AI labs, for example, require additional guarantees or backstops.

6 Outlook. Rolling innovation and efficiency gains are expected, with the industry relying on improvements in power and cooling technologies. Hyperscalers may shift from owning real estate to focusing on software and technology innovation.

MEMBER MEETINGS

E-mail infraconnect@pei.group to attend these meet-ups and Forums.

SEP 9
LP investor-only Supper: Digital Infrastructure
London

SEP 9-10
Infrastructure Investor Forum
St. Pancras Renaissance Hotel, London

SEP 17
Member meeting on US infra developments
New York City

SEP 18
Infra Women's Circle
New York City

SEP 18
Infrastructure Credit
Munich

SEP 29
Infrastructure Investor Seoul Forum 2025
Seoul

OCT 2
Member meeting
Tokyo

OCT 22
Infrastructure Investor Asia Forum 2025
Marina Bay Sands, Singapore

GUEST SPEAKERS

James Johnson
Partner
White & Case

Sikander Rashid
Head of Europe
Brookfield Asset Management

Jon Mauck
Senior managing director and head of data centres
DigitalBridge

Ed Diffendal
Co-head of infrastructure, Americas
Partners Group

On technical evolution and risk

"Investing in data centres was primarily a real estate investment. Maybe 10 or five years ago, it was an infrastructure investment. Today, I think because of the requirements for heat evacuation, scale of power… the overall specialisation within training and inference loads in the data centre is requiring a level of technical expertise"

Ed Diffendal, Partners Group

"The asset managers or operators who have operations development capabilities, access to the right assets and power, and… structure capabilities to unlock the lowest cost of capital… will definitely thrive"

Sikander Rashid, Brookfield

Hyperscalers, off-takers, backstops

Sikander Rashid
Brookfield

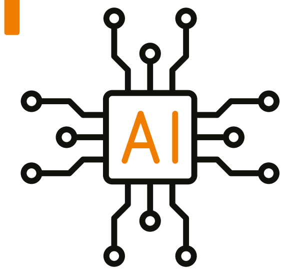
"We've seen Oracle step in to provide a backstop for OpenAI for almost 2GW in the US, which is phenomenal, a very high conviction move"

"The reality is a lot of these AI labs are non-investment grade... one thing to watch out for from an investment standpoint is you may be able to secure a long-term contract for the infrastructure you're building out. But it is very important... without an investment grid off-take, it will be extremely difficult to put up that capacity. Or to fund it even if they were contracted"

Five key points

By Brookfield's Sikander Rashid

1



Massive Scale and Capex Requirements

- AI is a new, highly power-intensive layer: The shift from traditional data storage and processing to AI is creating unprecedented demand and is "multiple" times larger than previous digitalisation waves.

2

Role of Private Capital and Structuring Expertise

- Access to capital is vital but so is structuring capability: It's not enough to have money – operators who can secure the right assets, develop them, and especially structure deals creatively (eg, to get non-investment-grade users access) will thrive.

3

Europe

- European sovereign ambition: There is a growing movement, partly for data sovereignty/ sovereign control, for Europe to develop its own AI capabilities.

4

Evolution of Asset Classes and Buyers

- Stabilised, yielding data center assets are attractive: Once leased with high-grade tenants, these are becoming a sought-after real estate asset class, similar to warehouses or self-storage. Terminal value risk is now better priced: The rise of AI has reduced renewal risk for urban, adaptable data centres.

5

Cautious Optimism amid Historic Lessons

- Current build is less speculative than dotcom/early fibre: Most capacity being built now is contracted, with no "unlimited" overbuild like the 1990s. Industry could face issues if many hyperscalers simultaneously pull back capex.

On business model and returns

Jon Mauck
DigitalBridge

"I like to say it's asymmetrical in a way, because today, if I'm not growing, I collect rents from typically very high criticality customers and counterparties. And if there's growth, I build more capacity with a very high margin return"

KEY FIGURES FROM THIS WEBINAR

$1.5trn
Estimated digitalisation opportunity

$30m-$50m/MW
Customer's investment in data hall (equipment)

$1trn
Projected data centre capex to support 100GW

$100bn
Annual spend by Amazon

10-15+ years
Typical long-term contracts

up to 15 years
Investment-grade lease terms

90%
GPT-3 to GPT-4 efficiency improvement

100GW
Forecast for data centre capacity over five years

75%
Projected share of future AI demand from inference

$7trn
AI capex opportunity (global)

$80bn
Annual spend by Microsoft

85%
DeepSeek AI efficiency boost over prior models

RELATED ARTICLES*

Interrogate an AI summary of this meeting by Perplexity here.

AI infrastructure takes centre stage, writes Brookfield's Sikander Rashid here.

Partners Group: Data centres reach an inflection point. Read here.

GRESB: Data centres need their own sustainability benchmark, *PERE* reports.

AI boom must confront environmental worries, *Private Debt Investor* reports.

*subscription may be required

Five key points

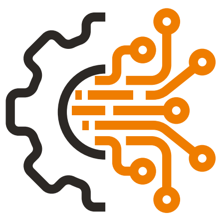
By DigitalBridge's Jon Mauck

1

Scale, Capital Requirements and Industry Shifts

- The size and complexity of current data centre builds far exceed past cycles, crossing from millions to billions of dollars per project. Traditional playbooks are no longer viable as development now requires alignment across the supply chain, intense focus on efficient capital deployment, access to energy and active partnerships with end customers.

2



Technology, Monetisation and Evolving Models

- Efficiency and innovation – such as advancements in AI chips and liquid cooling – are vital for sustaining growth and keeping up with capacity and energy needs. Mauck foresees hyperscalers moving away from direct ownership of real estate, power and fibre, concentrating instead on technology, software and applications.

3

Community and Regulatory Pressures

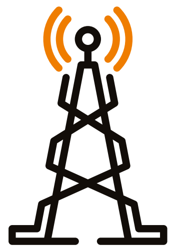
- Community and policy engagement are now integral to large-scale investment, with growing scrutiny on resources like water and energy, and the need for power purchase agreements and local economic benefits.

4

Investment Distinctions and Historical Context

- The structural difference between today's market and the dotcom or fibre booms: the current build-out is largely contracted, not speculative, and capacity is not unlimited. Cashflows are secured by high-quality tenants and stabilized data center assets are yielding attractive, visible returns, appealing to new pools of yield-oriented capital.

5



Cell Towers and Edge Compute

- Mauck highlighted the strong outlook for cell towers, which are benefiting from AI-driven demand and will become more crucial for edge compute and proximity workloads.

On geopolitics, data sovereignty and regulation

Ed Diffendal
Partners Group

"As the chip ban and various other export restrictions from the US involve some changes, I think that will have implications for how AI develops. I think as that ban gets more and more restrictive, you are promoting the development of that technology outside of the US and, therefore, someday there may be a competitor to a Blackwell chip that's equal or better"

"More and more governments will see data sovereignty as an absolutely essential part of the AI ecosystem to understand, regulate, control, put guardrails around, etc, and I don't think we have the faintest clue how to do that yet"

"The US is short electrons today. That's just a fact. If you look at power demand, going forward for the next five years... the availability to get power and power connectivity, grid connectivity, power equipment... to drive data centre and AI growth, I think is going to have a huge impact on where AI gets developed geographically"

Five key points

By Partners Group's Ed Diffendal

1

Evolution of Investment Expertise

- The evolution of the sector: once a real estate play, then an infrastructure investment, and now a deeply *technical* bet. Successful investors must understand technical topics like heat management, large-scale power and specialised workloads.

2

Power Constraints

- The US faces a shortage of electrons, dictating where new data centres can be built, and regions are in competition for scarce energy resources.

3

Training vs Inference: Geographic Shifts

- Much of the current US demand comes from AI model training, but Diffendal predicts future growth will pivot to inference, which must be close to end-users – presenting new opportunities for regions like Europe as workloads shift.

4

Terminal Value and Location

- Diffendal urges careful analysis of terminal value risks: data centres for training in remote areas may face uncertainty post-lease, while those near urban centres and adaptable for cloud/inference workloads are more future-proof.

5

Community, Regulatory and Policy Factors

- Diffendal flags the growing impact of policy, regulatory, and community pressures (eg, water, power and transmission infrastructure), stressing that navigating politics and contributing to local benefits will be key for future investment success.

Q&A

We had excellent questions from our audience on the call. They include:

EA asked: "What will be more important in the location decision: cooling capacity (so perhaps the Nordics), cheap energy (maybe Brazil) or geopolitical factors?"

Brookfield's Rashid said all of them but that the focus should be on earning the right risk-reward on capital through long-term take-or-pay contracts with the right escalators, tenor and counterparty quality, ensuring money is recovered during the initial contract term.

The extent to which investors are funding the buildout of AI training facilities, mainly in the US, is a key consideration, he said. "I think it's important to thoroughly assess terminal value and contract renewal risk, particularly for facilities that are not located in close proximity to dense urban centres. The ones that are in close proximity can be used for inference in the future.

"I think that terminal values won't be at risk, but for training, that is just one thing to keep in mind."

GG: "What will be the impact of AI on traditional cell phone towers?"

Brookfield's Rashid: "I think as AI adoption becomes more pronounced, edge compute will become more critical and I think towers will have a very important role to play. We're not seeing a ton of that yet, but I think early use cases are developing… I think that would be an interesting area to watch, in addition to, of course, tower densification."

AM: "Who is a willing buyer of stabilised assets where those assets are yielding but there is significant capex parked in the facility? Are these stabilised yieldcos hitting the return expectations?"

DigitalBridge's Mauck: It is an attractive real estate investment "if you have an asset that's got a 15-year investment-grade counterparty from an Oracle or an Amazon or Microsoft (and) it's got attractive escalators, and it's in… northern Virginia or Santa Clara that maybe has some defence ability to do expansion and so is hard to substitute".

He added that compared with offices, warehouses and self-storage, "data centres have become the new category", while acknowledging that this market is still in its infancy.

> "I think that terminal values won't be at risk, but for training, that is just one thing to keep in mind"
>
> **Sikander Rashid, Brookfield**

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