



MAPLE-BROWN ABBOTT

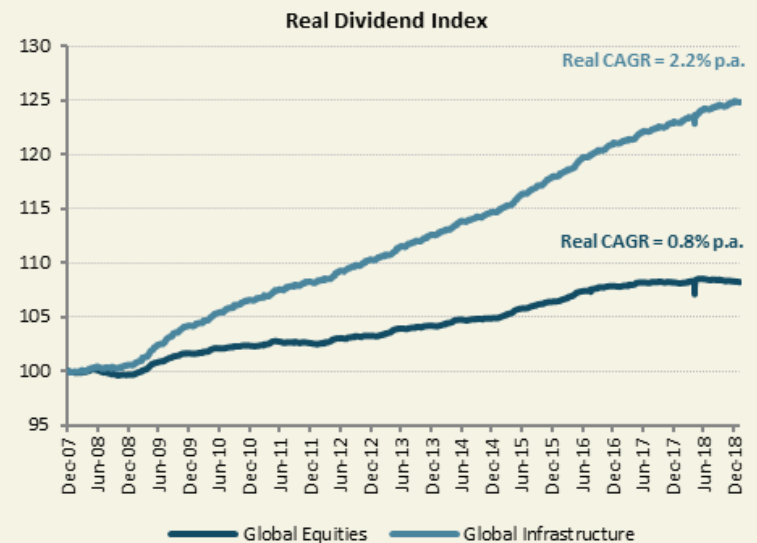
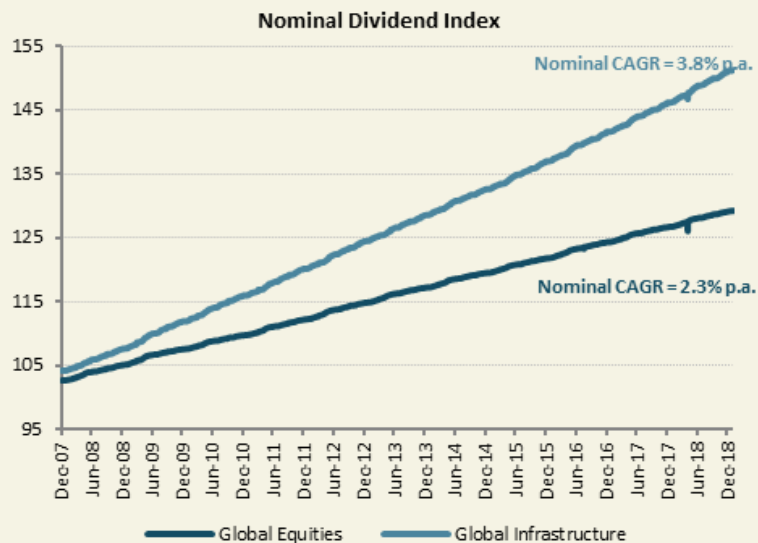
INVESTMENT MANAGERS SINCE 1984

Global Listed Infrastructure

March 2019

Real income protection

- Infrastructure has provided dividend growth commensurate with inflation.
- Global equities have struggled to provide stable real income levels.



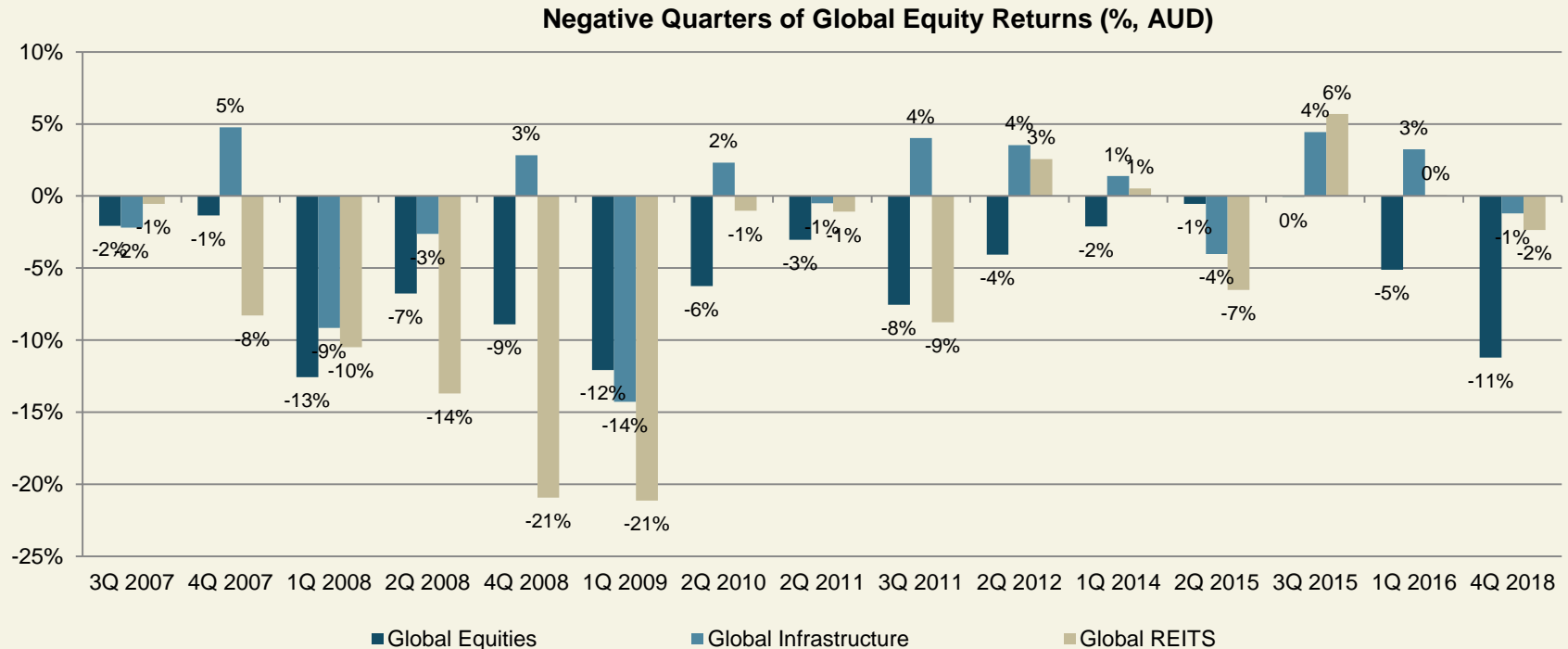
Global infrastructure has managed to demonstrate inflation protection and achieve positive real income growth over short and longer term periods.

Source: Bloomberg; MBA calculations to 31-Dec-2018. Data in USD terms.



Defensive Equity Investment

Since the GFC, there have been 15 quarters where Global Equities were negative. Infrastructure outperformed in 12 of them.



Average Return During Negative Quarters for Global Equities		
Global Equities	Global Infrastructure	Global REITS
(5.6)%	(0.5)%	(5.7)%

Quarters of Outperformance vs. Global Equities	
Global Infrastructure Outperformed	Global REITS Outperformed
12/15 (80%)	9/15 (60%)

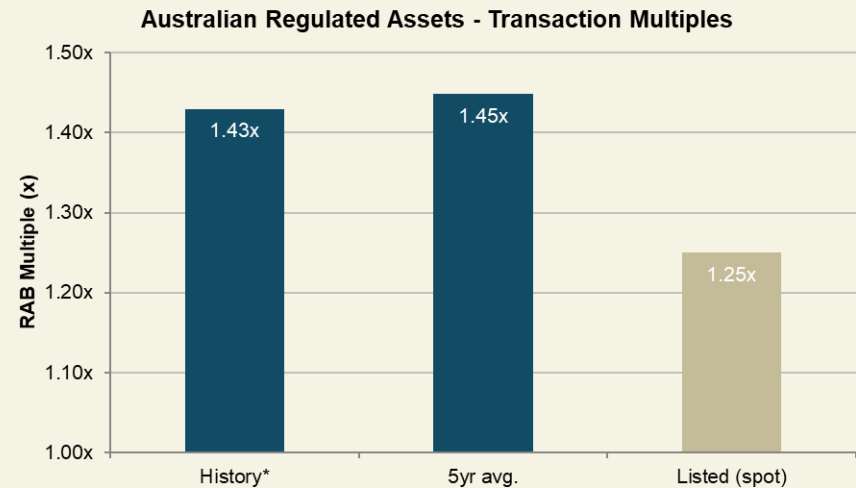
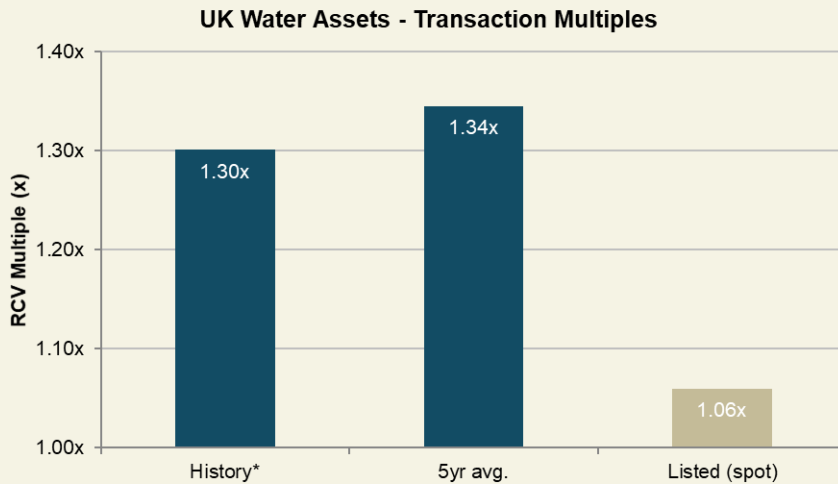
Source: Maple-Brown Abbott. Calculations based on quarterly data to 31 December 2018. Returns of the FTSE Global Core Infrastructure Index have been compared to the MSCI World Index and FTSE EPRA/NAREIT Global Total Return Index.



Valuations mostly cheaper than Direct Infrastructure

Large disparity continues between the listed and unlisted regulated assets

- UK water assets in the unlisted market continue to trade at a significant premium to listed. Even with the unprecedented gap in operational returns between listed (higher) and unlisted
 - Transactions post the “Corbyn manifesto” continue to be supportive (three transactions averaging 1.30x)
 - National Grid sold its UK gas distribution network for 1.50x RCV in December 2016
- Similarly, Australian regulated utilities continue to be sought after
 - NSW Government privatised Endeavour Energy at 1.58x RAB



Notes: The **RCV Multiple** is a ratio of the Enterprise Value to Regulatory Capital Value, applicable for both listed and unlisted water utilities in the UK. MBA GLI's database consists of more than 20 known UK water transactions between 2003 and 2018, with multiples varying between 1.09x and 1.61x RCV. The RCV multiple for each transaction has been sourced from news reports, broker reports, company presentations and/or financial accounts. MBA GLI has estimated the multiples where lacking full disclosure from private companies. The listed (spot) RCV multiple is based on internal estimates of the equal-weighted average RCV forward trading multiple of the UK water investments in the MBA GLI portfolio.

The **RAB Multiple** is a ratio of the Enterprise Value to Regulatory Asset Base, applicable for both listed and unlisted water utilities in Australia. MBA GLI's database consists of more than 30 known Australian transactions between 2002 and 2018, with multiples varying between 1.11x and 2.19x RAB. The RAB multiple for each transaction has been sourced from news reports, broker reports, company presentations and/or financial accounts. MBA GLI has estimated the multiples where lacking full disclosure from private companies. The listed (spot) RAB multiple is based on internal estimates of the equal-weighted average RAB forward trading multiple of the Australian regulated asset investments in the MBA GLI portfolio.

* History represents period from 2003-2018 for UK Water Asset and 2002-2017 for Australian Regulated Assets. Various news sources, including MBA estimates



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