

Our learnings from three decades of infrastructure equity investing

Learning 1

Take a long-term view

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Our first learning is about taking a long-term view.

As an asset manager investing on behalf of long-term institutional clients, we think in decades, not years and quarters. We build financial models that extend 30 or 40 years, reflecting the nature of the underlying assets we invest in. These essential infrastructure assets serve communities and underpin the smooth-running of economies over life spans stretching 50 to 70 years, or more.

Re-investing capital early can support long-term returns

With a long-term hold strategy and active management approach, we seek to identify opportunities to re-invest capital in value-accretive improvement programs or bolt-on acquisitions over time, rather than withdrawing it as distribution.

We consider opportunities to spend capital early on in our ownership that may help us to achieve significant capex savings over the long term. An example of this is our investment in a road resurfacing project on the Indiana Toll Road, as outlined on the following page.

Opportunities to re-invest over time

Opportunities to reinvest are not limited to the early days following an acquisition. We actively work with management to identify value-accretive opportunities to reinvest capital over time. It could be adding a lane to a toll road or building a new airport terminal.

In our experience, these capital investments can be valuable additions to the assets that support long-term returns.



We build financial models that extend 30 or 40 years, reflecting the nature of the underlying assets we invest in

CASE STUDY

Indiana Toll Road

Since acquiring the Indiana Toll Road in 2015 we've made sizeable capital investments to improve the safety and quality of the roadway. The 157-mile-long toll road is a critical part of the U.S. freight distribution and transportation network.

In the early days of our ownership, we recognised an approach to improving and maintaining the road that could extend the life of the asset, as well as provide cost savings over the long-term. In agreement with the State of Indiana, we undertook a project to restructure and resurface over 70 miles of the road. The upgrades helped to reduce cracks and potholes, improving the road condition and safety for road workers and customers.

The road improvement project also incorporated the rehabilitation of 53 bridges and other travel upgrades along the roadway and is the largest single undertaking since the roadway's initial construction in the 1950s.

We estimate that investing capital in this way has, and will continue to, significantly reduce operational and road maintenance costs by hundreds of millions of dollars over time.



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After almost three decades of investing in infrastructure globally, we continue to focus on leveraging the learnings outlined here for the benefit of our clients and their beneficiaries. And we are still learning.

This is our first learning in a series of six infrastructure equity learnings.
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