

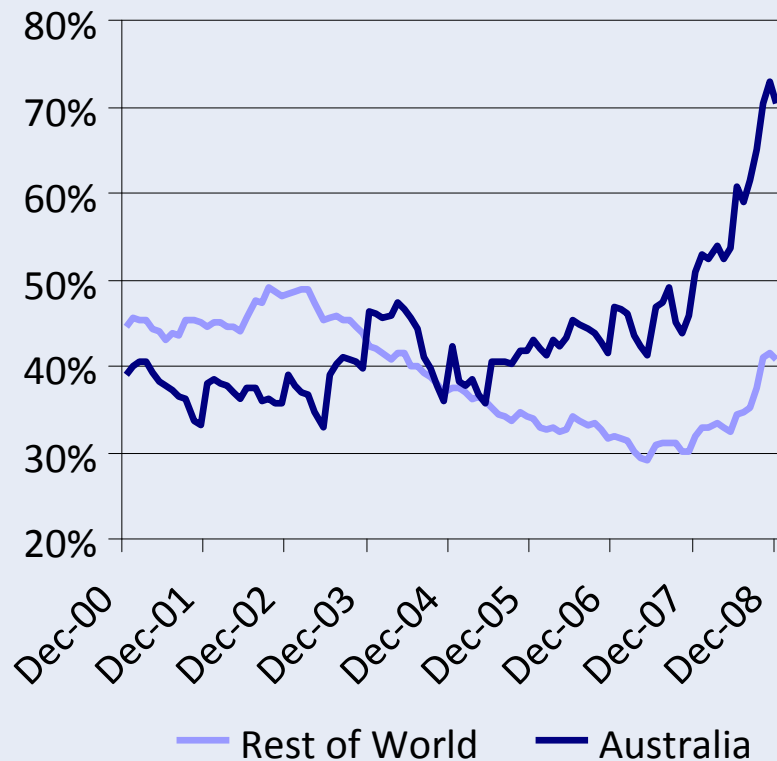
# Agenda

- Why infrastructure is such a big theme
- **Why many Australian investors feel let down by infrastructure**
- The difference between Australian and global listed infrastructure
- The outlook for global listed infrastructure
- About RARE
- Appendices

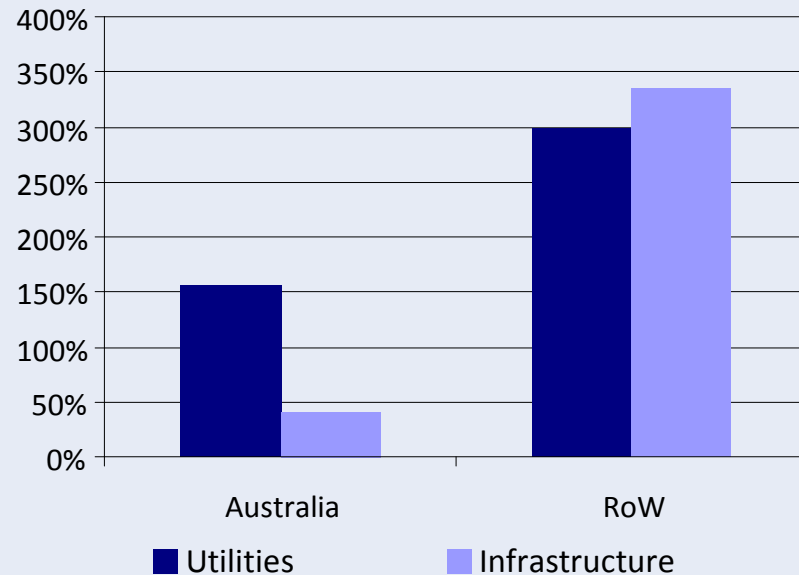
# Australian vs Global Infrastructure Assets

## Returns and dividends created through gearing not cashflow

Gearing  
(Net Debt to Enterprise Value)



Operating Cash Flow Cover of Dividend  
(Last Financial Year, Op CF per share to DPS)

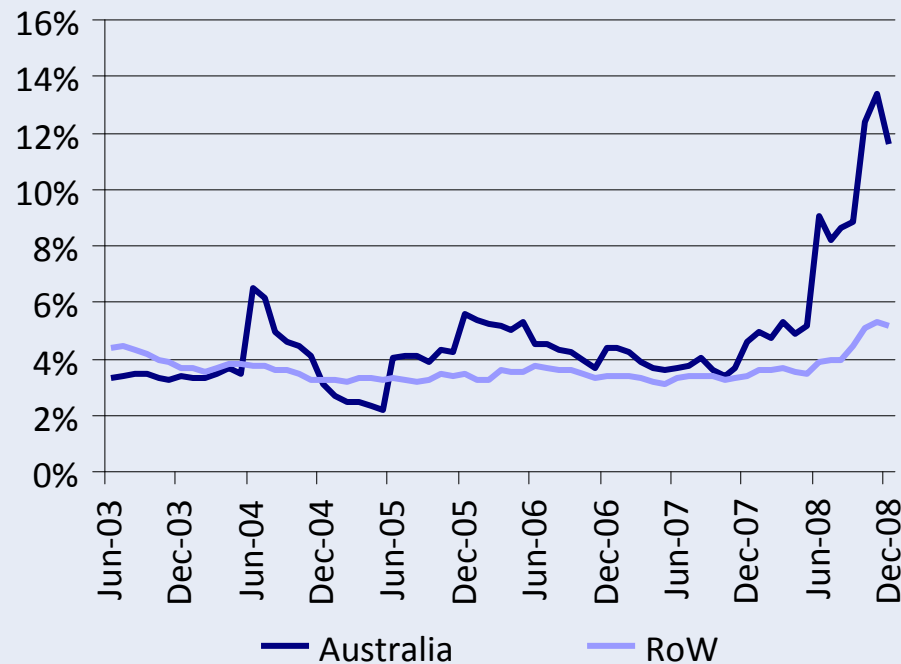


Source: Bloomberg, RARE calculations as of Dec 2008.

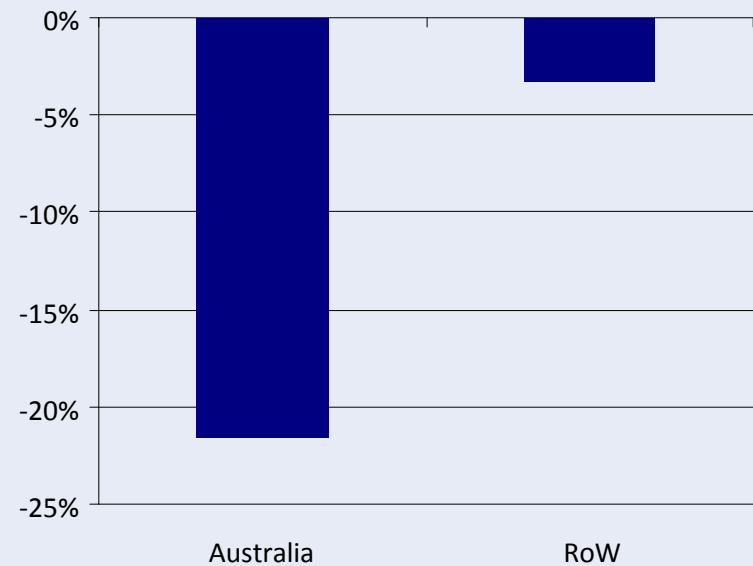
# Australian vs Global Infrastructure Assets

## Australia – higher yields but now being cut at faster rate

Aus Infra dividend yield vs RoW  
(Current year dividend yield, current prices)



Average Dividend change last 3 months  
(Average pct change in DPS announced in last 3 months)



(NB largest contributions to Australian data from Asciano, Connecteast and Duet – does not yet include MIG)

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# What is different about global listed infrastructure?

- Companies are the owners and operators of the underlying assets
  - More simple corporate structures
  - Less leakage of fees
  - Less incentive to misuse M&A and debt
- More choice of infrastructure assets
  - Investors can pick and choose between sector and country exposure
- Management strategy is focused on operations and long term performance
  - Proper balance sheet management
  - Dividends funded from operating cash flows
  - Local people understanding their local markets

# The difference between Australian and global listed infrastructure stocks

## Infrastructure – Aeroports de Paris vs MAP

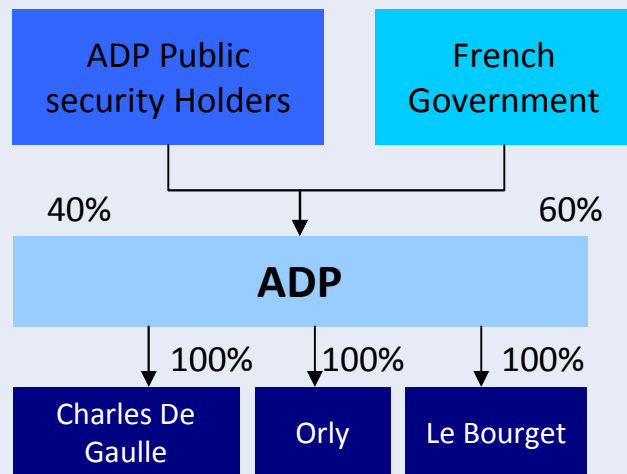
	<b>Aeroports de Paris</b>	<b>Macquarie Airports</b>
<b>Overview</b>	Owner and operator of three Paris Airports, Charles de Gaulle, Orly and Le Bourget	Owner of substantial stakes in four airports in Australia and Europe with minority stakes in Japan and Mexico
<b>Regulation</b>	Airport returns regulated by French Government decree using published formula covering five year investment periods	Airports returns are largely unregulated
<b>Fees &amp; Costs</b>	Operational management only	Operational Management, financial management fees, financing arrangement and performance fees
<b>Financial Highlights</b>	Mkt cap: USD5.5bn Debt/EV: 34% EV/EBITDA: 7.6x Dividend yield: 3.9% (400% covered)	Mkt cap: USD2.3bn Debt/EV: 71% EV/EBITDA: 16.8x Dividend yield: 13% (c50% covered)

# AdP vs MAP structure and ownership

Simple vs complex structures - public security holders at the back of the line

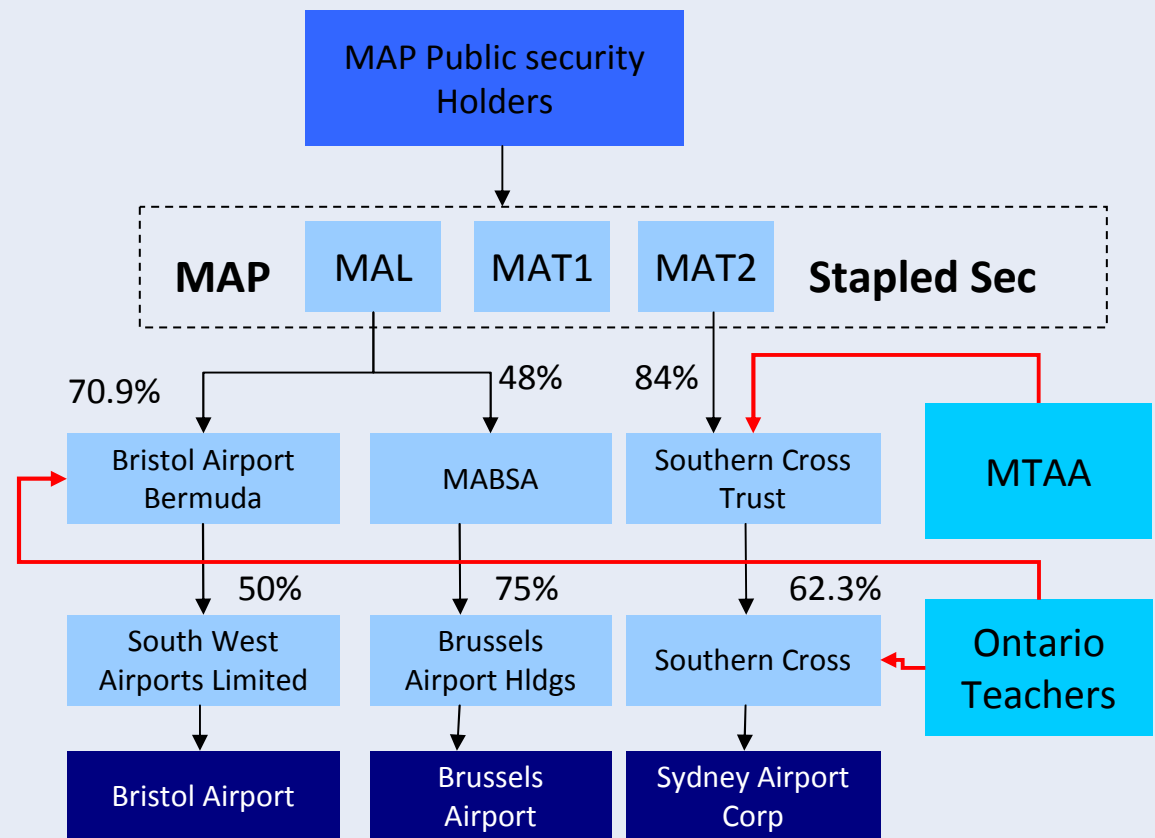
## Aeroports De Paris

Entity owns 100% of Infra assets, All investors hold at the same level



## MAP

Complex structure with public investors far removed from assets, large institutions present closer to asset level



# Why Invest close to the asset level?

- Australian Trust structures are often more complex than their global equivalents
- Both Australian institutional funds (MTAA) and large global funds (Ontario Teachers) have chosen to take direct stakes close to the asset rather than through the trust
- Advantages of asset level ownership include:
  - Avoiding the responsible entity fees at the trust level
  - Avoiding performance fees at the trust level
  - Owning a direct interest in the cashflows of the asset without waiting for cash to filter through the structure