GLOBAL LISTED INFRASTRUCTURE
Market Commentary Q4 2017

EXECUTIVE SUMMARY

- We believe that listed infrastructure still trades at a discount to private market values and if we see M&A activity (private companies buying public companies) this could spark investor attention.
- Our outlook is for continued double-digit returns, with a forecast of 10-12% for 2018.
- Our outlook is supported by three key themes related to organic growth, energy and communications.

OUTLOOK AND STRATEGY

We carry over from 2017 a number of the themes that drove the strong performance year. Our outlook is for continued double-digit returns, with a forecast of 10-12% for 2018. The return outlook is supported by a 3.5% dividend yield and forecast 7-8% dividend growth. The upside case could see another year of 15-20% returns driven by multiple expansion. We believe that listed infrastructure still trades at a discount to private market values and if we see M&A activity (private companies buying public companies) this could spark investor attention. On average, listed infrastructure trades at a 11.2x EBITDA multiple, well below private values (14-16x).

Our outlook is supported by three key themes:

ORGANIC GROWTH THEME

The listed companies own a large base of existing infrastructure assets that are aging and require investment for upgrading, enhancing and replacing these assets for safety, reliability and efficiency purposes.

ENERGY THEME

Globally, countries are underway in implementing changes to how energy is produced, from high polluting carbon (coal) to cleaner (natural gas) and renewable energy sources.

This change requires significant investment in the generation assets (wind turbines, solar farms, natural gas power plants) as well as related transmission and storage assets, in nearly all markets.

COMMUNICATIONS SPACE THEME

Data is the fastest growing commodity globally (24% CAGR thru 2021) driving need for communications infrastructure.

Carriers, broadband and content players, tech firms are outsourcing the infrastructure portion of the data needs to owners focused on the assets, creating opportunities for the listed companies.

We have also seen new listed communication infrastructure companies the past few years in markets like Europe, Mexico, Singapore and Africa, creating a larger opportunity set. We are investing in both towers and data centers in the U.S. and Europe where the companies are best positioned to capitalize on the trends.

CBRE CLARION SECURITIES

MARKET REVIEW[1]

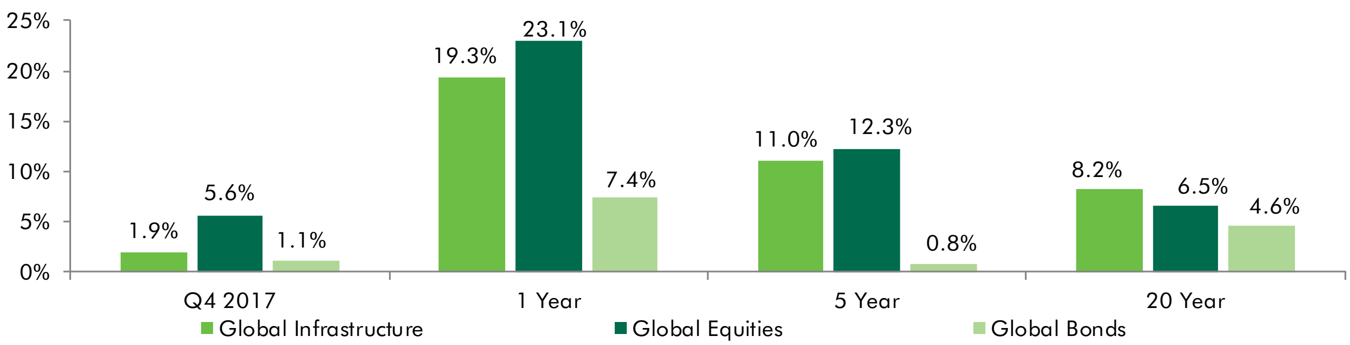
Listed infrastructure closed out 2017 with another positive quarter with a 1.9% total return, despite a December that finished down 1.3%. For the quarter, Continental Europe led the way at 5.4% while the U.K. was the biggest laggard. Emerging Markets and developed Asia outperformed global infrastructure and Americas finished positive but slightly underperformed. 10-year treasury yields globally were relatively subdued during the quarter, although U.S. rates trended higher after the expected rate hike in December. The USD did not move much which cannot be said about crude oil which traded 17% higher and reached its 2017 high on the last day of the year.

Continental Europe was carried by airports and toll roads. Improving macro-conditions, traffic growth, and M&A activity continued to playout as key catalysts in the transportation sector. Towers had an impressive quarter and utilities outperformed as well. U.K. utilities struggled behind the backdrop of power reform and regulatory uncertainty.

Developed Asia outperformed in the quarter solely due to Australia. Toll road company, Transurban Group, fared well following the completion of its A$1.35 billion institutional entitlement offer being used for a tunnel project in Melbourne. Hong Kong, Japan, and New Zealand finished just above breakeven. Solid rail performance in Japan helped offset negative utility returns.

Americas was led by the U.S. which experienced a wide range of subsector returns. Water utilities reached all-time highs with no major news events, whereas regulated electric utilities finished down amid rising rates, tax reform, and some company specific issues. Tower, rail, and renewable energy companies finished an impressive 2017 with another outperforming quarter. Both Canadian and U.S. midstream names rebounded in December but ultimately finished negative in the quarter. Canadian rails and regulated electrics outperformed.

Returns of Global Listed Infrastructure versus Global Equities and Global Bonds



Source: Global Infrastructure, Global Equities, and Global Bonds are represented by the UBS Global Infrastructure & Utilities Index through 02/28/2015 and FTSE Global Core Infrastructure 50/50 Index from 03/01/2015-12/31/2017; MSCI World Equity Index; Bloomberg Barclays Global Aggregate Bond Index. Information is subject to change and is not intended to be a forecast of future results, or investment advice. An index is unmanaged and not available for direct investment. This is not representative of the performance of any CBRE Clarion strategy.

IMPORTANT DISCLOSURES

[1] All discussion of performance of infrastructure stocks refers to the UBS Global Infrastructure & Utilities 50-50 Index through 02/28/2015 and FTSE Global Core Infrastructure 50/50 Index from 03/01/2015-12/31/2017.

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The FTSE Global Core Infrastructure 50/50 Index provides exposure to infrastructure as defined by the Industry Classification Benchmark (ICB) and adjusts the exposure to certain infrastructure sub-sectors. Company weights are limited to 5%. The UBS 50/50 Index is an unmanaged market-weighted index which consists of infrastructure and utility companies from developed markets whose floats are larger than US $500 million. The MSCI World is a market cap weighted stock market index of 1,653 stocks from companies throughout the world. The index includes a collection of stocks of all the developed markets in the world, as defined by MSCI. Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment grade fixed-rate debt markets. The Global Aggregate Index contains three major components: the U.S. Aggregate (USD 300mn), the Pan-European Aggregate (EUR 300mn), and the Asian-Pacific Aggregate Index (JPY 35bn). In addition to securities from these three benchmarks (94.0% of the overall Global Aggregate market value as of December 31, 2010), the Global Aggregate Index includes Global Treasury, Eurodollar (USD 300mn), Euro-Yen (JPY 25bn), Canadian (USD 300mn equivalent), and Investment Grade 144A (USD 300mn) index-eligible securities not already in the three regional aggregate indices. The Global Aggregate Index family includes a wide range of standard and customized subindices by liquidity constraint, sector, quality, and maturity. A component of the Multiverse Index, the Global Aggregate Index was created in 1999, with index history backfilled to January 1, 1990. PA02012018