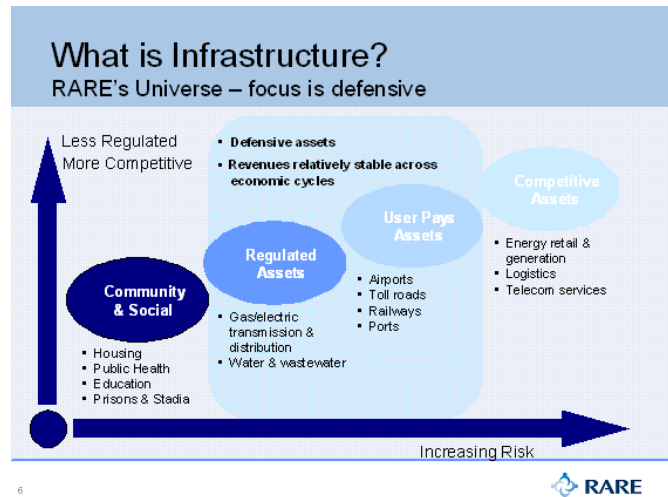


Current Opportunities in Infrastructure

As individuals gain wealth, the demand for infrastructure increases. This impacts all classes of infrastructure assets from toll roads, airports to water, gas and electricity utilities.

There are a number of exciting opportunities to get exposure to infrastructure both here in Australia but also globally.

In a lot of cases the infrastructure assets or companies are listed on world stock exchanges. The underlying share prices of these assets can be extremely volatile depending on market conditions. However, when we look at the underlying operational performance of these types of businesses they are very steady and predictable. This provides investors with the opportunity to pick up great assets at a big discount.

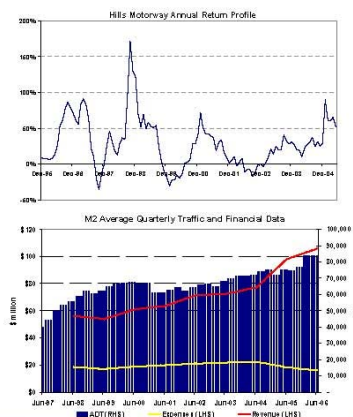


Importance of Seeing Through Noise

[28]

Infrastructure assets are not universally well understood. Volatility can be the result of investors misunderstanding the opportunity rather than financial variables.

- Hills Motorway was the first listed greenfield toll road in the world.
- Between 1995 and 2005 when Hills Motorway was acquired by Transurban, it generated compound annual returns of 27%.
- Over the same period, the annualised price volatility of the securities was over 30% - quantitative analysis would have led many investors to have considered this a risky investment.
- Hills Motorway experienced continuing revenue and earnings growth on an annual basis.
 - From 1998 to 2006, revenue grew by 8.2% p.a. and EBITDA grew by 11.5% p.a.



Source: Hills Motorway, Transurban Group, Magellan Asset Management

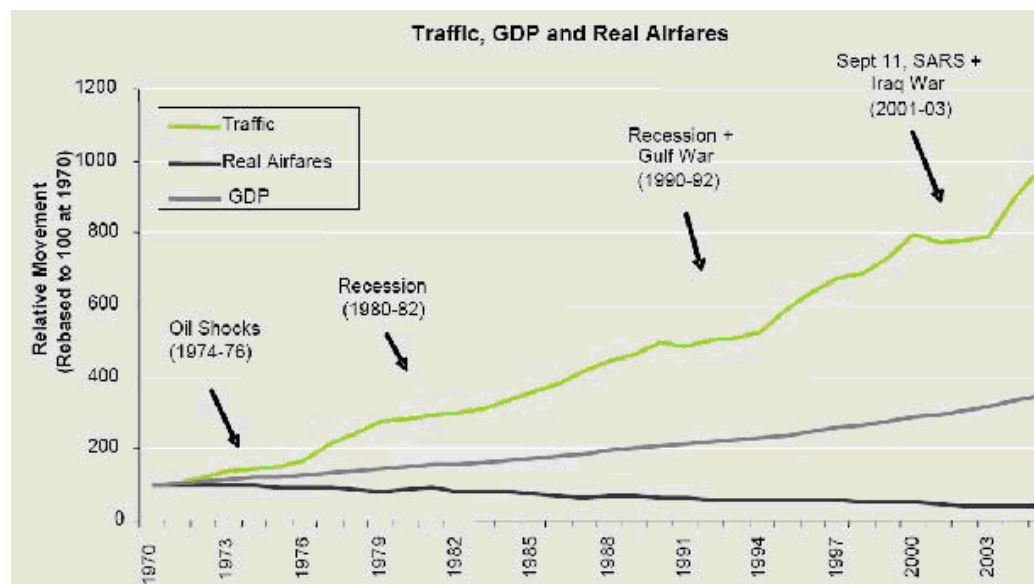


Recently we have seen purchases of listed entities infrastructure assets at very large premiums to the underlying share price by long term Investors. An example of this is the recent purchase of Macquarie Communications stake for \$350m by the Canadian Government Pension Fund. This price was a 67% premium to the last closing price of the shares and now existing shareholders are whinging they sold too cheap and the assets were on Macquarie's books for \$240m.

Infrastructure assets typically have strong, predictable and growing income streams.

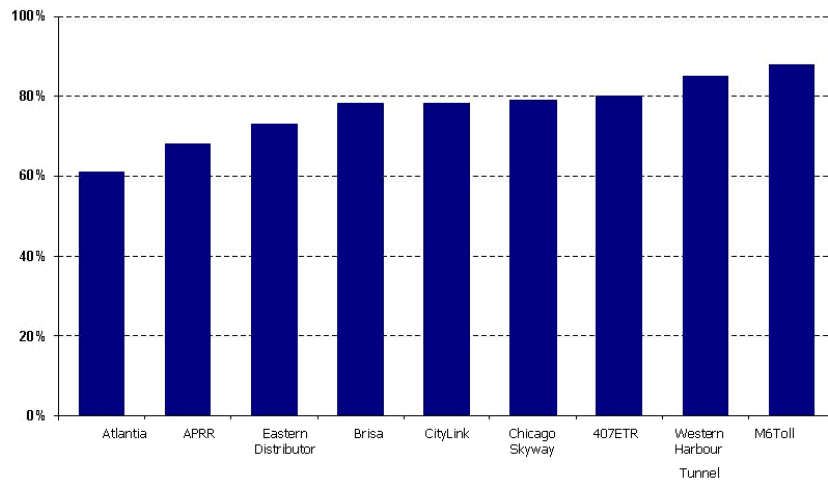
Common attributes for infrastructure assets are;

- Demand for such assets increase with wealth

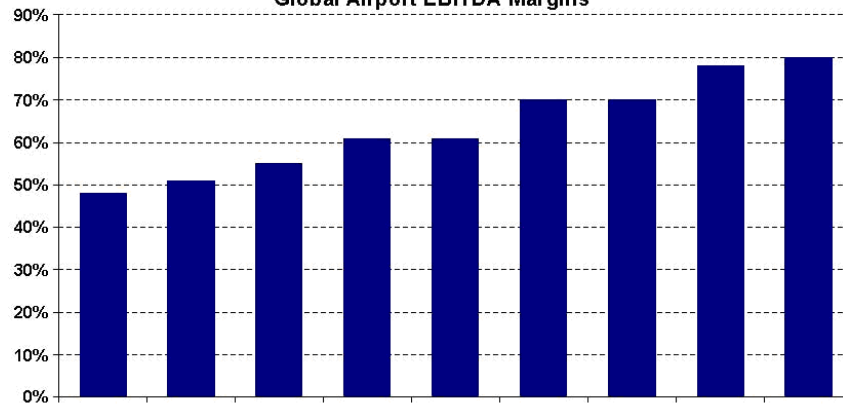


- Robust earnings through the economic cycle
- High operating margins

Toll Road EBITDA Margins

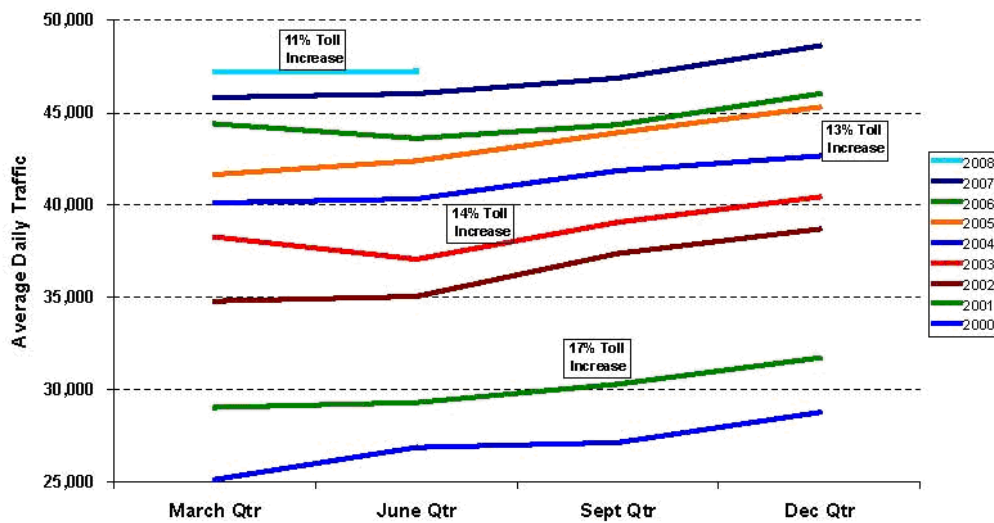


Global Airport EBITDA Margins

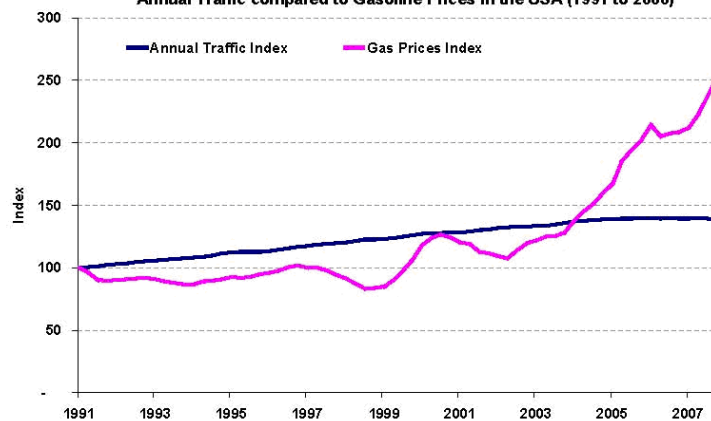


- Some linkage of revenue with inflation (providing a hedge in inflationary times)
- Low levels of elasticity (price increases have little impact upon usage)

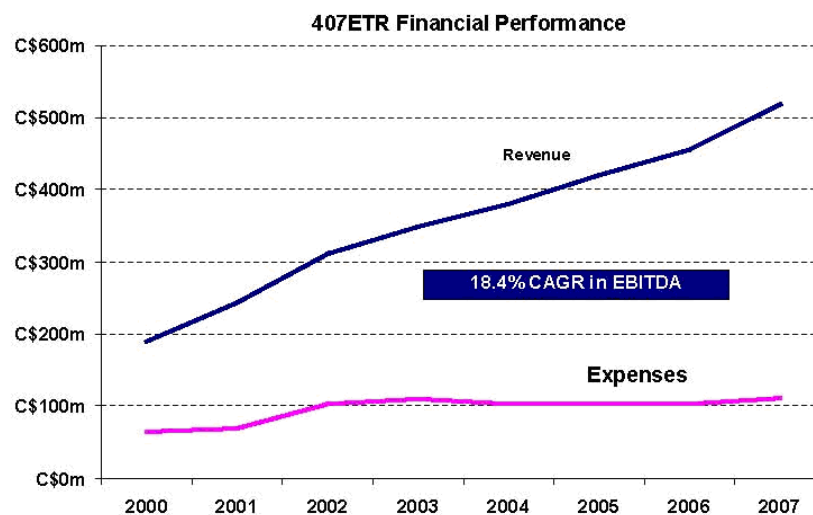
Eastern Distributor Traffic



Annual Traffic compared to Gasoline Prices in the USA (1991 to 2008)



- Economies of Scale



The global demand for infrastructure is growing and the opportunities over the next few decades will be enormous.

Please contact our office so we can demonstrate how we can include infrastructure in your portfolio and what are seen as 'opportunistic prices' for extremely good assets. This will mean that we can get your portfolio exposed to assets that produce a very good long term income stream that will grow over time countering inflation.