INFRASTRUCTURE MONITOR 2020

Private investment in infrastructure key findings

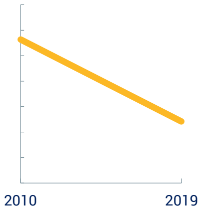
Global Infrastructure Hub

Private investment
in infrastructure through primary market transactions* is low, at around

100bn

and has been declining over the past decade from

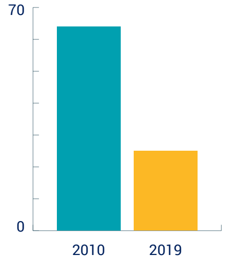
156bn in 2010



Only
25% in 2019

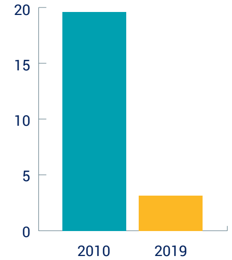
of private infrastructure transactions were in primary markets, down from

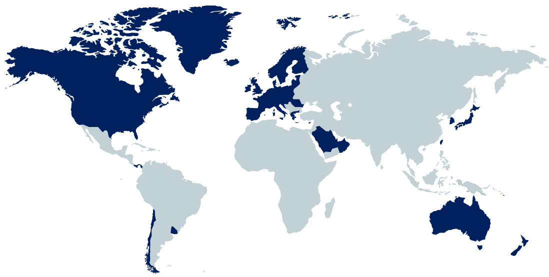
64% in 2010



Private investment in
social infrastructure
(health care, education and public facilities) declined the most from

19bn in 2010 TO ONLY **3bn** in 2019





Private infrastructure investment has been dominated by investment in **high-income countries,**

accounting for 67% of the total on average over the past decade

Over the past decade,

Latin America + Middle East + North Africa

have been **fast growing regions** for private investment, while

Europe has seen the largest decline.

Top areas of private infrastructure investment are:

renewable energy

transport

non-renewable energy

Over the decade, total investment in more carbon-intensive and less sustainable energy was greater than investment in renewables in **middle- and low-income countries.**

Private investments in low-income countries are mainly denominated in foreign currencies, creating a structural foreign exchange risk for investors.

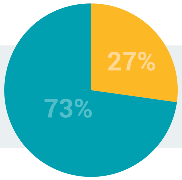
$ %

* New security offerings in either greenfield or brownfield infrastructure projects which normally represent an incremental investment in infrastructure.

All dollar references are in USD

Infrastructure investment performance key findings

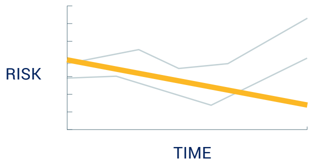
73% of private infrastructure investment globally was debt financed



27% was equity financed over the past decade

Debt

Infrastructure default risk slows considerably after an initial period (i.e. the construction phase), in contrast to other asset classes which typically experience a steady rise in default over time.



Infrastructure loans on average perform like an **investment grade security**

by year 10 in high-income countries

by year 14 in middle- and low-income countries

even faster in PPPs

Social infrastructure has experienced lower default rates than other infrastructure sectors.

health care **education** **public facilities**

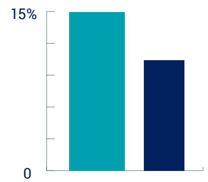
The Middle East and Africa have experienced the lowest default rates and highest recoveries in infrastructure debt.

Equities

Over the past ten years, **publicly listed infrastructure** equities have on average provided

lower returns **6.7% p.a.** **but with lower risk** vs **global equities** **9.7% p.a.**

Unlisted infrastructure equities outperform listed global equities, both in terms of **higher returns (14.6% p.a.)** and **lower risk.**



Emerging markets listed infrastructure equity returns (2.2% p.a.) have underperformed global equity benchmarks and experienced higher volatility.

Global Infrastructure Hub