infra300® Market Index

A representative index of private infrastructure equities

December 2024 Release

Executive Summary

- The infra300® index saw a mild decline in performance in Q4 compared to Q3, with a -0.53% quarter-on-quarter total return driven primarily from decrease in market prices due to high interest rates persistence in US, UK and Europe.
- The cash return of the index was 10.7% year-on-year, reflecting the substantial dividends paid by infrastructure companies and compounded by lower equity prices.
- The Power Generation x-Renewables. (IC120) and the Energy and Water Resources (IC40) TICCS segments were the top performing sectors, having returns of 1.15 % and 0.67% respectively.
- Merchant and Regulated revenue companies drove the index returns.
- The top five performing infra300 constituents saw an average positive total returns of 3.6% quarter-on-quarter.

The infra300® Index

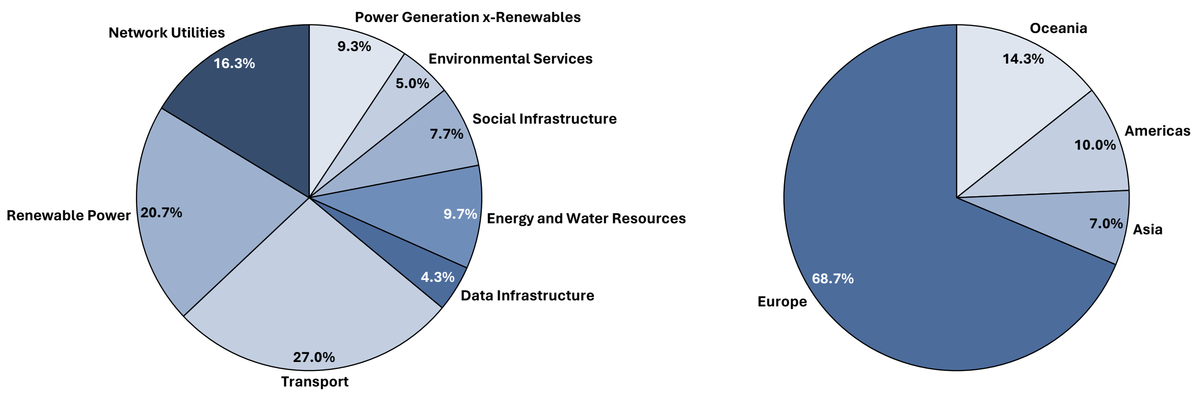
Index Description

The infra300® Equity Index is a global index that represents the monthly total return of 300 unlisted infrastructure companies. This index is registered with ESMA as a market benchmark for private infrastructure investments and designed to provide an accurate reflection of the performance of the unlisted infrastructure sector. It achieves this by tracking the various TICCS® segments, ensuring a broad and detailed representation of the unlisted infrastructure universe in the 20 most active markets in the world. As of 31 December 2024, it had a market capitalisation of USD297.3 billion and saw a quarter-over-quarter decline of -0.53% in total return (local currency[1], equal weights). Market capitalization declined by USD39.9 billion from the previous quarter and USD27.1 billion year-on- year.

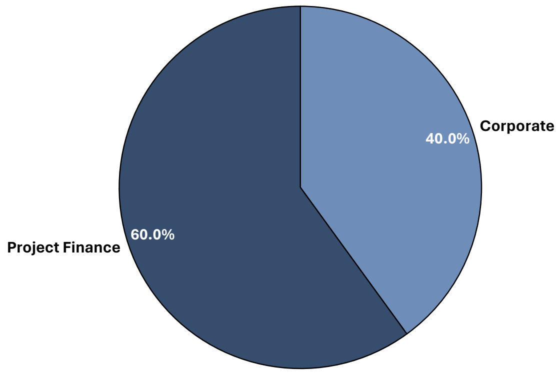
Index Composition

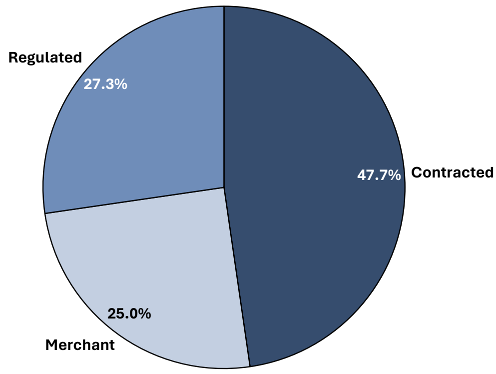
Transport (IC60) holds the largest allocation at 27%, followed by Renewable Power (IC70) at 20.7%. Data Infrastructure and Environmental Services have the smallest allocations, at 4.3% and 5%, respectively. Geographically, Europe leads with a 68.7% allocation, followed by Oceania (14.3%), the Americas (10%), and Asia (7%). Project finance companies (TICCS CS1) comprise 60% of the index. By business model, 48% are Contracted (TICCS BR1), 27% are Regulated (TICCS BR2), and 25% are Merchant (TICCS BR3).

FIGURE 1: INFRA300® TICCS REPRESENTATION



[1] This is the official version of the index and avoids any unintentional FX effects.





Index Performance

The infra300® Index EW LCU delivered a three-month cumulative return of -0.53%. In 2024, the index has achieved a return of 7.85% driven by the rate cuts in the first 3 quarters of the year. Over a longer horizon, the index has delivered an annualized return of 8.57% over five years and 8.65% over ten years. The long-term returns and volatility of the infra300® indices in local currency remain lower than those of their USD counterparts, primarily due to the avoidance of recent FX fluctuations impacting the USD index.

TABLE 1: INFRA300 TOTAL RETURN AND VOLATILITY FOR Q4 2024.

Index	3-m Cumulative Return	2024 Return	5-year Ann. Return	10-year Ann. Return	5-year Ann. Volatility	10-year Ann. Volatility
infra300® EW LCU	-0.53%	7.85%	8.57%	8.65%	10.23%	10.24%
infra300® EW USD	-7.07%	2.55%	7.91%	6.42%	14.76%	13.75%
infra300® VW LCU	-0.62%	6.38%	6.78%	6.70%	13.74%	13.05%
infra300® VW USD	-6.40%	2.27%	6.43%	4.61%	16.85%	15.82%

Fundamentals Analysis

As we close out the fourth quarter, global macroeconomic conditions remain a key focus. In the transport sector (IC60), which has the greatest weight in the index, the total returns declined in the latest quarter, yielding -0.56% within **the infra300 index**. This is primarily due to fuel price fluctuations moderated discretionary travel, particularly in economically weaker regions. Europe experienced stagnant economic growth, with Germany recording a 0.1% GDP decline, marking its second consecutive year of contraction. Tariff adjustments also influenced the sector. In Italy, 2024 marked the conclusion of a five-year regulatory period for road tariff reviews, initiated in 2020. During this time, road tariffs were adjusted to reflect inflation, operational costs, and investments. With euro area inflation declining to 2.2% in August 2024 (from 2.6% in July), significant toll increases are unlikely, potentially tempering revenue growth for operators reliant on inflation-linked pricing mechanisms. Nevertheless, interest rate cuts by the ECB, including a fourth reduction to 3% at year-end, are expected to stimulate economic growth, boost spending, and increase road traffic as economic activity strengthens.

Similarly, airport operators contributed to the reduced year-on-year returns in the **infra300** index. The regulatory asset base (RAB), a key factor in setting revenue caps, may face challenges as lower inflation expectations reduce the weighted average cost of capital (WACC), potentially tightening allowable returns. Heathrow Airport, for example, remains particularly sensitive to these dynamics.

Ports saw a surge in trading activities in this quarter that supported throughput volumes. However, weak global trade dynamics, particularly in Asia-Pacific, limited growth. For example, the Port of Rotterdam experienced stable throughput but faced challenges from subdued trade growth. Although there are signs of world trade recovery, these remain uncertain due to escalating global tensions.

In the energy and utilities sectors (**IC70** & **IC80**), Q4's seasonal demand surge, driven by winter heating in the Northern Hemisphere, boosted revenues for electricity and gas infrastructure. Renewable energy projects under fixed PPAs maintained stable performance, while merchant power plants capitalized on elevated spot prices. To mitigate cost inflation and rising capital expenses, energy companies increasingly focused on inflation-linked revenue models, ensuring greater stability and reducing risks associated with merchant operations.

Year-on-year total returns in the **infra300** index highlight the stronger performance of contracted (**BR1**) assets, which are particularly relevant in the energy sectors contributed about 4.5% to total returns, outperforming the 2.5% from merchant assets.

Meanwhile, the Energy and Water Resources sector (**IC40**) faced declining gas demand for electricity generation, driven by the growing adoption of renewable energy sources such as hydropower, solar, and wind. This trend was especially impactful for European pipeline companies, underscoring the ongoing transition to a decarbonized energy mix. For example, Enagás, a major European pipeline operator, reported an 11% decrease in natural gas demand in Spain in 2023 compared to 2022, reflecting the effects of this energy shift.

Overall, infrastructure companies with regulated (**BR3**) or contracted (**BR1**) pricing, such as utilities and renewable energy, demonstrated stable revenue growth. In contrast, merchant (**BR2**) infrastructure, such as airports and toll roads, remained more sensitive to economic cycles.

Index Performance Drivers

Transport, merchant and regulated project finance companies led the decline in returns this quarter: In the fourth quarter, the infra300® Index saw strong negative contributions from the Transport and the Network Utilities sectors, which added -0.56% and -0.14% to returns, respectively. These sectors underperformed others, delivering average total returns of -0.03% and -0.9%. Companies with merchant and regulated revenue streams contributed -0.21% to the index, reflecting their solid performance and substantial weighting. Additionally, firms with a project finance business structure aggravated the decline in the returns, contributing -0.37% to the overall index performance.

Price returns are the main drivers of returns decline this quarter, as the delay in interest rate cuts and a cautious macroeconomic outlook from the previous quarter has weighed on market prices. Additionally, ex-dividend pricing contributed to the decrease in market prices. Throughout Q4, the infra300 index achieved a price return of -8.64%, showing that for this quarter, the valuations were lower than the previous quarter and the same quarter of last year.

Interest rate cuts in some countries helped to bolster companies' total returns: Tables 2 and 3 highlight the top and bottom five performers in terms of total returns. The top five companies span various sectors, including Power x-Renewables, Network Utilities and Data Infrastructure. All saw returns increases driven by either cash distribution or their long duration reduced discount rates, combining the effects of falling interest rates and lower company-specific equity risk premiums.

FIGURE 2: INFRA300 EW LCL RETURN CONTRIBUTION BY TICCS PILLARS.

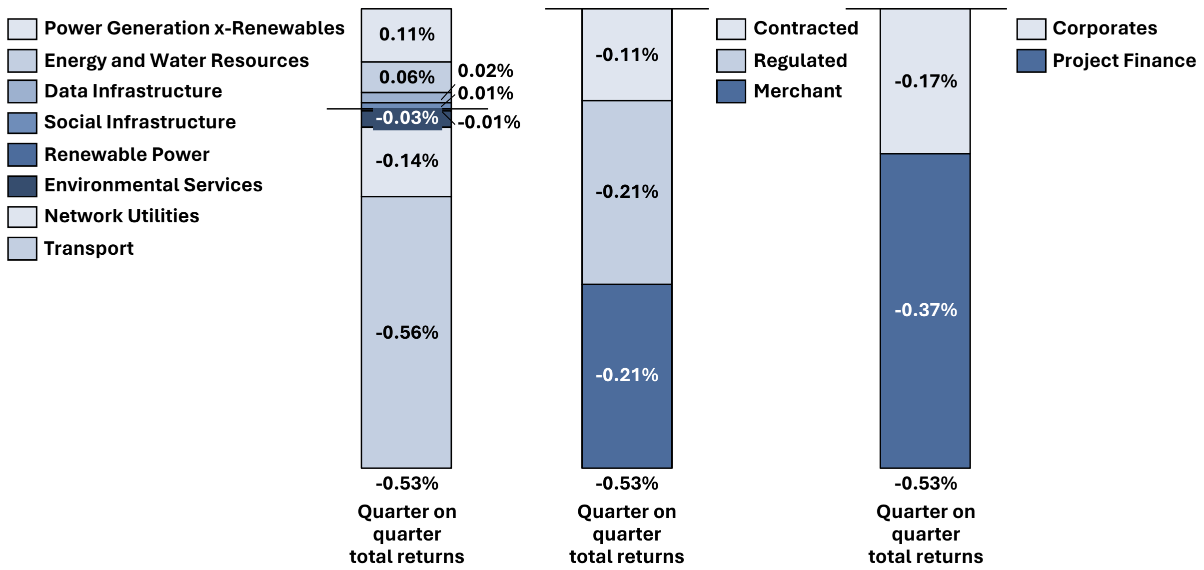


FIGURE 3: CASH AND PRICE RETURNS FOR INFRA300® EW LCU, QUARTER-ON-QUARTER AND YEAR-ON-YEAR.

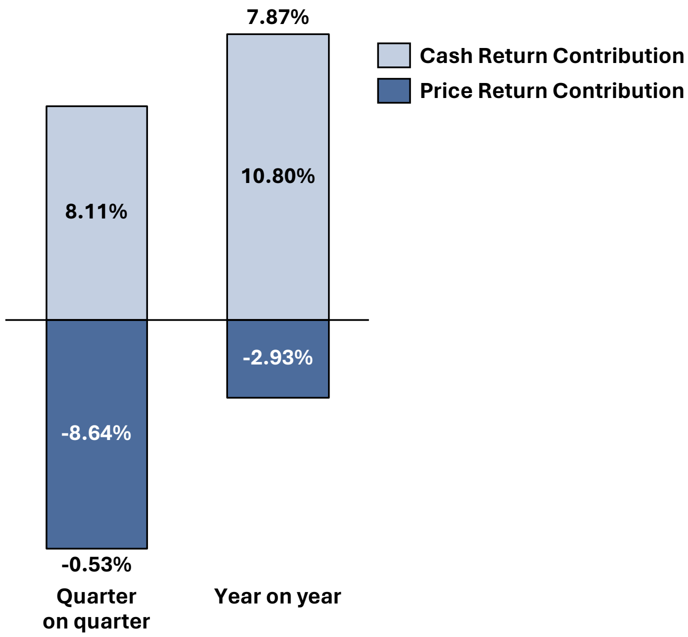


TABLE 2: INFRA300 TOP PERFORMERS

Company Name	Sector Code	Sector Name	Country	Total Return
Huntstown Power Plant 1	IC10	Power x-Renewables	Ireland	3.77%
Trianel Power Plant	IC10	Power x-Renewables	Germany	3.70%
Subic Water and Sewerage System	IC80	Network Utilities	Philippines	3.69%
ATO La Spezia Water	IC80	Network Utilities	Italy	3.49%
Independent Next Generation Networks	IC50	Data Infrastructure	UK	3.48%

Table 3 lists the five worst-performing companies in the index, each experiencing an average decline in market price over the last quarter. These price decreases can be attributed to various factors, such as revisions in future cash flow projections, changes in valuations due to dividends payments, or increases in equity risk premiums. Notably, the lowest performer, Central 70 —an American Transport company—saw its valuation decline due to an increase in the equity risk premia along with the interest rates used in their market price estimate.

TABLE 3: INFRA300 BOTTOM PERFORMERS

Company Name	Sector Code	Sector Name	Country	Total Return
Central 70	IC60	Transport	USA	-12.7%
Les Tilleuls Wind Farm	IC70	Renewables	France	-12.2%
University of Iowa Utility Services	IC10	Power x-Renewables	USA	-10.3%
NTE Segment 3	IC60	Transport	USA	-9.07%
LBJ IH 635 Managed Lanes	IC60	Transport	USA	-8.22%

Valuation Analysis [Client Version Only]

This content is available in the client version only.

Index Constituents Changes

Over this quarter, 3 companies were removed from the Transport (IC60), Renewables (IC70) and Power x-Renewables (IC10) and replaced by 3 other companies from the Transport (IC60) and Renewables (IC70) sectors. The decision to remove these companies was made because they are close to the end of their contractual life and as such, they no longer align with the criteria set for inclusion in infra100 index.[2]

TABLE 4: CONSTITUENT CHANGES IN THE INFRA300 INDEX

Company Name	Sector Code	Sector Name
Removed Companies		
Autovía del Noroeste Concesionaria de la Comunidad Autónoma de Murcia	IC60	Transport
People's Energy Services, Inc.	IC70	Renewables
Turbogás - Produtora Energética, S.A.	IC10	Power x-Renewables
Added Companies		
Autovia del Eresma	IC60	Transport
Hedcor Sibulan, Inc.	IC70	Renewables
Generg – Sociedade Gestora de Participações, S.A.	IC70	Renewables

Two constituents are on the watchlist

The Watchlist comprises companies under scrutiny by the Index Committee due to potential risks that may impact their continued inclusion in the index. These companies exhibit financial or operational concerns that could lead to their removal if performance metrics do not improve. The Watchlist serves as a proactive monitoring mechanism to ensure the index maintains its integrity and accurately reflects the intended market segment.

Currently, we are monitoring the development of two companies since the last quarter and have added them to the watchlist. These companies are in potential financial difficulties and have an increasing probability of defaulting on their debt and could be facing significant valuation write-downs.

TABLE 5: INFRA300 WATCHLIST

Company Name	Sector Code	Sector Name	Country
Southern Water	IC80	Network Utilities	UK
Digita Oy	IC50	Data Infrastructure	Finland

[2] For more information about infra300 indices, please visit https://docs.scientificinfraprivateassets.com/docs/equity-index-construction

Index Methodology Changes

Index construction and calculation methodology remained unchanged this quarter.

Full index methodology is available here.

Index Governance

infra300 index is registered with ESMA. The Regulation (EU) 2016/1011, entered into force on 30 June 2016 and since 1 January 2018, its provisions apply and affect both EU and non-EU entities that administer indices that are used in the EU as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds. This Regulation aims to "ensure the accuracy and integrity of indices used as benchmarks in financial instruments and financial contracts, or to measure the performance of investment funds in the Union."

In compliance with EU Benchmark Regulation (BMR), Scientific Infra and Private Assets Pte Ltd has established governance and processes to control the calculation and reporting of its benchmarks. It is achieved through the following index committees:

Index Oversight Committee

Chairman: Xavier Gendre

Voting members: Edward Grossi,

Non-voting members: Moataz Farid

The Index Oversight Committee ensures oversight and to review integrity of all aspects of the provision of the benchmarks administered by the Company.

Index Review Committee

Chairman: Abhishek Gupta

Voting members: Jack Lee, Srinivasan Selvam

Non-voting members: Tim Whittaker

The Index Review Committee is responsible for interpreting index methodologies in exceptional cases when discretion is required in the application of the Index determination and calculation rules in the Company.

Research and Index Offering Committee

Chairman: Tim Whittaker

Voting members: Fabrice Lee Choon

Non-voting members: Abhishek Gupta

The Research and Index Offering Committee is the decision-making authority in matters of methodologies for new offering and changes to existing methodologies and cessation of existing benchmarks in the Company.

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Our products come from the cutting-edge R&D of the SCIENTIFIC Infrastructure & Private Assets Research Institute, established in 2016 by SCIENTIFIC Business School. In 2019, we transformed this academic research into a commercial enterprise, providing services like private market indices, benchmarks, valuation analytics, and climate risk metrics. We take pride in our unique dual identity, bridging scientific research and market applications.

The SCIENTIFIC Infrastructure & Private Assets Research Institute (EIPA) continues to advance academic research and innovate with technologies in risk measurement and valuation in private markets, especially utilising artificial intelligence and language processing. Our company, Scientific Infra & Private Assets (SIPA), supplies specialised data to investors in infrastructure and private equity.

Merging academic rigor with practical business applications, our dedicated team excels in integrating quantitative research into private asset investing. Our products, infraMetrics® and privateMetrics®, are unique in the market, stemming from thorough research rather than being ancillary services of larger data providers. We are the Quants of Private Markets, leading with innovation and precision.

Contact Information

London Office
10 Fleet Place
London EC4M 7RB
United Kingdom
+44 (0)207 332 5600

Singapore Office
One George Street
#15-02
Singapore 049145
+65 66538575

email: sales@sipametrics.com
web: www.sipametrics.com

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