

MEDIA RELEASE

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UK National Infrastructure Plan is a welcome development for investors, says First State's Meany

Peter Meany, manager of the **First State Global Listed Infrastructure Fund**, has welcomed 'the clear message from the UK Government that infrastructure is critical to economic growth and productivity over the long term.' His fund aims to provide investors with a mix of strong capital growth and inflation-protected income by investing in a globally diversified portfolio of infrastructure securities. The fund is rated 'A' by both Standard & Poor's and OBSR and celebrated its third anniversary earlier this month.

Meany comments:

'Detail around funding commitments highlights the increasing role of the private sector in delivering infrastructure. For example, the operating budget of the Department for Transport was cut by 21% but funding for Private Finance Initiatives (PFI) actually increased by 71%¹.'

Meany names several individual infrastructure stocks which in his view may benefit from announced initiatives:

'Vinci, a leading construction group, should be well positioned for High Speed Rail (£750m) and major station upgrades (£2.1bn). Vinci has been successful in winning HSR concessions in France (Charles De Gaulle Express and Tours-Bordeaux) while its UK subsidiary Taylor Woodrow has won tube station upgrades in London (Victoria and Tottenham Court Road). Highways Maintenance PFI schemes in Sheffield and Hounslow, for which Vinci has pre-qualified, have also been retained in the new budget. Vinci would also be interested in the announcement of new projects like the Mersey Gateway Bridge, Midland Metro and Leeds Station plus major highway improvements to sections of the A11, M4/M5, M1, A23 and M62. Vinci is our largest holding at 7.4% of the fund.'

¹ Please refer to Annex G in the following Transport Spending Review Press Notice posted on the Internet:
<http://nds.coi.gov.uk/clientmicrosite/Content/Detail.aspx?ClientId=202&NewsAreaId=2&ReleaseID=416118&SubjectId=36>

‘We believe National Grid will also be looking to capitalise on opportunities resulting from this government’s clear commitment to energy, as part of the drive for a lower-carbon economy, and the resulting requirement for electricity transmission infrastructure. These initiatives include up to £1bn for a commercial scale carbon capture and storage plant and £200m for low-carbon technologies including offshore wind. National Grid is a top 10 stock at 3.4% of the fund.’

‘Eurotunnel should benefit from improvements to the rail network including High Speed Rail (improved links for Eurostar to the north), major station upgrades and investment in rail freight (Eurotunnel recently acquired Great Britain Rail Freight from FirstGroup). Eurotunnel is not owned by the fund.’

‘Another example is Ferrovial, which in our view is set to become one of the ultimate beneficiaries from the Crossrail project as majority owner of Heathrow Airport, though it appears project delivery has been deferred for another year. The First State Global Listed Infrastructure Fund is not currently investing in Ferrovial.’

-Ends-

For further information please contact:

| Name | Telephone | Email |
|---|---------------------|--|
| Sergei Cristo, Media Relations Associate First State Investments | +44 (0)207 332 6545 | sergei.cristo@firststate.co.uk |
| Eoin Brophy, Partner Hume Brophy | +44 (0)207 936 9086 | eoin.brophy@humbrophy.com |
| Belinda Marks, Account Manager Hume Brophy | +44 (0)207 936 9364 | belinda.marks@humbrophy.com |

Notes to editors:

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