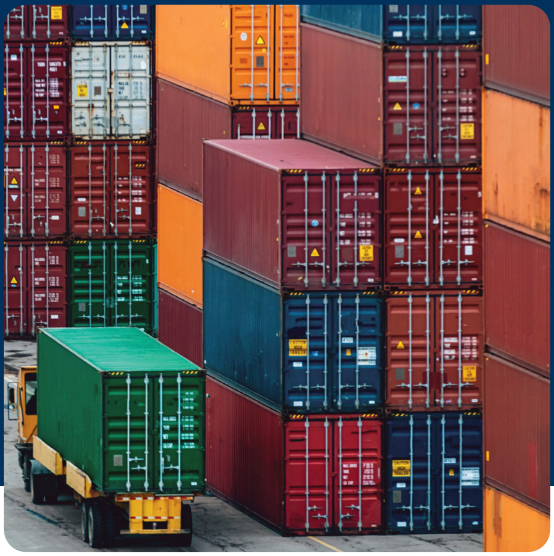
2025 listed infrastructure market outlook



CBRE INVESTMENT MANAGEMENT

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After a solid year in 2024, listed infrastructure is positioned to continue to perform for investors. We believe we are at an inflection point with a series of dramatic regime changes:

- from a U.S. Democratic to a Republican administration;
- from a cycle of global central bank hiking to one of gradual easing;
- from a first-mover generative AI boom to that of broader beneficiaries with secular growth.

In our view, listed infrastructure's accelerating earnings, discounted valuations, and resilient income growth provide investors with the potential for above-average returns.

New York Life Investments

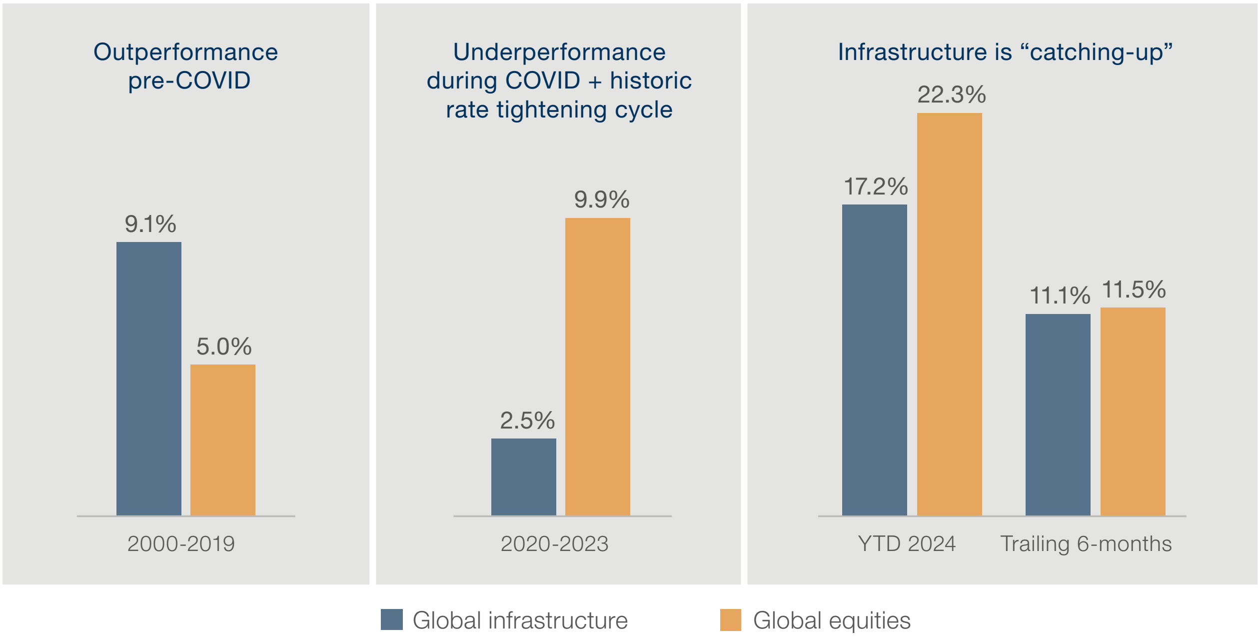
We see three reasons to own listed infrastructure today:

1

An opportunity for a "catch-up" trade with potential long-term investment benefits

Listed infrastructure has historically offered equity-like returns but with lower volatility than broad equity markets. Post the underperformance during Covid and an unprecedented central bank hiking cycle, we believe we are in a new regime—in which listed infrastructure will prosper. We believe this run began in the second half of 2024.

Global infrastructure performance vs global equities



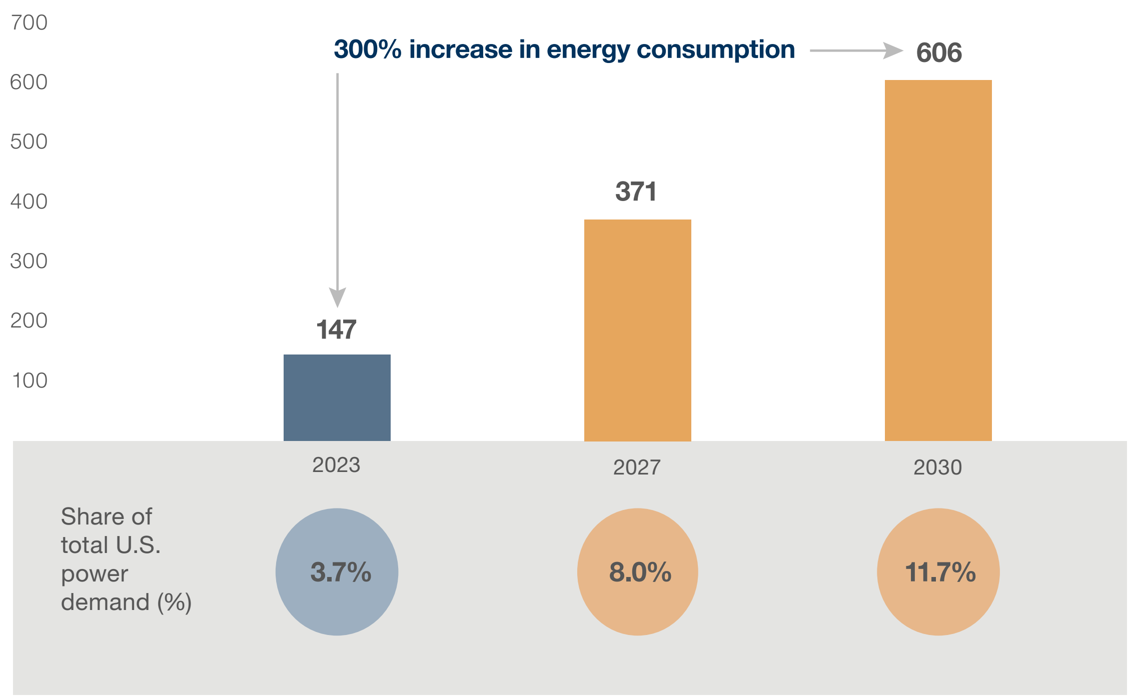
Source: CBRE Investment Management, Infrastructure is represented by linked UBS Global Infrastructure & Utilities 50/50 Index and FTSE Global Core Infrastructure 50/50 Index and Global Equities is represented by MSCI World Index as of 11/30/2024. An index is unmanaged and not available for direct investment. Information is the opinion of CBRE Investment Management and is subject to change and is not intended to be a forecast of future events, or a guarantee of future results, or investment advice. Forecasts and any factors discussed are not indicative of future investment performance.

2 Secular demand trends support above-average growth

As we look ahead into 2025, our growth outlook for listed infrastructure continues to improve. Companies have been key beneficiaries of a virtuous cycle of generative AI development. We have seen increased profitability for data centers, rising estimates of future capacity installations, and surging forecasts for electricity consumption and the investment needed to service demand. Indeed, today's generative AI needs represent a game changer. Estimates for data center power demand call for a quadrupling of 2023 levels by 2030, representing over 600 terawatt hours and 11%-12% of total U.S. power demand.

Across infrastructure, utilities, midstream energy, and communications assets are positioned to benefit. Improving utilization rates, pricing power, and surging power demand should continue to enhance the investment opportunity for companies and their investors.

U.S. data center energy consumption, TWh



Source: CBRE Investment Management and McKinsey and Co. Global Energy Perspective 2024, released September 2024. Information is the opinion of CBRE Investment Management, which is subject to change and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Forecasts and any factors discussed are not a guarantee of future results.

3 A compelling mix of accelerating earnings growth and discounted valuations

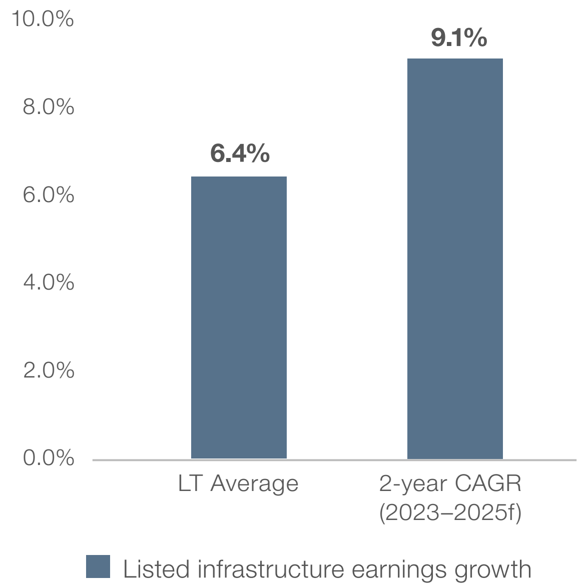
Not only is infrastructure an “all of the above” solution for global accelerating energy needs, but it is also a potential beneficiary of U.S. tariffs and rising levels of domestic manufacturing. Near-shoring remains constructive for America’s freight rail, which could further benefit from a moderate decline in corporate tax rates. Globally, in an environment of persistent inflation, transport assets such as toll roads are prized; they have recently contributed to infrastructure’s strong revenue growth and should endure in an environment in which inflation remains persistent.

All-in, when we consider the major sectors within the infrastructure asset class, we expect that intermediate-term infrastructure earnings growth will exceed the long-term average.

Secular drivers of growth

- **Digital transformation**
- **Clean energy**
- **Energy security**
- **Asset modernization**

Global infrastructure earnings



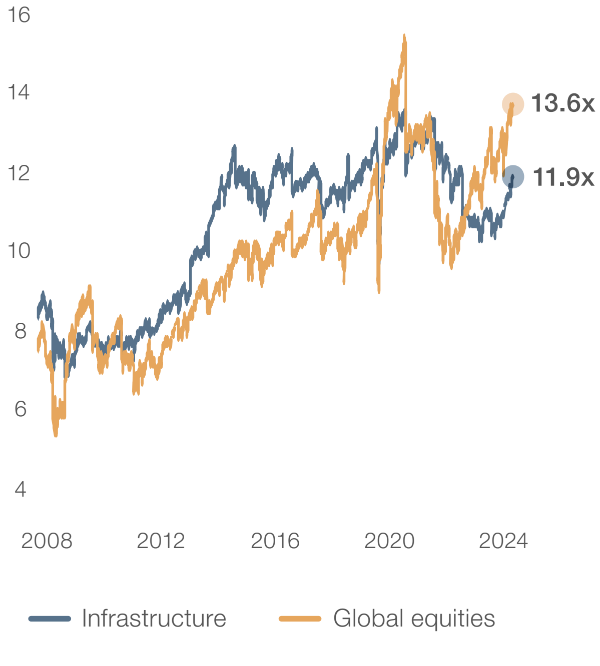
Source: CBRE Investment Management, FTSE Global Core Infrastructure 50/50 Index as of 09/30/2024. “f” refers to “forecasts”. Estimates are derived with CBRE Investment Management and/or FactSet estimates for individual company estimates. EPS estimates can be affected by assumptions concerning revenue growth, operating margins, interest rates, and tax rate assumptions. Information is the opinion of CBRE Investment Management, which is subject to change and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Forecasts and any factors discussed are not a guarantee of future results.

Listed infrastructure's above-average earnings growth is a key consideration in its ability to generate above-average returns in the years ahead. The starting point for investors, that of current discounted valuations, is also key. As of Q4 2024, listed infrastructure's earnings multiple still trades at a large discount to broad equities. The asset class offers high income and discounted valuations to private infrastructure as well.

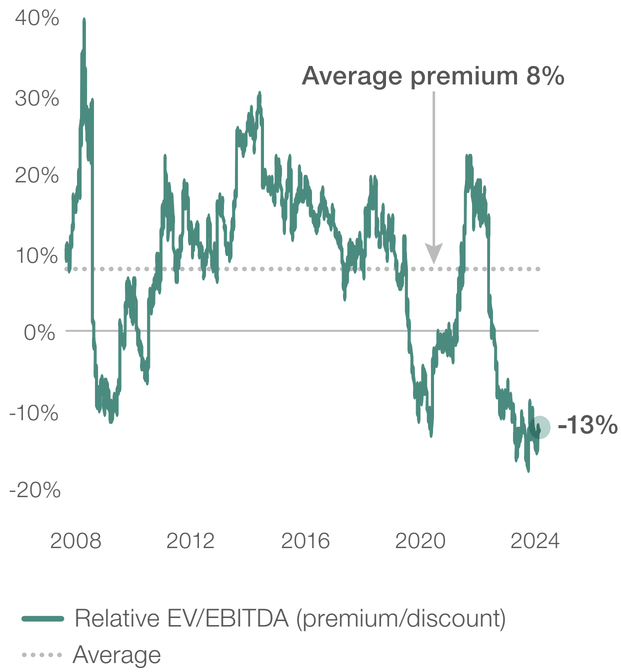
With the contributions of strong income yields, above-average earnings growth, and discounted valuations, we are optimistic that the asset class will eclipse the historical 8%-10% total returns it has generated over the course of the last decade.

Global infrastructure trades at a discount to global equities

EV/EBITDA
global infrastructure vs. global equities



Relative earnings multiple
global infrastructure vs. global equities



Source: CBRE Investment Management, iShares MSCI ACWI ETF, SPDR S&P Global Infrastructure ETF, ProShares Dow Jones Brookfield Global Infrastructure ETF, as of 11/30/2024. Information is the opinion of CBRE Investment Management, which is subject to change and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Forecasts and any factors discussed are not a guarantee of future results.

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