



First AGM for the former MQA since name change

Company/ASX Code	Atlas Arteria Limited/ALX
AGM date	17 April 2019
Time and location	10am The Gold Melting Room, The Mint, 10 Macquarie Street, Sydney
Registry	Computershare Investor Services
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Nick Bury
Pre AGM Meeting	Yes, with Chair Nora Scheinkestel, non-executive director (NED) Jeffrey Conyers from Atlas Arteria International Limited, and Kylie Ramsden, ALX Head of Investor Relations.

ALX comprises of 2 separate stapled entities being Atlas Arteria Limited and Atlas Arteria International Limited, which will both hold their respective AGM's consecutively on the day.

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Financial performance including dividends and shareholder returns

ALX has had a landmark year in that it has partially internalised its management, though Macquarie Bank will continue to derive substantive fees from the external management of its main asset APRR, which together with ADELAC, comprises of ALX's toll road holdings in France. However, the commencing partial internalising of its management will effectively make more profit available for distribution to unitholders, as opposed to having to pay the same in the form of exorbitant performance and management fees to Macquarie Bank, and ideally ALX will also later take over APRR's management from Macquarie.

The final impost from Macquarie for unit holders to endure under the previous management agreement was a performance fee of \$115.3m for 2016-17-18, and a Base Fee of \$36.8m, which were settled by a combination of cash and equity,. These combined fees equated to about 22.6 cents per unit.

Distributions, which are paid from available cash generated, have increased by one third in the short period between 2016 and 2018, and are projected to rise another 25% in 2019 to 30 cents per unit, which is notable.

Concerns have been expressed about ALX's debt level ratios, but its debt has been re-negotiated at substantively lower interest rate levels, its income from its toll roads is slowly and steadily rising, its costs are more or less fixed, and even incremental revenue increases from increased tolls

and/or traffic flows pass straight through to its bottom line on a leveraged basis. Its predecessor MQA's share price was at less than 80c in 2010, but is now at well over \$6.00 under the re-badged code ALX.

ALX also now owns 100% of its Dulles Greenway toll road in Virginia, USA. Traffic, revenue and EBITDA were all marginally down in 2018 due to several factors, but future foreseen contributions from this asset will also be likely to favourably impact on ALX's profitability.

ALX also now owns 100% of the Warnow Tunnel in Rostock, Germany which increased its EBITDA by 16.2% during 2018 from a comparatively low level. Still, ALX's aggregate prospects of continuing to grow its profit longer term present as substantive, based on currently known information.

ALX's cash management strategy has been disciplined in that it continues to retain sufficient capital on hand to easily both meet its obligations and fund working capital requirements. Its 2018 Annual Report merits reading in that a lot of information is supplied about all its investments, accompanied by in depth and lucid explanation.

The 4 year table shown immediately below pictorialises ALX's previous 4 year history, when it was then known as MQA, until last year.

(As at FYE)	2018	2017	2016	2015
NPAT (\$m)	120.10	519.58	225.11	85.08
FFO (\$m)	60.75	502.83	Not calculated	Not calculated
Share price (\$)	6.26	6.30	5.00	4.03
Dividend (cents)	24	20	18	16
TSR (%)	3.2	30.0	28.5	5.3
FFO per share (cents)	8.84	87.66	43.15	16.53
CEO total remuneration, statutory (\$m)	\$839,767*	Not disclosed*	Not disclosed*	Not disclosed*

*Paid by Macquarie Group and not MQA

For 2018, CEO's total actual remuneration is 9.7 times the Australian Full time Adult Average Weekly Total Earnings (based on November 2018 data from the Australian Bureau of Statistics).

Item 2 (a)	Election of David Bartholomew as a NED
ASA Vote	For

Summary of ASA Position

Mr Bartholomew's credentials are set out in the explanatory notes in ALX's Notice of Meeting. He was CEO of formerly listed utilities and energy company DUET, and oversaw its transition from external to internal management, which has current pertinence for ALX. He is also an experienced director in the infrastructure and utilities sector, and his candidacy is supported.

Item 2 (b)	Election of Jean-Georges Malcor as a NED
ASA Vote	For

Summary of ASA Position

Mr Malcor's credentials are likewise set out in the explanatory notes in ALX's Notice of Meeting. His infrastructure credentials are less impressive than those of Mr Bartholomew, but nonetheless of substance, given his stated experience in both greenfield-type developments and the engineering of the latter. He is an experienced company director, and has expertise in risk management, financing, restructuring and technology.

Given that ALX's main assets APRR, ADELAC and their toll ways are domiciled in France, his French nationality and likely understanding and knowledge of how government functions there, are assumed to be an asset from the ALX viewpoint, when conducting future concession type negotiations with local governments.

Item 3	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

ALX's Long Term Incentive Plan (LTI) for its Key Management Personnel (KMP) is measured over a 3 year duration only, as opposed to a much preferred 4 or 5 year duration. Performance is measured solely by Total Shareholder Return (TSR) as opposed to TSR and second criteria, such as growth in earnings per share (eps). Half of an incentivised KMP's benefits vest if ALX's TSR to 30 June betters the average of 50% of its selected comparator group of companies, and all benefits increasingly vest on a straight line basis when its TSR reaches 75% of its comparator group.

One disadvantage of using TSR as a sole measurement against a comparator group occurs when each member of the comparator group performs badly, yet LTI's vest when the entity performs less poorly, but nevertheless poorly in an absolute sense than the other selected entities in the group.

However, the capped size of the maximum LTI opportunity size is acceptable, as are proposed plans for remunerating NED's.

ALX's Short Term Incentive Plan (STI) is well set out on page 48 of its 2018 Annual Report, with a clear weighting of percentage allocations to ascribed financial and non-financial hurdles, which are not opaque, and appear capable of measurement, as the set performance targets are all clearly defined. 50% of the STI outcome is payable in deferred securities (for one year) and 50% is payable in cash.

In summation, the remuneration report does not present as meriting a vote against it, but will be monitored on an annual basis going forward, should circumstances change.

Special Business

Item 4	Approval of grant of Performance Rights to Graeme Bevans under ALX's LTI Plan
ASA Vote	For

Summary of ASA Position

Mr Bevans' maximum LTI opportunity is set at 100% of fixed remuneration (FR). At target performance, his FR/STI/maximum LTI proportions will be 33%/34%/33% respectively. At 'maximum' performance, the ratio of FR/STI/maximum LTI changes to 29%/42%/29%. The total possible quantum is not excessive for a CEO of a company of ALX's market size.

The set LTI criteria to be met for the Performance Rights to vest is described in Item 3 above.

Item 5	Approval of grant of Restricted Securities to Graeme Bevans under ALX's STI Plan
ASA Vote	For

Summary of ASA Position

The issue or non-issue of these securities depends upon Mr Bevans meeting the vesting criteria set out on page 48 of ALX's 2018 annual report, and are referred to under Item 3 above. The hurdles appear to be appropriate, but maximum STI opportunity of equivalent to 100% of his fixed remuneration is high. The mix of STI being 50% cash and 50% restricted and deferred securities is supported.

Item 6	Approval to increase aggregate fee pool for NEDs
ASA Vote	For

Summary of ASA Position

ALX's contention that the pool has not been increased since 2010, and that the greater sum is required to attract directors of sufficient calibre, and for succession planning, carries little weight.

However, should ALX decide to embark on further prospectively attractive greenfield or further acquisitions in other countries, then other locally domiciled directors might need to be appointed to its board.

The ASA proposes to vote in favour of the motion put, but to carefully vet future proposed directors fee increases which NED's might seek to award themselves.

Item 7	Amendments to ATLAX constitution
ASA Vote	For

Summary of ASA Position

ALX's stated position regarding this proposal is set out in the explanatory notes of its 2019 notice of meeting. ALX cannot currently issue securities in the United States without registering as an investment company. These changes will allow access to US capital markets, for ALX to pursue whatever given future project that might present in the future, that may afford unit holders accretive advantage.

The Atlas Arteria International Limited (ATLIX) AGM will follow the Atlas Arteria AGM

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

See Item 1 for the prior ALX meeting. The 2 companies are stapled together and operate jointly.

Item 2	Re-appointment of PricewaterhouseCoopers as Auditor
ASA Vote	For

Summary of ASA Position

The proposal is supported, provided that an assurance is received at the AGM that not only PWC's applicable auditor will be periodically rotated, but that this role be likewise be put out to tender after time. Very close relationships between auditors and companies, which can come about over time, can work against investors in instances where auditors, when seeking to retain their respective roles, might become reluctant to bring a given arising issue to attention.

Item 3 (a)	Re-election of Director James Keyes
ASA Vote	For

Summary of ASA Position

Mr Keyes' credentials are set out in the explanatory notes of the Notice of Meeting. His re-appointment is not opposed. He has been a Bermudan based director of ATLIx since early 2013, and to date has satisfactorily discharged his role, to the best of the writer's knowledge.

Item 3 (b)	Re-election of Director Nora Scheinkestel
ASA Vote	For

Summary of ASA Position

Ms Scheinkestel's credentials are likewise set out in the explanatory notes of the Notice of Meeting. She has been a functional ALX chairman to date, her curriculum vitae of infrastructure and banking experience stands her in good stead to remain so, and her re-appointment is not opposed.

Item 4	Approval to increase aggregate fee pool for NEDs
ASA Vote	For

Summary of ASA Position

ALX's contention that the pool has not been increased since 2010, and that the greater sum is required to attract calibre directors, and for succession planning, carries little weight (see Item 4 pertaining to the immediately previous AGM).

The ASA proposes to vote in favour of the motion put, but to carefully vet future proposed directors fee increases which these NED's might seek to award themselves.

These directors are differently placed to the Australian based directors with regard to the scope of their duties, and whatever is sought to be awarded to them will be likewise carefully vetted.

Item 5	Amendments to ATLIx's Bye-Laws
ASA Vote	For

Summary of ASA Position

This Item has been addressed under Item 7 of the immediately preceding AGM.

The individual involved in the preparation of this voting intention has a shareholding in this company.

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