



ATLAS ARTERIA POSITIONS ITSELF FOR A POST PANDEMIC RECOVERY AS TRAFFIC FLOWS SHOW NASCENT SIGNS OF RECOVERY IN EUROPE AND AMERICA

Company/ASX Code	Atlas Arteria Limited/ALX
AGM date	27 April, 2021
Time and location	10.00 a.m. AEST, On-line
Registry	Computershare Services Limited
Webcast	Yes https://web.lumiagm.com Meeting No 315992410. Helpline 61-3-94154025. ALX comprises of 2 separate stapled entities being Atlas Arteria Limited (ATLAX) and Atlas Arteria International Limited (ATLIX), which will both hold their respective AGM's consecutively on the day.
Poll or show of hands	Poll
Monitor	Nick Bury
Pre AGM Meeting?	Yes, by telephone conference with Chairman Debbie Goodin, Jeanette Royce, ALX Director of Investor Relations and CEO Graeme Bevans

Potential conflict: The monitor involved in the preparation of this voting intention has a shareholding in this company.

NOTE: ASA WILL BE VOTING PROXIES AND ASKING QUESTIONS AT THE AGM

ATLAX

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

Summary of ASA Position

ALX paid a final 2 ½ M in management costs to Macquarie Bank as a past manager, so shareholders will welcome the end of that long term funds outflow, the bulk of which is now paid to them as either distributions, or else is re-invested in ALX to enhance shareholder value. During some past years more distributions had been paid to Macquarie than to all other shareholders combined.

The pandemic of course hit traffic flows at ALX's toll roads/tunnel in France, Germany and America, and revenues fell by about 19.3% during the year under review, but nonetheless ALX has emerged comparatively unscathed, has already started to recover, and vaccine rollouts in these 3 countries have begun to result in increasing traffic. Business traffic is recovering more quickly than domestic traffic, which is soon expected to follow suit.

ALX prudently limited distributions to 13c in the year under review from 30c the previous year, but distributions are expected to markedly rise again this year, and to continue to rise

in ensuing years. The company's policy has been to pay distributions only from cash flows, which are again rising, and cash flow per share during the year under review was an impressive 31 cents, considering the difficulties under which ALX was then operating.

The jewel in ALX's crown is of course APRR, from which the bulk of its income is earned, and in March, 2020 ALX increased its shareholding in both APRR and ADELAC by 6.14%. Worryingly however APRR's concession expires in 2035, and there is no guarantee of ALX being able to extend this time period. ADELAC, Warnow and Dulles Greenway have respective concession expiry dates of 2060, 2053 and 2056, so are non problematic in that regard.

Dulles Greenway may soon pay shareholders its first distribution, in addition to ALX's ongoing distributions paid from its French tollroads. Dulles did have USD216M in cash reserves as of 31 December, 2020 but was unable to pay USD77M of the same to shareholders due to having failed to pass its lock up tests under its debt covenants consequent to current conditions, though that failure may soon be reversed.

Dulles Greenway's value has been written down by about USD100M for the moment, but that write down could soon be reversed as traffic flows revert to normal. Based on a calculation of 923,941,041 ALX shares being on current issue, a USD77M distribution to shareholders would equate to over AUD 11 cents per share, so this asset potentially can substantively increase distributions, and ALX's yield.

ALX's share price has enjoyed a spectacular but steady rise from its 2010 IPO. The reasons are as follows; it inherited excellent assets from its predecessor MIG which yielded well, but which were heavily leveraged. As interest rates dropped and toll revenue improved with increased post GFC economic activity, the reductions in interest otherwise having to be paid dropped straight to ALX's bottom line. Distributions have resultingly compounded quickly, especially as the principal that ALX owed kept dropping as repayments were made.

Interest rates will assumedly rise in the future, but these rises are unlikely to markedly impact upon ALX's upward trajectory. Firstly, a lot of long term debt has already been fixed at low rates, and secondly interest rate rises are likely to engender a bit of inflation, which would permit ALX to increase some of its tolls charged, so turbocharging its profit. Either way ALX's future looks promising, providing that it remains well managed.

Ongoing incremental Improvements being made to ALX's toll road stable of operations keep increasing its revenue and resultant distributions, so are serving investors well. In addition, prospective Greenfield projects are now being considered, and given that the company's main operations are situated in France/Europe in a market with which it is familiar and in which it can readily vet prospects, that geographic region remains as its best hunting ground.

Shareholders are also encouraged to read the company's annual report, as opposed to the writer reciting its listed financial information given as part of these VI's. Apparently Insurance premiums for all like businesses are expected to increase in the coming year, but AXL continues to incur a relatively small cost base expended to manage its assets.

Summary

(As at FYE)	2020	2019	2018	2017
NPAT (\$m)	(55,805)	(9,821)	120.1	519.583
EBIT (\$m)			60.75	502.834
Share price (\$)	6.50	7.83	6.26	6.30
Dividend (cents)	.11	.30	.24	.20
TSR (%)	(15.5)	32.2	0	31.4
Statutory EPS (cents)	(6.1)	(1.4)	8.84	87.66
CEO total remuneration, actual (\$)	\$2,368,356	\$2,747,183	\$839,767	Not disclosed

Item 2	Election of Ariane Barker as a Non Executive Director (NED)
ASA Vote	To be advised

Summary of ASA Position

Supporting statements made by all ALX candidates for election/re-election to its board can be accessed at https://www.atlasarteria.com/stores/_sharedfiles/AGM/2021/2021AGM-ScriptsforDirectorsupforElectionandRe-election.pdf

More needs to be known about Ms Barker's candidacy and what she brings to ALX's board before a voting decision can be made about her suitability for this NED position. She will assumedly speak for her candidacy, and field related questions put to her at the AGM.

She has apparently had experience in startups with the Angel Investor group, and with Blackbird, an Australian/NZ based venture capital fund. Blackbird invests in types of technology from software to space, and in startups from pre-seed to pre-IPO. She has a background in international investment banking, she's worked in Asia, and as an analyst with Merrill Lynch in New York, and in senior executive roles with other banks.

She has chaired Audit and Risk Committees, but ALX's board already has NED's who have a lot of experience in that arena. She was awarded an AICD board diversity scholarship, but ALX's board already boasts a number of able women. She is a NED of IDP Education LTD and a Board member of the Commonwealth Superannuation Corporation (CSC).

Whilst her corporate abilities are not questioned, what needs to be known about are what skills she brings to ALX that its board does not currently have, as her previous work experience vetted makes no mention of any previous Infrastructure type experience had by her, or experience pertinent to the running of an infrastructure company whose four(4) current assets are all held overseas.

She is a fluent French speaker, and has a banking background, though banking skills are already well represented on ALX's board, and as an NED attending monthly board meetings on the other side of the world away from ALX's French operations, it is not yet known as to how these linguistic skills would advantage shareholders, notwithstanding the company's enthusiastic spruiking of the same.

Item 3	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

ALX has made an effort to produce a lucid Remuneration Report which is supported, and pertains to 3 of its KMP, being its CEO, CFO and COO. Again, its Long Term Incentive Plan (LTI) for its KMP is only measured over a 3 year duration as opposed to a much preferred 4 or 5 year duration.

None of the base salaries, or maximum LTI or Short Term Incentive (STI) awards paid to its KMP are excessive, but are deemed sufficient to deter any of the same from seeking alternative employment in a competing space.

LTI performance is measured by Total Shareholder Return (TSR) as opposed to other criteria, such as growth in Earnings Per Share (EPS). Formerly, half of an incentivised KMP's benefits vested if ALX's TSR bettered the average of 50% of its selected comparator group of companies, and all benefits increasingly vested on a straight line basis when its TSR reached 75% of its comparator group of companies.

That disadvantage of using Relative TSR as a measurement only against a comparator group has been removed, as previously when all the comparator group performed badly, LTI's could still vest when ALX might also perform poorly, but less poorly than its comparators, so TSR could be negative, but a bonus could still have been awarded.

Now, unless ALX's TSR is actually positive in real terms, then no LTI's can vest. The capped sizes of the maximum LTI opportunity size for KMP are also acceptable (see below).

ALX's proposed plans for remunerating its NED's are likewise acceptable, but shareholders should always remain aware that the history of ASX listed companies has been tilted to excess in these regards with regard to remunerating both KMP's and NED's over time, so ongoing vigilance is required to deter unwarranted 'bracket creep'. ALX has admirably committed to not raising the CEO's or NED's salaries in 2021.

Pleasingly, all NED's are incentivised to perform their respective roles by being obliged over a 3 year period to acquire ALX shares to the value of their annual directors fees received.

ALX's STI for 2020 was based on a performance assessment based on 70% financial measures and 30% non-financial hurdles. No cash STI awards were made in the year under review, as only Restricted Securities were issued in that regard to qualifying recipients. Going forward, ALX's intention is to pay half of any of its qualifying STI awards in cash, and half in restricted securities, which will be issued on a retrospective basis.

ALX's Remuneration Report is contained in its annual 2020 report as a part of its Directors Report between pages 42 to 59 inclusive. The maximum that its current CEO can earn is listed in the below table.

	Target \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.145,318	33%	1.145,318	33%
STI - Cash	0.590,012	17%	0.590,012	17%
STI - Equity	0.590,012	17%	0.590,012	17%
LTI	1.145,318	33% ^o	1.145,318	33%
Total	3.470,660	100.0%	3.470,660	100%

Item 4	Approval of grant of Performance Rights to Graeme Bevans under ALX's Long Term Incentive (LTI) Plan
ASA Vote	For

Summary of ASA Position

This item has been addressed as part of Item 3. 67% of the maximum that Mr Bevans can prospectively earn is at risk, and also 33% of the maximum that he can earn comprises of his base salary.

His maximum LTI opportunity is set at 33% of the total that he can earn, being the same as his fixed remuneration, and his total possible quantum is not excessive for a CEO of a company of ALX's market size to earn. The LTI criteria to be met for his Performance Rights to vest are addressed in detail in Item 3 above.

His maximum STI opportunity is set at 34% of the total that he can earn, and details of the same are likewise set out in Item 3. The only additional sum which he receives in addition to what has been outlined above is his superannuation entitlement, which in 2020 was \$21,348-00.

The construction of ALX's Remuneration Report specifically limits the maximum amount that KMP's can earn to a reasonable and set amount, prevents gouging through the use of whatever contrived rorting artifice, and is commended to investors.

Item 5	<p>Item 5 – Approval to refresh Atlas Arteria’s placement capacity under ASX Listing Rule 7.1 with regard to the issue of ATLAX securities under the Institutional Placement and</p> <p>“That the issue of 67,741,936 fully paid ordinary securities in ATLAX under the Institutional Placement announced on 28 May 2020 and summarised in the accompanying Explanatory Notes be approved for all purposes, including for the purpose of ASX Listing Rule 7.4.”</p>
ASA Vote	For

Summary of ASA Position

Last year’s placement was to partly funded ALX’s increased investment in APRR, which has served investors well, and will be earnings accretive. That said, the ASA also seeks to support retail shareholders, so opposes placements in which retail shareholders are afforded either a limited or no ability in which to participate, whilst Institutions are instead being heavily favoured.

The ASA of course supports the listing approval of the previous shares issued, and recognises that AXL will continue to need be able to raise funds by these means to make future purchases of assets that will increase returns.to shareholders.

ENSUING AGM FOR ATLAS ARTERIA INTERNATIONAL LIMITED (ATLIX)

Item 1	Audited Financial Statements
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	To be advised

Summary of ASA Position

An assurance will be sought at the AGM that PWC’s applicable auditor has been periodically rotated, and that this role has been put out to tender. Very close relationships between auditors and companies evolve over time, which 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.

Several of ALX's directors are chartered accountants, and one of the same has been a previous PWC partner, so these directors assumedly appreciate the ASA's stance adopted in these regards.

Their total fees received from ALX increased from \$1,294,535 in 2019 to \$1,565,997 in 2020, so they will assumedly be anxious not to lose ALX's business, and might contemplate dropping their fees on a future occasion to ensure that their rates are competitive for the work performed.

Item 3(a)	Re-election of Caroline Foulger as a Non Executive Director (NED) of ATLIX
ASA Vote	For

Summary of ASA Position

No known reason to oppose.

She is a NED of ATLIX and Chair of its Audit and Risk Committee, is also a NED of Hiscox Ltd, a NED Chair of both Catalina Holdings and Oakley Capital Investments Limited and a NED of Ocean Wilsons Holding Ltd, a Bermuda based investment company. Her board and executive experience is in the financial services sector, and insurance and advisory services.

She is a Chartered Accountant, having spent much of her executive career with PwC, where she was a partner for twelve years (retiring in 2012), which is another reason for ALX to consider rotating its auditing duties away from PwC.

Her known infrastructure experience pertains to her having been the founding Chair of the Bermuda Business Development Agency, and as a 2017 advising member regarding the feasibility and financing of a new Bermuda Airport.

Item 3 (b)	Election of Andrew Cook as a NED of ATLIX
ASA Vote	For

Summary of ASA Position

His candidacy is supported for the below reasons, though ALX is currently paying four(4) lots of NED fees to Bermudan based directors, and a question will be asked at the AGM about whether the services of all four(4) of them are really needed.

He is a Non-Executive Independent Director of ATLIX, is currently Chair and a NED of both Omega Cat Reinsurance Ltd and of Global Partner Acquisition Group II, and a NED of Aspida Re (Bermuda) Ltd. He also has executive, financial, operational, capital market, CFO, M&A and IPO experience.

He was the CEO of GreyCastle Life Reinsurance, a Bermuda based entity that participated in the life reinsurance run-off space, and he served on the Boards of Blue Capital Reinsurance Holding Limited and GreyCastle Life Reinsurance (SAC) Ltd.

The significance of his GreyCastle tenure is that the accompanying process of having to manage the long term duration nature of its life and annuity obligations affords him a lot of experience in managing the lifecycle of Atlas Arteria's toll road concessions with regard to its corresponding debt held.

Item 3 (c)	Election of Director of Debra Goodin as a Non Executive Director (NED) of ATLIX
ASA Vote	For

Summary of ASA Position

This is a most important appointment for unitholders to consider given her appointment as ALX Chairman, as her competent oversight and stewardship of its board becomes critical to safeguarding unitholders interests going forward.

Her other current non-executive directorships of infrastructure type entities are of the Australian Pacific Airports Corporation Limited and APA Group, but she is the Chair of the Audit and Risk Committee, and a member of various Remuneration and Health and Safety Committees on each of these boards, so these roles don't indicate that she either has or is receiving pertinent hands on infrastructure type experience, which is a necessary pre-requisite for her current role.

However, what her ALX biography failed to list was that she was formerly the Chief Operations Officer for the successful infrastructure company Downer EDI Ltd, and likewise she was a former CFO and Operations Director at Coffey International Pty Ltd.

She has also worked overseas, has experience in operations, finance, M&A and corporate services, and her former NED experience includes being on the boards of Senex Energy Limited, TEN Network Holdings, Ooh! Media, Beyond Bank Australia, Citywest Water Corporation, Mount Hotham Resort Management Board and Doutta Galla Aged Care Services.

Her candidacy is consequently supported.

Item 4	Re- election of Director of Fiona Beck as a Non Executive Director (NED) of ATLIX
ASA Vote	For

No reason to oppose.

She is an ATLIX NED and Chair of its People and Remuneration Committee, having been appointed in September 2019. She is also a Director of the Bermuda Business

Development Agency, working in its technology area, of Ocean Wilsons Holding Ltd, a Bermuda based investment company that operates as a maritime services and port concessions company in Brazil.

She is a Director of IBEX Ltd, a technology based company utilising artificial intelligence, and of Oakley Capital Investments Ltd, a private equity firm with a portfolio of Technology investments. She is yet another chartered accountant put on the board, but at least she has held executive positions in large infrastructure companies, having been President and CEO for 14 years of Southern Cross Cable Network for 14 years, which is a submarine fibreoptic cable company connecting New Zealand and Australia to the USA.

Item 5	Approval to refresh Atlas Arteria's placement capacity under ASX Listing Rule 7.1 with regard to the issue of ATLAX securities under the Institutional Placement
ASA Vote	For

Summary of ASA Position

See under Item 5 for ATLAX.

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