



JEA 127-19 (ITN) Strategic Alternatives

Invitation to Negotiate - Reply

IFM Investors

October 7, 2019

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1 Cover Letter

October 7, 2019

Dear Sir or Madam,

IFM Investors Pty Ltd ("IFM Investors" or "IFM"), on behalf of the IFM Global Infrastructure Fund and its subsidiaries ("IFM GIF"), is pleased to submit this non-binding reply (the "Reply") to the Invitation to Negotiate #127-19 for Strategic Alternatives presented by JEA on August 2, 2019 (the "ITN").

This ITN represents an exciting opportunity for IFM. We are pleased to confirm that IFM can meet all of the Process Goals identified by JEA in Section 1.1 of the ITN and believe this Reply meets all the requirements of a reply submission as provided in Sections 2.7 and 3.1.1. Furthermore, we believe our Reply, taken as a whole, is truly unique in the context of JEA's and the City of Jacksonville's objectives – both maximizing upfront proceeds to the City while ensuring ongoing long-term investment in JEA and the economic development of the Jacksonville community.

IFM Investors manages infrastructure investments for long-term institutional investors globally and is uniquely structured as a fund manager conceived and owned by 27 not-for-profit pension funds. Investing retirement savings on behalf of millions of workers, we are keenly focused on sustainable and responsible value creation over an extended time horizon. The potential acquisition of JEA by IFM GIF presents an attractive investment opportunity for IFM that is consistent with our objectives of pursuing high-quality infrastructure assets with long-term investment horizons and embedded growth opportunities. Given the open-end structure of IFM GIF, as a perpetual fund with no prescribed exit requirement, IFM is optimally positioned to be a long-term partner to the communities we serve.

IFM has extensive experience working with governments to deliver public infrastructure and successfully transition assets to private ownership. IFM also has extensive experience in owning and managing successful businesses in the electric & water utilities and district energy sectors. We are therefore confident that IFM would be an exceptional operator of JEA. We believe our Reply offers a unique value proposition to JEA, its customers, the City of Jacksonville and community stakeholders as a potential long-term partnership.

We are enthusiastic about our proposal and look forward to the opportunity to be included in the Negotiation Phase of this process.

Yours sincerely,



Tom Osborne
Executive Director
IFM Investors Pty Ltd



Jim Wierstra
Executive Director
IFM Investors Pty Ltd

Respondent Information

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Location and Date of Incorporation	Victoria, Australia December 18, 2003	
Federal Employer Identification Number	56-2676864 (IFM Investors (US) LLC)	

2 Executive Summary

JEA is a well-managed utility with a strong record of reliable operations in one of the premier service territories in the United States. Although JEA is encountering headwinds experienced by the broader utility sector, we believe the business represents a high-quality enterprise and could achieve its full potential under private ownership. We are therefore pleased to submit a non-binding indicative proposal for the full purchase of JEA's utility assets and associated infrastructure by IFM GIF (the "Proposal") as described in Section 3 of this Reply.

IFM was established and is currently owned by 27 major not-for-profit pension funds and manages \$98 billion of investments for long-term institutional investors globally. This distinct ownership model makes IFM one of the few truly aligned fund managers in the world.

IFM exists for one purpose – the prosperity of its investors and ultimately the retirement outcomes of their ~30 million members and retirees.

Consistent with that purpose, IFM invests in infrastructure in the United States and globally via IFM GIF. IFM GIF is a uniquely structured, open-end fund that seeks to match the long-term time horizon of its investors with long-life investments in high quality, core infrastructure assets.

JEA's portfolio of electric, water and district heating assets therefore represents an attractive investment opportunity for IFM. Its operations are a strong fit for IFM GIF given IFM's record of investing in high quality, core infrastructure assets in the utilities sector over a long-term horizon.

IFM can confirm that it has the capability and commitment to meet JEA's Process Goals via this Proposal – IFM is one of the largest infrastructure managers in the world with \$41 billion of direct infrastructure equity investments and is an experienced investor in utilities globally. IFM expects that our extensive knowledge and expertise could be leveraged to unlock value for all stakeholders of JEA.

Further detail on IFM's experience managing similar assets to JEA and ability to meet JEA's minimum requirements are outlined in Sections 4.2 & 6.2 and Section 5, respectively.

Advantages of IFM's Proposal

We believe that IFM's Proposal offers the following compelling benefits to JEA, its customers, the City of Jacksonville and community stakeholders:

- **Maximization of value to the City of Jacksonville:** By structuring the recapitalization of JEA as a full sale to a private sector owner, JEA can maximize upfront proceeds to the City of Jacksonville. An alternative structure, such as the retention of majority public ownership or an Initial Public Offering, may constrain JEA's ability to grow services and invest in its asset base. Maximizing upfront proceeds will ensure the City's flexibility to invest in the economic and infrastructure development of the Jacksonville region.
- **Unique partnership with long-term pension capital:** IFM's investment vehicle, the IFM Global Infrastructure Fund, is an open-end infrastructure fund, formed with the objective of delivering returns to its pension fund and institutional limited partners over an extended investment horizon. This allows IFM to be a long-term partner that is prepared to invest in ongoing growth and value-enhancement initiatives that maintain and improve the long-term viability of JEA's business and continued service to

JEA customers. Under IFM's proposal, JEA would not be integrated into any other existing utility platform, meaning capital investment commitments will be focused on the Jacksonville area. Over the last 5 years, over \$8.8 billion of capital expenditure has been invested by IFM GIF's portfolio companies, which is reflective of IFM's commitment to delivering safe, reliable services to the communities in which they operate.

- **Experienced operator with strong sector expertise:** IFM has an outstanding record as a responsible owner and manager of critical infrastructure assets. IFM's extensive record of asset ownership and management in the electric & water utilities and energy infrastructure sectors includes Anglian Water Group, Ausgrid, Duquesne Light Holdings, 50Hertz, FCCAqualia, Veolia Energia Polska, Wyuna Water and Wales & West (refer to Sections 4.2 and 6.2 for further detail). IFM can draw on extensive regulatory, operational and technical expertise to add value to JEA's business, including through innovative growth strategies that have been tested and proven effective in similar businesses.
- **Rate stability for customers:** IFM has an established record of delivering rate stability and ongoing operational and financial improvement to utility assets under its stewardship. We expect to be able to provide base rate stability to customers of JEA per the established Process Goals, subject to further regulatory due diligence. IFM welcomes the opportunity to establish a long-term, constructive relationship with the Florida Public Service Commission ("FPSC") in developing a fair and transparent rate structure for customers under private ownership. IFM has a history of effective engagement with utility regulators and expects to develop a constructive relationship with the FPSC based on this history.
- **Fairness for employees:** IFM has an established record of working constructively with labor unions in the United States and globally through its infrastructure portfolio companies, which employ more than 35,000 people. IFM respects the principles of collective bargaining, the role of union representation, workplace safety, fair remuneration and equal opportunity – core principles of IFM's Responsible Investment Charter. IFM welcomes the opportunity to partner with JEA's employees, its most valuable asset, to continue a well-established tradition of operational excellence.
- **Credible partner capable of delivering on commitments:** IFM has a long established history of successful public-private partnerships and delivering on its commitments to governments. IFM's record of reliability provides confidence that JEA's Process Goals will be met. IFM has successfully delivered on its public commitments in past transactions, including Ausgrid, NSW Ports and Port of Brisbane in Australia (please refer to Section 5 for further detail). IFM is a strong supporter of appropriately structured public-private partnerships in the United States and aspires to be a long-term investor in the economic development of Jacksonville and a strong corporate partner to the City and its residents.
- **Execution and funding certainty:** IFM has a proven ability to execute large scale infrastructure transactions. Since 2013, IFM (through IFM GIF) has invested ~\$20 billion of investor equity capital across a total of 20 new and follow-on investments. Alternative methods for monetizing the city's ownership of JEA, such as an Initial Public Offering, can be expected to require a longer execution timetable with potentially significant market volatility and uncertainty. Additionally, a listed acquirer of JEA would be

exposed to share price volatility, which could limit the certainty of transaction execution and future availability of capital. IFM's proposal would provide execution certainty for the City of Jacksonville and allow transaction proceeds to be deployed expeditiously into key projects and initiatives for the region. IFM has sufficient access to capital from its investors to fund the proposed transaction on a sole basis.

We believe the acquisition of JEA by IFM will provide an exceptional outcome for the City of Jacksonville, JEA's community stakeholders and IFM GIF's pension fund investors. Our proven record as a responsible, long-term steward of similar assets should provide comfort that IFM is well positioned to assume ownership of JEA and support the continued evolution of this vital business.

3 Statement of Interest and Qualifications

IFM's Proposal is for the full sale of JEA's utility assets and associated infrastructure to IFM GIF, representing a recapitalization of JEA and a transition to private sector ownership. We believe IFM's Proposal meets all of the Process Goals identified by JEA in Section 1.1 of the ITN (as detailed in Section 5 of this Reply).

The key features of IFM's proposed transaction construct are described in the table below.

Transaction Element	IFM Proposal
Nature of Transaction	<ul style="list-style-type: none"> • Full purchase of all of JEA's utility assets and associated infrastructure, including the core assets, listed below: <ul style="list-style-type: none"> ○ Electric System (comprising integrated generation, transmission, distribution and associated electric power assets) ○ Water and Wastewater (comprising distribution, collection, treatment and associated assets) ○ District Energy ○ Telecom Infrastructure ○ Other Network Assets • If the City of Jacksonville seeks to retain ownership of any of the above sets of assets, IFM is open to carving these out of the transaction perimeter so the City may retain ownership • While this Proposal assumes IFM will be the sole acquirer of JEA, we are open to considering potential partners for the acquisition in the next phase of this process
Ownership	<ul style="list-style-type: none"> • Following the transaction, IFM would have full ownership of JEA's utility assets and associated infrastructure • Consistent with full ownership, IFM would be responsible for appointing the Board of Directors of JEA to exercise control rights over key business decisions and activities <ul style="list-style-type: none"> ○ This is consistent with IFM's direct investment strategy – IFM holds 60 Board seats across the IFM GIF portfolio
Management Structure	<ul style="list-style-type: none"> • As a full owner of JEA's assets, IFM would be responsible for the ongoing operation and management of JEA post-transaction • IFM intends to own and operate JEA's utility assets and associated infrastructure over a long-term investment horizon
Business Plan	<ul style="list-style-type: none"> • IFM intends to maintain JEA as an integrated utility and build upon its core business • Under private ownership, IFM expects that the current municipal restrictions on JEA's operations will no longer apply. Accordingly, the nature of JEA's business activities would likely expand to include servicing of new products and customers (please refer to Section 6.5 for an overview of IFM's Innovation Plan)
Relationship with City of Jacksonville	<ul style="list-style-type: none"> • While IFM GIF would be the private owner of JEA, we would expect to be a strong corporate partner to the City given IFM's long established history of successful public-private partnerships (please refer to Section 4.7.2) • IFM envisions a governance framework to be put in place to enable the City of Jacksonville to maintain ongoing oversight and monitoring of JEA's operations post-transaction <ul style="list-style-type: none"> ○ This could include ongoing reporting requirements or meeting certain specified standards of conduct, allowing the City to ensure JEA continues to meet the needs of Jacksonville residents

Transaction Element	IFM Proposal
Legal / Regulatory Framework	<ul style="list-style-type: none"> • JEA's operations post-transaction will be subject to relevant federal, state and local jurisdictional regulations • IFM's proposal would result in a substantial part of JEA's utility operations being subject to regulation by the Florida Public Service Commission (FPSC)

IFM's Investment Objectives

IFM, through IFM GIF, seeks to invest in high quality, core infrastructure assets over an extended horizon in order to match the long-term liabilities of its limited partners to their member beneficiaries.

The potential purchase of JEA's portfolio is therefore an attractive opportunity for IFM's investors and meets our investment requirements. JEA represents a high quality, integrated utility of significant scale that operates in a service territory with attractive growth potential. In addition, JEA will operate under the stable regulatory framework of the Florida Public Service Commission that supports prudent private sector investment.

These characteristics of JEA are aligned with IFM's investment strategy and consistent with recent municipal water investment FCC Aqualia (2018) and electricity distribution and transmission utility Ausgrid (2016). IFM has a long-established history of constructive relationships with regulatory bodies, including the Pennsylvania Public Utility Commission in the US, the Australian Energy Regulatory in Australia, Ofwat in the UK and BNetzA in Germany. Please refer to Sections 4.2 and 6.2 for further detail on IFM's sector experience.

IFM also believes that JEA is a strong portfolio fit for IFM GIF's open-end fund structure. Given that IFM GIF has no prescribed exit requirements, IFM is able to continue to invest capital in the business over a long-term horizon. IFM considers the long-term opportunity to invest capital in JEA to be an important part of its business plan, given JEA operates in the large, growing Jacksonville area and will be able to expand its scope of services under private ownership.

Advantages of IFM's Proposal

As outlined in Section 2, we believe IFM's proposal is advantageous to JEA and its key stakeholders, optimizing customer, community, environmental and financial outcomes. IFM's proposal maximizes upfront proceeds to the City while offering a unique, long-term partnership. IFM, both an experienced steward of utility assets and long-term investor in infrastructure, can leverage its expertise to maximize service to JEA's customers and support continued investment in Jacksonville's economic development.

4 Organizational Overview

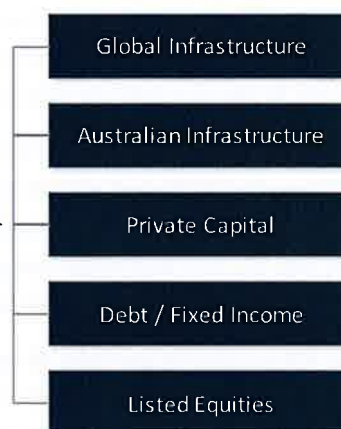
4.1 Organizational Structure

IFM Investors is a global fund manager headquartered in Melbourne, Australia with \$98 billion of funds under management through various products including direct infrastructure equity, listed equities, private capital and debt investments. The firm employs more than 430 staff around the globe. Owned by 27 Australian not-for-profit pension funds, IFM Investors has offices in New York, London, Melbourne, Sydney, Tokyo, Seoul, Berlin, Zurich and Hong Kong.

IFM Owners and Investors



IFM Asset Class



The acquiring entity of JEA for IFM would be IFM GIF. IFM GIF is a perpetual, open-end investment fund that continually raises new capital from institutional investors with long-term investment horizons. GIF's investors include IFM's owners as well as pension funds and institutional investors in the U.S., Canada, Asia, Australia and Europe.

The investor base of IFM GIF is spread over multiple jurisdictions, with the vast majority being institutional pension funds investing on behalf of millions of workers. IFM serves a number of Florida-based institutional pension funds as investors in IFM GIF and over 100 United States investors in total. IFM GIF is a multi-series unit trust established in the Cayman Islands with feeder funds based in the US, the UK, Canada, the Cayman Islands and Australia.

The investment advisor to IFM GIF is IFM Investors, a limited liability company providing services to IFM GIF under an advisory and administration agreement. IFM Investors' global infrastructure team is comprised of over 80 infrastructure specialists located in North America, Europe, Asia and Australia who have extensive transactional, portfolio management, financial and operational expertise in the utilities, energy and transportation infrastructure sectors.

Many of IFM's pension fund owners are also investors in IFM GIF, ensuring a strong alignment of interests between IFM as a manager and advisor of long-term institutional investors and the ultimate beneficiaries of its funds.

4.2 Operational details

Relevant Operational Experience

IFM has significant infrastructure investment and asset management expertise, gained through a robust record of successful capital deployment and operational excellence. IFM is an experienced investor in regulated businesses with investments spanning the electricity distribution & transmission, water & wastewater, gas distribution and district heating subsectors.

IFM is a direct equity investor and takes full ownership and responsibility of the entire investment process – from sourcing, execution, transition and long-term asset management.

An example of IFM's investment approach is the transformative Ausgrid transaction in 2016, in partnership with the New South Wales Government:

- *Sourcing* – IFM initiated discussions with the New South Wales Government and submitted an unsolicited proposal for a transformative public-private partnership. IFM's proposal was unique – offering upfront value to the State for a partial sale of its ownership, funding certainty and a compelling long-term partnership to maximize the value of the State's ongoing ownership position in the business.
- *Investment execution* – IFM formed a private consortium and led the transaction due diligence process to ensure successful execution of the transaction. The transaction was Australia's largest ever (non-IPO) transaction, which delivered total proceeds of A\$16.2 billion (\$11.0 billion¹) to the State. The deal involved one of the largest acquisition finance packages in Australian history, with IFM's reputation as a sponsor key to the credit strength of the business.
- *Transition* – following acquisition, IFM seconded 10 individuals into the business across multiple functions to deliver a smooth transition, establish a governance framework and ensure achievement of its near-term business plan objectives.
- *Transformation* – since acquisition, IFM has been responsible for the design and oversight of a major business transformation program involving cost reductions (mandated by the regulator), managerial change and various growth initiatives.
- *Ongoing Asset Management* – IFM, with its consortium partner, has control rights over key business decisions and activities and adopts a highly active approach to asset management. IFM's channels for ongoing leadership within the Ausgrid business include:
 - Board representation – IFM actively manages Ausgrid through its three Board seats and leadership across key subcommittees, which include Safety, Industrial Relations, Regulatory, Audit and Financing.
 - Relationships with management – IFM executives work alongside Ausgrid management on key strategic projects and share expertise on an ongoing basis. For example, IFM seconded 4 individuals to lead Ausgrid's acquisition of Active Stream, a digital metering platform.

¹ Based on USD/AUD exchange rate of 0.68/1.00 as of September 27, 2019.

Through its long track record, IFM has accumulated significant expertise from investments of similar scale and scope to JEA's individual business segments. The table below summarizes IFM Investors' investments in these sectors.

Investment	Description	Country	Acquired	Ownership
Current Investments				
Ausgrid	<ul style="list-style-type: none"> Regulated electricity distribution and transmission Ausgrid plays a critical role in delivering electricity to more than 1.7 million homes and businesses in New South Wales, Australia The business was acquired by IFM and its partner via a unique and landmark transaction The State of New South Wales remains a 49.6% shareholder in the business 	Australia	2016	25% ¹
Anglian Water Group	<ul style="list-style-type: none"> Regulated water and wastewater Anglian is the fourth largest water supply and sewerage company in England and Wales by Regulated Capital Value (RCV) and provides water and waste water services to approximately 4.3 million people and 6.0 million people, respectively 	UK	2006	20%
FCC Aqualia	<ul style="list-style-type: none"> Regulated water and wastewater FCC Aqualia is the fourth largest European private water management group and serves over 23 million people 	Europe	2018	49%
Veolia Energia Polska	<ul style="list-style-type: none"> Regulated heat distribution Veolia Energia Polska ("VEP") is the holding company for a portfolio of district heating and cogeneration businesses in Poland. The company owns over 2,200 miles of heating networks, and generates and supplies heat to 1.3 million households. 	Poland	2010	40%
Wyuna Water	<ul style="list-style-type: none"> Water filtration plants Plants in Illawarra and Woronora in New South Wales, Australia that provide water to more than 500,000 people 	Australia	2003	70.0%
Past Investments				
Duquesne Light Holdings	<ul style="list-style-type: none"> Regulated electricity distribution and transmission Duquesne, based in Pittsburgh, Pennsylvania, engages in the supply, transmission and distribution of electricity, providing service to approximately 600,000 customers. 	US	2006 (Exited in 2017) ²	25%
50Hertz Transmission	<ul style="list-style-type: none"> Regulated electricity transmission 	Germany	2010	40%

¹ IFM, along with its private consortium partner also holding a 25% ownership interest, has joint control of the business with a combined ownership position above 50%.

² IFM's investment strategy includes generating value for its investors and their member beneficiaries through active management of investments over the long term. These investments were exited opportunistically following unsolicited expressions of interest by prospective acquirers.

Investment	Description	Country	Acquired	Ownership
	<ul style="list-style-type: none"> • 50Hertz, one of the four Transmission System Operators (TSOs) in Germany, owns and operates an electricity grid area totaling more than 38,000 square miles • The company transports power to ~18 million people 		(Exited in 2018) ¹	
Wales & West Utilities	<ul style="list-style-type: none"> • Regulated gas distribution • Operator of a gas distribution network across Wales and South West England in the United Kingdom 	United Kingdom	2005 (Exited in 2012) ¹	15%

In each of the investments listed above, IFM Investors has played a key role in developing and supporting the underlying businesses. Specific examples of IFM Investors' involvement in each of these companies include:

- **Ausgrid:** IFM successfully led the acquisition of Ausgrid through a transformative transaction, in partnership with the state of New South Wales in Australia in 2016. Throughout a successful transition to private ownership, IFM maintained an active involvement in the business and oversaw the design and implementation of a major transformation program, the resolution of an Enterprise Agreement with union groups, the execution of more than A\$7 billion (\$4.8 billion²) of refinancing and a comprehensive review of safety culture and practices. Furthermore, an IFM team led Ausgrid's acquisition of the Active Stream smart metering business (a portfolio of 230,000 digital meters), accelerating Ausgrid's growth in non-regulated revenue streams.
- **Anglian Water:** IFM Investors is actively involved in the regulatory review processes by participating in the strategy development for key regulatory submissions and maintaining dialogue with key representatives of the UK water regulator, Ofwat. IFM Investors has also actively supported the management of the company in new bond issuances, raising funds in excess of £0.85 billion (\$1.05 billion³) over the past five years across multiple capital markets globally including Sterling bond, US private placements and inflation-linked issuances.
- **Duquesne Light Holding:** Following acquisition, IFM Investors supported a five-year utility investment program of nearly \$1 billion. IFM Investors was actively involved in guiding the company through successful rate cases with the Pennsylvania Public Utility Commission in 2011 and 2014. Furthermore, IFM was actively engaged in the successful execution of acquisition debt refinancing and subsequent debt issuances.
- **50Hertz Transmission:** IFM Investors was actively involved in establishing the €2.5 billion (\$2.7 billion⁴) bond program by Eurogrid International, the holding company for 50Hertz Transmission. The inaugural €500 million (\$545 million⁴) bond issue under this program attracted interest from 200 investors in 25

¹ IFM's investment strategy includes generating value for its investors and their member beneficiaries through active management of investments over the long term. These investments were exited opportunistically following unsolicited expressions of interest by prospective acquirers.

² Based on USD/AUD exchange rate of 0.68/1.00 as of September 27, 2019.

³ Based on USD/GBP exchange rate of 1.23/1.00 as of September 27, 2019.

⁴ Based on USD/EUR exchange rate of 1.09/1.00 as of September 27, 2019.

countries. IFM Investors strongly supported the company's investment in onshore and offshore grid development, totaling €3.1 billion (\$3.4 billion¹) over 2013-17. Additionally, IFM Investors maintained a regular dialogue with the German regulator, BNetzA, and was influential in key decisions and regulatory outcomes.

- **Veolia Energia Polska ("VEP"):** IFM Investors invested in Veolia Łódź, a subsidiary of VEP, in 2006 and subsequently became a shareholder in the parent company, VEP, in November 2010. Since then, IFM Investors has played an active role in asset management and is represented at the Strategy Committee, which provides regular strategic input and feedback to the Supervisory Board. This Committee supported the acquisition of the Warsaw district heating network, SPEC, in 2011. IFM Investors played a joint role in the due diligence process of that transaction. In addition, IFM Investors is actively engaged with the company's management through the business planning process, aimed at identifying areas for further improvement.
- **FCC Aqualia:** IFM acquired a stake in FCC Aqualia in 2018 from Fomento de Construcciones y Contratas S.A. and has been instrumental in driving key improvements to the business. IFM has supported the realization of both organic and inorganic growth initiatives as well as Aqualia's financing needs. IFM also initiated a review of safety performance, culture, governance and reporting to ensure that operations in each of these areas meet best practices in the industry.

IFM Investors has substantial in-house specialist utilities expertise and plays an active role in the assets we manage. We have strong global asset management capabilities which include personnel with extensive operational experience and a strong record of using our platform to deliver opportunities across our infrastructure portfolio to enhance value, particularly in procurement, safety, sustainability and cyber security. For example, the IFM Global Insurance Facility leverages the insurance premium spend across the infrastructure investment portfolio to achieve reduced insurance pricing outcomes with improved terms and risk coverage. In addition, IFM can leverage learnings from its portfolio assets to ensure best-in-class performance. For example, IFM regularly sets up knowledge exchanges between FCC Aqualia and Anglian Water to share key insights and best practices around water and wastewater operations management.

Through experience managing assets of similar scale and business profile to JEA, IFM has developed active operational and risk management expertise. IFM will leverage this experience to the benefit of JEA and its key community stakeholders by building upon JEA's record of operational success and providing access to a broad network of sector knowledge.

4.3 Financial details

IFM manages approximately \$41 billion in infrastructure equity globally and the firm is one of the largest infrastructure managers in the world. IFM Investors has over 24 years of experience in investing in infrastructure and is currently an owner of 33 infrastructure portfolio companies, operating in 43 countries.

¹ Based on USD/EUR exchange rate of 1.09/1.00 as of September 27, 2019.

IFM GIF has an extensive record of infrastructure investment since its inception in 2004. Since 2013, IFM GIF has executed 16 new and 4 follow-on investments, deploying ~\$20 billion into infrastructure investments.

An acquisition of JEA by IFM would be undertaken by IFM GIF. As an open-end, perpetual investment vehicle, IFM GIF continuously raises money from investors and deploys that money in infrastructure investments on their behalf. IFM GIF currently has sufficient access to capital to fund the acquisition of JEA, while satisfying JEA's transaction requirements.

4.4 Electric and Water Customers

Through its ownership of assets in the electric, water & wastewater and district heating infrastructure sectors, IFM businesses have served millions of people worldwide. The table below provides an overview of the number of customers or populations served by IFM portfolio companies in these sectors.

Investment	Country	Sector	Customers/Population Served
Ausgrid	Australia	Electricity Distribution	~1.7 million homes and businesses
Anglian Water Group	UK	Water and Wastewater	Water: ~4.3 million people Waste water: ~6.0 million people
Duquesne Light Holdings	US	Electricity Transmission and Distribution	~600,000 customers
50Hertz Transmission	Germany	Electricity Transmission	Serves population of ~18 million people
Veolia Energia Polska	Poland	District Heating	Serves ~1.3 million households
FCC Aqualia	Europe	Water and Wastewater	~23 million people served
Wyuna Water	Australia	Water and Wastewater	More than 500,000 people

4.5 Collaboration with Unions and Labor

IFM Investors aims to deliver competitive, sustainable net returns to investors and create outcomes that protect and positively impact working people and society. Our distinct ownership and fund structure encourage alignment with investor objectives and a commitment to investing for the long term; consistent with that objective is the fair treatment of employees.

IFM is owned by pension funds investing on behalf of millions of workers and is committed to working constructively with labor in the context of our role and responsibilities as a fund manager. IFM has its roots in the development of the superannuation system in Australia, an initiative for providing retirement savings for workers.

IFM's portfolio companies across its infrastructure funds employ more than 35,000 people. IFM has a long-established record of negotiating collective bargaining agreements across its portfolio assets in a number of sectors. A salient example of this experience is IFM's investment in Ausgrid, which has a large employee base of

over 3,500 people with significant union representation. Following IFM's investment in 2016, IFM worked to ensure the timely resolution of a new Enterprise Agreement, which was previously long unresolved, and delivered employees their first pay increase in four years. The successful resolution is evidence of IFM's constructive relationships with union stakeholders and commitment to treating employees fairly.

IFM understands that optimal value is created for all stakeholders when our employees are treated fairly. Our approach closely aligns with United Nations Global Compact and International Labor Organization principles, which we encourage our portfolio companies to endorse.

IFM has a Labor Rights Policy Statement that covers eight core principles, described below.

- | | |
|--|---|
| <p>1 IFM is committed to safe workplaces, in particular through the prevention of work-related accidents, illnesses and diseases by minimizing hazards in the workplace.</p> | <p>5 IFM supports freedom of association and the rights of working people to establish and choose to be members of a trade union without hindrance.</p> |
| <p>2 IFM supports the right of working people to receive a fair wage and benefits.</p> | <p>6 IFM respects the right of employees to collectively bargain.</p> |
| <p>3 IFM supports work policies and practices that respect and promote diversity and inclusion.</p> | <p>7 IFM is committed to provide for, or cooperate in providing adequate remedy where adverse human rights impacts have occurred at its investments, in particular through the establishment of effective grievance mechanisms at its assets.</p> |
| <p>4 IFM stands against all forms of child labor, forced labor, discrimination, violence, bullying, and harassment.</p> | <p>8 IFM is committed to the necessary human rights due diligence and stewardship policies and processes to meet these responsibilities.</p> |

IFM has also implemented a Responsible Contractor Policy ("RCP") as a value-enhancement initiative to assist IFM GIF's portfolio companies. The RCP is designed to assist in selection of independent contractors, including operating company managers, direct employees and subcontractors who provide construction, repairs, maintenance and infrastructure operating services. The RCP advises the inclusion of key criteria into the selection process, such as a demonstrated ability to provide reliable and high quality services, fair compensation and benefits to employees, reputation, dependability and the ability to provide cost-efficient services.

4.6 Investment in Economic Development

As an owner of critical infrastructure assets, IFM understands the role its businesses can play as engines of economic growth in the communities they serve. As such, IFM encourages its businesses to pursue long-term value accretive investments both directly and in partnership with government. Over the past 5 years, over \$8.8 billion of capital expenditure has been invested by IFM GIF's portfolio companies. Some key examples of IFM's commitment to economic development within its current portfolio service areas are described below.

United States and the Americas

- **Indiana Toll Road:** IFM has made a significant contribution to the economic development of the State of Indiana since acquiring the asset in 2015
 - Following acquisition, IFM supported a major capex program, Project PUSH. The project involved >\$200 million of rehabilitation works for 73 miles of pavements and bridges and represented the largest investment in the road since original construction. The investment created over 500 direct and indirect jobs in the region and >\$800 million of economic activity in Indiana.
 - In September 2018, IFM backed an agreement between the Indiana Toll Road operator and the State of Indiana which generates \$1 billion of new proceeds to the State in exchange for concession and lease agreement amendments. The State has earmarked the proceeds to fund additional roads projects in Indiana at no cost to taxpayers, improving infrastructure and driving economic development in the State. The agreement also includes a commitment for \$50 million of additional capital expenditure along the Indiana Toll Road, which will include customer experience enhancements.
- **Freeport LNG:** IFM is a major equity investor in Freeport LNG, a natural gas liquefaction and export facility located in Freeport, Texas, funding a substantial equity commitment to the \$5 billion Train 2 development. The development has contributed to the creation of approximately 9,000 jobs during the peak of its 5-year construction period and approximately 200 new permanent jobs at liquefaction project facilities.
- **Aleática:** Through its investment in Aleática, a diversified toll road and transport platform, IFM is supporting the development of five critical transportation infrastructure projects across Latin America, creating meaningful jobs and economic activity in local communities.

Australia

- **Ausgrid:** In 2016, IFM led the Ausgrid transaction process, responsible for delivering A\$16.2 billion (\$11.0 billion¹) of gross proceeds to the State of New South Wales. The proceeds have contributed to a Government building and funding program which has delivered more than 100 projects, including public transport and roads, education, health and water security. Additionally, Ausgrid has committed to spend A\$2,690 million (\$1,830 million¹) of capex over FY 2020 – 2024 across its distribution and transmission network. Ausgrid is responsible for providing power to businesses that comprise 20% of Australian GDP and is key to the country's economic growth.

¹ Based on USD/AUD exchange rate of 0.68/1.00 as of September 27, 2019.

- **Brisbane Airport:** IFM Investors is supporting the New Parallel Runway at Brisbane Airport which, at a project cost of A\$1.3 billion (\$884 million¹), is the largest aviation construction project in Australia. The project, due to reach completion in 2020, was responsible for the direct employment of 675 people during peak construction periods. It has been estimated that by 2035, the new runway will lead to the creation of 7,800 new jobs and contribute an additional A\$5 billion (\$3.4 billion¹) in annual economic benefit to the region.
- **Melbourne Airport Rail Link:** In September 2018, AirRail Melbourne, a consortium led by IFM and including Melbourne Airport, submitted an unsolicited proposal to the Victorian Government to build and operate the Melbourne Airport Rail Link. The new link is proposed to connect Southern Cross Station in the city to a new underground station at Melbourne Airport via one stop. The proposal includes a A\$5 billion (\$3.4 billion¹) funding commitment and the potential to begin construction two years earlier than originally planned by the Victorian Government. The project is expected to support over 13,000 jobs during construction. AirRail Melbourne's proposal is currently being assessed by the Victorian Government under the Market-led Proposals Guideline.

Europe

- **Manchester Airports Group:** IFM is supporting a £1 billion (\$1.2 billion²), 10-year investment program. The project will expand the capacity of the airport to 45 million passengers per year by 2025 (an annual increase of 20 million passengers) and is expected to create 1,500 jobs during the construction phase. Key construction works include a 150% expansion in the size of Terminal 2, reconfiguring it to become the central terminal and enhancing rail and road access to the airport, as well as improvements to Terminal 3 and airfield infrastructure.
- **Anglian Water Group:** IFM is supporting a £6.5 billion (\$8.0 billion²) investment program over FY20-25, representing the largest ever investment undertaken by Anglian. The program supports the economic development of East-England, a fast-growing region which plays a key role in national food production. Key program objectives include the reduction of leakage by 22%, which would make Anglian a world leader in leakage levels, as well as a resource management plan to remove the risk of water restrictions for all customers.

4.7 Other Relevant Information

4.7.1 Experience in Transitioning Businesses from Public to Private Ownership

IFM Investors understands the challenges and sensitivities associated with transitioning an asset from government ownership to private sector ownership. In particular, we understand the need to create a positive environment for employees and to actively engage with all stakeholders in the context of a substantial reform program. IFM Investors has significant experience in transitioning assets into private sector ownership and as

¹ Based on USD/AUD exchange rate of 0.68/1.00 as of September 27, 2019.

² Based on USD/GBP exchange rate of 1.23/1.00 as of September 27, 2019.

part of its due diligence process, will develop a detailed plan to ensure a smooth transition for JEA. Relevant examples of IFM Investors' experience include:

- **Ausgrid:** Following the A\$20.7 billion (\$14.1 billion¹) transformative transaction in partnership with the New South Wales Government in 2016, IFM installed a team of employees in the business to transition the business to private ownership. IFM oversaw the successful implementation of an IFM designed transformation program, leading to material cost reductions (as mandated by the regulator and with no forced redundancies as required by legislation). Furthermore, IFM improved organizational governance, structuring a 'first-time private' Board, charters, subcommittees, legal and treasury functions.
- **NSW Ports:** IFM Investors is an owner of a 99-year concession in NSW Ports, originally acquired via a A\$5.1 billion (\$3.5 billion¹) lease transaction by the New South Wales Government in 2013. Its assets include Port Botany, the key container and bulk liquids sea port in Sydney and Port Kembla, a key regional bulk goods port. Since investment, IFM Investors has supported substantial transformation initiatives, including oversight of the transition to private operation, refinancing activity and growth projects, such as the ongoing A\$190 million (\$129 million¹) on-dock rail upgrade at Port Botany. IFM Investors also played a key role in the development of NSW Ports' 30-year Master Plan.
- **Port of Brisbane:** IFM Investors was a lead sponsor of the Q Port Holdings (QPH) consortium that successfully acquired a 99-year lease over the Port of Brisbane in 2010 from the Queensland Government in Australia for A\$2.1 billion (\$1.4 billion¹). IFM played a key role in the transition and substantial transformation program following the transaction. Key milestones since acquisition include completion of the A\$110 million (\$75 million¹) Port Drive Upgrade, refinancing activity and growth initiatives, such as ongoing development of the A\$160 million (\$109 million¹) Brisbane International Cruise Terminal.

4.7.2 Partnership with Governments/Public Entities

IFM Investors has a long record of investment with industrial, financial and public partners such as local authorities. We have adopted a partnership model for managing our investments, meaning we will always seek to work closely together with co-shareholders and management for the long-term benefit of the company and all stakeholders.

In particular, IFM Investors has extensive experience working alongside municipalities and public authorities in fruitful and constructive partnerships. The success of these partnerships is based on an alignment of interests and IFM Investors' flexibility to accommodate the particular needs and approach of its public authority partners.

Key to the alignment of interests is IFM's ownership and open-end fund structure – IFM invests over a long-term horizon on behalf of its pension fund investors. IFM is committed to safe, reliable and affordable customer service within its portfolio companies. IFM also represents a potentially permanent source of capital, given it has no prescribed fund termination or exit requirements that curtail its investment horizon.

¹ Based on USD/AUD exchange rate of 0.68/1.00 as of September 27, 2019.

The public authorities with whom IFM has worked find IFM GIF to be a reliable and aligned long-term investor that has the financial capacity to invest in optimizing the long-term potential of assets and services provided. IFM also brings international expertise, including industry best practice and know-how, to further augment local management expertise.

Examples of IFM's partnerships with public entities are detailed below.

- **Public-private partnerships** – IFM has invested in a number of public-private partnerships globally, with both Federal and State Governments as counterparties in critical public infrastructure projects. IFM's investments in public-private partnerships include:
 - Indiana Toll Road, a critical part of the US transportation network connecting the US Midwest to the Northeast
 - Manchester Airports Group, one of the top three airport operators in the United Kingdom, which handles over 60 million passengers per year through Manchester, London Stansted and East Midlands airports
 - IFM is currently partnering with council groups to deliver Manchester Airport's 10 year, £1 billion (\$1.2 billion¹) expansion program (due to reach completion in 2025)
 - Wyuna Water, which operates two water filtration in New South Wales, Australia that provide water to more than 500,000 people and have a combined treatment capacity of 370 ML / day
 - Southern Cross Station, a key metropolitan and regional transport gateway in Victoria, Australia
 - Other public-private partnerships include Praeco (defense headquarters in New South Wales), Axiom Education (school network in New South Wales) and Perth Courts (district court complex in Western Australia)
- **Market-led proposals** – IFM has demonstrated a proactive commitment to providing innovative solutions to government via unsolicited proposals. These proposals allow key enabling infrastructure to be delivered earlier and in a more cost-effective manner than is feasible without private sector funding. Recent examples include:
 - Melbourne Airport Rail Link – an unsolicited proposal submitted in September 2018 involving A\$5 billion (\$3.4 billion²) of funding commitments to build the Melbourne Airport rail link. The proposal is currently being assessed by the Victorian Government under the Market-led Proposals Guideline

¹ Based on USD/GBP exchange rate of 1.23/1.00 as of September 27, 2019.

² Based on USD/AUD exchange rate of 0.68/1.00 as of September 27, 2019.

- Brisbane International Cruise Terminal – IFM supported Port of Brisbane (an IFM portfolio company) in its successful A\$160 million (\$110 million¹) proposal to build South East Queensland’s only dedicated mega cruise ship facility. The project is due to commence operations in 2021
- **Joint ownership** – IFM has demonstrated an ability to work constructively as a shareholder alongside government and public entities. IFM’s current and past experience includes:
 - Ausgrid, in which IFM has worked with the State of New South Wales (which remains a 49.6% shareholder) since 2016. Key milestones in partnership with the State include:
 - The implementation of a major transformation program, leading to material savings in recurring annual operating costs and enabling the business to meet regulator mandated efficiency targets
 - The successful execution of more than A\$7 billion (\$4.8 billion¹) of refinancing across major global capital markets
 - Acceleration of growth in the non-regulated business through the acquisition of smart metering business Active Stream (a portfolio of 230,000 digital meters)
 - Manchester Airports Group, in which IFM invests alongside the Manchester City Council and nine other local councils (who collectively own 64.5% of the business)
 - Vienna International Airport, which includes co-shareholders such as the State of Lower Austria, the City of Vienna and an employee trust
 - 50Hertz, where IFM worked alongside Publi-T, a Belgian municipal holding company, during the period of IFM’s ownership
 - Brisbane Airport, in which Brisbane City Council (BCC) was a joint owner alongside IFM from 1997 until 2010

While IFM does not expect that the City of Jacksonville would remain a shareholder in JEA following the sale, we are committed to developing a constructive governance framework with the City. This is consistent with IFM’s long-established record of productive partnerships with government.

¹ Based on USD/AUD exchange rate of 0.68/1.00 as of September 27, 2019.

5 Process Goals

5.1 IFM's Ability to Deliver JEA's Process Goals

IFM understands JEA's desire to achieve an exceptional outcome for all stakeholders. As such, IFM recognizes the importance of commitments to achieve the Process Goals as laid out by JEA in the ITN.

Based on the information available to date in the public domain, we have done considerable analysis on a potential acquisition of JEA by IFM GIF. Following this analysis and subject to further due diligence, we confirm that we are able to meet the Process Goals identified by JEA in the ITN. Furthermore, we believe our Proposal, taken as a whole, is truly unique in the context of JEA's and the City of Jacksonville's objectives.

Set forth below is an overview of our ability to achieve each of the Process Goals laid out in the ITN, along with relevant potential considerations in Section 5.2.

Financial Commitments

1. Deliver >\$3 billion of value to the City of Jacksonville

We believe this business represents an exceptional opportunity to acquire a unique asset in an excellent service territory with attractive growth potential. IFM has completed an initial financial analysis of JEA's business, including potential growth opportunities and key risks based on publicly available information. Following this analysis, we confirm that a sale of JEA to IFM GIF would deliver >\$3 billion of upfront proceeds to the City of Jacksonville, subject to further due diligence.

IFM has a proven record of executing large-scale infrastructure asset acquisitions, completing 20 investments and deploying ~\$20 billion of investor equity capital since 2013. IFM also has an established history of executing acquisitions of assets via direct partnerships and follow-on investments with governments including:

- **Indiana Toll Road (2018, United States):** \$1 billion in payments to the State of Indiana and commitment to spend \$50 million of capital expenditure in exchange for modifications to the toll road lease and concession. The investment followed IFM's initial acquisition of Indiana Toll Road in 2015.
- **Ausgrid transaction (2016, Australia):** A\$16.2 billion (\$11.0 billion¹) of gross proceeds to the State of New South Wales in Australia
- **NSW Ports transaction (2013, Australia):** A\$5.1 billion (\$3.5 billion¹) of gross proceeds to the State of New South Wales in Australia
- **Port of Brisbane transaction (2010, Australia):** A\$2.1 billion (\$1.4 billion¹) of gross proceeds to the State of Queensland in Australia

¹ Based on USD/AUD exchange rate of 0.68/1.00 as of September 27, 2019.

IFM confirms it has sufficient access to capital, in the form of, inter alia, undrawn commitments and fund-level debt facilities to fund the anticipated equity requirements to complete this transaction.

Customer Commitments

2. *Distribute >\$400 million of value to customers*

IFM is committed to providing excellent service as well as value to the customers of JEA. As indicated above, IFM has done initial financial analysis on publicly available information and confirms it will be able to provide this value to customers following acquisition, in addition to delivering >\$3 billion of value to the City as discussed above.

IFM has an established record of delivering on its customer and community commitments in government partnerships including:

- The Port of Brisbane lease transaction in 2010, when IFM committed to the future upgrade of the port's motorway. Port of Brisbane completed the A\$110 million (\$75 million¹) project in August 2018, well ahead of capacity demand. The upgrade is the largest project ever undertaken by the Port of Brisbane and received an "Excellent" sustainability rating for 'Design' from the Infrastructure Sustainability Council of Australia.
- The acquisition of the Indiana Toll Road in 2015, when IFM committed to a \$75 million redevelopment program of eight travel plazas. The redevelopment was completed ahead of schedule and provided significantly improved facilities for road users – evidence of IFM's strong customer commitment in the communities in which it operates.
 - In addition, Indiana Toll Road has committed to \$50 million of road improvements for heavy vehicle users as part of an agreement reached with the State in 2018.

3. *Base rate stability for customers*

We confirm that IFM will be able to provide base rate stability for customers for at least three years following IFM's acquisition, while meeting all of the other Process Goals. IFM has a demonstrated ability to maintain rate stability in utility assets under its ownership. Key examples are outlined below – please refer to Section 6.2 for further detail on historical customer rates within IFM's portfolio companies.

- After IFM's investment in Duquesne Light Holdings in 2006, IFM successfully delivered on its rate stability commitment agreed with the Pennsylvania Public Utility Commission. As a condition to transaction approval, IFM agreed to and delivered three years of rate stability, with no base rate increases requested before 2010.

¹ Based on USD/AUD exchange rate of 0.68/1.00 as of September 27, 2019.

- Following IFM's investment in Ausgrid in 2016, a significant reduction in base rates for customers has been achieved. Ausgrid's Final Determination for the FY20-24 period, the first regulatory submission since acquisition, resulted in an 11% reduction in network charges for the average residential customer.
- Anglian Water has facilitated a substantial reduction of approximately 17% in real customer rates over the past two decades while continuing to meet or exceed regulatory network performance standards.

Environmental Commitments

4. Commitment to develop and provide the City of Jacksonville and the Duval County Public School system with 100% renewable electricity by the year 2030

We confirm that IFM will be able to meet this commitment and we welcome the opportunity to invest in environmentally-friendly renewable power as an experienced investor in the sector. We are dedicated to responsible environmental stewardship and are committed to utilizing renewables generation across our portfolio; specific examples are outlined below:

- Under IFM ownership, Duquesne Light Holdings was subject to renewable portfolio standards in Pennsylvania. As such, Duquesne played a critical role in facilitating renewables development in the region by investing in enabling transmission infrastructure.
- IFM was a long-term investor in Pacific Hydro from 2005 to 2016, a global renewables platform. Under IFM's ownership, Pacific Hydro grew to reach 900 MW of generation capacity across 19 hydroelectric and wind generation facilities in Chile, Australia and Brazil, demonstrating IFM's strong ability to develop and operate these assets.
- 50Hertz played an extensive role in providing infrastructure to bring new renewables generation online in Germany, supported by €3.1 billion (\$3.4 billion¹) of onshore and offshore grid development over 2013-17 under IFM's ownership. The investment program supported significant growth in renewables power share, reaching approximately 50% of total generation capacity in the 50Hertz network area.

5. Commitment to develop and provide 40 MGD of alternative water capacity for Northeast Florida by the year 2035

We confirm that IFM will be able to meet this commitment. IFM is an experienced investor in the water industry and understands the importance of developing alternate water capacity for the future challenges of population growth, customer affordability and environmental protection.

IFM, through its investment in Anglian Water, is currently supporting the development and implementation of an Integrated Water Resource Management Plan (WRMP), comprising investment in new water resources, treatment capacity and transfer infrastructure. Over FY20-25, Anglian is committed to a £6.5 billion (\$8.0

¹ Based on USD/EUR exchange rate of 1.09/1.00 as of September 27, 2019.

billion¹) investment program to support the future resource needs of the East England region (please refer to Section 4.6 for further detail).

As an owner of JEA, IFM would seek to provide diversified sources of water supply for Northeast Florida via supply alternatives such as aquifer recharge, wetland treatment and potable reuse.

Community Impact

6. Protection of certain employee retirement benefits

IFM's proposal would uphold existing employee benefits agreed in collective bargaining or approved by the Board of Directors.

Following the acquisition of Ausgrid in 2016, IFM assisted in the successful negotiation and finalization of a long-unresolved Enterprise Agreement. Agreement was reached without industrial action and Ausgrid continues to honor all negotiated commitments with unions and employees.

7. Maintenance of substantially comparable employee compensation and benefits for three years

IFM's proposal would maintain substantially comparable employee compensation and benefits for three years. The retention of substantially comparable pay and benefits for employees, JEA's most important asset, would be a key component of IFM's business plan.

IFM has an established record of meeting its commitments to employees – Ausgrid remains compliant with legislated requirements to maintain a minimum of 3,570 full-time employees for five years through to June 2020.

8. Retention payments to all full-time employees of 100% current base compensation

IFM's proposal would fund retention payments to all full-time employees of 100% current base compensation. IFM has built this commitment into its preliminary financial analysis of JEA.

Following the acquisition of Ausgrid in 2016, IFM worked to ensure the timely resolution of a new Enterprise Agreement, enabling employees to receive their first pay increase in four years – evidence of IFM's commitment to the fair compensation of employees.

9. Commitment to new headquarters and employees in downtown Jacksonville, contributing to the economic development of the community

IFM's proposal provides for new headquarters and employees in downtown Jacksonville, contributing to the continued economic development of the community. Through its investment in JEA, IFM intends to develop a long-term investment platform in Jacksonville and the Northeast Florida region.

The construction of JEA's new downtown Jacksonville headquarters is consistent with IFM's record of reinvesting in the communities in which it operates:

- Following IFM's acquisition of Duquesne Light Holdings in 2006, IFM made a commitment to keep Duquesne's headquarters in Pittsburgh

¹ Based on USD/GBP exchange rate of 1.23/1.00 as of September 27, 2019.

- Over the last 5 years, IFM GIF has supported over \$8.8 billion of capex investment in its portfolio companies, demonstrating a strong commitment to reinvest in the businesses we own
- IFM has supported significant investment in economic development and jobs creation within its portfolio service areas. Please refer to Section 4.6 for examples of IFM's current and past commitments.

5.2 Key Considerations

IFM has based its analysis of JEA to date on information available in the public domain. IFM's commitment to meet JEA's Process Goals is subject to further evaluation of the following parameters and due diligence on JEA during the Negotiation Phase.

Consideration	Description
Due Diligence	<ul style="list-style-type: none"> • IFM has undertaken due diligence on the basis of public information and ITN disclosures • IFM's commitment to meet JEA's Process Goals, including delivering \$3 billion of value to the City of Jacksonville, is subject to the completion of comprehensive due diligence • During the Negotiation Phase, IFM will have access to further information, which will enable IFM to complete a comprehensive due diligence process. Due diligence includes market, technical, environmental, financial, regulatory and legal aspects of the potential transaction
Vogtle Power Purchase Agreement (PPA)	<ul style="list-style-type: none"> • IFM's commitment to meeting the Process Goals is subject to a satisfactory resolution of JEA's future Vogtle PPA obligations, including Project J debt service requirements • IFM expects clarity on JEA's Vogtle PPA obligations within a reasonable timeframe during the Negotiation Phase
Transaction Construct	<ul style="list-style-type: none"> • IFM's commitment is subject to understanding JEA's expectations of key transaction parameters including transaction structure (i.e. full sale or alternate arrangement), ownership and governance • Please refer to Section 3 for IFM's preliminary expectations relating to the transaction construct
Approvals	<ul style="list-style-type: none"> • IFM's proposal for a potential sale transaction would be subject to regulatory and other approvals, including, but not limited to: <ul style="list-style-type: none"> ○ Federal Trade Commission or Department of Justice early termination of the waiting period or allowance of waiting period expiration under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ○ Federal Energy Regulatory Commission approval ○ City Council approval ○ Majority vote in a referendum conducted by the City ○ Potential approval by the FPSC in relation to the establishment of parameters for current and future ratemaking • Following completion of comprehensive due diligence referred to above, IFM's proposal would also be subject to approval by IFM's Investment Committee ("IC") and Board Investment Committee ("BIC"). <ul style="list-style-type: none"> ○ The IC comprises the senior management of IFM and the BIC comprises board members of IFM, all of whom have extensive experience in evaluating investment opportunities and meet regularly

5.3 Additional Items

This Reply has been prepared by IFM for the exclusive use of JEA.

The matters set forth herein constitute an expression of IFM's interest only. Except for the language contained in this section regarding exclusive use, confidentiality and governing law, this Reply is preliminary and non-binding and shall not create (or be deemed to create) any legally binding obligations on the part of IFM, IFM GIF or their respective affiliates, and no oral contracts will be deemed to exist. This Reply is not an offer capable of acceptance or otherwise forming a binding contract. Unless and until a definitive agreement is entered into regarding the ITN, none of IFM, IFM GIF or their respective affiliates will be under any obligation whatsoever with respect to the ITN or any related entity or person, including, without limitation, to negotiate terms of the ITN.

This Reply is being submitted by IFM on the understanding that, subject to applicable law, it will be maintained as confidential by JEA and its affiliates, representatives and agents, and that none of JEA or its affiliates, representatives or agents may disclose to any person the terms or existence of this Reply or that discussions or negotiations are taking place between JEA and IFM concerning the ITN, without the prior written consent of IFM.

Notwithstanding the above, IFM acknowledges the potential application of Florida's Public Records Law to this Reply.

6 Response to Evaluation Criteria

IFM's Proposal seeks a full sale of JEA's utility systems and related infrastructure assets. Further detail on IFM's expectations around ownership structure and governance are provided in Section 3 of this Reply. IFM's responses to the evaluation criteria are provided below.

6.1 IFM's Proposal to Achieve JEA's Process Goals

Please refer to Section 5 of this document for an overview of how IFM's proposal would achieve JEA's Process Goals and our demonstrated experience in successfully meeting similar relevant challenges arising in IFM's portfolio companies. IFM confirms that we are able to meet all of the Process Goals, subject to further due diligence and the key considerations outlined in Section 5.2.

6.2 Experience and Customer Commitment

IFM recognizes the unique nature of JEA's fully integrated utility platform of electricity (spanning generation, transmission and distribution), water & wastewater, district energy and other network assets. The company is well managed with a strong record of reliable operations and high customer satisfaction. For the core utility, IFM expects to enhance this performance by maintaining a prudent level of investment to uphold reliability and support renewables generation, while delivering value to customers and adapting to their changing needs. Our experience with other utility assets globally allows us to identify effective methods of investment to ensure robust performance and reliability, improving customer experience and value outcomes.

Through 24 years of investing in infrastructure assets and management of \$41 billion of direct infrastructure equity investments with significant ownership positions, IFM has developed extensive experience managing assets of similar scale and business profile to JEA. IFM will leverage this experience to the benefit JEA and the customers it serves by building upon JEA's record of operational success and providing access to IFM's broad sector expertise.

IFM's current and past investments in regulated utilities and assets with comparable characteristics to JEA's are described in Section 4.2 of this Reply. IFM has also successfully partnered with government entities as fellow shareholders in Ausgrid and 50Hertz (please refer to Section 4.7.2).

IFM adopts a highly active approach to asset management with respect to its investments, being a direct equity investor with control rights over key business decisions and activities. The IFM infrastructure equity team is a group of over 80 investment professionals; IFM is resourced to closely monitor and manage its portfolio companies to ensure that they are managed responsibly. Practical ways in which IFM seeks to add value to its portfolio companies include:

- **Strong Board governance** – IFM holds 60 seats across the GIF portfolio, maintaining ongoing oversight to drive performance
- **Direct secondments** – IFM personnel are often actively involved post initial investment to ensure a smooth ownership transition and to assist with key strategic projects on an ongoing basis

- **Sharing of best practices across the portfolio** – key areas of knowledge sharing include safety, customer engagement, operations, capital projects and financing activity

IFM has demonstrated a commitment to proactive asset management, safe and sustainable operations and delivery of value to customers in each of these investments; specific examples are described below in the remainder of this Section.

Current Investments

Ausgrid (ownership: 25%, acquired in 2016)

Since leading the investment in Ausgrid, via a transformative transaction in partnership with the State Government, IFM has remained actively involved to ensure the ongoing delivery of its business plan via:

- Direct secondments – IFM employees were deployed into the business to ensure a smooth transition to private ownership and to design a major transformation program, establishing the foundations for its successful implementation
- Board – IFM representatives maintain ongoing active oversight and management through its three board seats and membership or chairmanship of various subcommittees which include Safety, Industrial Relations, Regulatory, Remuneration, Audit and Financing
- Sharing of expertise – IFM has provided expertise and resources to Ausgrid to ensure the business can meet its growth objectives. A team of IFM investment professionals led the acquisition of a smart metering platform, positioning the non-regulated business for future growth

Operational Overview	
Scale and scope of operations	<ul style="list-style-type: none"> • Regulated electricity distribution and transmission network servicing 1.5 million homes and 0.2 million businesses • Network area spanning over 8,500 square miles across Sydney, the Central Coast and Hunter regions in New South Wales, Australia. The area accounts for over 20% of Australia's GDP and has a total population of approximately 4 million people • Regulated asset base in excess of A\$15 billion (\$10.2 billion)¹ – the largest distribution network in the Australian National Electricity Market • Over 3,500 employees
Network infrastructure	<ul style="list-style-type: none"> • Network comprises over 2,400 miles of transmission and sub-transmission lines, 18,000 miles of overhead distribution lines and 9,300 miles of underground distribution cables • Assets include over 45 transmission and sub-transmission stations, 190 zone substations and 31,000 distribution substations • Operates a primarily 132kV transmission network, 11kV high-voltage distribution system and a 400V low-voltage distribution network
Regulatory framework	<ul style="list-style-type: none"> • Regulated by the Australian Energy Regulator ("AER") under the National Electricity Law • The AER is responsible for monitoring and enforcing compliance with economic regulation of distribution and transmission networks within the National Electricity Market • The AER determines the revenue required by Ausgrid to recover the costs of network investments and operations. Every five years, Ausgrid must submit proposals to the AER that explain its proposed capital and operating plans for approval • The AER maintains an incentive-based regulatory regime, employing a benchmarking framework to encourage network operators to improve efficiency and maintain service standards

¹ Based on USD/AUD exchange rate of 0.68/1.00 as of September 27, 2019

Network reliability / performance	<ul style="list-style-type: none"> • Since IFM's investment, Ausgrid has continued to maintain a safe and reliable network in compliance with government standards and has demonstrated an improvement in key performance metrics <ul style="list-style-type: none"> ○ SAIDI: 9% reduction in average annual average outage duration minutes per customer from 76 to 69 between 2016 and 2018 ○ SAIFI: 3% reduction in average annual customer interruptions from 0.70 to 0.68 between 2016 and 2018 • Ausgrid has maintained network reliability despite undertaking a major transformation program in which material annual cost savings have been achieved <ul style="list-style-type: none"> ○ The transformation program is in response to major regulatory reforms to deliver more affordable network services
Safety / culture	<ul style="list-style-type: none"> • Since IFM's investment, Ausgrid has undertaken a comprehensive independent safety review and reform of governance, policies and cultural frameworks • Safety is Ausgrid's number one priority and remains a key focus area • In the 12 months to June 30, 2019, Ausgrid achieved a 25% reduction in recordable injuries and a 29% reduction in lost time injuries
Customer relations	<ul style="list-style-type: none"> • Ausgrid is committed to listening to and respecting its customers, placing them at the center of day-to-day operations • Ausgrid's Final Rate Determination for the FY20-24 period was the outcome of extensive customer consultation and engagement • In 2016, Ausgrid established a Customer Consultative Committee, which provides ongoing advice and feedback to drive improvement in Ausgrid's policies and procedures • In 2019, Ausgrid established a Network Innovation Advisory Committee to drive Ausgrid's innovation program and the future direction of Ausgrid's network • Ausgrid has joined the Energy Charter, an industry wide commitment to put customers at the center of the energy system, promote affordability and uphold network reliability
Customer charges	<ul style="list-style-type: none"> • Ausgrid has achieved a significant reduction in base rates for customers under IFM's ownership • Ausgrid's Final Determination for the FY20-24 period, the first rate case under IFM ownership, resulted in an 11% reduction in network charges for the average residential customer • The Determination reflects Ausgrid's direct response to the affordability requirements of its customers by continuing to implement major efficiency improvements, while maintaining a reliable network that adapts to emerging technologies and changing customer needs

Anglian Water Group (ownership: 20%, acquired in 2006)

IFM has developed extensive expertise in the water utility sectors since playing a leading role in the original acquisition in 2006. This has enabled IFM to play a value-adding asset management role via:

- Board – active involvement and participation on all subcommittees
- Sharing of expertise – IFM has supported management in regulatory review processes, analyzing energy policy and water resource management plans
- Leveraging IFM's network – IFM has actively engaged key political stakeholders and supported Anglian Water's reputation in the community

Operational Overview

Scale and scope of operations	<ul style="list-style-type: none"> • Regulated water and wastewater services in the United Kingdom, providing water to 4.3 million people and sewerage services to 6.0 million people • Regulated Capital Value (RCV) of ~£8 billion (\$9.8 billion)¹ – the fourth largest water supply and sewerage company in the United Kingdom • >4,000 employees
Network infrastructure	<ul style="list-style-type: none"> • Supply area covering 10,600 square miles and 2.5 million properties • >1 billion of liters of water supplied every day • Over 46,000 miles of pipes and 1,000 recycling facilities
Regulatory framework	<ul style="list-style-type: none"> • Pricing regulated by Ofwat, the Water Services Regulation Authority • Ofwat sets prices every five years based on the revenue required by service providers to recover costs and returns on investment. Submissions are provided by water companies for approval, detailing the opex and capex requirements of their proposed asset management plans • Incentive-based regulatory regime, comprising of allowance benchmarks and rewards / penalties designed to promote efficiency and service quality
Network reliability / performance	<ul style="list-style-type: none"> • Anglian has a strong record of exceptional network performance, outperforming the regulatory leakage target for the eighth consecutive year in fiscal year 2019 • Anglian has maintained the amount of water supply at 1989 levels despite supplying an extra 600,000 properties – the equivalent of saving 200 million liters per day • Anglian received the Utility of the Year 2018 award, the top prize at the reputable Utility Week Awards
Safety / culture	<ul style="list-style-type: none"> • Anglian has implemented a company-side occupational health and safety management system – demonstrating Anglian's commitment to uphold safety at the forefront of its operations <ul style="list-style-type: none"> ○ The integrated system has been independently certified and awarded the ISO 45001 standard for health and safety ○ Safety approach recognized with a 'Gold' 2018 Health and Safety Award by the Royal Society for the Prevention of Accidents • Anglian was awarded Glassdoor's 2019 Best Place to Work – evidence of its strong commitment to employee health, safety and wellbeing <ul style="list-style-type: none"> ○ Anglian is focused on creating a culture in which it is everyone's responsibility to take care of the wellbeing of their colleagues, in addition to their own

¹ Based on USD/GBP exchange rate of 1.23/1.00 as of September 27, 2019.

Customer relations	<ul style="list-style-type: none"> • Anglian has been consistently delivering industry leading, upper-quartile customer service performance over the past decade <ul style="list-style-type: none"> ○ In 2019, Anglian was named the number one company for customer service in Ofwat's Customer Experience Survey for the second consecutive year • Anglian maintains an active approach to customer feedback solicitation, surveying over 100,000 customers over 2019 achieving a 96% satisfaction rating • Anglian was also instrumental in the creation of the industry's Public Interest Commitment, setting new standards for a social contract with customers and stakeholders
Customer charges	<ul style="list-style-type: none"> • Anglian has a long established history of improving the efficiency and affordability of its network • Anglian has reduced average bills by 17% in real terms since 1996 versus a 3% rise in average industry bills • Anglian has cut its capital carbon emissions by 58% from 2010 levels – driving innovation and efficiencies that feed into lower bills

FCC Aqualia (ownership: 49%, acquired in 2018)

IFM has contributed to substantial progress within the business since investment in 2018 via:

- Governance – implementation of a new governance structure through the formation of key subcommittees including Investment and Audit & Risk
- Sharing of expertise – IFM is actively leading the implementation of best practice across financing strategy, business planning, safety management and emissions initiatives
- Resourcing – the IFM team provides ongoing support to management in the evaluation of capital projects and bolt-on acquisition opportunities

Operational Overview	
Scale and scope of operations	<ul style="list-style-type: none"> • Regulated water and wastewater, servicing 23 million people across 22 countries in Europe, Latin America, the Middle East and North America • Fourth largest private water management group in Europe and top 10 globally • 634,890,955 m³ / year of water supplied to 1,100 towns • Generates annual revenue in excess of €1 billion (\$1.1 billion¹) • Over 7,500 employees
Network infrastructure	<ul style="list-style-type: none"> • >41,000 miles of water networks managed (>26,000 miles of supply and >15,000 miles of sewerage network infrastructure) • 205 drinking water stations • 2,690 water tanks • 807 wastewater treatment plans • 1,077 drinking water pumping stations
Regulatory framework	<ul style="list-style-type: none"> • Aqualia primarily operates under long-term local concession schemes with comprehensive performance standards and penalty arrangements • SmVAK, Aqualia's subsidiary in the Czech Republic (c. 15% of Aqualia EBITDA in FY2018), operates under a cost-plus tariff setting mechanism set by the Ministry of Finance – a government, rather than independent regulatory regime
Network reliability / performance	<ul style="list-style-type: none"> • Service quality and reliability are key components of Aqualia's core business, with service quality key to maintaining, extending and renewing its concession schemes • Aqualia remains compliant with performance standards under its concessions
Safety / culture	<ul style="list-style-type: none"> • Occupational health and safety is a key priority for Aqualia • Aqualia in 2018 renewed the OHSAS 18001 Occupational Health and Safety Management System Certification where all Spanish and international activities and locations are covered • Management targets an ongoing 5% annual reduction in its reported accident frequency rate <ul style="list-style-type: none"> ○ The accident frequency rate in 2018 remained similar to that of 2017 at approximately 12. The frequency rate is calculated as the number of accidents with sick leave for every 1 million hours worked • Aqualia has an ongoing preventive safety culture project rolled out in all international activities
Customer relations	<ul style="list-style-type: none"> • Aqualia maintains a proactive approach to customer service and outreach via its customer service platform, Aqualia Contact, which receives over 0.75 million calls and 1.3 million web visits annually • >95% customer satisfaction levels reported on the Aqualia Contact platform
Customer charges	<ul style="list-style-type: none"> • Aqualia maintains an ongoing dialogue with municipalities and key stakeholders to review customer charges on a yearly basis, as established under each relevant concession

¹ Based on USD/EUR exchange rate of 1.09/1.00 as of September 27, 2019.

Veolia Energia Polska ("VEP") (ownership: 40%, acquired in 2010)

IFM has played a committed asset management role, with key channels for IFM's ongoing impact including:

- Board – IFM actively participates in the Strategy Committee, which has been instrumental in driving key growth initiatives including the acquisition of the Warsaw district heating network
- Resourcing – IFM is closely involved in the business planning process aimed at identifying areas for further improvement

Operational Overview

Scale and scope of operations	<ul style="list-style-type: none"> • Leading regulated district heating provider and owner of cogeneration businesses in Poland • Generates and supplies heat to 1.3 million households • 25% market share of the Polish district heating market and top 3 position in Polish cogeneration • > 3,500 Gwh of annual electricity sales • Over 4,000 employees
Network infrastructure	<ul style="list-style-type: none"> • Over 2,200 miles of heating networks across 41 Polish cities • Five cogeneration plants with thermal capacity of 3,799 MWth & Electric capacity of 681 MWe
Regulatory framework	<ul style="list-style-type: none"> • Regulated by the Energy Regulatory Office (ERO), a central state body under the National Energy Law, responsible for both the economic regulation of the energy sector and promotion of competition • Regulated under a cost-of-service framework in which energy companies submit tariff approvals to the ERO on their own initiative or upon a request of the President of the ERO
Network reliability / performance	<ul style="list-style-type: none"> • VEP has demonstrated its commitment to maintaining reliable heating for Poland, a jurisdiction with long and cold winters, while also transitioning towards cleaner fuels • Consistently high levels of distribution network efficiency have been achieved over the last five years • Since IFM's investment in VEP, there has been a continued reduction in emissions following a >\$150 million investment program <ul style="list-style-type: none"> ○ VEP has converted coal units into biomass in the cities of Łódź and Poznań, resulting in over a 10% reduction in total company emissions • Implemented a Smart Heating Grid in Warsaw, the largest network of its type in the European Union <ul style="list-style-type: none"> ○ Through a telemetry and remote control system, VEP has successfully reduced thermal losses by over 120 TJ per year and has shifted over 110 TJ from peak to more economical sources
Safety / culture	<ul style="list-style-type: none"> • VEP was awarded the title of "Reliable Employer 2018," recognition of its commitment to high standards of personnel management from the Employers of Poland, Employment Agencies Association and Business Center Club
Customer relations	<ul style="list-style-type: none"> • VEP maintains customer orientation as a central value in its Code of Ethics and continues to provide innovation solutions to its customers in the Polish district heating market • VEP's 2018 customer satisfaction survey results revealed: <ul style="list-style-type: none"> ○ VEP's image as a trusted partner, offering services tailored to the needs of customers ○ Majority of customers rate the service provided by VEP employees as superior
Customer charges	<ul style="list-style-type: none"> • VEP has increased tariffs in line with its regulatory framework • VEP continues to implement innovative solutions in its district heating network to improve both supply security and affordability

Past Investments

Duquesne Light Holdings (ownership: 25%, 2006-2017)

- IFM provided ongoing resources and support to the company as it navigated key business plan milestones, including the successful submission of two rate cases in 2011 and 2014 and the execution of major debt issuances

Operational Overview

Scale and scope of operations	<ul style="list-style-type: none"> • Regulated electricity distribution and transmission, serving approximately 600,000 customers in southwestern Pennsylvania • Service territory covering over 800 square miles • Aggregate rate base in excess of \$2 billion • Over 1,500 employees
Network infrastructure	<ul style="list-style-type: none"> • 45,000 miles of overhead distribution lines • 690 miles of high voltage transmission lines • 430 substations • 250,000 utility poles • 108,000 transformers
Regulatory framework	<ul style="list-style-type: none"> • Distribution services and pricing regulated by the Pennsylvania Public Utility Commission ("PAPUC") <ul style="list-style-type: none"> ○ PAPUC sets distribution rates based on a cost-of-service methodology, allowing for opex recovery and a reasonable rate of return on investment ○ To amend existing rates, Duquesne is required to file for a rate case, at a timing of its discretion, which is then subject to PAPUC approval ○ PAPUC may institute an investigation into rates between filings and potentially reduce rates should they be deemed not just and reasonable • Transmission services and pricing regulated by the Federal Energy Regulatory Commission ("FERC") under the Federal Power Act <ul style="list-style-type: none"> ○ FERC also bases transmission rates on a cost-of-service methodology ○ Transmission rates are updated annually based on actual cost and capital expenditure information – Duquesne is required to submit annual filings to FERC
Network reliability/performance	<ul style="list-style-type: none"> • Under IFM's ownership, Duquesne consistently met or exceeded the reliability standards prescribed by the PAPUC • Under IFM's ownership, Duquesne met its PAPUC provided benchmarks for SAIDI and SAIFI metrics and consistent ranked highly compared to other Pennsylvania utilities • In the 12 months to Q4 2016, Duquesne recorded: <ul style="list-style-type: none"> ○ A SAIDI score of 70 (benchmark: 126) – better than the average large distribution company score of 125 ○ A SAIFI score of 0.85 (benchmark: 1.17) – better than the average large distribution company score of 1.10
Customer relations	<ul style="list-style-type: none"> • In 2017, Duquesne was the highest ranked midsize electric utility (out of 11) in the east region for customer service
Customer charges	<ul style="list-style-type: none"> • Following initial investment, IFM successfully delivered on its rate stability commitment agreed with the PAPUC, maintaining stable rates for a period of 3 years

50Hertz (ownership: 40%, 2010-2018)

- IFM played a committed asset management role, being actively involved in key business activities such as the establishment of the company's €2.5 billion (\$2.7 billion¹) bond program and regulatory approval processes. IFM played a constructive role in the regulatory process, maintaining frequent engagement with the German regulator, BNetzA

Operational Overview	
Scale and scope of operations	<ul style="list-style-type: none"> • One of four transmission system operators in Germany, delivering power to distribution utilities serving 18 million people • Network area covers more than 38,000 square miles • Over 1,000 employees
Network infrastructure	<ul style="list-style-type: none"> • High voltage grid network of over 6,300 miles of power lines in the north and east of Germany • >50,000 MW of installed capacity in network area • 2 offshore connections
Regulatory framework	<ul style="list-style-type: none"> • Regulated by BNetzA, an independent Federal Government Agency of the German Federal Ministry of Economics and Technology • BNetzA determines the revenue required by network operators to recover the cost of network investments and operations under an incentive-based framework
Network reliability / performance	<ul style="list-style-type: none"> • Under IFM's ownership, 50Hertz invested over €3.1 billion (\$3.4 billion¹) in onshore and offshore grid development over 2013-17 to support the integration of renewable generation into Germany's energy network <ul style="list-style-type: none"> ○ Key investments included offshore connection lines, new onshore long distance transmission lines and grid enforcement ○ The investment program supported a high share of renewable energy in a stable manner, with an approximately 50% renewables share within 50Hertz's network area • 50Hertz also invested in process innovation initiatives, including an integrated network forecasting tool to minimize preventative redispatch volumes. The initiative resulted in considerable savings of redispatch volumes, reducing network costs
Safety / culture	<ul style="list-style-type: none"> • 50Hertz demonstrated a strong culture of safety performance under IFM's ownership, achieving a substantial reduction in injury frequency rates between 2013-18
Customer relations	<ul style="list-style-type: none"> • 50Hertz maintained active stakeholder dialogue and communication in relation to its capex investment program with the broader community and energy network <ul style="list-style-type: none"> ○ This is in addition to its direct engagement with distribution utilities and government entities. As a transmission provider, 50Hertz does not have a direct relationship with residential customers
Customer charges	<ul style="list-style-type: none"> • Under IFM ownership, 50Hertz demonstrated a consistent record of delivering important capex projects on time and within budget, the benefits of which will be reflected in customer charges in the future

¹ Based on USD/EUR exchange rate of 1.09/1.00 as of September 27, 2019.

6.3 Economic Development and Benefits to Jacksonville

As an open-end infrastructure fund, IFM GIF has no prescribed or mandatory exit requirements. IFM is therefore focused on investing over the long-term on behalf of its investors. We strive to be strong corporate citizens in the communities we serve because this drives the long-term success of our portfolio companies.

Please refer to Section 4.6 for IFM's long-established record of investing in the economic development of the regions served by our portfolio companies.

IFM believes it offers the following key advantages as a partner in driving economic development and job creation within the City of Jacksonville:

- **Commitment to the long-term viability of JEA:** A key component of IFM's business plan for JEA is investment to ensure the sustainability of the core utility business and to expand the range of business services provided by JEA as the energy market evolves. Please see Section 6.5 for an overview of IFM's Innovation Plan for JEA and IFM's expertise in supporting the growth of utilities in new business segments. IFM's dedicated focus on the long-term viability of JEA directly benefits Jacksonville via:
 - Substantial ongoing capital investment – IFM has demonstrated a willingness to support long-term economic development, with its portfolio companies investing \$8.8 billion into new projects over the last 5 years. IFM expects to continue robust capital spend at JEA.
 - Fairness for employees – IFM understands that JEA's employees drive its best-in-class operating performance, key to maintaining the long-term value and quality of JEA's utility business. Employees are key stakeholders of the Jacksonville community and contributors to the economic prosperity of the region.
- **Commitment to an independent JEA:** Under IFM's proposal, JEA would not be integrated into any other existing utility platform, meaning capital investment commitments will be focused on the Jacksonville area. IFM's proposal commits to a new headquarters in downtown Jacksonville and ensures JEA remains an engaged community partner. IFM would also envision a governance framework to enable the City to maintain oversight of JEA's operations – IFM's extensive history of partnering with government is outlined in Section 4.7.2.
- **Long-term partnership with the City of Jacksonville:** IFM has demonstrated a continued willingness to reinvest capital in the broader service areas of its portfolio companies. IFM's investment in JEA could therefore unlock further investment in the region, consistent with our historic record:
 - In Indiana, IFM supported a follow-on investment of \$1 billion into the State through an agreement between Indiana Toll Road and the State in 2018, supporting investment in critical local road infrastructure projects. The capital commitment is on top of IFM's initial investment in Indiana Toll Road in 2015 and ongoing capital expenditure within the asset.

- In Manchester in the United Kingdom, IFM is partnering with Manchester City Council and 9 other local councils to invest in the £1 billion (\$1.2 billion¹), 10 year expansion of Manchester Airport, due to reach completion in 2025.
- In Victoria in Australia, where IFM is an owner of Melbourne Airport, IFM led the submission of a market-led proposal to develop the Melbourne Airport Rail Link in 2018, a new and unsolicited A\$5 billion (\$3.4 billion²) funding commitment from the private sector.

6.4 Employee Retention and Benefits

IFM recognizes the key role that JEA's employees play in the local community and the operational success of the business. IFM confirms that it is able to meet the key Process Goals as laid out in the ITN related to employee retention and benefits including:

1. Protection of certain employee retirement benefits;
2. Maintenance of substantially comparable employee compensation and benefits for three years; and
3. Funding retention payments to all full-time employees of 100% of current base compensation, as provided in the Employee Protection and Retention Agreement approved by the JEA Board of Directors on July 23, 2019.

IFM understands the importance and impact of these commitments and is uniquely positioned to meet them, given the following features of our proposal:

- **Long-term ownership and investment outlook:** We understand that JEA's employees are central to the lasting viability of the business. Providing employment and compensation stability contributes to the retention of JEA's workforce, which will benefit the business over the long-term.
- **IFM organizational values:** Our organization has its roots in the superannuation system in Australia and the initiative of providing retirement savings for workers. In line with these foundational values, we understand that optimal value is created for all stakeholders when our employees are treated fairly.
- **Focus on the Jacksonville community:** Under IFM ownership, JEA will be managed as a standalone entity with a committed corporate presence maintained in downtown Jacksonville. Honoring these commitments provides for a stronger Jacksonville economy and helps enlist community support. We view JEA's reputation and impact on the broader Jacksonville community to be integral to the future success of the business.

¹ Based on USD/GBP exchange rate of 1.23/1.00 as of September 27, 2019

² Based on USD/AUD exchange rate of 0.68/1.00 as of September 27, 2019.

- **Supporting JEA's future business growth:** We plan to grow JEA's presence through continued investment in the core business and innovative initiatives as described in Section 6.5 of this Reply. Meeting these employee retention obligations supports retention and commitment of JEA's workforce, whose contribution will be critical to the delivery of IFM's future growth plans.

We believe our Proposal is distinct, as IFM's organizational structure underpins the commitment to employee retention and benefits in our business plan for JEA. We look forward partnering with JEA's employees to continue JEA's tradition of operational excellence.

6.5 Innovation Plan

The utility industry is undergoing a significant transformation, which is affecting traditional industry business models. Under IFM ownership, JEA's business activities would not be subject to their current municipal constraints, allowing the company to pursue innovative growth strategies.

Our ownership of utility assets across several jurisdictions provides us with a global perspective on emerging technologies. Through our previous utility investments, we understand the emerging areas where JEA may be able to best drive value for the business and key stakeholders. In particular, IFM will consider pursuing innovative growth strategies in the business segments defined below, among others.

Potential Growth Segment	Description	Rationale
Distributed Generation	<ul style="list-style-type: none"> • Installation, financing and maintenance for distributed generation 	<ul style="list-style-type: none"> • Ensures JEA captures value from the grid that would otherwise be lost to other companies • Ability to leverage existing network footprint to secure business and streamline customer relationships • Environmental benefits through use of renewable generation sources
Microgrids	<ul style="list-style-type: none"> • Construction, operation and maintenance of microgrid facilities in JEA's service territory and elsewhere 	<ul style="list-style-type: none"> • Ability to leverage technical and engineering expertise to meet customer needs
Battery Storage	<ul style="list-style-type: none"> • Installation, operation and maintenance of battery storage technology as utility-scale or behind-the-meter 	<ul style="list-style-type: none"> • Supports grid stability and reduces grid stress • Allows increased adoption of intermittent renewables generation, providing environmental benefits
Electric Vehicle ("EV") Technologies	<ul style="list-style-type: none"> • Investment in infrastructure to support EV usage • Potential to capture revenue from emerging technologies such as the deployment of fleets of electric vehicles to offer as a mobility service 	<ul style="list-style-type: none"> • May add significant load to the system • Ensures JEA captures value from the grid that would otherwise be lost to other companies
Energy Efficiency	<ul style="list-style-type: none"> • Provide leasing, financing, installation and maintenance of energy efficient appliances • Provide smart metering automation services and energy efficiency consulting services to customers 	<ul style="list-style-type: none"> • Ability to leverage balance sheet to provide financing to customers • JEA's existing customer relationships make it a logical provider of this service • Minimizes stress on the grid through optimized demand management

Potential Growth Segment	Description	Rationale
Alternative Water Resources	<ul style="list-style-type: none"> • Pursuit of sustainable sources of water not sourced from fresh surface water or groundwater, which can offset the demand for fresh water • Sources to be examined include a quifer recharge, wetland treatment and potable reuse 	<ul style="list-style-type: none"> • Ensures JEA is capable of meeting the forecast growth in Jacksonville's water demand requirements • Helps mitigate water supply risk associated with climate change
Telecommunications Business	<ul style="list-style-type: none"> • Develop successful fiber and telecommunications business within Jacksonville region 	<ul style="list-style-type: none"> • Leverages existing utility assets to support telecom infrastructure • Capitalizes on increasing demand for data services

Our open-end fund structure provides IFM flexibility to deploy additional capital or re-invest distributions into existing investments to fund organic growth, construction projects or bolt-on acquisitions. We expect to execute these growth strategies through both organic and inorganic means and have a record of building revenue streams through both methods at our portfolio assets.

At Duquesne, IFM organically pursued pilot microgrids projects within the Pittsburgh area. The company partnered with the University of Pittsburgh to pursue projects, providing monetary contributions as well as engaging with university engineering students in rolling out the projects. IFM also supported investment and growth at the company's DQE Communications business, a provider of high-speed, fiber-optic data networking for businesses throughout the Pittsburgh region. Under IFM's ownership, this business experienced rapid growth and captured a leading market position.

IFM also has an established record of completing bolt-on acquisitions and successfully integrating them into portfolio companies, as demonstrated by the following examples.

- **Ausgrid:** IFM led the acquisition of smart metering business Active Stream, on behalf of Ausgrid. The acquisition provided Ausgrid with a portfolio of 230,000 digital meters, helping to position its non-regulated business for future growth.
- **Veolia Energia Polska:** IFM supported the acquisition of the Warsaw district heating network, SPEC, in 2011. IFM Investors played a joint role in the due diligence process of that transaction.

While we believe in our ability to execute on these growth strategies through our experience and expertise, we understand the importance of working with our regulators and customer groups with regard to implementing these innovative strategies. We expect to proactively engage with the FPSC and key customer groups to ensure that investment to adapt to changing technologies and customer needs is supported, building on IFM's extensive experience managing utility assets globally.

6.6 Environmental, Social and Governance

IFM's Environmental, Social and Governance ("ESG") Commitment

IFM is focused on delivering excellent financial returns over the long term in a way that is responsible, respectful and ethical. Our approach to responsible investment is closely aligned with the United Nations Global Compact, which enjoys global consensus and supports a set of core principles in human rights, labor standards, environment and governance. We have also made additional responsible investing commitments:

- We have been a signatory to the United Nations supported Principles for Responsible Investment since 2008;
- We adhere to our own ESG Policy; and
- We are a member of the Carbon Disclosure Project and the Investor Group on Climate Change.

Our Responsible Investment Charter (attached as Appendix 9.2 of this Reply) sets out our strategic approach to considering ESG factors in our investment decisions and asset management processes. It formally articulates our core investment beliefs and how these inform our day-to-day activities.

ESG initiatives undertaken at our portfolio assets, as well as our plans for JEA, are described below.

Environmental Initiatives

We are committed to reducing the impact of our portfolio on climate change. We collect and benchmark data from our portfolio assets in order to identify where emissions can be reduced and share best practices among our assets. IFM Investors supports innovative initiatives to reduce emissions and increase energy efficiencies across our portfolio company investments, for example:

- At Northern Territory Airports in Australia, IFM supported the development of the 5.5 MW Darwin Airport Solar Project, the largest airside photovoltaic solar facility in the world. The flagship facility is also the largest behind-the-meter system designed and built for a single facility in Australia.
- Colonial Pipeline has installed ~7.5MW of solar PV across two New Jersey sites. The installations provide the business with over 25 years of clean, renewable energy production, mitigating Colonial's carbon footprint.
- Brisbane Airport invested A\$11 million (\$7 million¹) in a major solar PV project, which is the largest rooftop solar panel installation at an Australian airport and the largest commercial rooftop solar system in the Southern Hemisphere. Since 2012, Brisbane airport has also had an extensive energy reduction program in place, resulting in the completion of 40 projects which collectively save more than 8 GWh per year.

¹ Based on USD/AUD exchange rate of 0.68/1.00 as of September 27, 2019.

- In 2019, Indiana Toll Road's headquarters relocated to a LEED-certified building fitted with solar panels and is estimated to consume less than one-third of the power as compared to the previous administration building.
- Freeport LNG has implemented the only large-scale electric natural gas liquefaction plant in the US. The plan involves an all-electric compression motor drive solution that reduces emissions by over 90% relative to all other plants being built in the US, which use combustion turbines.

IFM will continue to support innovative initiatives to reduce emissions and increase energy efficiencies at JEA. Under IFM ownership, we would:

- Standardize emissions reporting, establish carbon emissions reduction targets and support JEA with resources to achieve or exceed these targets;
- Support JEA to materially increase the penetration of renewable, cleaner sources of energy in its generation mix; and
- Explore the viability of new business initiatives as outlined in Section 6.5, many of which have the benefit of reducing emissions.

Social Initiatives

Safety for customers and employees is the highest priority for our portfolio assets. We regularly conduct safety reviews at our portfolio assets and share knowledge across our portfolio through periodic safety round tables. Following the completion of all new investments, IFM conducts a third-party safety audit to assess maturity and provide resources for continual safety improvement. We also invest in new technologies and equipment aimed at reducing customer and workforce incidents:

- Indiana Toll Road went live with its intelligent transportation systems project in 2018. The project included deployment of technologies aimed at reducing accidents along the ITR such as variable speed signs. As a result, the business observed an 11% reduction in incident frequency and 26% reduction in lane closure times. The company is also undertaking pilot programs to reduce truck rollover incidents and wrong-way accidents.
- Anglian Water has significant safety controls in place to ensure strong safety performance. The Management Board reviews health and safety performance and associated actions monthly, including thoroughly reviewing all significant incidents as well as reporting them to the Board. Performance is also monitored through the company's ISO 45001-certified Safe and Well management system, with six-monthly external reviews by Lloyd's Register, as well as through an internal audit program. As a result, Anglian has been recognized by the Royal Society for the Prevention of Accidents and awarded 'Gold' for their excellent health and safety performance.

- Despite the large scale of the project, Freeport LNG has experienced an excellent safety record over its years of construction. This has been driven by extensive employee training and a focus on safety as a number one priority. Employees are trained in the Federal Emergency Management Agency's National Incident Management System (NIMS) and commit to our Behavior-Based Safety Program and SafeStart/SafeTrack training, ensuring a constant commitment to safety awareness.

IFM expects to be able to share learnings from its other portfolio assets to further improve safety performance. We also expect to identify technologies that can improve customer safety within the service territory.

In addition to safety, we believe diversity and inclusion across the workplace drives better performance outcomes. In 2018, we undertook a diversity study across portfolio companies to identify ways to improve gender and racial diversity.

- Anglian Water is aiming to improve gender diversity, particularly in professional engineering and scientific roles across all levels of the business. In addition to shorter term strategies such as an equal number of men and women across trainee schemes, Anglian Water is implementing grassroots strategies with longer-term horizons. The company's grassroots approach aims to inspire and encourage more women and girls to pursue science, technology, engineering, and mathematics (STEM) topics and careers in related fields.
- In 2018, Indiana Toll Road maintained a strong representation of women in management and supervisory roles (59% vs the national average of 47%), favorable veteran (9%) and racial diversity (20%) metrics. All three metrics exceeded the U.S. Bureau of Labor Statistics benchmarks and demographic mix along the northern Indiana corridor.
 - Indiana Toll Road was the recipient of the 2017 Glass Hammer Award, recognition of its commitment to gender diversity and programs directed at successfully promoting women leaders within the organization
- In 2017, Duquesne Light was named a winner of the 2017 Most Valuable Employers recognition by RecruitMilitary, a national leader in helping employers connect with high-quality veteran talent. This honor was created in an effort to recognize employers whose recruiting, training and retention plans best serve military service members and veterans.

IFM plans to further develop diversity and inclusion plans at JEA, leading to a more diverse and successful workforce.

Governance Initiatives

At our portfolio companies, we aim to establish governance that is ethical and meets best practices. After an acquisition of JEA, we will undertake a number governance initiatives to ensure alignment among stakeholders, including:

- Appointment of a Board of Directors for JEA with control over key decisions and activities. This is consistent with IFM's direct investment strategy – IFM holds 60 Board seats across IFM GIF, indicating our experience in selecting qualified and engaged Board members.
 - IFM intends to appoint an independent chairperson to ensure strong governance.
- Examination of Board committee structures and their charters, as well as reviews of company policies to ensure they are fit for purpose.
- Implementation of executive compensation schemes that create alignment of interest between management, shareholders and other stakeholders. IFM would reflect safety performance into executive remuneration schemes.
- Potential secondment of IFM employees directly to the asset to ensure a smoother transition and implementation of a clear governance and reporting framework.

IFM has successfully established governance arrangements across many of its portfolio companies in the past including:

- **Ausgrid:** Following acquisition, IFM improved organizational governance, structuring a 'first-time private' Board, charters, subcommittees, legal and treasury functions.
- **Indiana Toll Road:** Following acquisition, IFM appointed a full Board of Directors including an independent chairman and sector experts. IFM employees created new Board charters and policies to ensure responsible governance. Three secondees from IFM worked within the management team to ensure a smooth transition to new ownership.

The IFM team often takes portfolio-wide reviews of governance practices across our assets. IFM utilizes these reviews to ascertain best practices and apply learnings across our businesses.

IFM is open to partnering with the City of Jacksonville, given IFM's long established history of partnerships with government, as outlined in Section 4.7.2. A key feature of IFM's proposal, as described in Section 3, is a governance framework to enable the City of Jacksonville to maintain ongoing oversight of JEA's operations post-transaction. This could include potential reporting requirements or commitments to certain standards of conduct to ensure JEA continues to meet the needs of Jacksonville residents.

6.7 Community Stewardship

IFM's long-term investment approach means that IFM looks to the future and considers the impacts of its investments on the local community, working people and the environment. Please refer to Section 6.6 for an overview of IFM's commitment to ESG principles.

IFM would therefore adopt a proactive approach to community engagement and stewardship through its investment in JEA, consistent with IFM's Responsible Investment Charter. Recent examples of active community stewardship within IFM's utility assets are outlined below.

- **Ausgrid:** Ausgrid maintains active involvement in its urban and rural communities of Sydney, the Central Coast and the Hunter Valley. Key community initiatives include:
 - *Electricity safety* – Ausgrid is committed to public electrical safety and education and supplies learning resources to schools within its network area.
 - *Bushfire safety* – Ausgrid actively supports patrol and preventative works, recognizing its shared responsibility with customers and the community.
 - *Environment* – Ausgrid works to minimize its environmental footprint and improve the environment in which it operates. Ausgrid is currently supporting bush regeneration to help protect 1.5 hectares of endangered plant life near one of its substations.
 - *Community support* – Ausgrid responded to severe drought conditions in 2018 by supplying hay to farming families in the Hunter Valley. Ausgrid also supported employee donations to Rural Aid's Buy a Bale program.
- **Anglian Water:** Anglian Water maintains social responsibility as a top priority and invests in community education and volunteering projects. Key initiatives include:
 - *Education* – Anglian's Community Education team undertakes teaching programs in schools and provides education resources on topics such as water efficiency, pollution and climate change.
 - *Community outreach* – Anglian maintains a team of ambassadors that frequently run interactive sessions with community groups around the region to solicit feedback and address any emerging local challenges.
 - *Environment* – Anglian adheres to a biodiversity strategy, supporting direct investment in environmental and wildlife protection works in partnership with local charities.

As an owner of JEA, IFM would commit to proactive community stewardship and engagement, consistent with its long-term investment approach. IFM would seek to strengthen JEA's strong presence in the community through initiatives including outreach programs, education and support & volunteerism. IFM also recognizes the importance of JEA's role in developing a comprehensive storm responsiveness plan for Jacksonville, in partnership with the community.

6.8 Financial Stability

IFM is a global investment management firm with \$98 billion of funds under management and a leader in global infrastructure investment. IFM has been investing in infrastructure for over 24 years and manages \$41 billion of direct infrastructure equity investments.

IFM is therefore a financially stable institution with a long-established investment record. Please refer to Section 4.3 for further financial details relating to IFM.

As outlined in Section 2, IFM GIF is a uniquely structured open-end fund that invests over a long-term horizon. IFM GIF represents a potentially permanent source of capital – it has no prescribed exit timeframe and supports investment in long-term growth opportunities via both organic capital projects and bolt-on acquisitions.

IFM would therefore be willing to continue growth investments in JEA under its ownership, consistent with its historic record (please refer to Section 4.6 for further details).

7 Conclusion

As indicated throughout this Reply, we believe the acquisition of JEA by IFM GIF will provide an exceptional outcome for the City of Jacksonville, JEA's community stakeholders and IFM GIF's pension fund investors, including those based in Florida. Relative to alternative transactions, such as an Initial Public Offering or continued government ownership, we believe a partnership with IFM provides certainty as to execution and valuation, maintenance of JEA's independence, opportunity for continued City oversight and the complete & expeditious achievement of JEA's Process Goals. The proceeds received from the transaction can be reinvested into the Jacksonville region, providing for economic development and community enhancements.

We believe our Reply, taken as a whole, is truly unique in the context of JEA's and the City of Jacksonville's objectives. The open-end nature of IFM GIF allows IFM to be a long-term partner to the City of Jacksonville, committed to ongoing growth of JEA and the broader community, while ensuring the lasting viability of the business. Our unique ownership structure means that we are a truly aligned partner.

Through our long history, we have demonstrated an extensive record of transitioning businesses from public ownership to private operations, delivering value for all stakeholders – an outcome IFM expects to achieve with JEA. Our extensive experience in successfully operating similar assets should provide comfort that IFM is an excellent operator of utility assets.

JEA represents an attractive opportunity for IFM and is consistent with IFM's investment strategy. An investment in JEA would offer our investors a unique exposure to a best-in-class utility in an excellent service territory.

We look forward to the opportunity to participate in the Negotiation Phase of this process and appreciate your consideration.

8 Additional Information

8.1 IFM's Infrastructure Assets

Asset Ownership – IFM Global Infrastructure Fund	
Asset	Description
 Colonial Pipeline	<ul style="list-style-type: none"> ▪ Largest refined petroleum products pipeline in the United States ▪ Transports products from refineries in the Gulf Coast to the Southeast, Mid-Atlantic and Northeastern US
 Freeport LNG	<ul style="list-style-type: none"> ▪ Natural gas liquefaction and export facility being developed by Freeport LNG Development LP in Freeport, Texas ▪ IFM was chosen as Freeport LNG's preferred partner on Train 2 in 2013 ▪ Subsequent to the Train 2 transaction, IFM made two follow-on investments across the Freeport LNG capital structure
 vtti	<ul style="list-style-type: none"> ▪ VTTI owns 13 marine terminals on five different continents that provide import, export and storage infrastructure for oil majors, refiners and commodity marketers ▪ IFM is partnered with top tier strategic Vitol
 indiana TOLL ROAD	<ul style="list-style-type: none"> ▪ Indiana Toll Road is a 157-mile, divided highway that spans northern Indiana, from its border with Ohio to the Illinois state line near Chicago ▪ Core US transportation asset serving as a critical part of the US freight distribution and national transportation network
 Dalkia Polska	<ul style="list-style-type: none"> ▪ Portfolio of district heating and cogeneration companies in Poland ▪ #1 in Polish district heating (by market share) and #3 in Polish cogeneration (by market share) ▪ Strategic partner in Veolia (through Dalkia International)
 Anglian Water Group	<ul style="list-style-type: none"> ▪ Regulated water and wastewater company, servicing over 6 million customers ▪ Fourth largest water supply and sewerage company in England and Wales by Regulated Capital Value
 arqiva	<ul style="list-style-type: none"> ▪ Largest independent telecommunication infrastructure provider in the UK with a monopoly position in terrestrial broadcasting ▪ Business lines include: UK digital TV transmission towers, Satellite and optical fiber infrastructure for media, Wireless sites for mobile operators
 MAG	<ul style="list-style-type: none"> ▪ Manchester Airports Group is one of the top three airport operators in the UK, handling approximately 62m passengers p.a. across Manchester, London Stansted and East Midlands airports ▪ Essential infrastructure assets with Manchester and Stansted being the 3rd and 4th largest airports in the UK respectively
 VIE Vienna International Airport	<ul style="list-style-type: none"> ▪ Vienna is the primary airport in Austria and a gateway to Eastern Europe, handling more than 22 million passengers p.a. ▪ Attractive catchment area and modern infrastructure within a light touch regulatory regime and a stable macroeconomic environment
 ALEATICA	<ul style="list-style-type: none"> ▪ Aleática is a diversified portfolio of transportation infrastructure assets in Spain and Latin America ▪ Aleática holds interests in 19 concessions, including 14 toll roads, 3 port terminals, 1 light rail system, and 1 airport
 M6toll	<ul style="list-style-type: none"> ▪ M6toll is a 27 mile, dual three-lane tolled motorway in the West Midland region of the UK ▪ Critical component of the UK road network; M6toll sits within a key traffic corridor linking the South and North

Asset Ownership – IFM Global Infrastructure Fund



- Mersin International Port is a major port located on the northeastern coast of the Mediterranean Sea in southern Turkey
- Strategically positioned at the intersection of major maritime shipping routes from the Mediterranean, Western Europe, the Far East and North America



- FCC Aqualia is a leading Spanish water company covering the entire water sector value chain, from the engineering and development of new water infrastructure projects through to the management of water network concessions
- 4th largest European private water management group and among the top 10 worldwide based on population served, serving 23 million people



- Global Container Terminals is the operator of four container terminals in two prime North American ports – New York/New Jersey and Vancouver
- Terminals are located in strategic locations with large catchment areas and enduring physical connectivity advantages



- Impala Terminals is a diversified portfolio of essential base metals terminal infrastructure assets primarily in Peru, Spain and Mexico
- IFM is partnered with Trafigura, one of the world's largest independent energy and commodity logistics businesses and a premier global trader of base metals

Asset Ownership – IFM Australian Infrastructure Fund

Asset	Description
 MELBOURNE AIRPORT	<ul style="list-style-type: none"> Australia Pacific Airports Corporation operates Melbourne Airport and Launceston Airport - operations extend to aeronautical, retail, commercial and property development activities
 Brisbane Airport	<ul style="list-style-type: none"> Brisbane Airport and its operations extend to aeronautical, retail, commercial and property development activities
 PERTH AIRPORT	<ul style="list-style-type: none"> Operated by Westralia Airport Corporation, which acquired a 99-year lease in 1997. IFM Investors acquired an interest in Perth Airport through its investment in the Perth Airport Property Fund
 INTERLINK ROADS	<ul style="list-style-type: none"> Interlink Roads owns and operates the 14 mile motorway, M5 South West Motorway (M5) in Sydney under a lease agreement
 Airport Development Group	<ul style="list-style-type: none"> Airport Development Group obtained a 50-year lease (with 49 year extension option) in 1998 from the Federal Government for Darwin International Airport, Alice Springs Airport and Tennant Creek Airport
 Adelaide Airport	<ul style="list-style-type: none"> Fifth largest airport in Australia by passenger numbers and the primary air traffic gateway to South Australia
 SOUTHERN CROSS STATION	<ul style="list-style-type: none"> Southern Cross Station is Melbourne's only true transport interchange, with the interaction of trains, buses, coaches, taxis and trams
 WYUNA WATER	<ul style="list-style-type: none"> Wyuna Water comprises water filtration plants in Illawarra and Woronora in New South Wales
 AXIOM EDUCATION	<ul style="list-style-type: none"> Axiom Education owns nine schools in New South Wales acquired under a PPP model for a concession term of 30 years. Its primary income stream is a concession arrangement with the New South Wales Government, through the Department of Education and Training
 Western Liberty Group	<ul style="list-style-type: none"> IFM owns Western Liberty Group which was contracted to design, construct, finance, operate and maintain the Perth CBD Courts Project in Western Australia
 MERCY	<ul style="list-style-type: none"> IFM Aged Care Financing Trust owns an aged care facility located in Victoria
 Praeco	<ul style="list-style-type: none"> IFM owns 100% of Praeco Pty Ltd which was contracted to design, construct, finance, operate and maintain the purpose-built Defence Headquarters Joint Operations Command in Bungendore, ACT
 PORT of BRISBANE Here for the future	<ul style="list-style-type: none"> Principal gateway for imports and exports into south east Queensland and northern New South Wales
 NSW Ports	<ul style="list-style-type: none"> NSW Ports, owns the 99-year leases over Port Botany and Port Kembla, which are located in New South Wales and serve the largest population base in Australia
 Ausgrid	<ul style="list-style-type: none"> Ausgrid delivers energy to 1.7 million customers, in a network area spanning over 8,500 square miles across the Sydney, Central Coast and Hunter regions in New South Wales Network comprises over 2,400 miles of transmission and sub-transmission lines, 18,000 miles of overhead distribution lines and 9,300 miles of underground distribution cables

9 Appendix

9.1 Confirmation of Evaluation Criteria

Criteria Item	Item to be considered and addressed	Reference	Confirm Included
Proposal to Achieve JEA's Goals in this ITN	Respondents must indicate clearly and specifically how their reply would allow JEA to achieve the goals outlined in this ITN	Sections 2, 5, 6.1	✓
Experience and Customer Commitment	A summary of experience managing related or similar operations of comparable size and scope to JEA is required.	Sections 4.2, 6.2	✓
	The Respondent must provide information regarding its experience, knowledge, skills, and abilities for owning, operating, and managing electric generation, transmission, distribution, and water systems or other complex business entities	Sections 4.2, 6.2	✓
	Specific information regarding experience in other customer service areas, including customer billing, complaint management and resolution history, experiences with purchases of other utility systems, customer question management, and emergency repair reply times should be included	Section 6.2	✓
	Longevity of utility generation, transmission, and distribution operations greater than 5 years	Sections 4.2, 6.2	✓
	Successful customer relations demonstrated through customer outreach, surveys such as JD Power or other comparable sources	Section 6.2	✓
	Corporate culture demonstrating a long-term commitment to operations	Section 6.2	✓
	Strong focus on maintaining reliability and minimizing time of disruptions	Section 6.2	✓
	Focus on maintaining rate stability for customers, as illustrated through historical rates	Section 6.2	✓
	Where available, respondents should also include a history of their customer rates for the past 10 years	Section 6.2	✓
	Respondents are encouraged to provide any incremental information they believe relevant to demonstrate their experience and customer commitment	Section 6.2	✓
Economic Development and	Respondents will be treated favorably for their willingness to make commitments to the CoJ	Sections 4.6, 6.3	✓

Criteria Item	Item to be considered and addressed	Reference	Confirm Included
Benefits to Jacksonville	Respondents will be treated favorable based on ability to demonstrate how they may drive economic development and job creation in the CoJ	Section 4.6, 6.3	✓
Employee Retention and Benefits	Protection of certain employee retirement benefits	Sections 4.5, 6.4	✓
	Maintenance of substantially comparable employee compensation and benefits for 3 years	Sections 4.5, 6.4	✓
	Retention payments to all full-time employees of 100% current base compensation	Sections 4.5, 6.4	✓
Innovation Plan	Initiatives to position the business for the future	Section 6.5	✓
	Initiatives to create new revenue channels	Section 6.5	✓
	Initiatives to future-proof the utility business	Section 6.5	✓
Environmental, Social and Governance	Respondents will be treated favorably for their willingness to make commitments, including, but not limited to, sustainability initiatives, renewable energy goals, and the maintenance of an equitable workforce and management team	Section 6.6, Appendix 9.2	✓
Community Stewardship	Respondents will be treated favorably for their willingness to make commitments to the CoJ and surrounding communities, including, but not limited to, volunteer activities, charitable contributions, an ongoing community relationship plan and comprehensive storm responsiveness plans	Section 6.7, Appendix 9.2	✓
Financial Stability	Respondents will be treated favorably based on long duration and/or permanent capital availability	Sections 4.3, 4.6, 6.8	✓
	Additional merit will be placed on willingness and demonstrated ability to continue growth investments	Sections 4.3, 4.6, 6.8	✓

9.2 IFM Responsible Investment Charter

Please refer to IFM Investors' Responsible Investment Charter in the following attachment.



One purpose. Shared prosperity.

IFM Investors' Responsible Investment Charter



Opening statement from Brett Himbury and Chris Newton

IFM Investors has a long and proud history of focusing on investors and delivering superior net returns. Thinking, behaving and investing responsibly underpins this approach, but as we continue to grow, it is vital we take stock, assess, evaluate and reaffirm these beliefs and principles.

We are therefore proud to share with you IFM Investors' Responsible Investment Charter, which brings together approaches and beliefs long applied by our investment teams across the globe.

The Charter is designed to allow investors to drill down into how we manage investor capital, highlighting our core investment beliefs and showing how these inform our day-to-day activities.

Having such clearly defined beliefs is not simply important for us when weighing up investment decisions, but also for investors and their beneficiaries around the world. While IFM Investors' purpose has always been shared prosperity, there is now, more than ever, a demand to make sure that capital is used to strengthen our society, not weaken it.

In short, investors expect IFM Investors to deliver great financial returns – but not at the expense of the community, environment or market integrity. This Charter embodies these beliefs.

Looking across the business, these beliefs can already be seen in action: through the backing of renewable projects to supply airports with clean energy; by our overwhelming support for the election of female board members to ensure diverse boards representative of the communities they serve; and by ensuring the companies we own pay a fair wage and respect workers' rights.

The only, and best, way for us to serve the community as a whole, our clients and their beneficiaries, is to be an advocate for responsible capitalism, to champion responsible growth and ensure everyone behaves honestly and ethically.

At IFM Investors we have one purpose.
Shared prosperity.



Brett Himbury
Chief Executive
IFM Investors



Chris Newton
Executive Director, Responsible Investment
IFM Investors

IFM Investors' Responsible Investment Charter

IFM Investors has an important responsibility when it comes to the way we invest on behalf of our clients, and millions of working people around the world.

We understand the role we play to help provide safe, secure and sustainable retirement incomes for working people around the globe.

We are focused on providing great financial returns over the long term, and making sure that we do this in a way that is responsible, respectful and ethical.

We understand that all our investments across asset classes and geographies have unique attributes, so we assess and manage each with a flexible approach – whilst always keeping these principles central to our notion of risk and return.

Our shareholders, like us, are focused on managing the retirement funds of many millions of working people. We share a common set of values with our investors, who equally expect us to uphold these in our investment decisions.

Responsible investment

Responsible investment considerations are embedded in our decision-making processes and benchmarked against global best practice, as our research and experience tells us that well-governed companies make for better long-term investments.

Our approach to responsible investment is closely aligned to the United Nations Global Compact, which enjoys global consensus and supports a set of core principles in human rights, labor standards, environment and governance.

We have been a signatory to the United Nations supported Principles for Responsible Investment since 2008 and adhere to our own Environmental, Social and Governance (ESG) Policy. We are also a member of the Carbon Disclosure Project and the Investor Group on Climate Change.



What we value

*Investment decisions at IFM Investors
are guided by three core beliefs.*



- 1.** Long-term strength and sustainability of the global economy is only possible if we have a healthy environment.



- 2.** A strong and inclusive society will lead to greater participation in economic markets and provide greater investment growth opportunities.



- 3.** Strong governance is critical to long-term sustainable economic growth. All participants have an obligation to behave honestly and ethically.



The behaviors that underpin our performance

To convert our beliefs into tangible actions and outcomes, our investment philosophy is underpinned by six pillars which guide our investment activities and corporate behavior.



Pillar 1:

We take a long term view



Pillar 2:

We take an agile approach



Pillar 3:

We align our goals



Pillar 4:

We are an informed investor



Pillar 5:

We act as a steward



Pillar 6:

We act transparently



Pillar 1:

We take a long term view

We review opportunities in decades, not quarters. We act in the best long-term interests of our clients and their beneficiaries.

Our performance goals

Our investment decisions are based on maximising the mid to long-term return on our investments across all asset classes.

Regardless of the asset class, we do not invest in high risk, and highly speculative investments chasing windfall returns. Our decisions are about outperforming the market over the longer term.



Pillar 2:

We take an agile approach

We take a leadership role, and don't just follow the market. We observe trends on the horizon in science and technology and adapt our approach to emergent risks and opportunities.

Our performance goals

We actively research future trends in science and technology that could impact the market and returns on investment.

We continually look to leading individuals and organisations who work with emergent technologies and ideas that can shape the way our assets operate over the long term.

We use this insight to inform our investment decisions across all asset classes, looking for emerging opportunities or potential market disruptions.



Pillar 3:

We align our goals

We seek to understand our clients' goals and objectives and make sure our financial, and environmental, social and governance (ESG) benchmarks are fully aligned to (or with) their needs.

Our performance goals

We work closely with clients to agree on the mandate for their investments, ensuring we understand their requirements and that they, in turn, are aware of the principles and values that drive IFM Investors' investment decisions.

We actively educate our clients on the ESG implications of their investments which helps to facilitate better investment decisions.

Where our core values and ESG principles cannot be aligned with a potential client's requirements, we will not do business with them.

Pillar 4:

We are an informed investor

We get to know an asset well before we invest, thoroughly understanding the potential financial returns and, where material, ESG risks and opportunities.

Our performance goals

Our decision-making process for investing is based on a thorough due diligence process which includes clear ESG guidelines and requirements.

These ESG guidelines allow us to form a view on how these factors impact long-term performance and value.

We access global experts where needed, actively collaborate with global organisations and within global frameworks, such as the United Nations Sustainable Development Goals.

All investment analysts are required to undertake learning and development programs to build their ESG awareness and technical analysis skills.



Pillar 5:

We act as a steward

We own assets on behalf of our clients, embedding ESG principles without compromising long-term returns.

Our performance goals

We embed ESG principles into the investments we make on behalf of our clients and their members.

We actively monitor emerging ESG themes that will enhance value and mitigate risks.

We regularly engage with a company's management and board of directors to create a dialogue about achieving specific ESG outcomes.

We use our vote as a shareholder to push for great ESG outcomes. Where a company fails to comply with IFM Investors' ESG policy over time, we oppose the re-election of certain directors or vote for alternative director with whom we share a common view.

We collaborate with like-minded investors, governments and third-party organisations.



Pillar 6:

We act transparently

We are open and transparent with our investors, community and staff, not just when things go right but also when problems occur.

Our performance goals

We disclose information beyond our regulatory requirements through annual reports to our shareholders, market updates and sustainability briefings on ESG issues.

We actively inform our investors, stakeholders and staff of any information or circumstances which affect the investment portfolios we manage.

We report openly to our shareholders and staff on our performance metrics – both relating to financial and ESG performance.





Defining our responsibilities and delivering business success

IFM Investors has one overarching purpose. That is to enhance the prosperity of our investors, ensuring their money works in their best interest, no one else's. However, this purpose is defined by eight core principles the organisation believes are fundamental to achieving long term, sustainable returns.



Principle 1:

Good ESG management is a sign of a disciplined organisation



Principle 2:

Confidence in the financial system is paramount



Principle 3:

Diversity drives better performance



Principle 4:

Climate change is real, and we all have a shared responsibility



Principle 5:

The best results come from aligned incentives



Principle 6:

It is possible to profit without exploiting others



Principle 7:

Value is derived from assessing all elements of an investment



Principle 8:

Measuring outcomes will drive value



Principle 1:

Good ESG management is a sign of a disciplined organisation

We believe organisations that embrace environmental, social and governance (ESG) principles are taking a more comprehensive view of their responsibilities, and so we use these to assess the full range of risks and opportunities across the life of our investments.

Our performance goals

With significant, long term investments, we develop a clear understanding of the approach the company or project takes to material ESG factors such as safety, pollution, labor rights and governance issues.

We actively engage and advocate around ESG factors on our exchange-listed investments.

For our unlisted assets we identify material ESG factors and have appropriate benchmark measures, and set performance targets based on comparable peers, in an effort to outperform the market in relation to ESG.

We take a long-term view of the potential ESG impact of any asset we invest in, and where there are substantial ESG risks, we set up clear plans with management to improve ESG performance and reporting. Where ESG risks are judged to be too great, we do not invest, and subject to confidentiality, we inform our investors and stakeholders of the reasons why we have made this decision.

The level of influence often is a direct correlation to the size of the shareholding – so we proactively work with other shareholders and proxy advisers to exert pressure on companies to respond to certain ESG issues.

In our own right, as a large shareholder, we meet with company management on a one-on-one basis to raise specific ESG concerns and work with them to find solutions.

We are entitled to one vote for every share with regards to the election and re-election of the board of directors and we exercise this to effect better ESG outcomes.



Principle 2:

Confidence in the financial system is paramount

We believe in the importance of protecting and enhancing the integrity of the financial system. So not only will we always act with absolute integrity, we will call out bad behavior where it occurs to deliver greater transparency and accountability.

Our performance goals

We operate to the highest possible legal and ethical standards. We use our thorough due diligence process to ensure that we only partner with, and invest in companies / assets, that share our commitment to the highest possible legal and ethical standards.

If we identify bad behavior, either within our company, or at the companies we work with, we do not hesitate in calling out this behavior and reporting it to the appropriate regulator.

We maintain and actively promote internally an IFM Group Whistleblower policy which gives our people the confidence to voice concerns or escalate serious matters on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment.

Protecting investors' interests

IFM Investors opposes the re-election of Board members where a company has not acted in the interest of its ultimate owners.

In 2015, a listed company's decision to raise significant capital from a single shareholder diluted the size of the stake held by other investors. In an effort to hold the firm's board to account, IFM Investors opposed the re-election of several board members and declined to back its remuneration report.



Principle 3:

Diversity drives better performance

We recognize the value of ensuring a diversity of views, cultures and opinions in the way we assess investments and make decisions.

Our performance goals

Where we invest in a company, we actively encourage better diversity policies.

We monitor the quality of investments against clearly defined diversity beliefs and goals.

We have a clearly articulated diversity strategy which outlines our commitment to increasing diversity within the company and sets clear, ambitious targets for us to work towards.

The value of culture and attitude

When we invest in companies we examine their employment policies to ensure they adhere to fair work regulations and do not discriminate.

In businesses heavily reliant on people – such as in service companies – a focus of our due diligence is the staff culture, attitude and values.

In this light we have examined workforce (both employees and subcontractors) engagement surveys, to better understand key elements of the culture, along with other relevant workforce data such as recruitment, retention and renewal with a view to look at opportunities for improvement and deliver long term value.

We are active participants in the Australian Council of Superannuation Investors' long term engagement program on increasing the representation of women on ASX200 Boards to at least 30% by 2017. Further we are signatories to the 30% Club, a global movement to improve the balance of company boards to have greater female representation.



Principle 4:

Climate change is real, and we all have a shared responsibility

We believe that for markets to grow and prosper over the long term, we must properly take into consideration the impact our investments have upon climate change.

Our performance goals

Our due diligence processes include clear carbon benchmarking components and we manage our unlisted investments to reduce carbon footprints.

We do not avoid assets with ESG exposures, but rather actively integrate ESG into our ownership approach. We seek to understand the percentage reduction opportunity in carbon emissions for our given assets, not simply the total carbon exposure of our portfolio.

In 2017, we will produce, and publish, a carbon footprint of all investments in which we have a significant exposure, or over which we yield significant influence.

We have measurement and reporting platforms internally so we can better monitor, manage, measure and report on emergent ESG themes.

We avoid investments that have no clear path to sustainability in the future, or where we cannot engage with the major producers of carbon. Unsustainable investments are unlikely to deliver stable long-term returns. And we exit investments where there are material ESG risks that cannot be addressed through active management.

Better carbon outputs, better financial performance

Veolia Energia Polska, in which IFM Investors has owned a stake since 2006, converted two coal-fired cogeneration boilers in Łódź and Poznań into bubbling fluidized bed ('BFB') biomass boilers between 2010 and 2011.

Biomass was selected as it significantly reduces carbon emissions, and because the technology is cost effective enough to compete with traditional fossil fuels. Additionally, biomass is supported by the Polish energy policy via a support scheme. The conversion was completed ahead of time, with both boilers operational since 2012. This resulted in:

- An annual 10% carbon reduction for the company
- Fifteen per cent of the fuel mix coming from clean sources following the conversion
- The prevention of 260,000 (metric) tons of carbon emissions a year
- Benefits for the regional economy, as boiler biomass is sourced from within 200km of the site

We monitor opportunities to replace coal-fired boilers with greener technologies on a continuous basis.

This transition will happen progressively, mirroring regulatory incentives set by the Polish energy policy.

Our approach to addressing climate change

For all of our infrastructure investments around the world, we take a proactive approach to identifying our carbon-related risks and opportunities. At present, there are three phases to our climate change response for infrastructure.

1. **Short-term:** Transparency and benchmarking of the carbon emission intensity of our infrastructure investments. This is an ongoing program of measurement, and engaging management to define reduction strategies and annually monitor progress
2. **Medium-term:** Technical review of operational processes for all assets, in order to improve efficiency of existing technologies
3. **Long-term:** Consideration of research & development opportunities to explore innovative low-carbon technologies for IFM Investors' assets



Principle 5:

The best results come from aligned incentives

The best long-term financial results come when stakeholders have shared interest and value in the outcome. We work hard to achieve this by ensuring alignment between investors, and the incentives for our employees and asset management activities.

Our performance goals

We have a track record of shareholders co-investing in our assets.

We will not accept structures in which a distortion of incentives occurs – for example we will not work inside structures that reward IFM Investors before it rewards our investors.

Our own employee incentive arrangements are deliberately structured to encourage positive behavioral change to support the key ESG objectives of the business.

A key element of all employees' performance assessments is a cultural component which integrates ESG factors into their incentive arrangement. This includes adherence to IFM Investors Codes of Conduct, values as well as generally displaying ethical behavior in everything they do.

Shared incentives deliver shared value

At IFM Investors, we know how we go about our business is as important as the result. Therefore, IFM Investors takes the time to understand the values and objectives of our clients, a process that often results in co-investments and collaborations which can produce positive financial returns and enhance ESG outcomes.

Working with one of our Australian-based clients – VisionSuper – IFM Investors developed a Low Carbon Index approach that allows the client to marry financial returns and reduce its exposure to climate change risks.



Principle 6:

It is possible to profit without exploiting others

We believe in the concept of a fair return. That is why we work hard to respect the principles of collective bargaining, the role of union representation, workplace safety, fair remuneration and equal opportunity in our investment and management decisions.

Our performance goals

We believe that each workplace and each worker deserves the right to be heard either as an individual, or as part of a group.

We focus on what upholds human rights and gives workers a safe place to work.

We conduct our business in accordance with the OECD Guidelines for Multinational Enterprises as it relates to human rights, and run periodic reviews against these guidelines.

When we invest in an asset, or make a significant investment in a company, our due diligence process specifically includes an assessment against the GRI G3 Human Rights Performance Indicators.

Through this process we examine what is best practice and identify areas in which we can improve and add value to the business and ultimately create long term economic value for our investors.

Where we hold a significant stake in an asset, we engage directly with company management on ESG issues. As a large shareholder, we meet with company management on a one-on-one basis to raise specific ESG concerns and work with them to find solutions.

As a smaller shareholder, we are entitled to one vote for every share with regards to the election and re-election of the board of directors and we exercise this to effect better ESG outcomes.

Working collectively for the greater good

IFM Investors always looks for opportunities to work alongside likeminded organisations. In 2017 we led an engagement program alongside the Carbon Disclosure Project (CDP) with ASX-listed companies.

The program was focused on achieving a greater level of transparency around carbon emissions from each company. By leveraging the collective shareholding of CDP members, IFM Investors is able to have a greater influence on the Boards and management of these listed companies.



Principle 7:

Value is derived from assessing all elements of an investment

We know that sustained value comes when we continuously look for ways to improve the operation of an investment. However, we also understand these decisions can have wide-ranging implications, so we only make them when all impacts on investors and stakeholders are fully understood and addressed.

Our performance goals

We take a long term view of our investments, and our decision-making process.

IFM Investors will exit investments when an appropriate commercial outcome is achieved or there are material ESG risks that cannot be addressed through active management.

When we analyze whether to invest in unlisted assets, we consider whether the ESG consideration has a material financial impact.

And if it does, we investigate whether we should adjust the discount rate, adjust the forecast, and/or develop a mitigation plan. In many cases, we seek independent advice to gauge the financial impact of a significant ESG risk.

We take time to understand the variety of stakeholders attached to each investment, and when working at the Board level, we understand the implications of our decisions on a wide variety of stakeholders.



Principle 8:

Measuring outcomes will drive value

We balance great financial returns with ESG objectives for ourselves, and our investments.

Our performance goals

We have clear, measurable ESG targets for our investment due diligence processes, and for our own performance.

Our ESG due diligence criteria clearly documents investment risk and opportunities.

The business reports publicly on the ESG “value” of each investment class.

Quantifying the benefits

IFM Investors believes that the long term value of our assets and investments is inextricably linked to their long term social value.

It is important to us that we make a net positive contribution to society, so therefore we need to take a wider perspective when making investment decisions.

IFM Investors constantly looks at new ways to extract ESG themes to drive higher returns. To this end we are creating a tool to measure active Total Value Creation.

This will allow us to measure, quantify and report on IFM Investors' net contribution to an asset over the life of the investment.



One purpose. Shared prosperity.

IFM Investors is a global fund manager with over A\$80 billion* in assets under management across infrastructure, debt, equities and private equity. Established over twenty years ago and owned by 28 major pension funds, our interests are deeply aligned with those of our investors and our unwavering focus is on maximising investor returns. We take a farsighted view of the future and can invest unencumbered by shareholder conflict of interest because our ownership model is unlike any other financial institution. We have a strong focus on investor returns, with a genuine commitment to enhancing the productive capacity of companies, communities and countries in a sustainable, long-term manner. IFM Investors has offices in seven locations – Melbourne, New York, London, Sydney, Tokyo, Berlin and Hong Kong.

*as at March 31, 2017.

www.ifminvestors.com

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