



# SEPTEMBER QUARTERLY REPORT 2019

Investing in the future of Australian infrastructure

# Infrastructure Market

## State government privatisations

Following a spate of state government asset sales over the last five or so years, the near-term government privatisation pipeline continues to remain fairly subdued. That said, during the quarter it was announced that newcomer to the privatisation scene, the Western Australian (WA) Government, successfully sold its land titles business Landgate under a 40 year lease structure for \$1.4 billion. It follows the successful land titles privatisations of NSW, Victoria and South Australia to various infrastructure funds and investors over the last few years.

The WA Government has also announced the sale of the state-owned TAB betting agency, with 35% of net proceeds to be reinvested in 'racing infrastructure', with the remaining 65% to help fund a new women's and maternity hospital in Perth. The WA Tab will undoubtedly attract the attention of a traditional operator of gambling businesses (rather than infrastructure investors), but it is another example of a state government monetising future income streams to fund further development of infrastructure.

It is clear though that the privatisation pipeline, certainly for *traditional* infrastructure assets, seems to have well and truly dried up. Whilst the NSW Government has announced that it is considering a sale of its commercial softwood plantations business, it would be difficult to see how this would attract the attention of infrastructure investors.

## Energy markets

The Australian energy market continues to evolve, with the states leading the way on the transition to a generation mix dominated by renewables. During the quarter the Australian Capital Territory Government announced another round of reverse auctions for up to 250 megawatts of wind or solar generation, part of the territory's plan to achieve 100% renewable generation by 2020 and broader net zero emissions by 2045. The Northern Territory Government also released its draft Climate Change Response, which details a long-term plan to achieve net zero emissions by 2050.

But whilst traditional forms of renewable energy such as wind and solar have dominated the landscape to date, it is positive to see the states pursuing other forms of sustainable energy. Alongside the development of a broader National Hydrogen Strategy currently being led by Chief Scientist Dr Alan Finkle, during the quarter the WA Government opened its \$10 million Renewable Hydrogen Fund, which will provide grants of up to \$3 million for feasibility studies, demonstration projects and new capital works for projects within the hydrogen industry.

The South Australian (SA) Government also during the quarter unveiled its Hydrogen Action Plan, which outlines plans for the state to become a major renewable hydrogen producer. As part of the plan, the SA Government has also committed \$1 million to identify locations for hydrogen production and export infrastructure.

## Inside Palisade

### Women's Scholarship Program

As part of Palisade's continued focus on diversity, during the quarter Palisade launched its Regional Women's Undergraduate Scholarship Program.

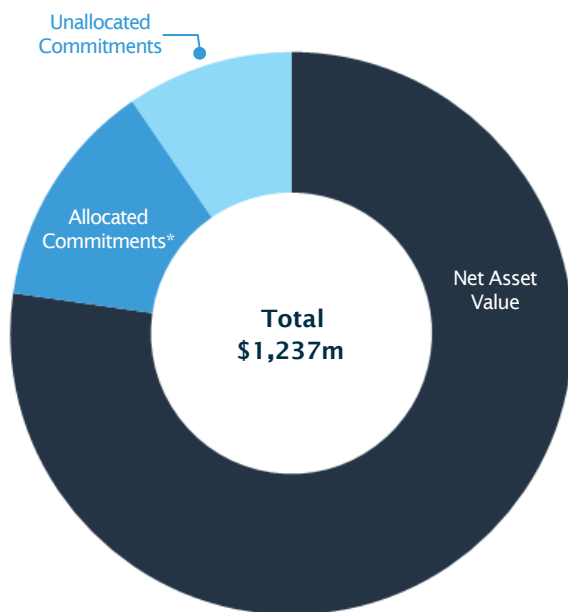
Palisade has commenced piloting an initiative that promotes a pathway for women to study and be employed in traditionally male-dominated careers, such as engineering and agriculture. Led by Palisade's operational management services team, a scholarship program has been established for regional women, who are looking to complete a degree in one of these disciplines.

Up to 10 scholarships will be offered across six universities throughout Australia, commencing in 2020. Each scholarship will provide one student with up to \$7,000 per annum for the duration of their 4-year degree. The program will also include the opportunity for each scholarship recipient to undertake work experience at a locally based Palisade asset.

## Fund overview

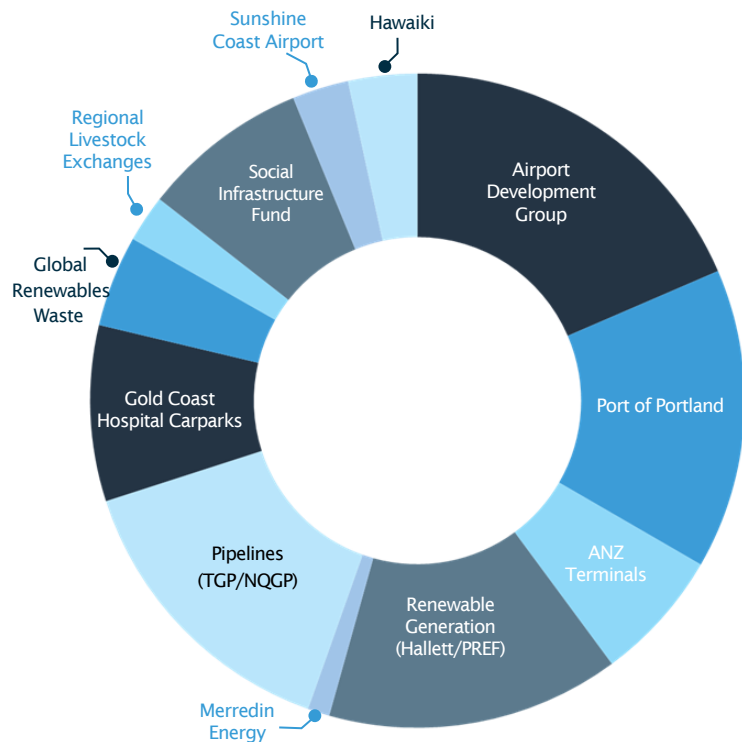
# Palisade's Diversified Infrastructure Fund (PDIF)

### PDIF Capital Commitments



\* Estimated commitments relating to various investments

### PDIF Portfolio Overview

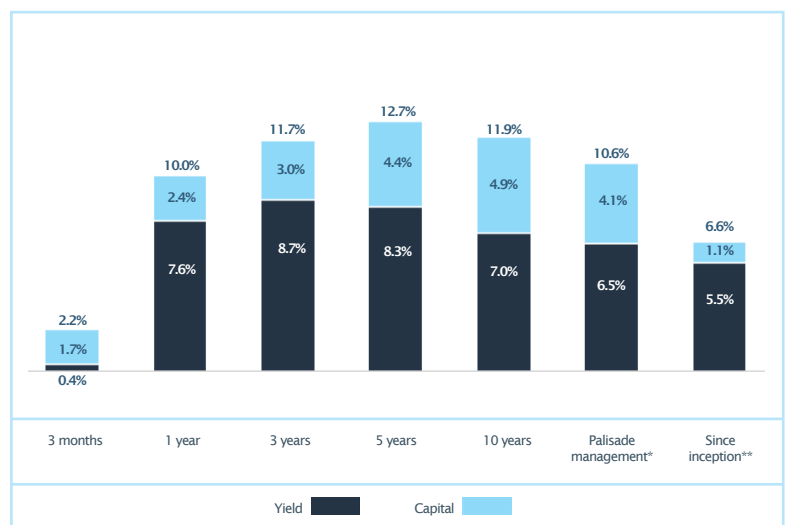


Portfolio composition as at 30 September 2019  
Excludes deferred commitments for Sunshine Coast Airport and PREF

### Q1 Key Highlights

- Sunshine Coast Airport was confirmed the fastest growing airport in Australia for FY19 by passenger numbers with a year on year growth rate of 5.8%
- Hawaiki supported the launch of a new digital platform that will stream 3D holograms of University of Hawaii academics to students in American Samoa
- Airport Development Group was awarded one of Deloitte's Best Managed Companies for 2019

### PDIF Portfolio Performance



Gross performance as at 30 September 2019

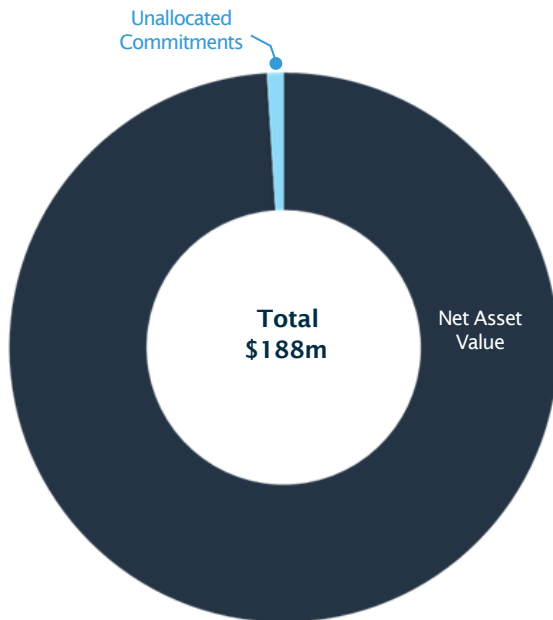
Returns for periods greater than 12 months have been annualised

\* Palisade management inception August 2008

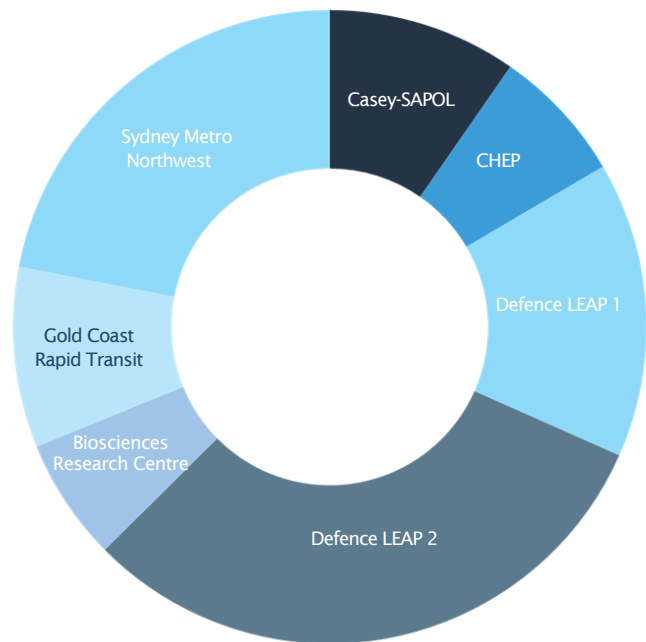
\*\* Inception date December 2004 and includes the period of Perpetual management to July 2008

# Palisade's Australian Social Infrastructure Fund (PASIF)

## PASIF Capital Commitments



## PASIF Portfolio Overview

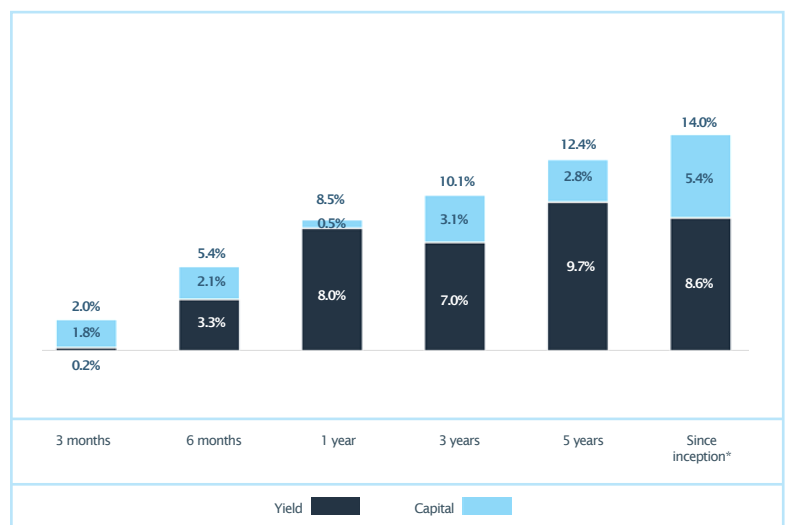


Portfolio composition as at 30 September 2019

## Q1 Key Highlights

- Gold Coast Rapid Transit continues to maintain its strong operational record with 99.99% availability year to date with favourable feedback from the community
- Commercial operations have been achieved on Sydney Metro Northwest meaning the only condition precedent to the sale of the investment is contractual close of Sydney Metro City & Southwest which we expect to occur before the end of the year

## PASIF Portfolio Performance



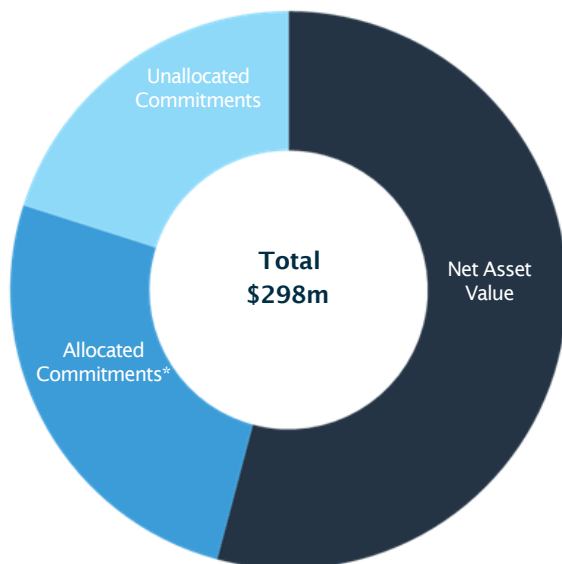
Gross performance as at 30 September 2019

Returns for periods greater than 12 months have been annualised

\* Inception date May 2011

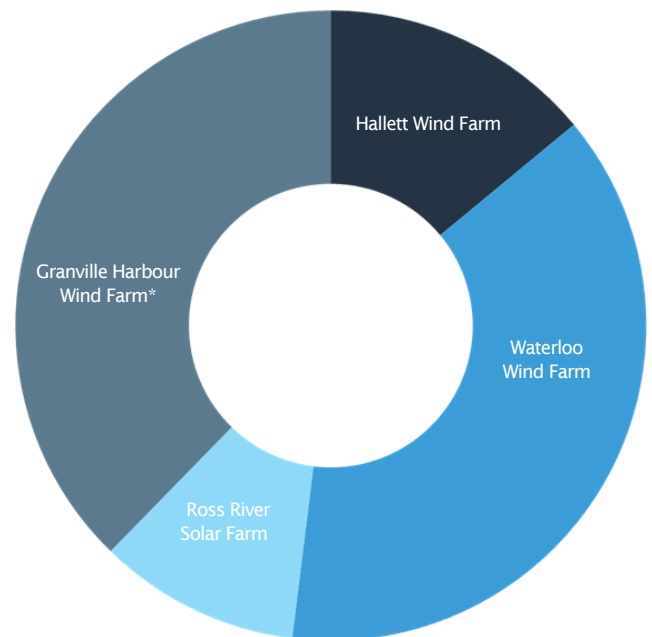
# Palisade's Renewable Energy Fund (PREF)

## PREF Capital Commitments



\* Estimated commitments relating to Granville Harbour Wind Farm

## PREF Portfolio Overview

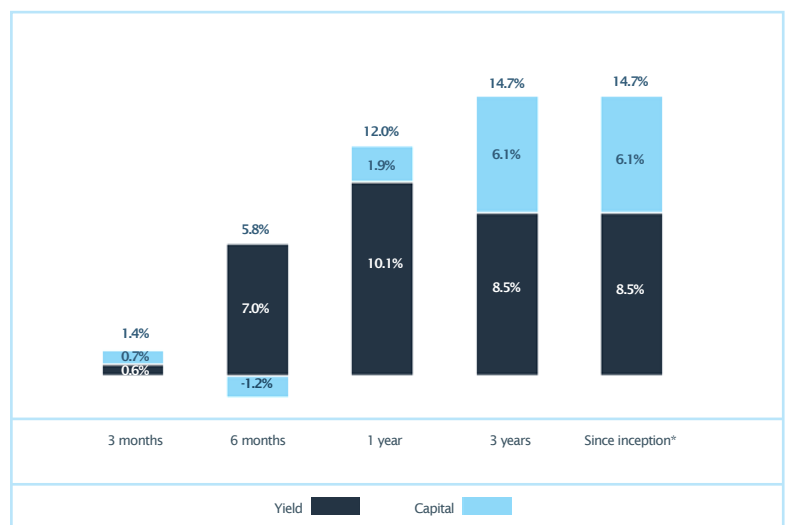


Portfolio composition as at 30 September 2019  
\* Includes expected deferred equity commitment

## Q1 Key Highlights

- A new 30 year Warranty Operations and Maintenance agreement was agreed with Vestas for Waterloo Wind Farm with guaranteed availability for the next 20 years
- Granville Harbour Wind Farm has achieved a number of construction milestones including pouring of foundations and the first blade being delivered from Port of Burnie

## PREF Portfolio Performance



Gross Performance as at 30 September 2019  
Distribution in relation to the sale of Granville Harbour Wind Farm has been included in capital returns  
Returns for periods greater than 12 months have been annualised  
\* Inception date September 2016



## FOR MORE INFORMATION CONTACT US

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