



QUARTERLY REPORT SEPTEMBER 2020

Investing in the future of Australian infrastructure

Infrastructure Market

Budget

In October, arguably one of the most anticipated budgets was handed down as the economic effects of Covid-19 continue to batter world economies. Public expenditure on infrastructure is always an area of great interest, heightened more so this time around given the Government's focus on job creation through the acceleration of new-build infrastructure projects.

At a headline level, the Government has announced \$110 billion of infrastructure spending over the next 10 years, an increase of \$10 billion from previous estimates. Specifically, the additional \$10 billion will be spent on new projects over the next four years, bringing the Government's announced infrastructure stimulus in the wake of Covid-19 to \$14 billion, creating an additional 40,000 jobs. The extent of additional required capital for the infrastructure plan still remains uncertain, however initial estimates are that at least for identified, near-term projects, the funding gap is close to \$3 billion which would need to be funded either from the state governments or private sector capital.

From an energy perspective, the Government has touted a "gas-fired recovery" as part of its broader Covid-19 response, with the aim of resetting the east coast gas market and creating a more competitive (cheaper) and transparent Australian Gas Hub by unlocking gas supply, delivering an efficient pipeline and transportation market, and empowering gas customers. As part of the budget, \$52.9 million has been committed to supporting the gas market, including \$28.3 million to be invested in five strategic basins to assist the manufacturing sector and ensure access to affordable and reliable gas.

As Australia continues its push towards achieving its Paris Agreement targets, clean energy agencies ARENA and the CEFC will benefit from a repositioning and recapitalisation, with an expanded mandate to investment in Low Emissions Technology. This will consist of \$1.9 billion over 12 years to support research, development and investment in five priority technologies being clean hydrogen, energy storage, low emissions steel and aluminium, carbon capture and storage and soil carbon. Similarly, the Northern Australian Infrastructure Facility, a Commonwealth Government agency established to provide loans to support the financing of infrastructure projects in Australia (where Palisade has a number of investments), was granted a five year extension on its mandate to 30 June 2026.

A number of tax incentives have also been proposed as part of the budget, which will benefit infrastructure projects and companies. A key component of this is the ability for businesses with turnover below \$5 billion (around 3.5 million businesses employing around 11.5 million people), to fully deduct the cost of eligible assets in the year they are installed (providing cashflow benefit for businesses). The time-limited nature of the investment, to 30 June 2022, is designed to act as a catalyst for investment in new projects, and is expected to apply to approximately \$200 billion worth of investment.

Inside Palisade

Gold Coast Hospital Car Parks

This quarter we are highlighting selected Environmental, Social, and Governance (ESG) aspects of Palisade's investment in Gold Coast Hospital Car Parks. Key ESG initiatives undertaken throughout the year include:

Replacement of LED Lighting

Following an upgrade of the carpark entrance lights to LEDs, all lights in the main Gold Coast University Hospital Car Park have now been replaced with LEDs and upgraded metering at a cost of c.\$250k. This has resulted in a 30% reduction in total electricity across the site and is expected to generate savings in ongoing operations and maintenance costs. Future consideration will be given to adding solar panels onto the roof of the public carpark and electric vehicle charging stations (when there is sufficient demand).

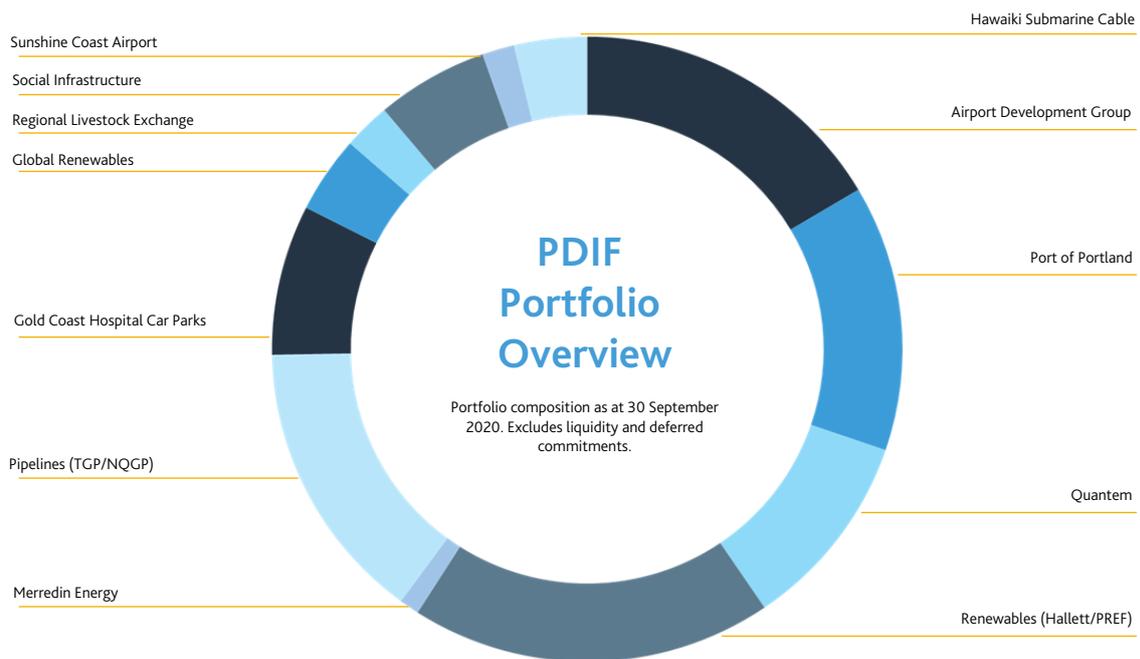
COVID-19 Fever Clinic

Queensland Health (QH) requested access to two vacant retail spaces in the carpark to set up a Fever Clinic, with Gold Coast University Hospital being the key Covid-19 assessment and treatment location in Queensland at the beginning of the pandemic. The Fever Clinic was designed to take pressure off the hospital, and at its peak was treating 40-50 patients per day. SurePark (project entity) agreed with QH to provide access free of charge for an initial 6 month period.

Fund overview

Palisade's Diversified Infrastructure Fund (PDIF)

PDIF provides investors with an opportunity to invest in a diversified portfolio of infrastructure assets and aims to provide investors with long-term capital growth and stable cash distributions.



Q1 Key Highlights

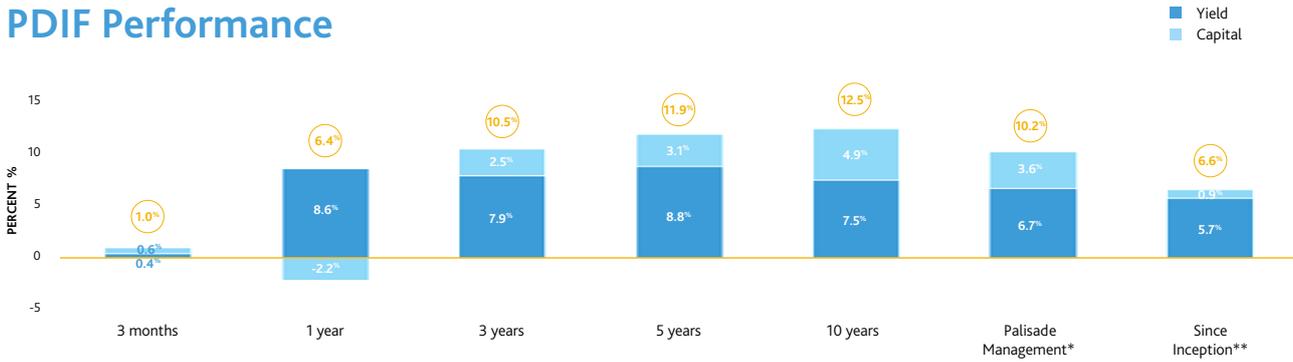
- In October, PDIF agreed to acquire an additional 2.5% interest in Sunshine Coast Airport (SCA) from an existing shareholder. The asset remains 100% managed by Palisade on behalf of PDIF and a mandate client.
- SCA has been awarded carbon neutral status for the fourth year in a row, the highest level of accreditation achievable under the Airports Council International Airport Carbon Accreditation Program.



NAV

Total \$1,172m

PDIF Performance



Gross performance as at 30 September 2020

Returns for periods greater than 12 months have been annualised

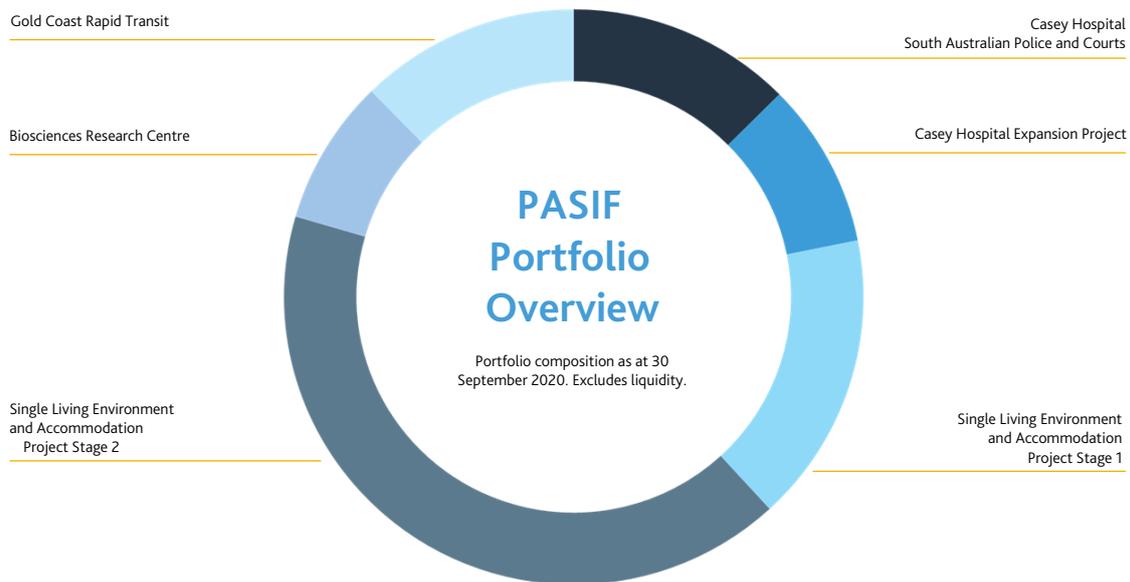
* Palisade management inception August 2008

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

Fund overview

Palisade's Australian Social Infrastructure Fund (PASIF)

PASIF provides investors with an opportunity to invest in a portfolio of social infrastructure assets procured under the public private partnership delivery model with government bodies and aims to provide investors with low volatility and inflation-linked government revenue streams.



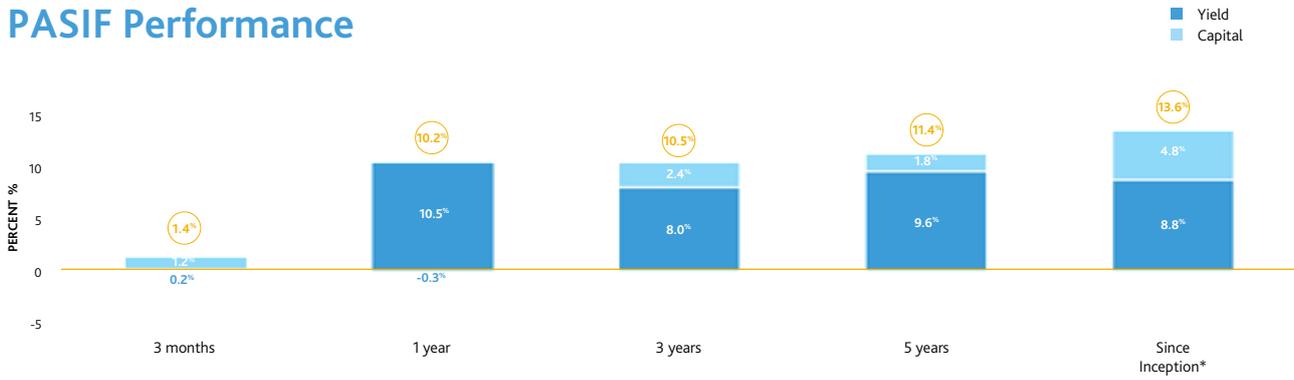
Q1 Key Highlights

- GoldlinQ (project entity of Gold Coast Light Rail) has submitted a bid to the Queensland State Government to deliver the Stage 3 extension of the light rail from Broadbeach to Burleigh Heads. Financial close is expected in December 2020 with construction works commencing in 2021.



Total \$141m

PASIF Performance



Gross Performance as at 30 September 2020

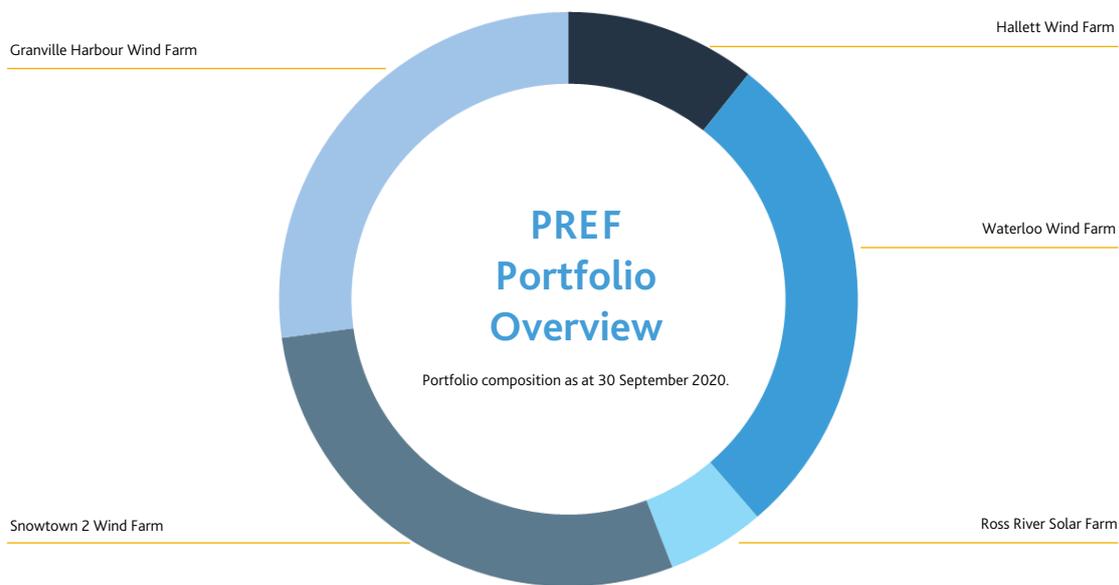
Returns for periods greater than 12 months have been annualised

* Inception date May 2011

Fund overview

Palisade's Renewable Energy Fund (PREF)

PREF provides investors with an opportunity to invest in a portfolio of renewable energy assets including utility scale wind and solar farms in Australia and New Zealand and aims to provide investors with long-term capital growth and stable cash distributions.

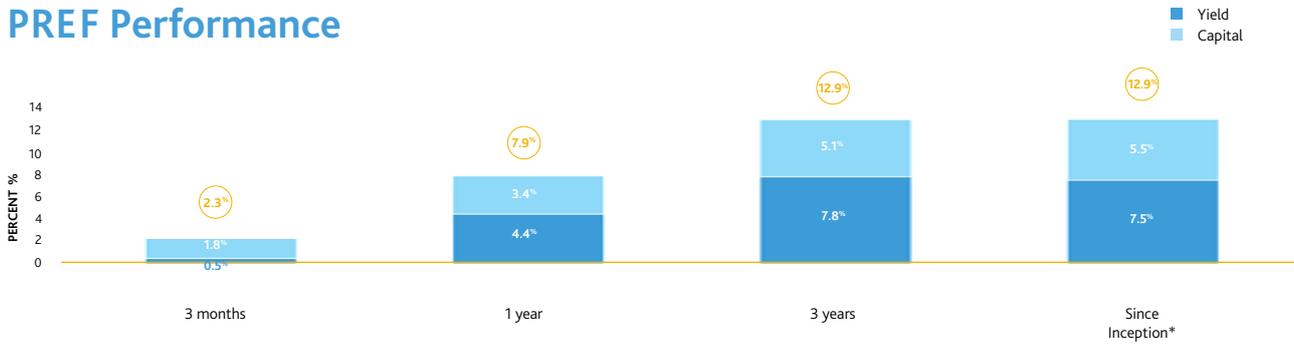


Q1 Key Highlights

- Construction and commissioning of Granville Harbour Wind Farm continues, with the construction of the final two turbines having commenced. Commercial Operations is expected to be achieved in mid-December 2020.



PREF Performance



Gross performance as at 30 September 2020

Returns for periods greater than 12 months have been annualised

* Inception date September 2016



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