



# ANNUAL REPORT JUNE 2021

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Investing in the future of Australian infrastructure

# From the CEO

I am pleased to present to you Palisade's Annual Report for FY21. In a year that threatened to be as disruptive as the last given the ongoing pandemic, our portfolio continued to showcase its resilience in what again was a year littered with sporadic Covid outbreaks, state border closures and general economic uncertainty. We commented last year on our confidence in the positioning of the portfolio, and this has been realised with not only our contracted assets continuing to largely perform as expected, but our economic assets benefiting from the strong recovery that Australia has experienced due to the huge amount of government fiscal stimulus and general containment of the Covid outbreak. We are pleased to report that Palisade's flagship diversified fund achieved a gross total return for the 12 months to 30 June 2021 of 10.7%.

As has been reported throughout the year, the impact from Covid has predominantly affected our airport assets. At the height of the pandemic in early to mid last year, this manifested in greatly reduced passenger numbers at Darwin, Alice Springs and Sunshine Coast airports. Pleasingly however, due largely to their domestic focused nature and smaller proportion of international travellers, our airports portfolio has rebounded strongly since the lows experienced last year, and are in some instances exceeding pre-Covid passenger levels. Particularly in the case of Sunshine Coast Airport, we have been delighted to be able to continue to deliver on our investment thesis of expanding the domestic route network, with new routes added including Cairns, Canberra and Newcastle, as well as additional services to Melbourne and Sydney.

Consistent with our mid-market investment philosophy, we have continued to invest the portfolio within our existing sector platforms where we possess the expertise and competitive advantage to secure high quality assets at attractive risk-adjusted returns. In May 2021, we reached financial close on the long-term lease of Coffs Harbour Airport following a period of exclusive negotiations with the Coffs Harbour City Council. Coffs Harbour will be Palisade's fourth regional airport in its portfolio and we look forward to playing an important role in partnership with the council in continuing to grow and develop the broader Coffs Coast region.

Our continued focus on ESG and sustainability remains strong, and last year we announced our five Priority Goals – good governance, climate action, supporting communities, environmental sustainability and fostering diversity – areas where we as a business believe its important to focus our ESG efforts. This year we have commenced a carbon baseline study across the portfolio, as well as an assessment of climate change risk, both of which we look forward to sharing with investors in the near term. Our GRESB scores also supported our strong approach to ESG, with our renewable energy fund scoring second amongst 10 global peers.

Looking forward, we believe that the diversified portfolio we have developed over the last decade will not only continue to provide a level of capital protection synonymous with the asset class, but equally provide investors with a moderate level of capital appreciation as the broader economy continues its recovery.

As always, we are very grateful for the ongoing partnership we have with our investors, and wish you well for the year ahead.

**Roger Lloyd**

Managing Director & CEO

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**We believe our portfolio will not only continue to provide a level of capital protection synonymous with the asset class, but equally provide investors with a moderate level of capital appreciation as the broader economy continues its recovery**

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# Business overview



**3**  
Pooled Funds



**7**  
Direct Investment Mandates



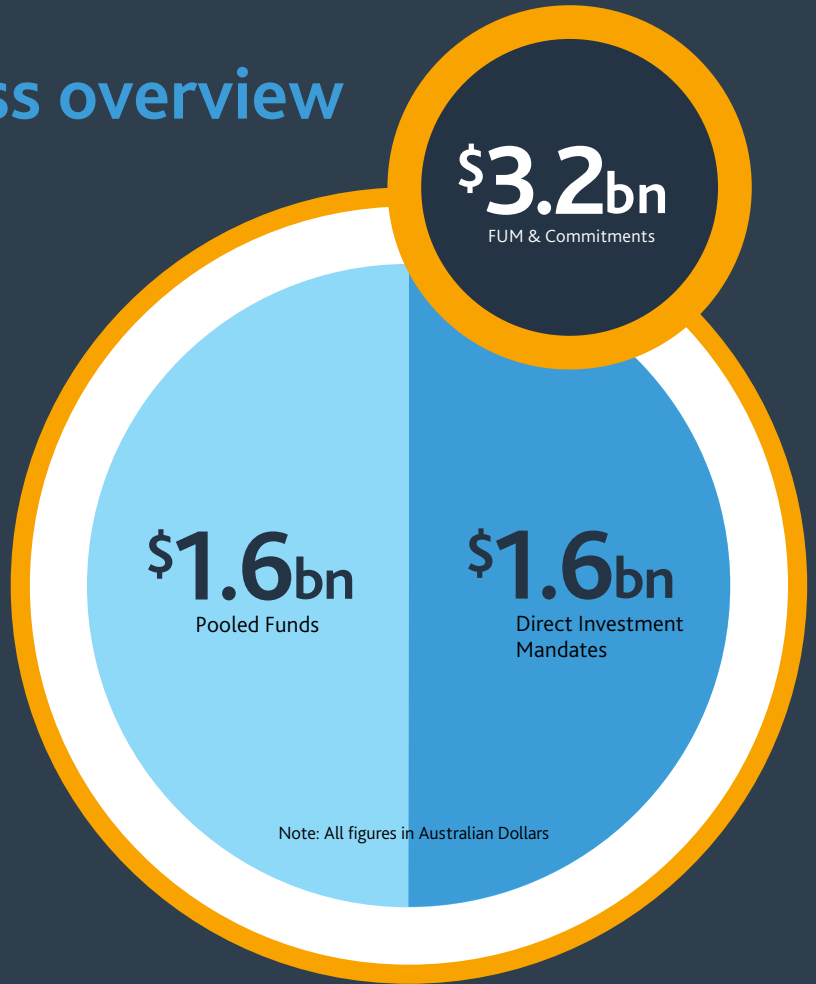
**22**  
Investment Executives



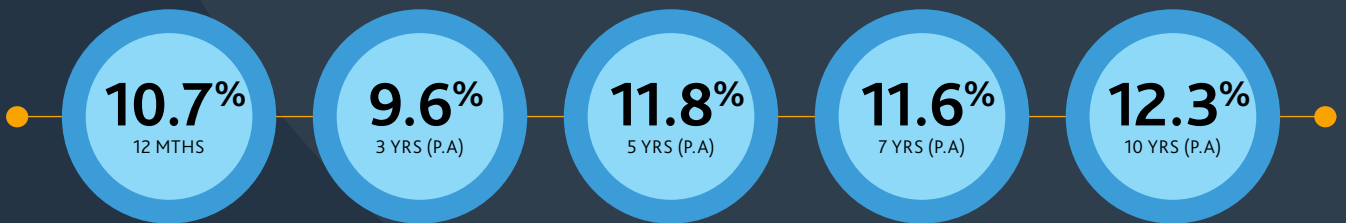
**17**  
Specialist Operational Management Personnel



**25**  
Assets



## PDIF Gross Total Return to 30 June 2021



In excess of  
**\$750,000**  
to community initiatives



**A+**  
UN PRI score since 2014

## Palisade's Renewable Energy Portfolio...



Powers over  
**350,000**  
homes



Abates over  
**1,000,000**  
tonnes of CO<sub>2</sub> per year



Palisade manages retirement savings for almost  
**4,000,000**  
individuals



**+16PTS**  
Average score of Palisade-managed assets above GRESB average

# FY21 Portfolio Highlights



## Port of Portland

**Sector:** Ports

**Description:** Bulk commodity deep water marine terminal servicing the Green Triangle region of Victoria and South Australia

**Key highlights:**

- Earnings significantly ahead of budget driven primarily by strong grain volumes and minimum volume guarantees across several trades
- Increased grain volumes supported by the installation of mobile grain loading infrastructure, allowing the port to generate significant incremental mobile bulk loading income



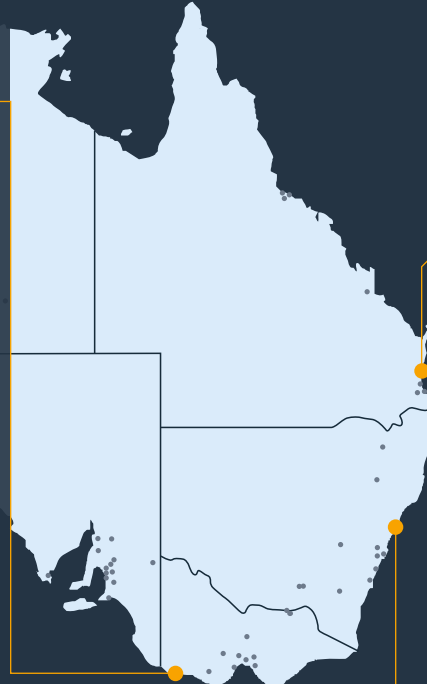
## Sunshine Coast Airport

**Sector:** Airports

**Description:** Airport servicing the Sunshine Coast and Noosa regions of Queensland, with over 1.2 million passengers in 2019

**Key highlights:**

- Strong recovery from Covid, with monthly passenger numbers exceeding pre-Covid levels in May 2021
- Added new routes including Cairns, Canberra, Newcastle and Emerald, as well as additional services to Melbourne and Sydney
- Awarded carbon neutral status for the fourth year in a row, the only airport in Australia to have achieved this accreditation under the Airports Council International Airport Carbon Accreditation Program



## Hawaiki

**Sector:** Digital Infrastructure

**Description:** 15,000km subsea fibre cable connecting Australia, NZ, Hawaii and the US

**Key highlights:**

- Strong demand in data from cloud providers due to Covid resulting in robust future sales pipeline
- 15 year contract signed with a significant customer



## PPP Portfolio

**Sector:** Social Infrastructure

**Description:** Portfolio of seven brownfield social infrastructure PPPs with government-backed availability revenues

**Key highlights:**

- Strong risk-adjusted returns for the portfolio reflecting the availability-style revenue structure, with a FY21 gross total return of 10.8%, including 8.2% cash yield
- Exceptional operating performance with minimal (<\$100k) abatements across the portfolio over the last 12 months, none of which have been borne by equity
- Further project expansions (following the successful delivery of the Casey Hospital expansion in FY20) with the builder for Stage 3 of the Gold Coast Light Rail commencing early works in June 2021



## Granville Harbour Wind Farm

**Sector:** Renewable Energy

**Description:** 112MW operational wind farm located on the west coast of Tasmania with a Power Purchase Agreement with Hydro Tasmania for 100% of generation to 2027

**Key highlights:**

- Palisade acquired Granville Harbour Wind Farm in late-stage development in February 2018
- Construction completion and successful final commissioning was achieved in December 2020
- Following completion of the wind farm, the Tasmanian Government announced that it met its renewable energy target of being 100% self-sufficient in renewable energy



## Coffs Harbour Airport

**Sector:** Airports

**Description:** Airport servicing the Coffs Coast region of New South Wales, with over 400,000 passengers in 2019

**Key highlights:**

- In May 2021, Palisade reached financial close on a 99 year lease of Coffs Harbour Airport from Coffs Harbour City Council
- Palisade-managed investors contributed \$25m upfront, with further payments to the council over the next seven years, including contributions to the development of the Airport Enterprise Park, a 23 hectare industrial and logistics precinct
- The airport will be overseen by the same executive team as Sunshine Coast Airport
- Recently added new services to Melbourne, Sydney and Brisbane
- Represents the fourth regional airport in Palisade's portfolio

# Sector commentary

## Airports



Mike Reynolds  
Investment Director

Over the past nine months, the overall trend in domestic aviation capacity has been a recovery towards pre-Covid levels, supported by demand growth for air travel across all passenger segments and various government support initiatives (including the 1 May to 30 September major airfare subsidy to 13 regional airports, of which Palisade-managed airports in Alice Springs and Sunshine Coast were beneficiaries).

The recent outbreak of Covid in June / July 2021 has resulted in service cancellations and postponement in travel demand. However, as Australia's vaccination program progresses, we expect passenger volumes to recover and follow the broad trend outlined above.

Prior to the recent Covid outbreak, the major airlines had estimated that they would be between 80% and 95% of pre-Covid capacity by mid-2021, with Qantas Group expecting to achieve an average of 107% (Qantas) and 120% (Jetstar) of their pre-Covid domestic capacity in FY22. Qantas had reported corporate travel was very recently at 75% of pre-Covid levels, which has been the passenger segment in the aviation sector most affected by the pandemic.

The airline landscape in Australia continues to evolve with Virgin consolidating and competing between low cost and premium offerings, as well as the emergence of new players such as Alliance, servicing more regular passenger transport (**RPT**) services rather than FIFO, and Rex seeking to compete on capital city routes. Covid has further increased the prevalence of smaller aircraft in the domestic market, as they are optimal to serve various in-demand point-to-point regional routes. For example, Qantas recently announced that all of its domestic aircraft were in operations, with QantasLink activating an additional eight (of up to 18) Embraer E190s (94-seats) via its Alliance agreement, bolstering its already strong fleet of B717s (110-seats). Virgin is also re-introducing 10 additional 737-800s (176 seats), and Rex has announced that it would boost its B737-800 fleet over the coming months from six to 10 planes.

International border closures continue to benefit domestic travel demand, and with overseas travel outside New Zealand not expected until 2022, this creates the potential for regional airports to become more significant players in the future. Strong capacity growth has already been witnessed during the first half of this year, however converting that capacity growth into strong load factor performance, avoiding further state border closures and a successful vaccination program will be critical factors for sustainable domestic travel at near or above pre-Covid levels over the short term.

## Renewable Energy



Karen Gould and  
James Hann  
Investment Directors

The past 12 months has seen continued focus by governments, corporations and individuals on the tangible effects of climate change, and in taking action to prevent more serious negative impacts arising from changes in our climate. The election of the Biden administration in the United States has provided further momentum at an international level, and has also arguably increased pressure on Australia's Federal Government to take more decisive action.

Despite the inaction at the Federal level, each state and territory government in Australia has now committed to a net zero emissions target by 2050 (2045 for the ACT), including targets that support significant portions of electricity generation from renewable energy sources (generally in the region of ~50% by 2030). The most recent announcement in this regard has been the NSW Electricity Infrastructure Roadmap, released and enacted into law in late 2020. One of the distinguishing features of this policy is that it seeks to ensure that appropriate build-out of the transmission and distribution network accompanies the support of new generation capacity. This is specifically designed to overcome some of the challenges faced in recent years where the build-out of renewable capacity was not supported by equivalent and necessary augmentation of the existing

transmission network. The focus on ensuring the market as a whole can accommodate additional renewable generation is also supported by work being undertaken by the Australian Energy Market Operator and the COAG Energy Council in the form of the Integrated System Plan.

Notably, in addition to the state-based schemes, there is further momentum at the corporate level regarding targets of net zero and decarbonisation of operations generally. According to the Clean Energy Council, a record 26 separate Power Purchase Agreements were signed between corporate entities and renewable energy generators in 2020, covering 1,300 megawatts of capacity. In addition to the states and traditional electricity retailers, this direct corporate sourcing of renewable energy is expected to account for an increasing proportion of demand for renewable energy offtake agreements.

Looking to the future, there is increasing focus on battery storage at a utility scale given the expected significance of its role in supporting intermittent renewable generation as large coal-fired capacity is retired. Related to this, pumped hydro is also an area of focus, with the Tasmanian Government a notable large supporter with its goal of reaching 200% of state-wide electricity demand to be sourced from renewable energy by 2040. This supports their strategy of becoming the 'Battery of the Nation' as a major exporter of energy, both to the mainland via a second planned interconnector, as well as potentially offshore via green hydrogen.

Palisade's position as a significant independent power generator across its diverse portfolio of wind and solar assets throughout the country means we are uniquely placed to take advantage of the continued green energy transition over the coming years.

## Ports & Bulk Liquid Terminals



**Alastair Pollock**  
Investment Director

After the initial adverse impact of the Covid pandemic on Australian trade volumes in early 2020, sustained recovery in most trades has since taken place. Record container port volumes have been experienced in recent months due to stimulus measures and the pandemic shifting consumption from services (eg international holidays) to ecommerce goods, as well as a step increase in home renovation activity. This surge in global demand and the impact of Covid on labour availability has resulted in global shipping delays and a ~50% increase in the costs of shipping goods by container. Australian port operations however have been less impacted by port congestion and labour shortages than overseas ports.

Strong Australian port volumes have also been supported by iron ore export growth and a near-record grain harvest on the east coast of Australia. A rise in trade tension with China and associated export bans has impacted targeted commodities including logs, barley, seafood, sugar and coal. The adverse impact in these exports has been more than offset by an increase in exports of other commodities. Alternative markets have been developed for most of the impacted commodities, albeit in some cases at materially lower volumes. It remains unclear when exports of these commodities to China will normalise.

Bulk liquid volumes were impacted by Covid, with the onset of the pandemic driving a decrease in demand for gasoline and jet fuel. Diesel demand remained relatively robust due to strong agriculture, freight and mining activity. Gasoline volumes have since recovered due to a resumption of passenger vehicle movements (return to work and car travel holidays), with a full recovery of jet fuel demand not expected until the normalisation of international travel movements. Tallow export volumes have also been adversely impacted by herd re-stocking now that the east coast drought has broken. With respect to Palisade's bulk liquid storage asset, Quantem, the existence of long-term take or pay contracts and limited volume exposure has meant earnings have remained stable during this period.

Palisade continues to see growth opportunities in bulk commodity storage and handling, including increased Government support for domestic manufacturing, the Federal Government's strategic fuel reserves strategy and opportunities in agricultural commodities.

## Digital Infrastructure



Mike Reynolds  
Investment Director

The onset of Covid has amplified the role played by the telecommunications industry and highlighted the defensive characteristics of digital infrastructure assets.

In general, demand for international bandwidth has been very strong, more than doubling every two years. In recent times, network operators are accelerating plans to add capacity to stay ahead of growing demand from remote working and learning, as well as increases in video streaming and online gaming. There is also increasing demand for cloud and scalable data storage services as local operators look to increase caching capabilities to reduce congestion and reliance on international links. In Australia, Telstra has observed a 30% increase in daytime traffic due to social distancing and work from home trends.

The roll-out of 5G will also accelerate data usage to support improving technology and increasing applications such as automation and Internet of Things. Research anticipates that capacity requirements will exceed existing tower asset capacity by five times<sup>1</sup> by 2027. Traditional telecommunication companies are facing balance sheet constraints in light of the substantial capital programme they are facing, and will be seeking to raise capital through asset recycling which will no doubt be met with significant interest from infrastructure investors, as recently seen with the sale of the Telstra Towers business.

The last few years (pre-Covid) already saw strong interest from financial investors in the asset class, particularly in Europe and the US. Appetite from investors has only grown in recent times due to the resilience the sector has shown, particularly during Covid. Palisade will continue to selectively consider opportunities in telecommunications and data infrastructure to take advantage of the sector tailwinds.

[1] Altman Vilandrie estimate, Venture Insights

## Social Infrastructure



James Ward and  
Karen Gould  
Investment Directors

The performance of Public Private Partnerships (**PPPs**) during the pandemic has generally remained unaffected, consistent with the sector's low risk profile due to government-backed availability revenue payments.

Governments' use of infrastructure spending to catalyse post pandemic economic growth has fuelled the already strong appetite for PPP investments from financial investors. This weight of capital continues to put pressure on brownfield discount rates, as well as the potential for greater risks to be passed on by governments to the private sector for new greenfield projects. Having said this, the pipeline for both greenfield and brownfield PPPs remains robust with opportunities for significant ongoing private sector involvement.

Another trend starting to develop is the use, particularly by the NSW Government, of a quasi-PPP model to deliver key infrastructure projects. This model is effectively being utilised to deliver infrastructure projects, that without a level of government support, would unlikely be developed. Similar to the traditional PPP model, quasi-PPPs have a government-backed availability revenue stream, however this only covers a portion of the revenues, with the private sector taking property and/or patronage risk on the remainder of the revenues. Examples include social and affordable housing, Sydney Metro Western Sydney Airport and the Western Harbour Tunnel Warringah Freeway Upgrade.

Looking forward, the scale of funding required to support the economy in a post pandemic recovery will undoubtedly require governments to seek support from the private sector. Palisade believes that this could lead to a stronger pipeline of PPPs over the short to medium term as the demand for private capital increases.

## Pipelines



**James Ward**  
Investment Director

Gas pipelines continue to play an important role in Australia's transition away from a carbon intensive economy, as well as being a crucial source of energy, particularly for industrial users.

Regarding the latter, there remains uncertainty about the practicality of switching these energy requirements entirely to grid-sourced electricity. Accordingly, a significant amount of research is being undertaken by the industry to understand how to retrofit existing transmission pipelines and distribution networks to utilise other green gaseous fuels such as hydrogen, biogas or renewable methane.

As part of this work, Palisade has become an active member of the Federal Government-backed Future Fuels Cooperative Research Centre (**Future Fuels CRC**), made up of research universities, government and industry participants. The Future Fuels CRC is focused on connecting research and industry to collaborate on the development and demonstration of solutions to repurpose existing infrastructure.

Palisade remains committed to this purpose, as it relates to both the management of its existing pipeline assets as well as exploring new opportunities in the market, as part of achieving Australia's decarbonisation goals.

## Debt Markets



**Simon Parbery**  
Investment Director

Australian credit market conditions have improved since the peak Covid-related disruption between March and June 2020. The previously observed widening in credit spreads has reverted to pre-Covid levels, with bank wholesale funding costs now pricing at below pre-Covid levels, suggesting further pricing compression for borrowers is likely to follow.

Supply for longer-dated loans has re-emerged following a period of illiquidity during 2020, providing borrowers with the opportunity to diversify funding tenors and sources at attractive pricing across the curve.

The economic disruption and resultant central bank action caused by Covid drove base rates to all-time lows, through a combination of the cash rate compression and quantitative easing, however the market is starting to focus on the cumulative impact of central bank stimulus measures on growth and inflation rates. While base interest rates remain near historic lows, this medium term inflationary and interest rate pressure has manifested in an upward movement in forward interest rates, offsetting the pricing benefits observed over the second half of FY21.

The recent credit market disruption highlighted the importance of maintaining appropriate treasury risk management practices, particularly with respect to loan tenor diversification. Palisade took advantage of favourable borrower conditions pre-Covid by executing several opportunistic long-dated refinancings across its portfolio, limiting its exposure to the recent credit market volatility.

With borrower conditions becoming more favourable in recent times, Palisade continues to pursue near-term refinancing opportunities, seeking to optimise refinancing risk across its portfolio in line with its Treasury Risk Management framework.



Building a greener future

# The construction of Granville Harbour Wind Farm

Granville Harbour Wind Farm is a 112MW wind farm located on the west coast of Tasmania. Palisade, on behalf Palisade's Renewable Energy Fund and the Clean Energy Finance Corporation, acquired 100% of the project in February 2018, with financial close being reached in July 2018. The project has a Power Purchase Agreement with Hydro Tasmania for 100% of generation to 2027.

Construction commenced in July 2018, with 31 Vestas V126 3.6MW turbines being installed over the subsequent two year period. Each turbine measures 137 metres tall, and has a concrete base diameter of 20 metres. Each turbine is equipped with three blades, measuring 62 metres, with a 'sweep' area of 12,470 metres<sup>2</sup> (about the size of two soccer pitches). Construction completion and successful final commissioning was achieved in December 2020.

We hope you enjoy the story of how Granville Harbour Wind Farm became a reality...



## Foundations

The Tasmania West Coast region's rich, volcanic soils, highly suited to supporting pasture, posed one of the most significant challenges for the construction team. In an Australian first, 'controlled modular columns' and 'load transfer platforms' were installed below the surface of 27 of the 31 turbine foundations, increasing the bearing capacity of the soil to support the 137 metre high wind turbines.

A total of 20,000 cubic meters of concrete, all produced in the purpose-built onsite batch plant, and 2,200 metres of steel were used to create these structural reinforcements.

Concrete bases for the turbines were each laid as a single pour – requiring up to 16 workers at a time.

## Component transport

In what was the largest transportation program ever seen on the Tasmania West Coast, 372 oversize wind turbine components, plus critical items such as the wind farm's 85 tonne transformer and switchroom, were successfully delivered to the remote wind farm site.

The massive turbine components – including tower sections, turbine blades, nacelles, hubs and drive trains – were transported using custom-made truck trailers and followed the approved 193 kilometre route from the project's storage yard in Burnie.

Oversize loads departed before dawn to minimise disruption to local road users and were accompanied by experienced Heavy Vehicle Escort Drivers from Tasmania's Department of State Growth.

Specialist drivers worked a total of 17,820 hours over five months to deliver all the wind turbine components to site.





## Lifting turbines

Each tower is made up of six sections, each weighing up to 70 tonnes. Tower sections, the nacelle, rotor and blades are lifted into place using 150 meter tall cranes.

After fitting the nacelle, a crew of around 30 people were required for 13 hours to install each turbine's 62 meter long blades.

## Transmission line connection

The construction of an 11 kilometre 220kV transmission line and new switching station to connect Granville Harbour Wind Farm to Tasmania's electricity grid was a huge achievement in itself.

The new transmission line connects the wind farm to the electricity network at the Reece Dam and Power Station.

Stringing of electrical conductor wires along the transmission line and across Reece Dam was completed by highly trained and highly skilled helicopter pilots. 'Heli-stringing' is an efficient means of installing electrical conductor wires on large scale transmission line projects as the helicopter's manoeuvrability and precision reduces the amount of time it takes to install high voltage wires.



## Completion

Construction and successful final commissioning of Granville Harbour Wind Farm was complete in December 2020, with the Tasmanian Government announcing it had met its renewable energy target of being 100% self-sufficient in renewable energy.

Vestas' Operations and Maintenance Team now provides O&M services with a team of six personnel on site, with oversight and asset management services provided by Palisade Integrated Management Services.





**\$3.8m**  
injected into Tasmanian  
West Coast economy



**Over 200**  
workers onsite during  
construction



**46,000**  
homes powered with  
renewable energy



**100%**  
renewable energy  
generation for Tasmania

# Building a sustainable Palisade

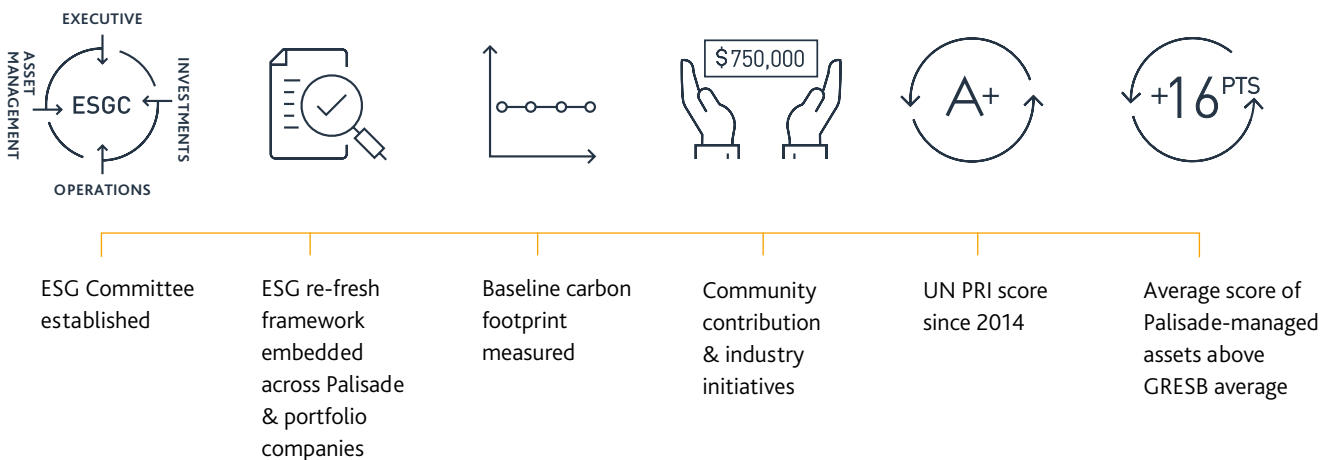
During the year, Palisade has embarked on a refresh of our existing ESG practices, with the aim of ensuring that our approach to ESG continues to evolve so as to remain best in class. The last 12 months has seen us update our framework for ESG management across all areas of our business, as well as setting our ESG Priority Goals and embedding within our business the processes that will help us meet these goals over the coming years.

We have convened an ESG Committee to continue to drive strategic momentum for ESG. We have developed tools and templates to drive consistency and transparency in our approach to ESG across the origination, investment management and asset management disciplines. Collecting consistent information and tracking data over time is key to catalysing and demonstrating change. In 2021 all of our portfolio companies with the exception of the PPPs utilised our updated ESG framework (**AAR Framework**) to track and record progress; a testament to our active management approach and influence on asset boards. The framework, comprising a reporting pack and audit tool, collects key metrics covering environment, social, safety and governance areas, and facilitates establishment and tracking of progress against goals.

Our focus for the coming year is to increase the coverage of our ESG framework, and further embed it within the mindset of our portfolio companies. We are also targeting the roll out of Climate Change Impact and Modern Slavery Risk assessments to our portfolio companies by the end of 2021.

We are pleased to report our progress against our ESG Priority Goals. Our focus on sustainability outcomes is an area of continuous improvement for Palisade, and we will continue to refine our approach and build on our progress.

## Sustainability at a glance



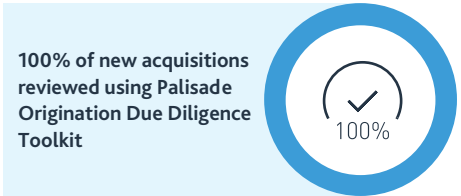
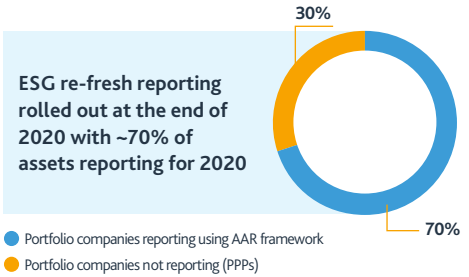


## Good governance



Palisade has formalised its approach to the governance of ESG across our business with a refresh of our overarching policy and strategy. We convened an ESG Committee which met four times in the last year. We also conducted several Palisade team training sessions, including with Palisade's Board and Investment Committee, and rolled out our ESG audit and reporting framework to the majority of our portfolio companies.

Our key focus areas over the next year include increasing the number of portfolio companies reporting using the Palisade ESG framework, and the roll out of Palisade's Modern Slavery Risk Assessment.



## Climate action



Palisade has established its baseline carbon footprint and the majority of portfolio companies have reduction targets in place.

A focus for the coming year will be the roll out of Palisade's TCFD-aligned Climate Change Impact Assessment for portfolio companies. This will assist portfolio companies in better understanding the risks and opportunities posed by a changing climate, as well as increasing the focus on their carbon footprint and reduction initiatives. We will continue to work with our portfolio companies on the introduction or refinement of carbon reduction targets.

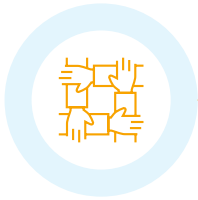
**15 portfolio companies reported their carbon footprint for 2020**

- 94% of reporting portfolio companies

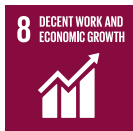
**12 portfolio companies have carbon footprint reduction targets in place**

- 75% of reporting portfolio companies

**Palisade became a supporter of the Task Force on Climate-Related Financial Disclosures**



## Supporting communities



Palisade and portfolio companies continue to give back to the communities in which we operate, with over \$750k provided to various community initiatives. Importantly, this was supplemented with significant non-financial contributions, including:

- staff time spent on educational and artistic programs;
- contribution to industry research and development projects; and
- providing communities with use of company resources such as a ride on mower from Granville Harbour Wind Farm, pop-up space for a mobile Covid fever clinic at Gold Coast Hospital Car Park and Darwin Airport hosting a variety of artists in the terminal.

Palisade continues to match staff donations to charitable organisations including the Red Cross Disaster Relief and Recovery Appeal and the WIRES Emergency Fund, along with its corporate partnership with Batyr, a 'for purpose' preventative mental health organisation, created and driven by young people, for young people.

Contributions by Palisade and portfolio companies in CY20

\$750k

Community organisations and initiatives supported

200+

Hours contributed by staff and contractors

2,000+



## Environmental sustainability



As part of Palisade's ESG framework, portfolio companies have commenced structured reporting of environmental outcomes, including compliance with laws and regulations, waste treatment, and water and energy usage, and are actively setting goals for improvement.

In the medium term, Palisade's focus will be on resource consumption improvements across portfolio companies as well as looking at opportunities to support biodiversity outcomes in underutilised areas of our assets.

16 assets reported on environmental outcomes

- 100% of reporting portfolio companies
- Majority have targets for improvement in place





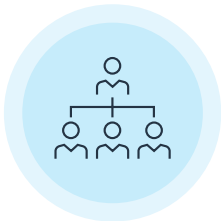
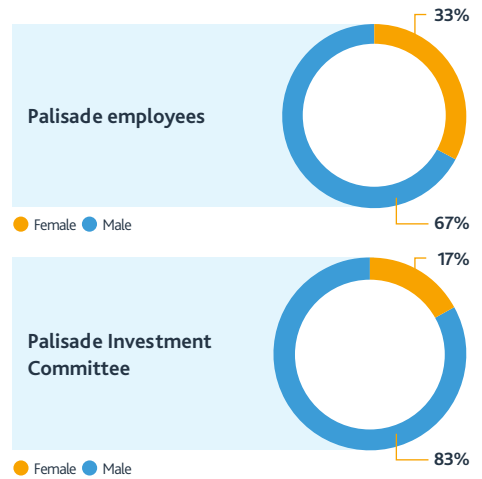
## Fostering diversity



Palisade continues to monitor diversity metrics, and is actively encouraging portfolio companies to set targets for gender diversity. This includes reporting gender statistics at different organisational levels, as well as promoting appropriate initiatives to support a more diverse workforce.

Palisade's university scholarship program to support gender diversity in traditionally male or female dominated sectors, supported by its portfolio companies, continues with eight scholarships awarded and a further four committed for next year.

Palisade is also driving change through its procurement of services, requiring key providers, including advisors and investment banks, to include a female on the team engaged on our assignments. We acknowledge that this will not always be immediately possible, but a sustained focus on this is intended to drive change over the medium term.



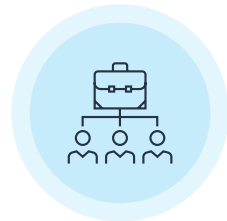
24 People



10 Ethnicities



8 Languages

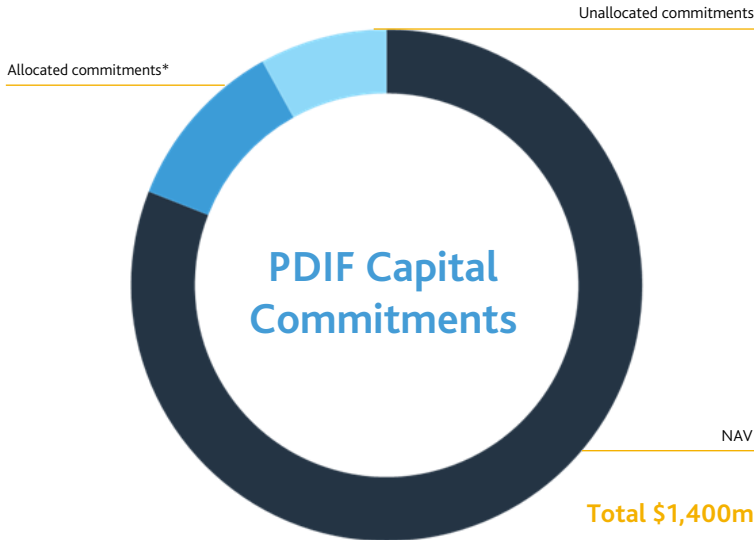
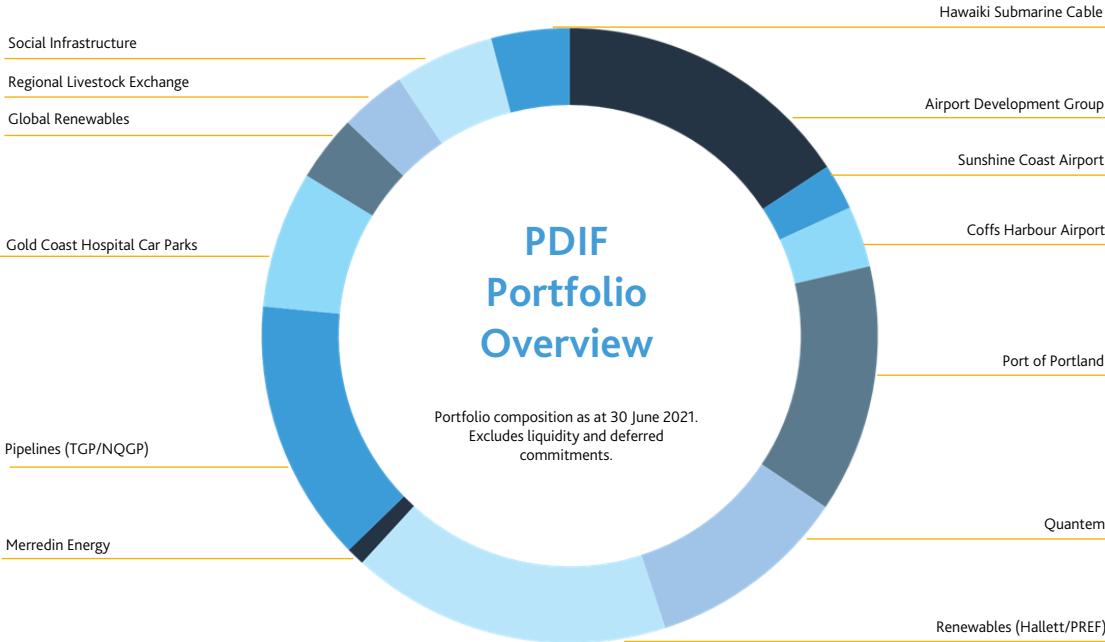


10 Professional Backgrounds

# 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.



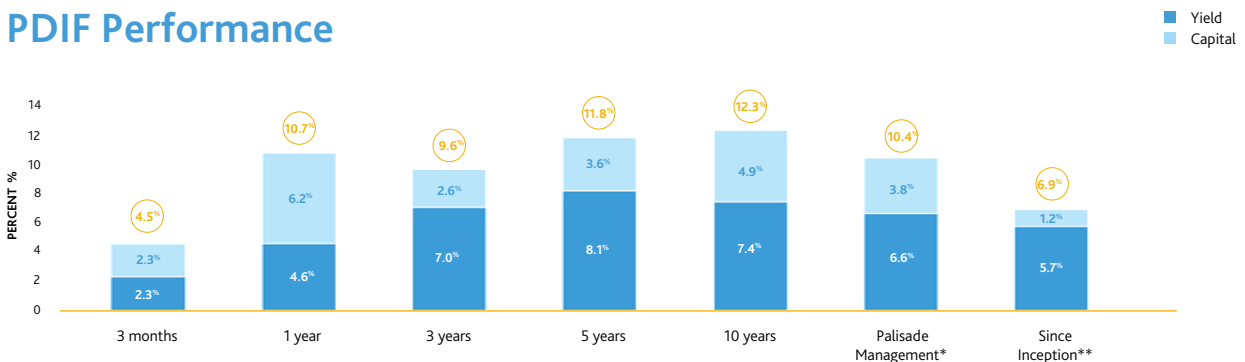
\* Estimated commitments relating to Sunshine Coast Airport due in 2022



## PDIF FY21 Key Highlights

- On 31 May Palisade reached financial close on the long-term lease of Coffs Harbour Airport. Since signing the transaction new services were secured to Melbourne, Brisbane and Sydney.
- Added new routes for Sunshine Coast Airport including Cairns, Canberra, Newcastle and Emerald, as well as additional services to Melbourne and Sydney.
- Port of Portland significantly outperformed budget for the year driven by strong grain volumes and installation of additional grain loading infrastructure.
- During the year PDIF acquired further interests in Quantem and Sunshine Coast Airport from existing shareholders.

## PDIF Performance



Gross performance as at 30 June 2021

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)

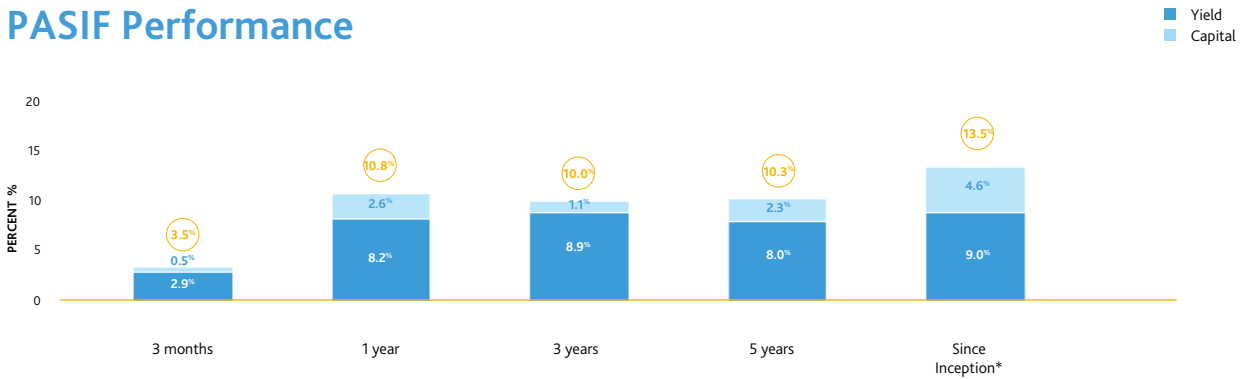
PASIF provides investors with an opportunity to invest in a portfolio of social infrastructure assets procured under the public private partnership delivery model with government bodies and aims to provide investors with low volatility and inflation-linked government revenue streams.



## PASIF FY21 Key Highlights

- Strong risk-adjusted returns for the portfolio reflecting the availability-style revenue structure, with a FY21 gross total return of 10.8%, including 8.2% cash yield.
- Exceptional operating performance with minimal (<\$100k) abatements across the portfolio over the last 12 months, none of which have been borne by equity.
- Further project expansions (following the successful delivery of the Casey Hospital expansion in FY20) with the builder for Stage 3 of the Gold Coast Light Rail commencing early works in June 2021.

## PASIF Performance



Gross Performance as at 30 June 2021

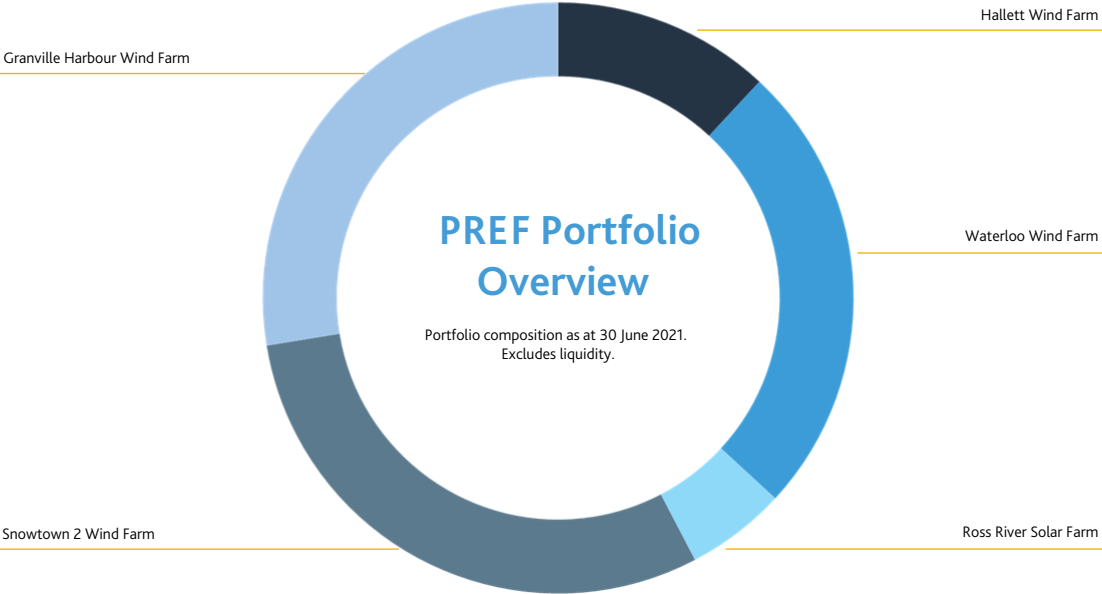
Returns for periods greater than 12 months have been annualised

\* 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.

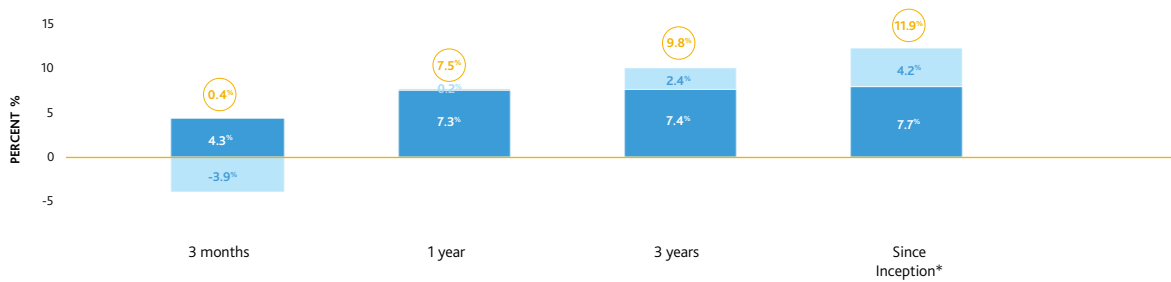


## PREF FY21 Key Highlights

- Construction completion and successful final commissioning was achieved for Granville Harbour Wind Farm in December 2020.
- Following completion of the wind farm, the Tasmanian Government announced that it met its renewable energy target of being 100% self-sufficient in renewable energy.

## PREF Performance

■ Yield  
■ Capital



Gross performance as at 30 June 2021

Returns for periods greater than 12 months have been annualised

\* Inception date September 2016



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