



QUARTERLY REPORT SEPTEMBER 2021

Investing in the future of Australian infrastructure

Market commentary

Covid recovery

Despite the challenges of the last four months which has resulted in the two largest states of Australia being subject to Covid lockdown, there is certainly a sense of optimism as Australia approaches its vaccination target of 80%, and we move towards a "Covid-normal" existence. Many are predicting this optimism will translate into a significant bounce-back for the Australian economy, driven by a combination of ongoing historic low interest rates, and over \$200 billion in household savings that has been amassed during the pandemic.

Palisade remains confident that our portfolio, and in particular our airport assets, are well-positioned to benefit from this growth. As noted previously, we expect that the regional nature of Palisade's managed airports, which have a greater exposure to domestic travel, will result in a more rapid recovery compared with capital city airports which have been heavily impacted by restrictions on international borders. To some extent we have already seen this with both Sunshine Coast Airport and Coffs Harbour Airport (**CHA**) achieving pre-Covid passenger levels prior to the recent lockdown. With respect to CHA specifically, in anticipation of this "pent-up" demand, Virgin recently announced the introduction of two daily Sydney services and one daily Melbourne service for the holiday period, equivalent to three times the services that Virgin were running pre-Covid.

More broadly, the notion of an "infrastructure-led recovery" continues to gather pace. Whilst opportunities for private capital are yet to manifest in any significant way, it is clear that the strong growth prospects of Australia's economy, coupled with Australia's mature and stable infrastructure financing market, should provide a number of opportunities for ongoing future investment.

Inside Palisade

Net Zero by 2030



In September, Palisade was pleased to announce that it is targeting net zero emissions by 2030, across both the firm and its portfolio companies. This target includes an initial focus on reduction of gross emissions over the short-term, with a longer-term focus on net emissions.

As part of this work, Palisade has conducted an exercise of establishing a baseline carbon footprint across all of its portfolio companies. Palisade is also in the process of working with its portfolio companies in implementing gross emissions reduction targets, with 12 of 16 assets that reported under Palisade's Annual Asset ESG Report framework in 2021 already having emissions reduction targets in place.

Palisade, through its director level engagement and TCFD aligned Climate Change Impact Assessment process, which portfolio companies will adopt by the end of 2021, will also assist portfolio companies to articulate their process for managing climate change risk and emissions targets.

The next phase of the process will involve working with portfolio companies to develop decarbonisation plans where they are not already in place.

New strategies

During the quarter, Palisade was pleased to announce two new strategies, Palisade Real Assets (**PRA**) and Palisade Impact (**PI**). Both strategies will be led by separate management teams. As a way of enhancing alignment with investors, each respective management team will own the majority of equity in each management company, with Palisade owning a minority stake and providing back-office infrastructure and support.

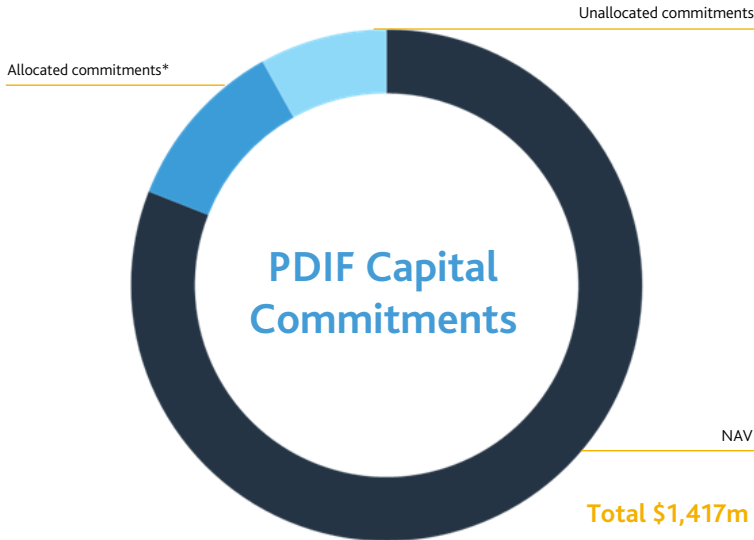
Each strategy will have distinct mandates, with PRA focusing on investing in infrastructure "adjacent" businesses that fall in the gap of Infrastructure, Real Estate and Private Equity, whilst PI will focus on next-generation or "transformative" infrastructure, that also importantly meet defined impact hurdles.

PI is currently seeking interest for cornerstone funding for its initial pooled fund, whilst PRA will likely be funded initially on an individual mandate basis.

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 Q1 FY22 Key Highlights

- Port of Portland has had a positive start to the new financial year, with YTD EBITDA over 20% ahead of budget, primarily driven by strong grain volumes which have continued into FY22
- In July, Palisade agreed to sell its interest in Hawaiki, alongside other Hawaiki investors, to BW Group Limited, a global maritime company. Financial close is expected in Q1 2022 following regulatory approvals

PDIF Performance



Gross performance as at 30 September 2021

Returns for periods greater than 12 months have been annualised

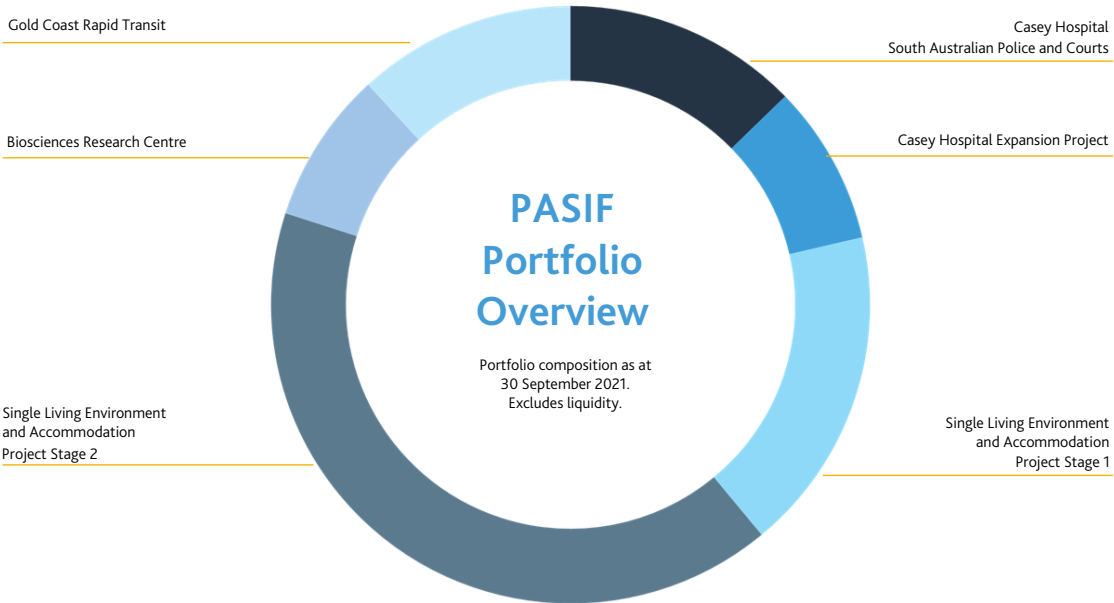
* Palisade management inception August 2008

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

Fund overview

Palisade's Australian Social Infrastructure Fund (PASIF)

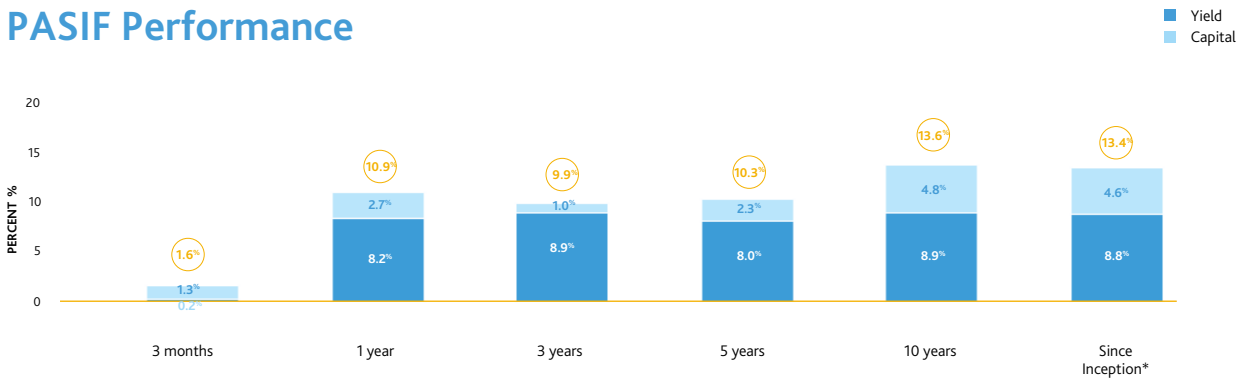
PASIF provides investors with an opportunity to invest in a portfolio of social infrastructure assets procured under the public private partnership delivery model with government bodies and aims to provide investors with low volatility and inflation-linked government revenue streams.



PASIF Q1 FY22 Key Highlights

- All assets continue to be largely unaffected by Covid given the government-backed availability style nature of revenues.
- Early works for Gold Coast Light Rail Stage 3 commenced in June. Manufacturing of five LRVs has also commenced in Austria, with delivery expected mid-2022.

PASIF Performance



Gross Performance as at 30 September 2021

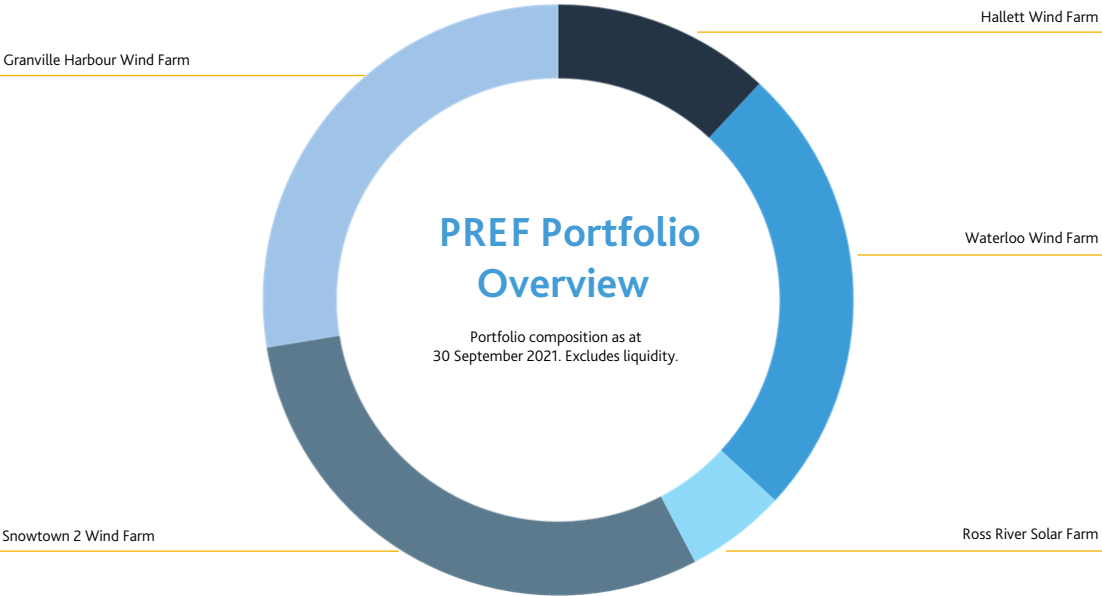
Returns for periods greater than 12 months have been annualised

* 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 aims to provide investors with long-term capital growth and stable cash distributions.

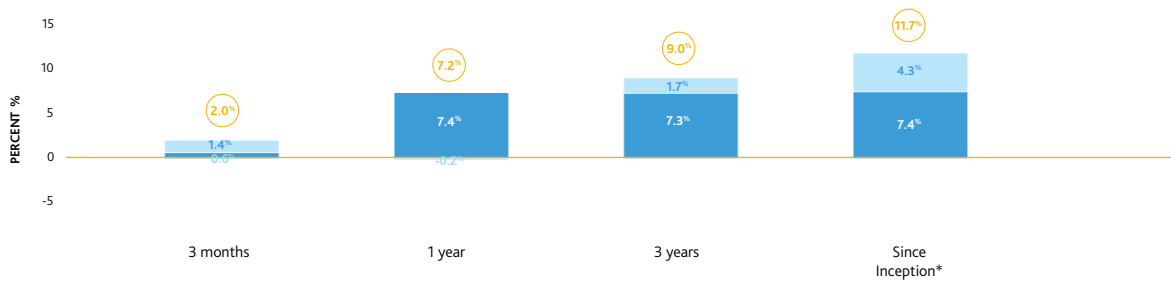


PREF Q1 FY22 Key Highlights

- In August, Granville Harbour Wind Farm was listed as the highest performing wind farm in Australia by independent industry analyst Rystad Energy, with a capacity factor of 57%.
- Availability remains strong at all sites, with over 98% availability at all sites in the YTD.

PREF Performance

■ Yield
■ Capital



Gross performance as at 30 September 2021

Returns for periods greater than 12 months have been annualised

* Inception date September 2016



FOR MORE INFORMATION CONTACT US

Level 25 Angel Place / 123 Pitt Street, Sydney NSW 2000
PO Box R1313, Royal Exchange, NSW 1225 Australia
Phone 02 8970 7800
palisadepartners.com.au

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