PALISADE

ANNUAL REPORT

JUNE 2025

Palisade's Diversified Infrastructure Fund (PDIF)



FROM THE CEO



I am pleased to bring you Palisade's Annual Report for FY25. It has been another strong year, marked by solid performance across our various funds and mandates, and continued deployment into high quality investment opportunities.

Global markets continue to act in an uncertain and volatile manner, largely influenced by various measures introduced under the new Trump administration and escalating geopolitical tensions. In such an environment, it is only natural that investors increasingly seek shelter in resilient, income-generating assets. There is little doubt that the unlisted infrastructure asset class remains a compelling option, offering long-term, inflation-linked cash flows, but perhaps most importantly, significant downside protection with low correlation to equity markets.

In this regard, Palisade's philosophy continues to resonate strongly with a broad range of investors. Our comingled funds continue to see strong inflows from small to mid-sized institutional investors and the broader wealth market, whilst we continue to work in partnership with larger institutional investors via direct co-investment into our various platforms and portfolio companies. Our existing strategies continue to receive strong interest from offshore investors, particularly from the broader Asia-Pacific region, and this year we were grateful to welcome a further Asian-based investor to our diversified strategy. In the last few months, we also successfully launched our new North American mid-market infrastructure fund, a strategy that we not only expect to resonate in the Australian market, but also abroad.

The investment pipeline remains as strong as ever. We continue to invest through our established platforms, whilst building new ones in response to market needs. We were pleased during the year to announce our first Battery Energy Storage System **(BESS)** investment in Limestone Coast North BESS, which will form a critical part of our existing 1GW renewable energy platform Intera Renewables. We also reached financial close on our first investment into the social and affordable housing sector in partnership with Mission Australia and financial support from the Queensland Government, an area where significant capital is required to address housing affordability in Australia.

Our team continues to expand with the increasing scale of our investment activity. Renewables will be a key growth area in the near-term, driven by Australia's fundamental requirement for replacement generation from an aging coal-fired fleet. In this regard, we were pleased to announce during the year the establishment of a Growth and Development function for our renewables platform. The team, led by Edward Mounsey, join Palisade from Squadron Energy (which acquired CWP Renewables in 2022) and brings an enormous amount of experience with respect to development and delivery of large-scale renewable energy projects. We were also pleased to welcome Susan Shehata to the Palisade Investment Committee, where she was most recently Global Co-Head of Infrastructure and Real Estate Finance at HSBC. Susan replaces Kirri Stone, who has served on our Investment Committee since 2018. We are sincerely grateful for the contributions Kirri has made to the Palisade business over the past seven years.

Looking forward, we are genuinely excited about the opportunities that lie ahead. We remain committed to delivering strong outcomes for our clients through disciplined investing in what continues to be a volatile period. On behalf of the entire team, I sincerely thank all our clients for their ongoing support and trust.

Roger Lloyd
CEO

"In such an environment, it is only natural that investors increasingly seek shelter in resilient, income-generating assets. There is little doubt that the unlisted infrastructure asset class remains a compelling option, offering long-term, inflation-linked cash flows, but perhaps most importantly, significant downside protection with low correlation to equity markets."

PALISADE GROUP OVERVIEW

PALISADE IS A LEADING INDEPENDENT, GLOBAL INFRASTRUCTURE AND REAL ASSETS MANAGER

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POOLED FUNDS

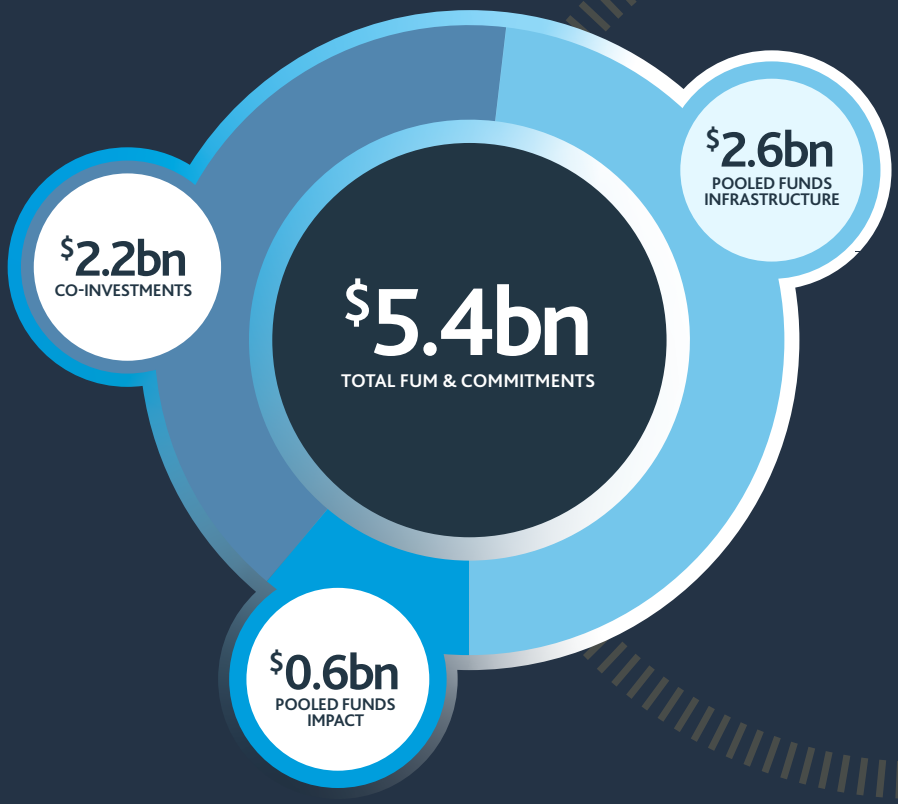
8
CO-INVESTMENT MANDATES

47
INVESTMENT EXECUTIVES

24
SPECIALIST OPERATIONAL MANAGEMENT PERSONNEL

44
ASSETS

64%
MANAGEMENT AND STAFF OWNERSHIP





FY25 TRANSACTION HIGHLIGHTS



Asset: Social & Affordable Housing

Location: QLD

Sector: Social infrastructure

Interest acquired: 100%

Description: Project to build 185 social and affordable dwellings in Toowoomba, Queensland, in partnership with Tier 1 Community Housing Provider Mission Australia. The project, which will include 89 and 96 social and affordable housing dwellings respectively will benefit from financial support from the Queensland Government via its $2bn Housing Investment Fund. The homes will contribute to the Queensland Government's target of 53,500 social and community homes by 2044.

Asset: Limestone Coast North Battery Energy Storage System (BESS)

Location: SA

Sector: Renewable Energy

Interest acquired: 100%

Description: A 250MWac / 500MWh BESS development located at Limestone Coast, approximately 370km south-east of Adelaide, and 16km north of Mount Gambier in South Australia. The project, which was acquired from developer Pacific Green at construction commencement, has a long-term offtake agreement in place and is scheduled to commence commercial operations in 2027. The project will form part of Palisade's renewable energy platform Intera Renewables (**Intera**), complementing Intera's existing generation portfolio.

SECTOR COMMENTARY

RENEWABLES & ENERGY



Karen Gould
Managing Director



Simon Parbery
Executive Director



Mike Reynolds
Managing Director, Americas

Australia

Australia's renewable energy market maintained strong momentum through FY25, underpinned by robust policy support and a clear shift in energy market dynamics.

Federal Labor's re-election in May 2025 was widely interpreted as an endorsement of its clean energy agenda, especially in contrast to the opposition's proposed nuclear energy policy. The outcome has removed domestic policy uncertainty as well as ensuring the continuation of key initiatives such as the Capacity Investment Scheme. In parallel, state governments continued to progress Renewable Energy Zones, with NSW and Victoria leading large-scale transmission and generation builds.

The federal Labor government's reaffirmed commitment to achieving 82% renewable electricity generation by 2030 now provides a clear policy backdrop, with FY25 seeing further acceleration in project developments across solar, wind, and battery storage. Despite this progress, FY25 also highlighted challenges including supply chain constraints and a tightening labour market, placing pressure on costs and delivery timeframes for some projects.

Notwithstanding, Australia's energy transition continues to be driven by key market fundamentals including the retirement of ageing coal-fired generation and the electrification of the economy, including the growth of EVs and data centres, which are set to significantly increase electricity demand. Palisade is well-positioned to support this transition through its portfolio company – Intera Renewables – one of Australia's largest renewable energy platforms.

In terms of the broader energy mix, the ongoing importance of natural gas to the national energy markets has received increased attention over the last 12 months, which builds on Australia's "Future Gas Strategy" announced in May 2024 which outlined the critical role of gas in achieving Australia's net zero ambitions to 2050 and beyond. The current AEMO Integrated System Plan for the National Electricity Market and Gas Statement of Opportunities both reaffirm the long-term role that gas fired generation will play to firm and support the transition to renewables, with greater investment required in gas fired generation, pipelines and storage. Near-term optimism and commitments for hydrogen have also declined, highlighting the continued role that natural gas will play for industrial and manufacturing customers, and the associated local jobs they support.

North America

Policy uncertainty has resulted in lower renewable development and M&A activity in North America relative to prior years, although investor and lender appetite for the sector has continued.

Whilst US Congress has recently passed legislation to phase out investment tax credits for renewables, State mandates for renewable and energy storage procurement across the US remain broadly unchanged and supportive of continued investment in the sector.

The policy debate is set against the background of a substantial acceleration in electricity load growth from AI, data centres and electrification, which is expected to continue to underpin demand for renewable power and battery storage. To illustrate, consulting firm ICF has increased its annual electricity demand growth forecast for 2030 by some 2.5 times relative to its projection made in Q1 2023. Combined with constraints in bringing new generation online, we expect elevated power pricing from both wholesale and capacity markets to benefit operating projects. We have also seen, and expect to continue to see, rising retail pricing from a multi-year grid modernisation and hardening cycle.

Distributed generation remains the fastest commercialisation pathway for renewable generation given utility-scale interconnection remains backlogged. Accordingly, we continue to see appetite for the adoption of community solar frameworks across the country. Notably, community solar directly benefits from both rising wholesale and retail rates due to tariff structures and cost savings offered to subscribers on signing.

In the US market, Palisade continues to focus on the renewables & battery sector, with a particular emphasis on distributed battery storage as the next evolution of modular generation, along with pursuing growth in our portfolio company, PureSky Energy, which is focused primarily on community solar and distributed generation.

SECTOR COMMENTARY

AIRPORTS



Karen Gould
Managing Director



Simon Parbery
Executive Director



Alastair Pollock
Executive Director

Qantas Group and Virgin Australia continue their respective major fleet renewal programs. Due to fleet delivery delays, current competition between airlines remains low in a capacity constrained environment, with airlines managing yield levels across competing passenger markets (international vs. domestic and leisure vs. corporate travel). The closure of Jetstar's intra-Asia routes (not impacting services to NZ and Japan) is an example of a major redeployment decision by Qantas Group.

In anticipation of future aviation growth, airports are continuing to invest in significant infrastructure capacity upgrades across new runways (Western Sydney, Melbourne) and terminal expansions (Sunshine Coast, Hobart, Newcastle, Perth), all of which require major airline support.

Substantial investment in both airline capacity and airport infrastructure provides a strong platform for Australian aviation growth over the next several years. Furthermore, the next phase of Virgin Australia's growth (recent strategic partnership with global airline Qatar Airways and IPO in late June), is expected to result in higher competition levels and improved airfare pricing, and therefore growth in passenger volumes for airports.

Property revenue opportunities continue to be proactively pursued across Palisade-managed airports to diversify revenues and complement existing aeronautical and other passenger-volume linked income streams. Examples during FY25 include Economic Development Queensland announcing that the Sunshine Coast Airport Priority Development Area Development Scheme (covering 460 hectares) had come into effect, and a Planning Permit application for the rezoning of the 23-hectare Coffs Harbour Airport Enterprise Park being submitted in December 2024. Palisade continues to see robust risk-adjusted returns in the mid-market airport sector particularly for assets with strong aviation and non-aviation characteristics.

PORTS & BULK LIQUIDS



Alastair Pollock
Executive Director

Palisade's port exposure is via its interest in Port of Portland (**POPL**), a bulk commodity port in Victoria with cargoes including grain, forestry products, fertiliser and critical minerals.

FY25 grain volumes across Australia and through POPL were materially above long-term average. Despite drought conditions in some parts of southern Australia, FY26 grain volumes in POPL's catchment are likely to also exceed long-term average.

POPL's forestry volumes continued to recover following the lifting of the log export ban to China in FY24, with India now the key log export destination (growth driven by urbanisation). Woodchip demand also continued to recover, due to dwindling supply from competing woodchip exporting countries.

Furthermore, 11 new critical mineral mines are under development within POPL's catchment, with three of these mines already having secured key environmental approvals (POPL is Victoria's key critical minerals export port).

No direct impacts on POPL from the US Government's new tariff regime have been identified. POPL has no direct trade exposure to the US, is materially exposed to non-discretionary and strategic commodities (e.g. grain, fertiliser and critical minerals), and revenue is supported by long-term take or pay / lease commitments.

Australian liquid import volume growth was flat over the past 12 months. Despite subdued volume growth, storage demand was supported by increased minimum stockholding obligations imposed by the Australian Government on fuel importers and refiners, and the growing market for sustainable aviation fuels (**SAF**) and biodiesel creating demand for more storage grades (i.e. SAF is stored separately to jet fuel).

SECTOR COMMENTARY

DIGITAL INFRASTRUCTURE



Mike Reynolds
Managing Director, Americas



Kelvin Wong
Investment Director

The Australian and US digital infrastructure sector continues to experience strong growth in demand, in particular in the data centre sector which has been driven by the continual development of AI, related applications and adoption of cloud computing. This in turn, has driven investment activities and valuation of hyperscale data centre businesses to an elevated level. While it is debateable as to whether the valuations of hyperscale data centres are justified, we continue to see value in smaller facilities (including carrier hotels and edge data centres) which generally trade at a lower valuation and will still benefit from industry tailwinds, including AI inferencing applications, medical imaging, gaming and other applications requiring low latency. Related to this, fibre businesses providing connectivity to data centres are also seeing an uptick in demand and represent an attractive sector for investment.

Elsewhere, participants in the last mile broadband sector are continuing to grow organically, with first-mover advantage for fibre/high-speed providers. For Lightcurve (Palisade's fibre investment in the US), demand for faster speeds has continued to consistently rise with over 50% of new subscribers seeking a 1 gigabit speed plan. In the US, we are also starting to see consolidation activities between participants in parallel to organic growth, whilst in Australia, maturity of last mile broadband businesses still trails the US with the consolidation phase yet to commence.

SOCIAL INFRASTRUCTURE



James Ward
Executive Director



Vicki Rigg
Managing Director

While both Federal and state governments adopted polices more than 12 months ago introducing incentives for investment in the sector, there has been little improvement in Australia's housing crisis. There are many reasons for the slow progress including long development timeframes, rising construction costs and complexity and inconsistency in accessing government incentives. While a number of projects have been shortlisted, fewer have progressed to financial close.

That said, we are seeing significant opportunity in the sector. Palisade, through our partnership with Mission Australia Housing, has commenced construction on one of the few greenfield social and affordable developments to have accessed government incentives. Furthermore, Palisade's Social and Affordable Housing Platform is well placed for the development of six additional sites delivering approximately 480 new dwellings having secured backing from Queensland's Housing Investment Fund.

Traditional Public Private Partnerships remain a key procurement method for selected major infrastructure projects across the region, particularly in the transport, renewable energy, and waste management sectors. Despite this, in Palisade's view these projects are often characterised by complex builds and long construction timetables, with these risks not always reflected in the available returns.

SECTOR COMMENTARY

DEBT MARKETS



Simon Parbery
Executive Director

There has been an observed easing of global inflation combined with weaker economic growth and ongoing geopolitical uncertainty throughout FY25, leading to major central banks cutting interest rates progressively during the year. Heightened uncertainty around global economic conditions, evolving trade dynamics, and political instability has prompted a more cautious policy outlook from these organisations, indicating potential macroeconomic uncertainly for the year ahead.

Financial markets remained relatively stable through to the end of calendar year 2024, followed by elevated levels of volatility early in 2025 and peaking in April amid renewed US tariff tensions and fears of a broader trade conflict. This volatility drove increases in bank funding costs and credit spreads, however pricing has normalised since then as the harsh tariffs announced by the US government were paused.

Domestically, inflation pressures eased throughout the financial year with AUD swap rates declining, particularly in the shorter part of the curve, reflecting expectations of slower growth and ongoing policy support. Despite this global uncertainty, Australian banks have shown strong credit appetite, offering competitive pricing across a range of maturities. Australia's loan and bond markets are anticipated to remain resilient in the year ahead, with borrowers having the ability to leverage robust demand and long-standing lender relationships to secure funding on favourable terms.

During the year Palisade issued approximately $1.3 billion of debt across two new acquisitions and two portfolio company refinancings at highly competitive pricing and terms, leveraging its strong borrower name and deep lender relationships. These issuances have been structured in accordance with Palisade's Treasury Risk Management Framework, that seeks to mitigate refinance risk across the portfolio through implementing sustainable capital structures, diversified loan tenors and long-term, diversified interest rate risk management strategies.



PALISADE PEOPLE

During the year, Palisade was pleased to welcome Edward Mounsey, Michael Middleton and Matthew Flower to the Palisade family. With a focus on pursuing development projects in the Australian renewable energy market, they join Palisade from Squadron Energy (which acquired CWP Renewables in 2022), where they led the core development function responsible for the establishment of a 10GW pipeline of projects and the successful development into delivery of over 1.7GW of renewable assets. The addition of Edward, Michael and Matthew to the Palisade team comes at a time of unprecedented momentum in the Australian renewable energy sector, as Palisade continues to deepen its capabilities and pipeline in support of the energy transition.

Palisade has a multi-gigawatt investment target over the next 5 years to be invested across the development, construction and operational phases of the renewables investment lifecycle. As a long-standing investor in the Australian renewable energy market, Palisade has a strong record in the space, with a since inception return on its current renewable energy fund of 12.6% per annum, of which 7.5% has comprised yield. Palisade's renewable energy strategy currently remains open for new commitments for investors seeking to participate in the next wave of renewable energy build-out in this country via an established 1GW platform of existing operational assets.



Ed Mounsey
Head of Growth and Development



Michael Middleton
General Manager, Growth



Matthew Flower
General Manager, Development

PALISADE WELCOMES



Susan Shehata
Palisade Investment Committee, Independent Member



Phillip Kim
Senior Investment Manager



Andrea Bennett
Legal Counsel



Anna Patane
Investment Associate



Henry Bennett
Investment Associate



Kelvin Chan
Investment Associate, Operations



Sam Hayes
Operations Manager, Stockyard Hill Wind Farm



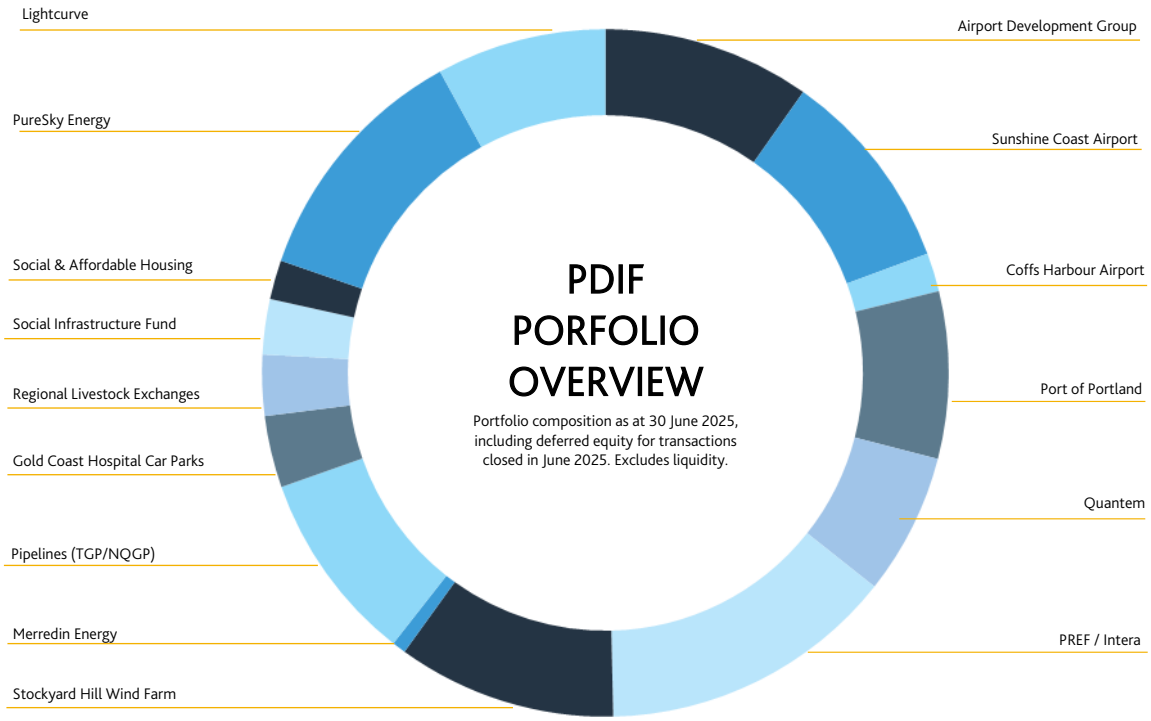
Mark Andrews
Asset Operations Manager, Renewables



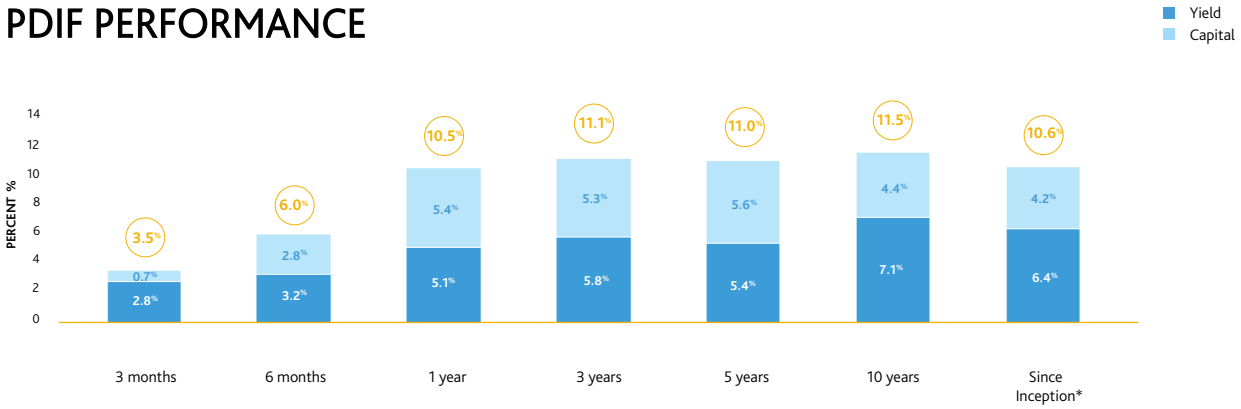
Theresa Qin
Asset Engineer, Power and Pipelines

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.



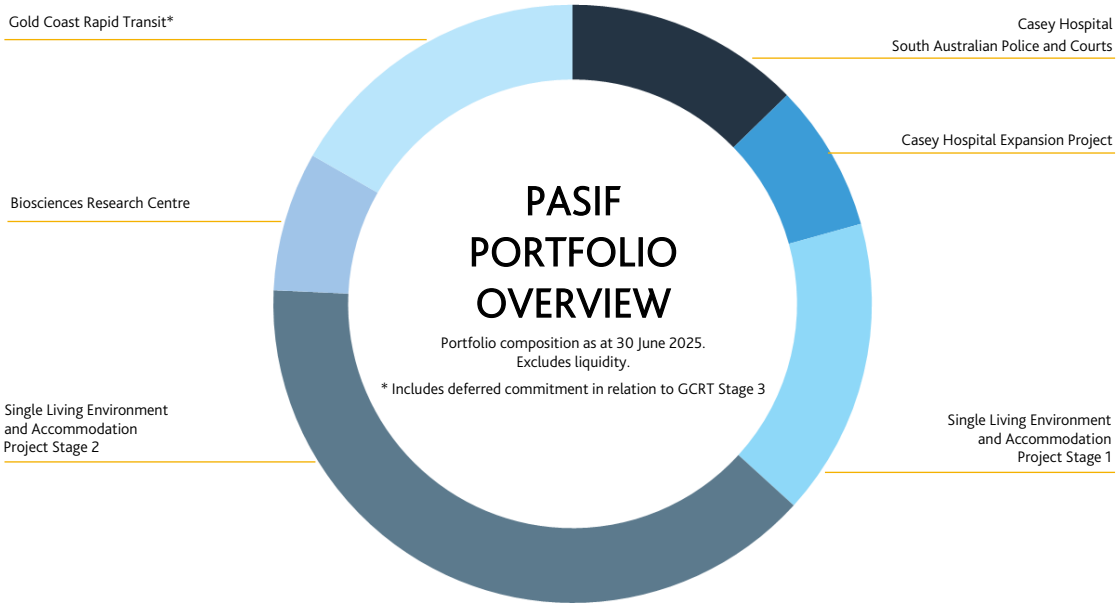
PDIF PERFORMANCE



Gross performance including franking credits as at 30 June 2025
Returns for periods greater than 12 months have been annualised
*Inception date August 2008 (Palisade management)
Past performance is not indicative of future returns

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.



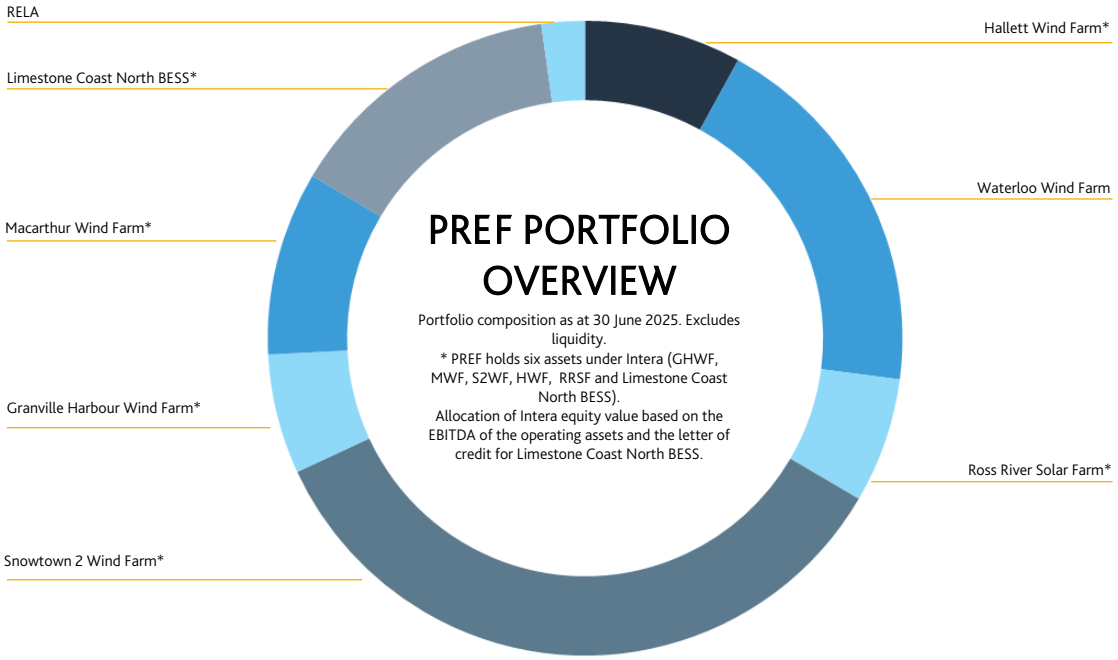
PASIF PERFORMANCE



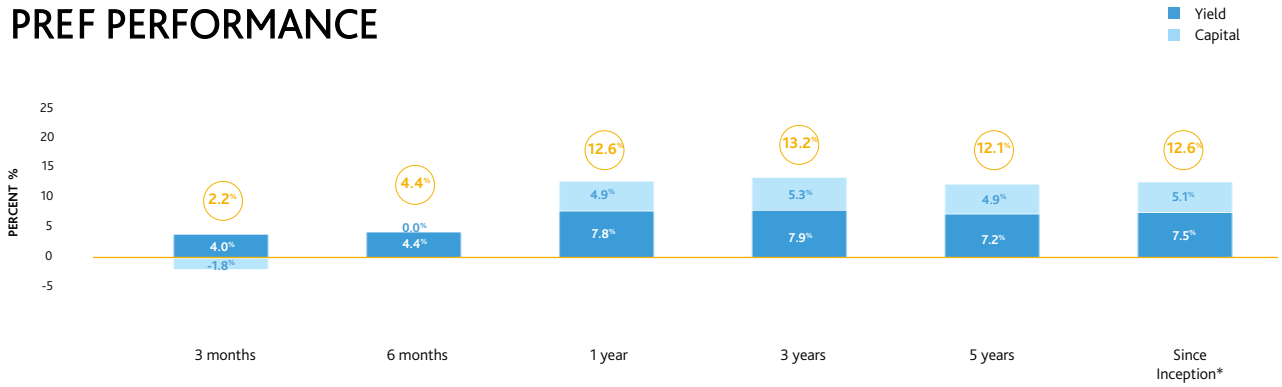
Gross Performance including franking credits as at 30 June 2025
Returns for periods greater than 12 months have been annualised
*Inception date May 2011
Past performance is not indicative of future returns

PALISADE'S RENEWABLE ENERGY FUND (PREF)

PREF provides investors with an opportunity to invest in a diversified portfolio of Australian utility scale wind and solar assets, primarily through a 50% ownership in Intera Renewables, and aims to provide investors with long-term capital growth and stable cash distributions.



PREF PERFORMANCE



Gross performance including franking credits as at 30 June 2025
Returns for periods greater than 12 months have been annualised
*Inception date September 2016
Past performance is not indicative of future returns

ANNUAL REPORT
JUNE 2025

Palisade's Diversified Infrastructure Fund (PDIF)

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