

# **Palisade's Diversified Infrastructure Fund No.1**

ARSN 106 369 779

## **Annual report - 30 June 2024**

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## Annual report - 30 June 2024

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These financial statements cover the Palisade's Diversified Infrastructure Fund No.1 as an individual entity.

The Responsible Entity of the Palisade's Diversified Infrastructure Fund No.1 is Pinnacle Fund Services Limited (ABN 29 082 494 362). The Responsible Entity's registered office is Level 19, 307 Queen Street, Brisbane, QLD 4000.

## **Directors' report**

The directors of Pinnacle Fund Services Limited, the Responsible Entity of the Palisade's Diversified Infrastructure Fund No.1 ("the Trust"), present their report together with the financial statements of the Trust for the financial year ended 30 June 2024.

### **Principal activities**

The Trust invests in infrastructure assets in Australia and aims to provide investors with stable long term capital growth and income. This is achieved through investments in unlisted shares, unlisted convertible notes, unlisted unit trusts and other securities. The Trust comprises stapled units in Palisade's Diversified Infrastructure Fund No.1 ("PDIF1"), Palisade's Diversified Infrastructure Fund No.2 ("PDIF2") and Palisade's Diversified Infrastructure Fund No.3 ("PDIF3"). For every unit issued in PDIF1, one unit will be issued in PDIF2, and one unit will be issued in PDIF3. Units cannot be dealt with separately by investors.

The Trust did not have any employees during the financial year.

There were no significant changes in the nature of the Trust's activities during the financial year.

### **Directors**

The following persons held office as directors of Pinnacle Fund Services Limited during the financial year or since the end of the financial year and up to the date of this report:

Mr. I Macoun  
 Mr. C Kwok  
 Mr. A Chambers

The Responsible Entity also has a Compliance Committee consisting of one non-external member and three external members. The committee's role is to oversee the compliance requirements of the Trust.

The Committee met four times during the financial year.

### **Review and results of operations**

There have been no significant changes to the operations of the Trust since the previous financial year. The Trust continued to invest in accordance with target asset allocations as set out in the governing documents of the Trust.

The performance of the Trust, as represented by the results of its operations, was as follows:

	<b>Year ended</b>	
	<b>30 June</b>	30 June
	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Operating profit/(loss) attributable to unitholders	<b>49,599</b>	67,358
Distributions paid and payable	<b>24,800</b>	31,014
Distributions (cents per unit)	<b>3.0546</b>	4.7038

## **Directors' report (continued)**

### **Significant changes in state of affairs**

In the opinion of the directors, there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

### **Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect:

- (i) the operations of the Trust in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Trust in future financial years.

### **Likely developments and expected results of operations**

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust's Constitution.

### **Indemnification and insurance of officers and auditors**

No insurance premiums are paid for out of the assets of the Trust in regard to insurance cover provided to either the officers of Pinnacle Fund Services Limited or the auditors of the Trust. So long as the officers of Pinnacle Fund Services Limited act in accordance with the Trust's Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

The auditors of the Trust are not indemnified out of the assets of the Trust.

### **Fees paid to and interests held in the Trust by the Responsible Entity or its associates**

Fees paid to the Responsible Entity and its associates out of the Trust's property during the year are disclosed in note 13 to the financial statements.

No fees were paid out of the Trust's property to the directors of the Responsible Entity during the year.

The number of interests in the Trust held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 13 to the financial statements.

### **Interests in the Trust**

The movement in units on issue in the Trust during the year is disclosed in note 12 to the financial statements.

The value of the Trust's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in note 2 to the financial statements.

### **Environmental regulation**

The operations of the Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

### **Rounding of amounts to the nearest thousand dollars**

Amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

**Directors' report (continued)**

**Auditor's independence declaration**

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the directors.



Mr. C Kwok  
Director

Sydney  
19 September 2024



## Auditor's Independence Declaration

As lead auditor for the audit of Palisade's Diversified Infrastructure Fund No.1 for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Ben Woodbridge', written in a cursive style.

Ben Woodbridge  
Partner  
PricewaterhouseCoopers

Brisbane  
19 September 2024

**Palisade's Diversified Infrastructure Fund No.1**  
**Statement of comprehensive income**  
**For the year ended 30 June 2024**

**Statement of comprehensive income**

		<b>Year ended</b>	
		<b>30 June</b>	30 June
		<b>2024</b>	2023
	Notes	<b>\$'000</b>	\$'000
<b>Investment income</b>			
Interest income		4,629	4,975
Dividend/distribution income		41,789	35,716
Net gains/(losses) on financial instruments at fair value through profit or loss	4	12,647	37,092
Other income		1,908	–
<b>Total net investment income/(loss)</b>		<u>60,973</u>	<u>77,783</u>
<b>Expenses</b>			
Management fees	13	7,222	5,727
Performance fees	13	–	3,039
Interest expense		3,706	595
Other operating expenses		446	1,064
<b>Total operating expenses</b>		<u>11,374</u>	<u>10,425</u>
<b>Operating profit/(loss) attributable to unitholders</b>		<u>49,599</u>	<u>67,358</u>
<b>Finance costs attributable to unitholders</b>			
Distributions paid/payable	6	(24,800)	(31,014)
(Increase)/decrease in net assets attributable to unitholders	12	(24,799)	(36,344)
<b>Profit/(loss) for the financial year</b>		<u>–</u>	<u>–</u>
Other comprehensive income/(loss)		–	–
<b>Total comprehensive income/(loss) for the financial year</b>		<u>–</u>	<u>–</u>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Palisade's Diversified Infrastructure Fund No.1**  
**Statement of financial position**  
**As at 30 June 2024**

**Statement of financial position**

		As at	
		30 June 2024	30 June 2023
	Notes	\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalents		23,427	13,801
Receivables	9	5,823	591
Loans and other financial assets	8	205,344	118,644
Financial assets at fair value through profit or loss	7	793,469	747,349
<b>Total assets</b>		<u>1,028,063</u>	<u>880,385</u>
<b>Liabilities</b>			
Distributions payable	6	21,100	3,000
Payables	11	2,272	4,835
Loans payable	10	85,500	48,525
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u>108,872</u>	<u>56,360</u>
<b>Net assets attributable to unitholders - liability</b>	12	<u>919,191</u>	<u>824,025</u>

*The above statement of financial position should be read in conjunction with the accompanying notes.*



**Palisade's Diversified Infrastructure Fund No.1**  
**Statement of changes in equity**  
**For the year ended 30 June 2024**

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**Statement of changes in equity**

Under AASB 132 *Financial instruments: Presentation*, the net assets attributable to unitholders is classified as a liability rather than equity. As a result, there was no equity at the start or end of the financial year.

**Palisade's Diversified Infrastructure Fund No.1**  
**Statement of cash flows**  
**For the year ended 30 June 2024**

**Statement of cash flows**

		<b>Year ended</b>	
		<b>30 June</b>	30 June
		<b>2024</b>	2023
	Notes	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments at fair value through profit or loss		–	12,581
Purchase of financial instruments at fair value through profit or loss		<b>(27,485)</b>	(95,866)
Interest received		<b>4,629</b>	8,854
Dividend/distribution received		<b>32,646</b>	37,147
Management fees paid		<b>(6,803)</b>	(5,524)
Performance fees paid		<b>(3,078)</b>	(3,000)
Interest expense paid		<b>(3,796)</b>	(411)
Other expenses paid		<b>(429)</b>	(1,313)
Loan advanced to a related party - Palisade's Diversified Infrastructure Fund No.3		<b>(86,700)</b>	(99,645)
Loan advances received from MUFG Bank Ltd		<b>36,975</b>	48,525
Proceeds from repayment of Palisade Eastern Creek Holdings Trust - Unitholder loan		–	11,713
Proceeds from repayment of Palisade Wind Holdings Pty Ltd - Shareholder loan		–	10,859
<b>Net cash inflow/(outflow) from operating activities</b>	14	<b><u>(54,041)</u></b>	<b><u>(76,080)</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders		<b>70,367</b>	111,283
Distributions paid		<b>(6,700)</b>	(58,664)
<b>Net cash inflow/(outflow) from financing activities</b>		<b><u>63,667</u></b>	<b><u>52,619</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>9,626</b>	(23,461)
Cash and cash equivalents at the beginning of the financial year		<b><u>13,801</u></b>	<b><u>37,262</u></b>
<b>Cash and cash equivalents at the end of the financial year</b>		<b><u>23,427</u></b>	<b><u>13,801</u></b>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

**Notes to the financial statements**

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## **1 General information**

These financial statements cover Palisade's Diversified Infrastructure Fund No.1 ("the Trust") as an individual entity. The Trust is a registered managed investment trust domiciled in Australia.

The Responsible Entity of the Trust is Pinnacle Fund Services Limited ("the Responsible Entity"). The Responsible Entity's registered office is Level 19, 307 Queen Street, Brisbane, QLD 4000. The financial statements are presented in the Australian currency.

The Responsible Entity is incorporated and domiciled in Australia.

The administrator of the Trust is Citigroup Pty Limited.

The financial statements were authorised for issue by the directors on 19 September 2024. The directors of the Responsible Entity have the power to amend and reissue the financial statements after they have been issued.

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

## **2 Summary of material accounting policies**

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated in the following text.

### **(a) Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures. The Trust is a for-profit unit trust for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of financial assets and financial liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Financial assets and financial liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and financial liabilities at fair value through profit or loss and net assets attributable to unitholders.

#### *(i) Compliance with International Financial Reporting Standards*

The financial statements of the Trust also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### *(ii) New and amended standards adopted by the Trust*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

#### *(iii) New standards, amendments and interpretations effective after 1 July 2024 and have not been early adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Trust.

## 2 Summary of material accounting policies (continued)

### (b) Basis of consolidation

The Trust is an investment entity under the definition in AASB 10 *Consolidated Financial Statements* and, as such, does not consolidate any entities subject to its control. The Trust does not hold a controlling interest in any of its underlying investments and therefore is not required to provide additional disclosures.

### (c) Financial instruments

#### (i) Classification

The Trust's financial instruments comprise:

- Unlisted equity securities
- Preference shares
- Loans and other financial assets

The Trust classifies its financial instruments in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial instruments and the contractual terms of the cash flows.

The Trust's portfolio of financial assets other than loans is managed and its performance is evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust uses fair value information to assess performance of the portfolio and to make decisions to rebalance the portfolio or to realise fair value gains or minimise losses through sales or other trading strategies. The Trust's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

#### (ii) Recognition/derecognition

The Trust recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Trust has transferred substantially all risks and rewards of ownership.

Any gains or losses arising on derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) are included in the statement of comprehensive income in the financial year the asset is derecognised as net gains/(losses) on financial instruments at fair value through profit or loss.

#### (iii) Measurement

##### *Financial assets and financial liabilities at fair value through profit or loss*

Financial assets and financial liabilities at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately in the statement of comprehensive income. Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value.

Net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at financial year end and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend income.

## 2 Summary of material accounting policies (continued)

### (c) Financial instruments (continued)

#### (iii) Measurement (continued)

##### *Financial assets and financial liabilities at fair value through profit or loss (continued)*

Valuations of infrastructure assets are carried out by external parties. The external valuations are carried out by external valuation experts. In line with the valuation policy, the external valuers are rotated periodically. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

##### *Loans and other financial assets*

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. The Trust assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

##### *Loans payable*

Loans are initially recognised at fair value, net of transaction costs incurred. Loans are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of the loans are recognised as transaction costs.

#### (iv) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### (d) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders in accordance with the Trust Deed.

The units can be put back to the Trust at any time for cash based on the redemption price, which is equal to a proportionate share of the Trust's net asset value attributable to the unitholders, less any applicable transaction costs.

The units are carried at the redemption amount that is payable at balance sheet date if the unitholder exercises the right to put the unit back to the Trust. This amount represents the expected cash flows on redemption of these units.

### (e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **2 Summary of material accounting policies (continued)**

### **(f) Investment income**

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

Dividend income is recognised on the ex-dividend date.

Distribution income is recognised when the Trust is entitled to the income.

Other income is brought to account on an accruals basis.

Realised gains or losses are calculated as the difference between proceeds received from the sale of investments during the year (net of transaction costs) and their respective original costs. Unrealised gains or losses include all unrealised gains or losses recognised during the year on investments held at year end, adjusted for the reversal of previously recognised unrealised gains or losses on investments sold.

### **(g) Expenses**

All expenses, including Responsible Entity's fees, are recognised in the statement of comprehensive income on an accruals basis.

### **(h) Income tax**

Under current legislation, the Trust is not subject to income tax, provided the taxable income of the Trust is fully distributed (i.e. unitholders are presently entitled to all of the income of the Trust).

Realised net capital losses cannot be distributed to unitholders but are carried forward by the Trust to be offset against any realised capital gains in future years.

The benefits of franking credits are passed on to unitholders, providing certain conditions are met.

### **(i) Distributions**

In accordance with the Trust's Constitution, the Trust distributes income adjusted for amounts determined by the Responsible Entity, to unitholders in cash and franking credits. The cash distributions are recognised in statement of comprehensive income as finance costs attributable to unitholders.

### **(j) Increase/(decrease) in net assets attributable to unitholders**

Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as part of finance costs. The movements include undistributable income which may consist of undistributable unrealised changes in fair value of financial instruments held at fair value through profit or loss and derivative financial instruments; accrued income not yet assessable; expenses provided or accrued for which are not yet deductible; net capital losses; and tax free or tax deferred income. Net capital gains on the realisation of any financial instruments (including any adjustments for tax deferred income previously taken directly to net assets attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same period in which it becomes assessable for tax.

### **(k) Foreign currency translation**

#### *(i) Functional and presentation currency*

Items included in the Trust's financial statements are measured using the currency of the primary economic environment in which it operates ("the functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Trust competes for funds and is regulated. The Australian dollar is also the Trust's presentation currency.

## **2 Summary of material accounting policies (continued)**

### **(k) Foreign currency translation (continued)**

#### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of comprehensive income on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

### **(l) Receivables**

Receivables include accrued income, application monies receivable and Reduced Input Tax Credits ("RITC") refund. Receivables are measured at their nominal amounts. Amounts are generally received within 30 days of being accrued for. Given the short-term nature of most receivables, the nominal amount approximates fair value.

### **(m) Payables**

Payables include liabilities and accrued expenses owing by the Trust which are unpaid as at the end of the financial year.

### **(n) Goods and Services Tax (GST)**

The GST incurred on the costs of various services provided to the Trust by third parties such as audit fees, custodial services and investment management fees have been passed onto the Trust. The Trust qualifies for RITC at a rate of 75% hence investment management fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

### **(o) Use of estimates**

The preparation of an annual financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The fair value of financial assets that are not traded in an active market are determined using valuation techniques requiring management estimates and judgement, as described in note 3. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **(p) Rounding of amounts**

The Trust is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the 'rounding off' amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.



### **3 Fair value measurements**

The Trust measures and recognises the below financial assets and financial liabilities at fair value through profit or loss on a recurring basis.

The Trust has no financial assets or financial liabilities measured at fair value on a non-recurring basis in the current reporting period.

#### **Fair value hierarchy**

##### *Classification of financial assets and financial liabilities*

The Trust classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

##### *(i) Fair value in an active market (level 1)*

The fair value of financial assets and financial liabilities traded in active markets is based on their quoted market prices at the end of the financial year without any deduction for estimated future selling costs.

The Trust values its investments in accordance with the accounting policies set out in note 2. For the majority of its investments, the Trust relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Trust is the last traded price; the appropriate quoted market price for financial liabilities is the last traded price. When the Trust holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

##### *(ii) Fair value in an inactive or unquoted market (level 2)*

The fair value of financial instruments that are not traded in an active market (e.g. over-the counter derivatives) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

##### *(iii) Fair value in an inactive or unquoted market (level 3)*

The fair value of financial assets and financial liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

### 3 Fair value measurements (continued)

#### Fair value hierarchy (continued)

(iii) *Fair value in an inactive or unquoted market (level 3) (Continued)*

The fair value of derivatives that are not exchange traded is estimated at the amount that the Trust would receive or pay to terminate the contract at the end of reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The foreign currency contracts are valued at the forward rate.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such trusts.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

Valuation techniques employed may not fully reflect all factors relevant to the positions the Trust holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

#### *Recognised fair value measurements*

The tables below set out the Trust's financial assets and financial liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2024 and 30 June 2023.

<b>As at 30 June 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets at fair value through profit or loss:</b>				
Unlisted equity securities	–	476,581	310,970	787,551
Preference shares	–	1,620	–	1,620
Derivatives - Forward foreign exchange contracts	–	4,298	–	4,298
<b>Total financial assets</b>	<b>–</b>	<b>482,499</b>	<b>310,970</b>	<b>793,469</b>

As at 30 June 2023	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets at fair value through profit or loss:</b>				
Unlisted equity securities	–	450,858	293,975	744,833
Preference shares	–	1,620	–	1,620
Derivatives - Forward foreign exchange contracts	–	896	–	896
<b>Total financial assets</b>	<b>–</b>	<b>453,374</b>	<b>293,975</b>	<b>747,349</b>

#### *Valuation processes*

The Investment Manager's Valuation Policy requires the Trust's investments to be valued by independent valuers. Discussions of valuations results and movements are held quarterly and approved by the Investment Manager's Valuation Committee.

#### 4 Net gains/(losses) on financial instruments at fair value through profit or loss

	Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000
<b>Financial assets</b>		
Net unrealised gains/(losses) on financial assets at fair value through profit or loss	12,959	10,775
Net realised gains/(losses) on financial assets at fair value through profit or loss	(312)	26,317
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<b>12,647</b>	<b>37,092</b>

#### 5 Auditor's remuneration

During the financial year the following fees were paid or payable for services provided by the auditor of the Trust:

	Year ended	
	30 June 2024 \$	30 June 2023 \$
<b>PricewaterhouseCoopers Australian firm</b>		
<b>Audit and other assurance services</b>		
Audit and review of financial statements	35,795	33,295
Audit of compliance plan	3,655	3,565
<b>Total remuneration of audit services</b>	<b>39,450</b>	<b>36,860</b>
<b>Non-audit services</b>		
Taxation compliance services	9,920	9,450
<b>Total remuneration for non-audit services</b>	<b>9,920</b>	<b>9,450</b>
<b>Total remuneration for PricewaterhouseCoopers</b>	<b>49,370</b>	<b>46,310</b>

#### 6 Distributions to unitholders

The distributions for the financial year were as follows:

	Year ended			
	30 June 2024 \$'000	30 June 2024 CPU	30 June 2023 \$'000	30 June 2023 CPU
<b>Distributions</b>				
Distributions paid - September	–	–	28,014	4.3067
Distributions paid - December	3,700	0.4796	–	–
Distributions payable - June	21,100	2.5750	3,000	0.3971
	<b>24,800</b>	<b>2.5750</b>	<b>31,014</b>	

## 7 Financial assets at fair value through profit or loss

	As at 30 June 2024 \$'000	30 June 2023 \$'000
<b>Financial assets at fair value through profit or loss</b>		
Unlisted equity securities	787,551	744,833
Preference shares	1,620	1,620
Derivatives - Forward foreign exchange contracts	4,298	896
<b>Total financial assets at fair value through profit or loss</b>	<u>793,469</u>	<u>747,349</u>

## 8 Loans and other financial assets

	As at 30 June 2024 \$'000	30 June 2023 \$'000
Palisade NQGP Holdings - Shareholder loan	9,630	9,630
Coffs Harbour Airport Holding Trust Loan	8,000	8,000
Palisade's Diversified Infrastructure Fund No.3 - Related party loan	185,430	98,730
Palisade Car Park Trust - Shareholder Loan	2,284	2,284
<b>Total loans and other financial assets</b>	<u>205,344</u>	<u>118,644</u>

While loans are subject to the impairment requirements of AASB 9, the carrying value of the loans approximates their fair value.

## 9 Receivables

	As at 30 June 2024 \$'000	30 June 2023 \$'000
Distribution/dividend receivable	3,500	345
Interest receivable	240	240
Other receivables	2,083	6
<b>Total receivables</b>	<u>5,823</u>	<u>591</u>

## 10 Loans payable

	As at 30 June 2024 \$'000	30 June 2023 \$'000
MUFG Bank Ltd	85,500	48,525
<b>Total loans payable</b>	<u>85,500</u>	<u>48,525</u>

The Trust entered a three-year Multi-option Facility Agreement with MUFG Bank Ltd on 29 June 2022. The facility can be drawn upon to facilitate acquisitions prior to the Trust receiving capital from unitholders.

During the year the Trust has drawn down loan amounting to \$36,975,000 (2023: \$48,525,000) from MUFG Bank Ltd.

**Palisade's Diversified Infrastructure Fund No.1**  
**Notes to the financial statements**  
**For the year ended 30 June 2024**  
**(continued)**

## 11 Payables

	<b>As at</b>	<b>30 June</b>
	<b>30 June</b>	<b>30 June</b>
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Accrued expenses	<u>2,272</u>	4,835
<b>Total payables</b>	<u><b>2,272</b></u>	<u><b>4,835</b></u>

## 12 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	<b>As at</b>			
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>Units</b>	<b>Units</b>	<b>\$'000</b>	<b>\$'000</b>
Balance as at 1 July	<b>755,541,451</b>	650,474,082	<b>824,025</b>	676,398
Applications	<b>63,889,979</b>	105,067,369	<b>70,367</b>	111,283
Increase/(decrease) in net assets attributable to unitholders	<u>–</u>	<u>–</u>	<u><b>24,799</b></u>	<u>36,344</u>
<b>Closing balance</b>	<u><b>819,431,430</b></u>	<u>755,541,451</u>	<u><b>919,191</b></u>	<u>824,025</u>

As stipulated within the Trust's Constitution, the Responsible Entity may issue different classes of units and divide issued units into different classes. They must determine the rights attached to a class of units when it issues a unit in the class or divides issued units into different classes and such rights will prevail over the provisions of the constitution to the extent of any inconsistency. Further the Responsible Entity may vary the rights of a class of unit from time to time in accordance with the Constitution and the operating standards. The Responsible Entity may also consolidate, divide or reclassify units as it deems appropriate.

## 13 Related party transactions

### Responsible Entity

The Responsible Entity of Palisade's Diversified Infrastructure Fund No.1 is Pinnacle Fund Services Limited (ABN 29 082 494 362).

Pinnacle Investment Management Limited is the parent company of Pinnacle Fund Services Limited. Pinnacle Investment Management Group Limited is the ultimate holding company of Pinnacle Fund Services Limited.

Palisade Investment Partners Limited is the Investment Manager of the Trust.

### Key management personnel

#### Directors

Key management personnel include persons who were directors of Pinnacle Fund Services Limited at any time during the financial year as follows:

Mr. I Macoun  
Mr. C Kwok  
Mr. A Chambers

### 13 Related party transactions (continued)

#### Investment manager

The investment manager of the Trust is Palisade Investment Partners Ltd ("PIPL"). PIPL has responsibility to manage the Trust in accordance with the Investment Management Agreement.

#### Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly during the financial year.

#### Key management personnel loan disclosure

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their related entities at any time during the financial year.

#### Other transactions within the Trust

No key management personnel have entered into a contract with the Trust or the Responsible Entity since the end of the previous financial year and there were no contracts involving directors' interests subsisting at financial year end. No key management personnel have entered into a contract with the Trust or the Responsible Entity since the end of the previous financial year and there were no contracts involving directors' interests subsisting at year end.

As at 30 June 2024, no directors or their related entities held units in the Trust (2023: nil).

#### Related party loan

The Trust has entered into loan agreements with related parties for the purpose of investment transaction structuring. These are detailed at note 8 Loans and other financial assets.

#### Management fees and performance fees

Management and performances fees are calculated in accordance with the Trust's Constitution.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end were as follows:

	<b>Year ended</b>	
	<b>30 June</b>	30 June
	<b>2024</b>	2023
	<b>\$</b>	<b>\$</b>
Management fees for the financial year paid and payable by the Trust	<b>7,222,371</b>	5,726,592
Performance fees for the financial year (received)/paid and (receivable)/payable by the Trust	<b>(1,908,420)</b>	3,038,681
	<b><u>5,313,951</u></b>	<u>8,765,273</u>
Management fees payable to the Investment Manager at the reporting date	<b>1,904,707</b>	1,486,190
Performance fees (receivable)/payable (from)/to the Investment Manager at reporting date (included in receivables and payables)	<b>(2,083,031)</b>	2,902,799
	<b><u>(178,324)</u></b>	<u>4,388,989</u>

### 13 Related party transactions (continued)

#### Related party unitholdings

Parties related to the Trust (including Pinnacle Fund Services Limited, its related parties and other trusts managed by Pinnacle Fund Services Limited), held units in the Trust as follows:

#### 2024

Unitholders	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Trust (\$)
Palisade Investment Partners Ltd	2,523,749	2,564,518	2,876,620	0.31	40,769	–	78,336

#### 2023

Unitholders	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Trust (\$)
Palisade Investment Partners Ltd	2,523,749	2,523,749	2,752,653	0.33	–	–	118,711

#### Investments

The Trust did not hold any investments in Pinnacle Fund Services Limited or its related parties during the financial year.

#### Key management personnel compensation

Key management personnel do not receive any remuneration directly from the Trust. They receive remuneration from a related party of the Responsible Entity in their capacity as directors or employees of the Responsible Entity or its related parties. Consequently, the Trust does not pay any compensation to its key management personnel. Payments made from the Trust to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

## 14 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Distributions paid/payable	24,800	31,014
Increase/(decrease) in net assets attributable to unitholders	24,799	36,344
Proceeds from sale of financial instruments at fair value through profit or loss	–	12,581
Purchase of financial instruments at fair value through profit or loss	(27,485)	(95,866)
Net gains/(losses) on financial instruments at fair value through profit or loss	(12,647)	(37,092)
Net change in receivables and other assets	(5,232)	6,248
Net change in payables and other liabilities	(2,563)	(761)
Dividend/distribution reinvested	(5,988)	–
Loan advanced to a related party - Palisade's Diversified Infrastructure Fund No.3	(86,700)	(99,645)
Loan advances received from MUFG Bank Ltd	36,975	48,525
Proceeds from repayment of Palisade Eastern Creek Holdings Trust - Unitholder Loan	–	11,713
Proceeds from repayment of Palisade Wind Holdings Pty Ltd - Shareholder Loan	–	10,859
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(54,041)</b>	<b>(76,080)</b>

## 15 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2024 and 30 June 2023.

## 16 Events occurring after the reporting period

No significant events have occurred since the end of the financial year which would impact on the financial position of the Trust as at 30 June 2024 or on the results and cash flows of the Trust for the financial year ended on that date.



## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 23 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Trust's financial position as at 30 June 2024 and of its performance for the financial year ended on that date.
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



Mr. C Kwok  
Director

Sydney  
19 September 2024



## Independent auditor's report

To the unitholders of Palisade's Diversified Infrastructure Fund No.1

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### Our opinion

In our opinion:

The accompanying financial report of Palisade's Diversified Infrastructure Fund No.1 (the Registered Scheme) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Registered Scheme's financial position as at 30 June 2024 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2024
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the directors of the Responsible Entity's declaration.

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### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### Other information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### **Responsibilities of the directors of the Responsible Entity for the financial report**

The directors of the Responsible Entity are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Registered Scheme to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intend to liquidate the Registered Scheme or to cease operations, or have no realistic alternative but to do so.

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### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Ben Woodbridge' in a cursive script.

Ben Woodbridge  
Partner

Brisbane  
19 September 2024