

# PALISADE IMPACT

JUNE 2022

# PALISADE IMPACT

Palisade impact is a complementary extension of the Palisade platform:



**NEXT GENERATION INFRASTRUCTURE THAT  
ENABLES THE RACE TO ZERO**



**COMPLEMENTARY PLATFORM AND TRACK RECORD**



**IMPACT ENHANCES VALUE**



**LONG TERM ACTIVE INVESTOR**



**EXPERIENCED, WELL ALIGNED TEAM**



**STRONG GOVERNANCE**



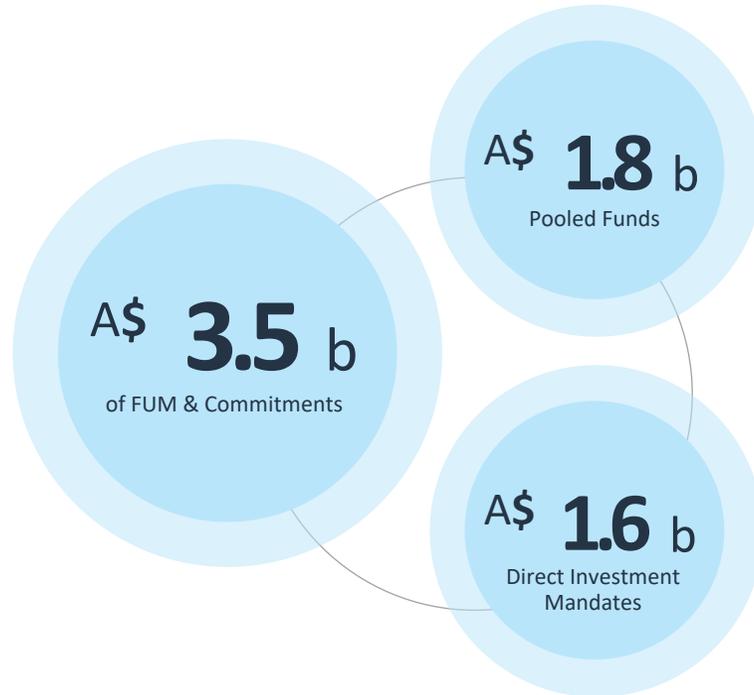
**CLEAR OPPORTUNITY**



**TWO INVESTMENTS AND PIPELINE**

# PARTNERED WITH PALISADE

Leading mid-market infrastructure and impact investor with over \$3bn under management and over 40 staff



## AN INDEPENDENT, SPECIALIST MANAGER

- Majority owned by its experienced investment professionals
- No interference from a “conflicted parent”
- Strength through the Pinnacle “supported independence” model
- Pinnacle Investment Management is a minority investor in Palisade
- Palisade is a minority investor in Palisade Impact

## FOCUS ON MID-MARKET OPPORTUNITIES

- Sector characterised by large number of assets and a limited weight of capital
- Less competitive environment reducing pricing tensions
- Greater capacity to acquire assets at attractive prices on a private, negotiated (non-competitive) basis

## PRO-ACTIVE APPROACH TO ASSET MANAGEMENT

- Actively involved in the management and governance of assets
- Ability to release embedded value with intensive asset management

**3** Pooled Funds

**7** Direct Investment Mandates

**26** Assets

**32** Investment Executives

**15** Specialist Operational Management Personnel



# WELL-ALIGNED AND EXPERIENCED TEAM

Experience in investing in next generation infrastructure building on Palisade’s existing expertise



**STEVE GROSS**  
CEO AND BOARD MEMBER  
FORMER MACQUARIE GLOBAL  
HEAD OF IMPACT INVESTING



**JEREMY WERNERT**  
CIO AND BOARD MEMBER  
FORMER HEAD OF MACQUARIE CAPITAL  
ASIA



**TODD SMITH**  
SENIOR INVESTMENT MANAGER  
FORMER DEPUTY CFO, SYD



**VILJA ROBINSON**  
INVESTMENT MANAGER  
FORMER PALISADE INVESTMENT TEAM



**KAREN GOULD**  
COO – PALISADE GROUP

## SECTOR EXPERTISE



ENERGY  
TRANSITION



DIGITAL  
INFRASTRUCTURE



WATER



WASTE  
TO VALUE



SUSTAINABLE  
ACCOMMODATION



RENEWABLE  
ENERGY



DISTRIBUTED  
ENERGY



ENERGY  
EFFICIENCY



INTERMODAL  
TRANSPORT



RECYCLING



AIRPORTS



PORTS



UTILITIES

## FUNCTIONAL EXPERTISE



IMPACT  
INVESTING



BOARD  
MEMBERS



GROWING  
BUSINESSES



ROLL-UPS



CAPITAL  
DEPLOYMENT



UPCYCLING



DEVELOPMENT AND  
CONTRACTING



INVESTMENT  
COMMITTEES

# THE RACE TO ZERO

Palisade Impact will invest in next generation infrastructure solutions to contribute toward the Race to Zero

“

**Targeting net zero emissions and zero waste while providing broader access to next generation infrastructure**

”

NET ZERO EMISSIONS



ZERO WASTE



ZERO INEQUALITY



# IMPACT THESIS

Palisade Impact will contribute toward the Race to Zero by providing increased access to smart, green and connected infrastructure

## CHALLENGE

- The **impacts of climate change** are intensifying and escalating
- **Traditional infrastructure has exacerbated lack of progress** toward climate solutions
- **Our systems are unable to cope with the volumes of waste produced**
- **Address gaps to bridge the digital divide**

## CONTRIBUTION

- We invest in **next generation infrastructure** that is greener, smarter, more connected and inclusive
- We support next generation infrastructure to achieve **more inclusive reach** and broader scale
- We provide **longer-term patient capital** as a contrast to short term capital chasing the next generation infrastructure opportunity

## IMPACT

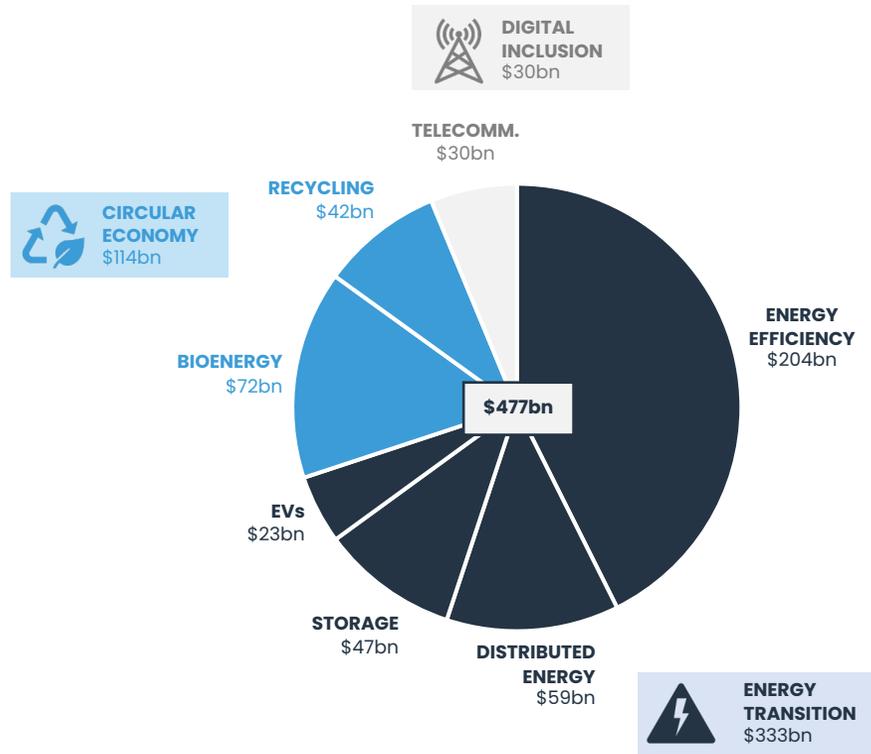
- **Reduced carbon emissions** contributing to **combating** the effects of **climate change**
- Contribute to **reductions in waste and wastewater**
- **Increased access to smart, green, connected infrastructure** to address gaps and disadvantage
- Select measurable outcomes aligned with global goals, including:



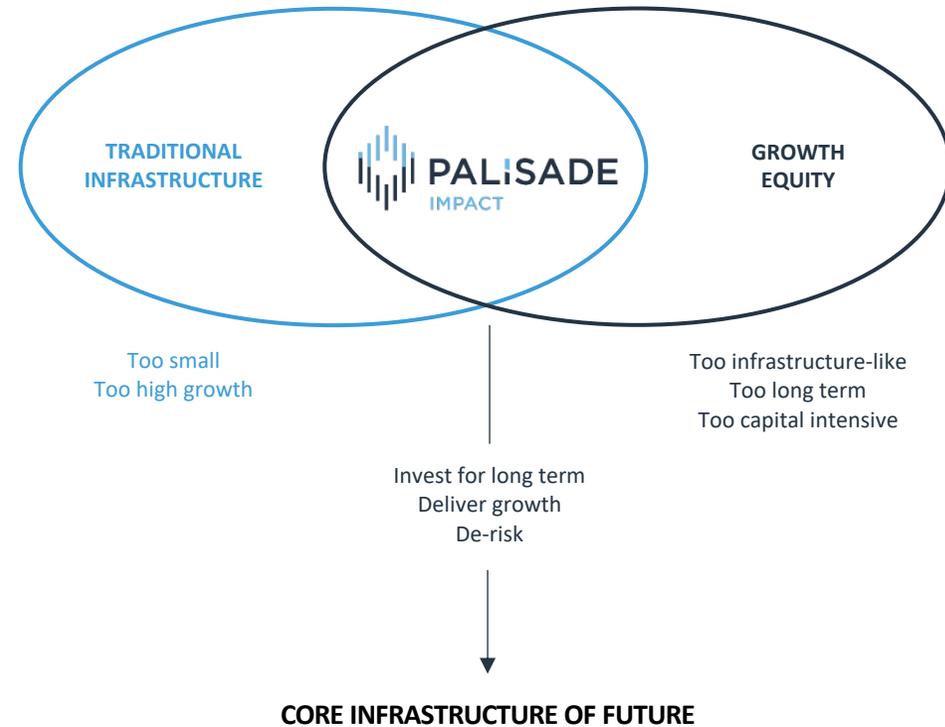
# THE PALISADE IMPACT OPPORTUNITY

Significant investment required in next generation infrastructure to address the Race to Zero challenge...

**ESTIMATED ~\$477bn IN INVESTMENT REQUIRED<sup>1</sup>**



But a large gap exists in available capital from traditional sources.



1. AEMO Integrated Systems Plan 2022, Project Esco Proprietary Data, CSIRO EV Forecast Report, CEFC Investment Insights: Recycling, 2020, ARENA Bioenergy Roadmap, NBN Data Disclosures

# INVESTMENT PHILOSOPHY

Focused on next generation infrastructure that that enables the Race to Zero in ANZ

## Investing in next generation infrastructure

- Addresses Race to Zero
- Infrastructure-like businesses (essential service, high barrier to entry, predictable cashflows, downside protection)
- Enabled by new technology and/or policy
- Mid market
- Higher growth

Using a proprietary impact management and measurement framework—the Impact Pillars

- Impact Pillars are embedded through investment process:
  - assessment
  - contribution; and
  - measurement and reporting
- Impact pillars:
  - Significance
  - Transformation
  - Influence
  - Benefit

Actively managing to drive impact and financial outcomes

- Dedicated asset management partner in Palisade Integrated Management Services
- Control or significant influence
  - Board
- Drive growth
- Manage risk:
  - Strengthen infrastructure characteristics
  - Downside protection

## ENHANCING VALUE FOR INVESTORS BY DELIVERING IMPACT

### DRIVING COMMERCIAL RETURNS

Target returns 13-15%

High growth

Higher long-term yields following the growth phase

### DRIVING THE RACE TO ZERO



# FIRST INVESTMENT - GIGACOMM

Internet service provider supplying internet at significantly higher speed and lower cost than existing infrastructure



## OVERVIEW

- Initial investment: \$15m
- Ownership – 25% through preferred liquidity instrument
- Gigacomm is an internet service provider and infrastructure owner supplying Gigabit internet services through short-range millimetre wave technology
- Gigacomm uses rooftop based short-range broadcasting services to supply internet services at speeds 20x faster than the NBN
- Gigacomm operates a broad network predominantly in Sydney and Melbourne. Investment is required to support growth
- Gigacomm reduces digital access gaps for low-socio economic households as well as reducing emissions from the built environment, addressing WEA 2021’s carbon emissions from construction targets.

## INFRASTRUCTURE CHARACTERISTICS

- **Essential service:** digital infrastructure is the building block of the modern economy. **Stable cashflow:** revenues are contracted in the short-term and sticky
- **Barriers to entry:** regulated monopoly
- **Technology:** COVID-19 has accelerated the transition to a digital economy, and demand for high-speed internet has grown
- **Growth:** scalable and benefits from a modular capex model, which provides returns in excess of costs of capital for growth capex
- **Equity returns:** target 15%+<sup>1</sup> with upside depending network capex on deployment and downside protection through a preferred return and liquidity preference
- **Control:** actively managed through Board representation and reserve matters

## IMPACT ASSESSMENT

PILLAR	SCORING	NOTES
<b>SIGNIFICANCE</b>	HIGH	<ul style="list-style-type: none"> <li>• Lack of digital access and affordability reinforces and amplifies social inequalities: 28% of Australians are digitally excluded, with this % increasing with other measures correlated with inequality (e.g. housing)</li> </ul>
<b>TRANSFORMATION</b>	MEDIUM	<ul style="list-style-type: none"> <li>• Affordability is a significant hurdle for digital inclusion</li> <li>• Social Housing Connectivity Initiative (SHCI) discounted product is expected to connect at least 1,200 households</li> </ul>
<b>INFLUENCE</b>	MEDIUM	<ul style="list-style-type: none"> <li>• PI provides long term impact focused capital, without which it is unlikely the business would have capacity and focus on impact. PI will also actively support business growth</li> </ul>
<b>BENEFIT</b>	MEDIUM	<ul style="list-style-type: none"> <li>• Engagement with stakeholders is appropriate for business stage.</li> <li>• Asset appears free of substantial risks to stakeholders</li> </ul>
<b>SDGs ADDRESSED</b>		 
<b>KPIs</b>		<ul style="list-style-type: none"> <li>• No of total connected households &amp; businesses, No. Of SHCI households connected, carbon intensity</li> </ul>

<sup>1</sup>Any target returns listed above are not a guarantee of future performance, and actual returns may vary.

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# NEXT GENERATION INFRASTRUCTURE SECTORS

Palisade Impact will take a cross-sectoral approach to driving the Race to Zero by investing in next generation sectors

## PALISADE IMPACT



### ENERGY (Theme: Energy Transition)

- Utility scale energy storage
- Distributed energy (energy efficiency; energy as a service; microgrids)
- Charging and EV fleets



### WASTE (Theme: Circular Economy)

- Recycling / reuse
- Energy from waste (biogas; biofuel; anaerobic digesters)
- Hazardous waste



### CONNECTIVITY (Theme: Digital Inclusion)

- Last mile telecommunications

PROJECT NAME	SECTOR	SUBSECTOR	IMMEDIATE DEAL (A\$m)	LONGER TERM DEAL SIZE (A\$m)	DESCRIPTION
<b>SIGNED - Ecosave</b>	Energy	Distributed Energy	20	100	Energy as a service business, long-term take or pays and strong tailwinds
<b>Bessie</b>	Energy	Energy Storage	90	200+	Partnership with leading developer and operator to invest in a portfolio of battery storage, with diversified medium term cashflows
<b>Exclusive - Earth</b>	Waste	Waste to Energy	50	150	Partnership with leading developer and operator to invest in a portfolio of anaerobic digestors, with medium-term offtake agreements, and local monopolies

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